

Annual Report and  
Financial Statements  
for the year  
ended 30 June 2010

A microscopic image of a green leaf, showing the intricate vein structure and cellular details. The image is in shades of green and yellow. A large, semi-transparent number '10' is overlaid on the right side of the image.

10

Crown Place VCT PLC

**ALBION**VENTURES

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# Company information

<b>Company Number</b>	3495287
<b>Directors</b>	Patrick Crosthwaite, Chairman Rachel Beagles Karen Brade (to be appointed 8 October 2010) Sir Andrew Cubie Vikram Lall Geoffrey Vero (retired 27 September 2010)
<b>Manager, company secretary and registered office</b>	Albion Ventures LLP 1 King's Arms Yard, London, EC2R 7AF Tel: 020 7601 1850 Fax: 020 7601 1875 Website: <a href="http://www.albion-ventures.co.uk">www.albion-ventures.co.uk</a>
<b>Registrars</b>	Capita Registrars Limited Northern House Woodsome Park Fenay Bridge Huddersfield, HD8 0GA
<b>Auditors</b>	PKF (UK) LLP Farringdon Place 20 Farringdon Road London, EC1M 3AP
<b>Taxation adviser</b>	PricewaterhouseCoopers LLP 1 Embankment Place London, WC2N 6RH
<b>Legal adviser</b>	Berwin Leighton Paisner Adelaide House London Bridge London, EC4R 9HA

Crown Place VCT PLC is a member of the Association of Investment Companies.

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**Shareholder information**

For help relating to dividend payments, shareholdings and share certificates please contact Capita Registrars Limited:  
Tel: 0871 664 0300 (calls cost 10p per minute plus network extras, lines are open 8:30 am – 5:30 pm, Mon to Fri)  
Email: [ssd@capitaregistrars.com](mailto:ssd@capitaregistrars.com)  
Website: [www.capitaregistrars.com](http://www.capitaregistrars.com)

Shareholders can access holdings and valuation information regarding any of their shares held with Capita Registrars by registering on Capita's website.

For enquiries relating to the performance of the Fund please contact Albion Ventures LLP:  
Tel: 020 7601 1850 (lines are open 9:00 am – 5:30 pm, Mon to Fri, calls may be recorded)  
Email: [info@albion-ventures.co.uk](mailto:info@albion-ventures.co.uk)  
Website: [www.albion-ventures.co.uk](http://www.albion-ventures.co.uk)

**IFA information**

Independent Financial Advisers with questions please contact Albion Ventures LLP:  
Tel: 020 7601 1850 (lines are open 9:00 am – 5:30 pm, Mon to Fri, calls may be recorded)  
Email: [info@albion-ventures.co.uk](mailto:info@albion-ventures.co.uk)  
Website: [www.albion-ventures.co.uk](http://www.albion-ventures.co.uk)

## Investment objectives

The investment objective and policy of the Company is to achieve long term capital and income growth principally through investment in smaller unquoted companies in the United Kingdom. In pursuing this policy, the Manager aims to build a portfolio which concentrates on two complementary investment areas. The first are lower risk, often asset-based investments that can provide a strong income stream combined with protection of capital. These will be balanced by a smaller proportion of the portfolio being invested in higher risk companies with greater growth prospects.

## Financial calendar

Record date for first dividend	29 October 2010
Annual General Meeting	9 November 2010
Payment of first dividend for the year ending 30 June 2011	30 November 2010
Announcement of half-yearly results for the six months ended 31 December 2010	February 2011
Payment of second dividend subject to Board approval	April 2011

# Financial highlights

**8.2%**

Dividend yield on share price as at 30 June 2010

**2.2p**

Total return to shareholders for the year ended 30 June 2010

**2.5p**

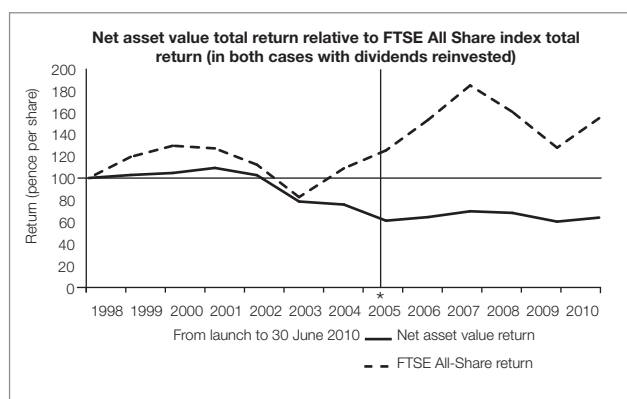
Total tax free dividends per share paid during the year ended 30 June 2010

**33.9p**

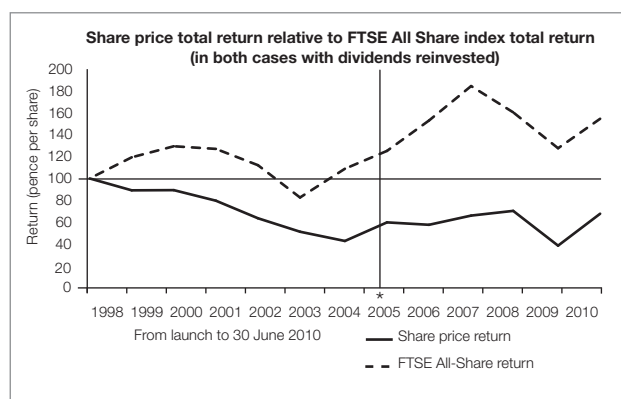
Net asset value per share as at 30 June 2010

**1.25p**

First tax free dividend per share declared for the year to 30 June 2011



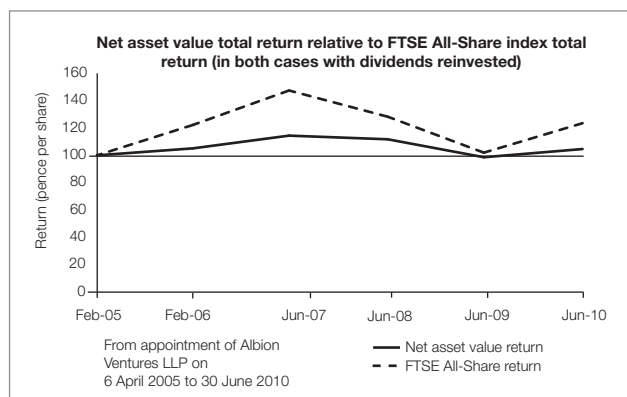
Source: Albion Ventures LLP



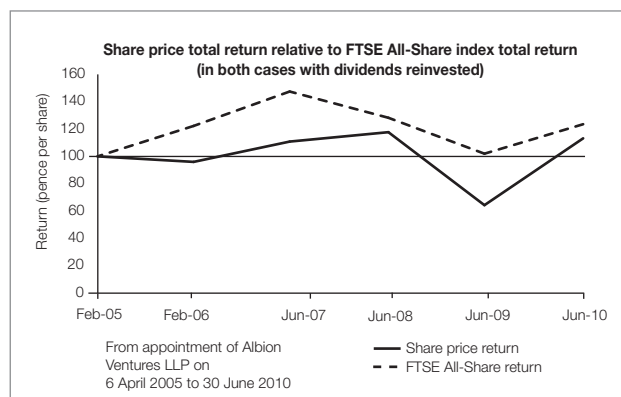
Source: Albion Ventures LLP

\* Albion Ventures LLP (formerly Close Ventures Limited) became Manager on 6 April 2005

In the interests of full information, additional graphs showing the relative performance of Crown Place VCT PLC since 2005 (rebased at 100 pence), which was when Albion Ventures LLP assumed management, are shown below.



Source: Albion Ventures LLP



Source: Albion Ventures LLP

*Methodology: The return to the shareholder, including original amount invested (rebased to 100), assuming that dividends were reinvested at net asset value or share price of the Company at the time the shares were quoted ex-dividend. Transaction costs are not taken into account.*

# Financial highlights continued

	<b>30 June 2010</b> pence per share	<b>30 June 2009</b> pence per share
Net asset value per share	33.9	34.2
Dividends paid	2.5	2.5
Revenue return per share	0.7	0.9
Capital return per share	1.5	(5.4)

## Shareholder returns and shareholder value

	<b>Proforma<sup>®</sup></b> <b>Murray VCT PLC</b> (pence per share)	<b>Proforma<sup>®</sup></b> <b>Murray VCT 2 PLC</b> (pence per share)	<b>Crown Place</b> <b>VCT PLC*</b> (pence per share)
<b>Shareholder return from launch to April 2005 (date that Albion Ventures was appointed investment manager):</b>			
Total dividends paid to 6 April 2005 <sup>®</sup>	30.36	30.91	24.93
Decrease in net asset value	(69.90)	(64.50)	(56.60)
Total shareholder return to 6 April 2005	<u>(39.54)</u>	<u>(33.59)</u>	<u>(31.67)</u>
<b>Shareholder return from April 2005 to 30 June 2010:</b>			
Total dividends paid	8.69	10.19	11.80
Decrease in net asset value	(5.94)	(6.62)	(9.46)
Total shareholder return from April 2005 to 30 June 2010	<u>2.75</u>	<u>3.57</u>	<u>2.34</u>
<b>Shareholder value since launch:</b>			
Total dividends paid to 30 June 2010 <sup>®</sup>	39.05	41.10	36.73
Net asset value as at 30 June 2010	24.16	28.88	33.94
Total shareholder value as at 30 June 2010	<u>63.21</u>	<u>69.98</u>	<u>70.67</u>
<b>Current dividend objective</b> (pence per share)			
	<u>1.78</u>	<u>2.13</u>	<u>2.50</u>
Percentage dividend yield on net asset value as at 30 June 2010			
	<u>7.4%</u>	<u>7.4%</u>	<u>7.4%</u>

## Net asset value total return to shareholders since launch:

	<b>30 June 2010</b> (pence per share)
Total dividends paid during the period from launch to 6 April 2005 (prior to change of Manager)	24.93
Total dividends paid during the year ended 28 February 2006	1.00
Total dividends paid during the period ended 30 June 2007	3.30
Total dividends paid during the year ended 30 June 2008	2.50
Total dividends paid during the year ended 30 June 2009	2.50
Total dividends paid during the year ended 30 June 2010	2.50
<b>Total dividends paid to 30 June 2010</b>	<b>36.73</b>
<b>Net asset value as at 30 June 2010</b>	<b>33.94</b>
<b>Total net asset value return as at 30 June 2010</b>	<b><u>70.67</u></b>

### Notes

(i) The proforma shareholder returns presented above are based on the dividends paid to shareholders before the merger and the pro-rata net asset value per share and pro-rata dividends per share paid to 30 June 2010 since the merger. This pro-forma is based upon the proportion of shares received by Murray VCT PLC (now renamed CP1 VCT PLC) and Murray VCT 2 PLC (now renamed CP2 VCT PLC) shareholders at the time of the merger with Crown Place VCT PLC on 13 January 2006.

(ii) Prior to 6 April 1999, venture capital trusts were able to add 20 per cent. to dividends and figures for the period up until 6 April 1999 are included at the gross equivalent rate actually paid to shareholders.

\* Formerly Murray VCT 3 PLC

In addition to the dividends paid above, the Board has declared a first dividend for the year ending 30 June 2011, of 1.25 pence per Crown Place VCT PLC share (to be paid out of revenue profits) on 30 November 2010 to shareholders on the register as at 29 October 2010.

# Chairman's statement

## Introduction

I have pleasure in presenting the results for the year ended 30 June 2010.

The year was characterised by significant uncertainty in the business environment, both in the UK and globally, and particularly in the first half, reduced economic activity. Against this background, the Company achieved a positive total return per share of 2.2 pence with both the quoted and unquoted portfolios increasing in value during 2009/10. This is an encouraging result following a difficult year in 2008/09. The Company maintained its regular dividend of 2.5 pence per share and continues to maintain substantial cash balances for future investment and for dividend payments.

## Results and Dividends

As at 30 June 2010, the net asset value was £24.4 million or 33.9 pence per share compared to £24.8 million or 34.2 pence per share as at 30 June 2009. The revenue return before taxation was £489,000, compared to the return in the previous year of £682,000. This decrease was predominantly due to the lower return on the Company's cash holdings: the previous year also benefited from a one-off recovery of VAT.

The increase during the year to 30 June 2010 in net asset value with dividends reinvested was 6.1 per cent., compared to an increase in the FTSE All-Share index of 21.1 per cent. over the same period. Historically, the net asset value of the portfolio has been less volatile than the FTSE All-Share index.

It is the Company's stated policy to pay regular and predictable dividends to investors out of revenue income and realised capital gains. During the year to 30 June 2010, the Company maintained its dividend distribution of 2.5 pence per share. The first dividend for the current financial year of 1.25 pence per share (to be paid out of revenue profits) will be paid on 30 November 2010 to shareholders on the register as at 29 October 2010.

Subject to the longer-term performance of the investment portfolio, the Board aims to maintain the current annualised dividend distribution of 2.5 pence per share going forward. The dividend is tax free to investors.

## Investment performance and progress

Both the unquoted and the quoted portfolios increased in value during the year, resulting in a total capital return of £1.1 million or 1.5 pence per share. This is equivalent to a capital return of 4.4 per cent. on opening net assets. During the year, the Company invested £3.2 million in aggregate in five new investments and fifteen follow-on investments.

Further detail on investment activity is given in the Manager's report on page 8.

The Board noted in the interim statement on 11 May 2010 that "discussions to sell its interest in one of its investee companies are ongoing and if the investee company is sold it is likely to result in a material uplift in Crown Place VCT PLC NAV per share but there remains no certainty as to whether any transaction will complete". These discussions have now ceased and no sale is foreseen in the short term. This has no impact on Crown Place VCT PLC net asset value since the valuation of the investee company had not been increased to reflect the sale discussions. The investee company's trading continues to be healthy.

The Company sold its holding in RFI Global Services, which generated exit proceeds of £0.6 million on cost of £0.4 million before taking into account possible future deferred consideration, and also part disposed of shares in the AIM listed Avanti Communications Group Plc, which generated proceeds of £0.4 million on cost of £0.2 million. In addition, loan stock redemptions to the value of £0.4 million were received during the year.

Overall, the Company benefits from a well diversified portfolio, with a high proportion of asset-backed investments. A number of the unquoted growth investments are making good progress to maturity despite the difficult economic environment.

## Risks and uncertainties

The outlook for the UK economy continues to be the key risk affecting your Company: although current indications are that the worst of the recession is now over, at the time of writing this report there is continuing uncertainty as to the impact on the economy of the Coalition Government's impending public spending cuts. Importantly, your Company remains conservatively financed with no bank borrowings, and risk is further mitigated through the Company's current policy for investee companies not to have external bank debt with a chargeable security ranking ahead of Crown Place VCT PLC. Meanwhile, opportunities within our target sectors continue to arise at attractive valuations, including the healthcare sector which continues to be one of our core areas of concentration going forwards. A more detailed analysis of risks and uncertainties is set out on page 24 of the Directors' report and enhanced business review.

## Cap on Total Expense Ratio ("TER")

In line with market practice, the Board has agreed with the Manager that the ratio of total normal expenses (excluding corporation tax, any management performance incentive and exceptional costs) will be limited to 3.5 per cent. per annum

## Chairman's statement continued

of net assets, with any excess being borne by the Manager through a reduction in its management fee. For the year to 30 June 2010, the TER was 3.0 per cent.

### Discount management and share buy-backs

It remains the Board's policy to buy back shares in the market, subject to the overall constraint that such purchases are in the Company's interest, including the maintenance of sufficient resources for investment in existing and new investee companies and the continued payment of dividends to shareholders. It is the Board's intention for such buy-backs to be in the region of a 10 to 15 per cent. discount to net asset value, so far as market conditions and liquidity permit.

### Top up offer

Your Board, in conjunction with the Boards of the other VCTs managed by Albion Ventures, is planning to launch a top up offer of new Ordinary shares later this month. In aggregate, the Albion VCTs will be aiming to raise up to £15 million, of which Crown Place VCT's share will be approximately £2.25 million, or 15 per cent. of the total. The proceeds will be used to provide further resources at a time when a number of attractive investment opportunities are being seen. An offer document will be sent to shareholders later this month.

### Supporting enterprise and growth

Recent research undertaken by the Association of Investment Companies has demonstrated that VCT investment provides substantial benefits for UK small businesses and the economy in at least three ways: first, by creating jobs; second, by providing additional management skill to support growing businesses; and finally, by being cost-effective, in that the cost to the public purse is more than offset by the increased tax returns by the growth of VCT-backed companies. In common with other VCTs, your Board recommends that the new Government continues to support the VCT sector as one of the best ways to encourage enterprise and future economic growth.

### Outlook and prospects

The outlook for the UK economy remains uncertain. In particular, the full impact of public sector cuts on the wider economy has not yet been felt. To mitigate against this, a number of the investee companies in the higher growth element of the portfolio operate in international markets, and some, such as Masters Pharmaceuticals Limited and Helveta Limited, in fast growing developing countries. There is a widely held view that interest rates will remain low in the short term, which will continue to depress income from deposits. With this in mind, the Company is looking to expand further its portfolio of asset-based, income producing investments, where we have seen an improvement in the pipeline at attractive prices across a broad range of industries, but with

particular emphasis on the healthcare and environmental sectors.

### Changes to the Board of Directors

From October 2010, the Association of Investment Companies Code of Corporate Governance (to which your Company adheres) regarding the 'independence' of Directors of a VCT requires that the Chairman of a VCT shall not serve as a Director of another investment company managed by the same manager. Geoffrey Vero is Chairman of Albion Development VCT PLC, also managed by Albion Ventures LLP, and he therefore stepped down from the Board of Crown Place VCT PLC on 27 September 2010. The Board would like to thank Geoffrey for his contribution both as a Board member and as Chairman of the Audit & Risk Committee over the last five years and we wish him well for the future.

Following Geoffrey Vero's retirement, Rachel Beagles has been appointed Chairman of the Audit & Risk Committee.

Sir Andrew Cubie has been a Director of Crown Place VCT and its predecessor company for twelve years and in accordance with best practice has been subject to annual re-election. The Combined Code requires that "*the Board should ensure planned and progressive refreshing of the Board*", and accordingly Sir Andrew has agreed to retire from the Board and its subsidiaries at the forthcoming Annual General Meeting. Sir Andrew has given generously of his time, experience and expertise over a long period, particularly over the transition to new managers in 2005, and the Board are grateful to him for his considerable contribution to your Company.

I am pleased to welcome in his place, Karen Brade who will join the Board and be proposed for re-election at the forthcoming Annual General Meeting. Karen has over 20 years of experience in project finance and private equity, including with the Commonwealth Development Corporation (now known as Actis), where she held a variety of positions in equity and debt investing, portfolio management, fund raising and investor development. Karen currently acts as an adviser to hedge funds, family offices and private equity houses. Further details are set out on page 10.

The Board has discussed and agreed that the number of Directors should be reduced from five to four members.

### Patrick Crosthwaite

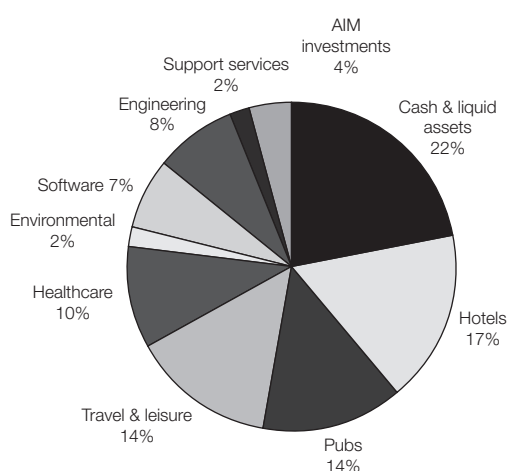
Chairman

7 October 2010

# Manager's report

An analysis by sector of Crown Place VCT PLC's investment portfolio as at 30 June 2010 is shown below. Care has been taken to diversify the portfolio across a broad number of sectors, with those that are consumer facing, such as pubs, health and fitness clubs and cinemas, being balanced by other investments in the business services, healthcare, IT and environmental sectors. In addition, over 50 per cent. of the portfolio is in asset-backed investments. As at 30 June 2010, the portfolio included investments in 51 unquoted and AIM quoted companies. At the year end, cash and liquid assets amounted to £5.5 million or 22 per cent. of the Company's net assets.

## Split of investment portfolio valuation by sector



Source: Albion Ventures LLP

## New investments

The Company invested a total of £3.2 million during the year. Of this amount £0.9 million was invested in fifteen existing investee companies and £2.3 million in five new companies. The Company invested an aggregate of £1.4 million in Geronimo Inns VCT I Limited and Geronimo Inns VCT II Limited to acquire four freehold pubs in London. Following a period of refurbishment, the pubs reopened in the autumn of 2009 and are trading on budget and well ahead of their performance under the previous owner. In March 2010, the Company invested a total of £0.5 million in Orchard Portman Hospital Limited and Taunton Nursing Home Limited. These two companies acquired an existing care home on a 8 acre site in Taunton, Somerset. This will be extended and repositioned as a slow stream rehabilitation unit for mental health patients. Shortly before the year end, the Company invested £0.4 million in Masters Pharmaceuticals Limited, an established and profitable distributor of pharmaceutical products, predominantly to developing countries. The investment will enable the company to expand its international operations further.

## Investment realisations

The Company was pleased to achieve a profitable exit on its investment in RFI Global Services, despite the difficult economic environment and the reduced level of acquisition activity. The total consideration received is £0.6 million against cost of £0.4 million. In addition, the Company may receive up to a further £0.1 million in deferred consideration if certain performance conditions are met.

Following the strong performance of the share price of Avanti Communications Group Plc, the satellite service provider, the Company took the opportunity to dispose of a third of its holding for an aggregate consideration of £0.4 million against cost of £0.2 million. In addition, various investee companies made a partial repayment of loan stock.

## Portfolio review

Overall, the value of the quoted and unquoted portfolio, taking into account additions and disposals for the year, increased by £1.4 million during the year. Of this amount, £0.9 million is attributable to the unquoted portfolio and £0.5 million to the quoted portfolio, where the biggest contributor was Avanti Communications Group Plc.

In the unquoted portfolio, ELE Advanced Technologies Limited continues to perform well. The business is profitable and benefiting from its international base of blue chip customers. Other investee companies in the growth portfolio performing particularly well include Blackbay Limited, Helveta Limited and Mirada Medical Limited. House of Dorchester Limited remains profitable, however, profitability declined during the year and this is reflected in the lower valuation. Elsewhere in the unquoted portfolio, the previous strong performance at Chichester Holdings, the drinks distributor, has reversed, leading to a decline in value, though the business still remains profitable. Rostima Limited has suffered from delays in delivering contracts, which impacted on the financial position of the business.

In the asset-backed investment portfolio, the leisure sector investments are performing in line with expectations, with particularly good trading results achieved by Geronimo Inns VCT I Limited, Geronimo Inns VCT II Limited, CS (Brixton) Limited and Tower Bridge Health Clubs Limited. The Crown Hotel in Harrogate, meanwhile, continues to see an improved performance, with an increase in interest payable to the VCT.

As indicated in the last annual report, we have increased our focus on the healthcare and environmental sectors, which offer attractive long term prospects. Three of the new investments made by the Company operate in the healthcare

## **Manager's report** continued

sector and since the year end we have made a further investment in the environmental sector, investing £0.4 million in TEG Biogas (Perth) Limited. The company is developing a waste to energy facility in Perthshire, Scotland, utilising anaerobic digestion technology. A number of further opportunities in the renewable energy sector are under review. Since the year end the Company has also invested £1.6 million in Radnor House School Limited, a new independent school for boys and girls aged 7-18 located in Twickenham, Greater London. Following a period of refurbishment, the school will open in September 2011.

The pipeline of future investment opportunities is strong and includes a range of asset-backed, income generating businesses as well as higher growth companies.

### **Albion Ventures LLP**

Manager

7 October 2010

# The Board of Directors

The following are the Directors of the Company, all of whom operate in a non-executive capacity.

**Patrick Crosthwaite FSI (67) \* † ‡**, is the Chairman of the Company. From 1989 to 1999 he was managing director of Henderson Crosthwaite Limited, a private client portfolio management and broking business. Subsequently he served as a director of Carr Shepherds Crosthwaite (part of the Investec Group). He served as Chairman of Investec Bank's underwriting committee from 2000 until 2002 and was the director responsible for Investment Process and Research at Gerrard Limited from 2003 to 2004. Patrick Crosthwaite became a Director of the Company on 13 January 2006.

**Sir Andrew Cubie CBE (64) \* † ‡**, is a consultant to Fyfe Ireland LLP solicitors, having been the senior partner until April 2003. He has extensive experience of corporate law and investment, particularly in the private company sector. He is a non-executive director of a number of companies including BLAS Limited, ESPC (UK) Limited, Kinloch Anderson Limited, CP1 VCT PLC and CP2 VCT PLC (which are wholly owned subsidiaries of Crown Place VCT PLC). He is the Chairman of the Northern Lighthouse Board and the senior member of the Management Board of H.M.I.E. in Scotland. He is an adviser to the World Bank about governance issues in higher education. He was Chairman of CBI Scotland from 1995 to 1997. He is Chairman of Quality Scotland Foundation and The Centre of Healthy Working Lives. He was the Chairman of the Committee of University Chairs for the UK. In 2001 he was awarded a CBE for services to business and education in Scotland and was knighted in 2009 for public service. Andrew Cubie became a Director of the Company on 20 January 1998, and will retire at the Annual General Meeting on 9 November 2010.

**Rachel Beagles MA (42) \* † ‡**, was Co-Head of the Pan-European Banks Equity Research and Sales Team and a Managing Director of Corporate and Investment Bank Group Division at Deutsche Bank AG until April 2003. She is a non-executive director of Schroder UK Mid and Small Cap Fund PLC, Securities Trust of Scotland plc and vice chair of Newlon Housing Trust. Rachel Beagles became a Director of the Company on 13 January 2006 and Chairman of the Audit and Risk Committee on 27 September 2010.

**Vikram Lall CA CBE (63) \* † ‡**, was corporate finance director of Brewin Dolphin until December 2003. He is a non-executive director of a number of companies including ISIS Property Trust, CP1 VCT PLC and CP2 VCT PLC (which are wholly owned subsidiaries of Crown Place VCT PLC). He was Chairman of the Scottish Industrial Development Advisory Board from 2001 to 2007. In 2005 he was awarded the CBE for services to business in Scotland. Vikram Lall became a Director of the Company on 13 January 2006.

**Karen Brade (45) \* † ‡**, has over 20 years of experience in project finance and private equity. Karen began her career at Citibank where she worked on various multi-national project finance transactions. From 1994 to 2004 she was at the Commonwealth Development Corporation (now known as Actis), a leading emerging markets private equity firm, where she held a variety of positions in equity and debt investing, portfolio management, fund raising and investor development. Since 2005 Karen has been an adviser to hedge funds, family offices and private equity houses. Karen will become a Director of the Company on 8 October 2010 and will be subject to re-election at the forthcoming Annual General Meeting.

\* Member of the Audit & Risk Committee

† Member of the Remuneration Committee

‡ Member of the Nomination Committee

# The Manager

Albion Ventures LLP, is authorised and regulated by the Financial Services Authority and is the Manager of Crown Place VCT PLC. In addition to Crown Place VCT PLC, it manages a further six venture capital trusts, and has currently total funds under management of approximately £200 million. Albion was awarded “VCT Manager of the Year” at the “Unquote” British Private Equity Awards 2009 and “VCT of the Year” for Albion Development VCT PLC at the 2009 Investor Allstar Awards.

The following are specifically responsible for the management and administration of the Venture Capital Trusts managed by Albion Ventures LLP, including Crown Place VCT PLC.

**Patrick Reeve (50) MA ACA**, qualified as a chartered accountant with Deloitte Haskins & Sells before joining Cazenove & Co where he spent three years in the corporate finance department. He joined Close Brothers Group plc in 1989, initially in the development capital subsidiary, where he was a director specialising in the financing of smaller unquoted companies. He joined the corporate finance division in 1991, where he was also a director. He established Albion Ventures (then Close Ventures Limited) with the launch of Close Brothers Venture Capital Trust PLC in the spring of 1996. Patrick became managing partner of Albion Ventures in 2009. He read modern languages at Oxford University. He is a director of Albion Technology & General VCT PLC, Albion Income & Growth VCT PLC, Albion Prime VCT PLC, Albion Enterprise VCT PLC and Healthcare and Leisure Property Fund PLC, all managed or advised by Albion Ventures LLP.

**Will Fraser-Allen (39), BA (Hons), ACA**, qualified as a chartered accountant with Cooper Lancaster Brewers in 1996 and then joined their Corporate Finance Team providing corporate finance advice to small and medium sized businesses. He joined Albion Ventures in 2001 since when he has focused on leisure and healthcare investing. Will became deputy managing partner of Albion Ventures in 2009. Will has a BA in History from Southampton University.

**Isabel Dolan (45), BSc (Hons), ACA, MBA**, qualified as a chartered accountant with Moore Stephens. From 1993 to 1997 she was Head of Recoveries at the Specialised Lending Services of the Royal Bank of Scotland plc and from 1997 to 2001 she was at 3i plc, latterly as a portfolio director. She joined Albion Ventures in 2005, having previously been finance director for a number of unquoted companies. Isabel became operations partner at Albion Ventures in 2009. She has a BSc in Biochemistry with Pharmacology from Southampton University and an MBA from London Business School.

**Dr Andrew Elder (39), MA, FRCS**, joined Albion Ventures in 2005 and became a partner in 2009. He initially practised as a surgeon for six years, specialising in neurosurgery, before joining the Boston Consulting Group (BCG) as a consultant in 2001. Whilst at BCG he specialised in healthcare strategy, gaining experience with many large, global clients across the full spectrum of healthcare including biotechnology, pharmaceuticals, service and care providers, software and telecommunications. He has an MA plus Bachelors of Medicine and Surgery from Cambridge University and is a Fellow of the Royal College of Surgeons (England).

**Emil Gigov (40), BA (Hons), ACA**, graduated from the European Business School, London, with a BA (Hons) Degree in European Business Administration in 1994. He then joined KPMG in their financial services division and qualified as a chartered accountant in 1997. Following this he transferred to KPMG Corporate Finance where he specialised in the leisure, media and marketing services sectors acting on acquisitions, disposals and fundraising mandates. He joined Albion Ventures in 2000 and has since made and exited investments in a number of industry sectors, including healthcare, education, technology, leisure and engineering. Emil became a partner in Albion Ventures in 2009.

**David Gudgin (38), BSc (Hons), ACMA**, qualified as a management accountant with ICL before spending 3 years at the BBC. In 1999 he joined 3i plc as an investor in European technology based in London and Amsterdam. In 2002 he moved to Foursome Investments (now Frog Capital) as the lead investor of an environmental technology and a later stage development capital fund. David joined Albion Ventures in 2005 and became a partner in Albion Ventures in 2009. David has a BSc in Economics from Warwick University.

**Michael Kaplan (33), BA, MBA**. Prior to joining Albion Ventures in 2007, Michael was a Project Leader with the Boston Consulting Group (BCG) where he focused on the retail and financial services sectors. More recently, Michael was part of BCG's growing Private Equity practice – which provides strategic due diligence to some of the world's biggest PE funds. Prior to his time with BCG, Michael was the Chief Financial Officer for Widevine Technologies, a security software company based in Seattle. Michael has a BA from the University of Washington and an MBA from INSEAD. He became a partner in Albion Ventures in 2010.

**Ed Lascelles (34), BA (Hons)**, joined Albion Ventures in 2004. He previously worked for ING Barings in the corporate finance department, focusing on smaller UK companies. Prior to ING Barings, Ed worked in the corporate broking department of Charterhouse Securities where he assisted in

## The Manager continued

equity fundraisings and other corporate transactions for quoted UK companies. Ed graduated from UCL with a first class degree in philosophy. He became a partner in Albion Ventures in 2009.

**Henry Stanford (45), MA, ACA**, qualified as a chartered accountant with Arthur Andersen before joining the corporate finance department of Close Brothers Group in 1992, becoming an assistant director in 1996. He moved to Albion Ventures in 1998. Henry became a partner in Albion Ventures in 2009. He holds an MA degree in Classics from Oxford University.

**Robert Whitby-Smith (35), BA (Hons), MSI, ACA**. After graduating in History at Reading University, Robert qualified as a chartered accountant at KPMG and subsequently worked in corporate finance at Credit Suisse First Boston and ING Barings. Since joining in 2005, Robert has assisted in the workout of three VCT portfolios (Murray VCT PLC, Murray VCT 2 PLC and Murray VCT 3 PLC now renamed Crown Place VCT PLC) formerly managed by Aberdeen Murray Johnson, and is responsible for investments in the leisure, manufacturing and technology sectors. Robert became a partner in Albion Ventures in 2009.

**Marco Yu (32), MPhil, MA, MRICS**, spent two and a half years at Bouygues (UK), developing cost management systems for PFI schemes, before moving to EC Harris in 2005 where he advised senior lenders on large capital projects. He joined Albion Ventures in 2007 and became an investment manager in Albion Ventures in 2009. Marco graduated from Cambridge University with a first class degree in economics and is a Chartered Surveyor.

# Portfolio of investments

The following is a summary of non-current asset investments with a value as at 30 June 2010:

Investment name	Nature of business	% voting rights	% voting rights of AVL* managed companies	At 30 June 2010		At 30 June 2009		Change in value for the year** £'000
				Cost £'000	Total value £'000	Cost £'000	Total value £'000	
<b>Unquoted asset-backed investments</b>								
The Crown Hotel Harrogate Limited	Owner and operator of the Crown Hotel, Harrogate	15.0	50.0	2,976	2,071	2,976	2,085	(14)
The Stanwell Hotel Limited	Owner and operator of the Stanwell Hotel at Heathrow Airport	10.8	50.0	1,454	1,229	1,400	1,137	38
The Charnwood Pub Company Limited	Owner and operator of freehold pubs	7.0	50.0	2,204	1,136	2,204	1,197	(61)
Kensington Health Clubs Limited	Owner and operator of a health and fitness club in West London	7.8	50.0	1,789	1,058	1,789	1,035	23
Kew Green VCT (Stansted) Limited	Owner and operator of the 'Express by Holiday Inn' at Stansted Airport	2.0	50.0	1,000	950	1,000	946	4
Geronimo Inns VCT I Limited	Owner and operator of London pubs	9.0	50.0	720	817	–	–	97
Geronimo Inns VCT II Limited	Owner and operator of London pubs	9.0	50.0	720	817	–	–	97
Tower Bridge Health Clubs Limited	Owner and operator of a health and fitness club in central London	9.5	50.0	591	628	591	511	117
CS (Brixton) Limited	Cinema owner and operator	9.6	50.0	411	531	375	430	65
Orchard Portman Hospital Limited	Owner and operator of a mental hospital in Taunton	11.3	50.0	384	390	–	–	6
Bravo Inns II Limited	Owner and operator of freehold pubs	3.9	49.6	405	387	305	289	(2)
The Weybridge Club Limited	Owner and operator of a freehold health and fitness club in Weybridge, Surrey	1.2	50.0	190	158	190	162	(4)
CS (Exeter) Limited	Cinema owner and operator	9.6	50.0	157	140	145	143	(15)
GB Pub Company VCT Limited	Owner and operator of freehold pubs	9.0	50.0	360	140	401	182	(1)
Bravo Inns Limited	Owner and operator of freehold pubs	2.6	50.0	230	126	230	123	3
Premier Leisure (Suffolk) Limited	Freehold cinema owner	5.7	50.0	420	108	420	111	(3)
Taunton Nursing Home Limited	Owner and operator of a mental hospital in Taunton	1.6	50.0	100	102	–	–	2
The Dunedin Pub Company VCT Limited	Owner and operator of a freehold pub	7.8	50.0	278	97	398	199	18
CS (Norwich) Limited	Cinema owner and operator	3.8	50.0	60	53	60	42	11
Evolutions Television Limited	Provider of TV post production services	0.3	49.9	61	33	61	22	11
River Bourne Health Club Limited	Owner and operator of a health and fitness club in Chertsey, Surrey	5.5	50.0	4	4	110	21	(6)
<b>Total unquoted asset-backed investments</b>				<b>14,514</b>	<b>10,975</b>	<b>12,655</b>	<b>8,635</b>	<b>386</b>

## Portfolio of investments continued

Investment name	Nature of business	% voting rights	At 30 June 2010			At 30 June 2009		Change in value for the year** £'000
			% voting rights of AVL* managed companies	Cost £'000	Total value £'000	Cost £'000	Total value £'000	
<b>Unquoted growth investments</b>								
ELE Advanced Technologies Limited	Manufacturer of precision engineering components for the industrial gas turbine, aerospace and automotive markets	48.3	48.3	1,050	1,972	1,050	1,759	213
Blackbay Limited	Provider of mobile data solutions for the logistics and field service sectors	4.1	34.9	423	638	423	531	107
Prime Care Holdings Limited	Provider of domiciliary care services	8.7	49.9	478	510	357	368	21
Helveta Limited	Provider of software solutions, traceability and inventory analysis to the timber industry	3.1	20.8	450	450	450	368	82
House of Dorchester Limited	Chocolate manufacturer	23.3	23.3	368	414	490	689	(153)
Lowcosttravelgroup Limited	Online travel business	5.0	26.0	455	402	455	290	112
Masters Pharmaceuticals Limited	International specialist distributions of pharmaceuticals	2.4	17.1	375	377	–	–	2
Forth Photonics Limited	Developer, manufacturer and seller of medical devices for the detection of epithelial cancers	2.6	18.4	350	350	210	210	–
Mi-Pay Limited	Provider of mobile payment services	3.4	43.7	307	333	241	188	79
Xceleron Limited	Provider of a range of drug development services to the life-science industries	3.3	45.1	329	296	309	216	60
Dexela Limited	Developer of medical imaging technology for the early detection of breast cancer	3.9	34.8	295	225	295	300	(75)
Mirada Medical Limited	Developer of medical imaging software	6.9	45.0	128	171	77	77	43
Chichester Holdings Limited	Drinks distributor to the travel sector	9.1	50.0	600	160	600	442	(282)
Oxsensis Limited	Developer and producer of industrial sensors used in super-high temperature environments	1.4	20.7	192	146	145	73	26
Opta Sports Data Limited	Compiler of sports performance data	1.4	14.0	150	141	150	161	(20)
Point 35 Microstructures Limited	Refurbisher of semi-conductor fabrication equipment	1.7	28.1	130	113	130	88	25
Red-M Wireless Limited	Service and software provider	11.5	41.0	85	88	295	49	(46)
Process Systems Enterprise Limited	Provider of process systems modelling solutions	0.8	11.9	100	65	100	59	6
Green Energy Property Services Group Limited	Surveyor of energy performance in buildings	3.1	23.4	38	19	267	51	(70)

## Portfolio of investments continued

Investment name	Nature of business	% voting rights	% voting rights of AVL* managed companies	At 30 June 2010		At 30 June 2009		Change in value for the year** £'000
				Cost £'000	Total value £'000	Cost £'000	Total value £'000	
<b>Unquoted growth investments continued</b>								
Palm Tree Technology PLC	Software company	0.2	0.7	102	15	102	15	–
Rostima Limited	Provider of workforce management solutions software	4.7	33.8	403	–	363	171	(211)
Investments exited in the period				–	–	574	238	–
Other investments valued at nil				6,808	6,885	7,083	6,343	(81)
				1,637	–	1,637	–	–
<b>Total unquoted growth investments</b>				<b>8,445</b>	<b>6,885</b>	<b>8,720</b>	<b>6,343</b>	<b>(81)</b>
<b>Total unquoted investments</b>				<b>22,959</b>	<b>17,860</b>	<b>21,375</b>	<b>14,978</b>	<b>305</b>

Investment name	Nature of business	% voting rights	% voting rights of AVL* managed companies	At 30 June 2010		At 30 June 2009		Change in value for the year** £'000
				Cost £'000	Total value £'000	Cost £'000	Total value £'000	
<b>AIM quoted investments</b>								
Avanti Communications Group plc	Supplier of satellite communications	0.3	0.3	371	793	538	625	334
Cello Group plc	Market researcher, brand advertising and direct marketing	0.5	0.5	336	97	336	115	(18)
Augean PLC	Waste management	0.4	0.4	590	81	590	142	(61)
Insetco plc	Investor in businesses that specialise in financial products	–	–	81	–	81	3	(3)
<b>Total AIM quoted investments</b>				<b>1,378</b>	<b>971</b>	<b>1,545</b>	<b>885</b>	<b>252</b>
Total unquoted investments				22,959	17,860	21,375	14,978	305
<b>Total qualifying investments</b>				<b>24,337</b>	<b>18,831</b>	<b>22,920</b>	<b>15,863</b>	<b>557</b>

## Portfolio of investments continued

Investment name	Nature of business	% voting rights	% voting rights of AVL* managed companies	At 30 June 2010		At 30 June 2009		Change in value for the year** £'000
				Cost £'000	Total value £'000	Cost £'000	Total value £'000	
<b>Non-qualifying investments</b>								
Driver Hire Investment Group Limited	Supplier of temporary drivers	5.3	5.3	408	126	436	9	147
Booth Dispensers Limited	Manufacturer of vending machine components	22.8	22.8	80	80	-	-	-
Rostima Limited	Provider of workforce management solutions software	4.7	33.8	45	45	-	-	-
				533	251	436	9	147
Non-qualifying AIM quoted investments				10	10	11	6	4
<b>Total non-qualifying investments</b>				<b>543</b>	<b>261</b>	<b>447</b>	<b>15</b>	<b>151</b>
<b>Total non-current asset investments</b>				<b>24,880</b>	<b>19,092</b>	<b>23,367</b>	<b>15,878</b>	<b>708</b>

\* Albion Ventures LLP

\*\* As adjusted for additions and disposals between the two accounting periods

<b>Realisations for the year ended 30 June 2010</b>			
<b>Company</b>	<b>Disposal proceeds £'000</b>	<b>Cost £'000</b>	<b>Realised profit/(loss) £'000</b>
Avanti Communications Group PLC	389	167	222
Booth Dispensers Limited	80	227	(147)
Driver Hire Investment Group Limited	-	29	(29)
GB Pub Company VCT Limited	45	45	-
Green Energy Property Services Group Limited	-	47	(47)
House of Dorchester Limited	122	122	-
Nationwide Building Society floating rate note 7 July 2009	2,720	2,718	2
Red-M Group Limited	49	295	(246)
RFI Global Services Limited	625	378	247
River Bourne Health Club Limited	10	106	(96)
The Dunedin Pub Company VCT Limited	120	120	-
Vibrant Energy Surveys Limited	51	267	(216)
Wells Fargo & Company floating rate note 25 January 2012	2,297	2,217	80
<b>Total</b>	<b>6,508</b>	<b>6,738</b>	<b>(230)</b>

# Portfolio companies

The top ten qualifying investments by total aggregate value of equity and loan stock are as follows:

<b>The Crown Hotel Harrogate Limited</b>		
<p>The company acquired the historic 121 bedroom Crown Hotel in Harrogate, Yorkshire in November 2005. A refurbishment has been carried out and the hotel is once again recognised as one of the leading hotels in Harrogate.</p>		
<b>Audited results: year to 31 March 2009</b>		
	£'000	
Turnover	2,534	
Loss before interest	(73)	
Net assets	7,174	
Basis of valuation:	Net asset value supported by third party valuation of freehold property	
Website:	www.crownhotelharrogate.com	
<b>Investment information</b>		<b>£'000</b>
Income recognised in the year		138
Total cost		2,976
Total valuation		2,071
Voting rights		15.0%
<p>Other funds managed and advised by Albion Ventures LLP have invested in this company and have a combined equity holding of 50.0 per cent.</p>		

<b>ELE Advanced Technologies Limited</b>		
<p>The company manufactures precision engineering components in Lancashire and Slovakia for the industrial gas turbine, aerospace and automotive markets.</p>		
<b>Audited results: year to 1 May 2009</b>		
	£'000	
Turnover	11,637	
Profit before interest	447	
Net assets	3,165	
Basis of valuation:	Earnings multiple	
Website:	www.eleat.co.uk	
<b>Investment information</b>		<b>£'000</b>
Income recognised in the year		–
Total cost		1,050
Total valuation		1,972
Voting rights		48.3%
<p>No other funds managed by Albion Ventures LLP have invested in this company.</p>		

<b>The Stanwell Hotel Limited</b>		
<p>The company acquired the 19 bedroom Stanwell Hotel near Heathrow in August 2007. Planning consent was subsequently obtained to extend the hotel to 54 bedrooms and the hotel re-opened at the end of April 2010.</p>		
<b>Audited results: year to 31 August 2009</b>		
	£'000	
Turnover	18	
Loss before interest	(117)	
Net assets	571	
Basis of valuation:	Net asset value supported by third party valuation of freehold property	
Website:	www.thestanwellhotel.co.uk	
<b>Investment information</b>		<b>£'000</b>
Income recognised in the year		–
Total cost		1,454
Total valuation		1,229
Voting rights		10.8%
<p>Other funds managed by Albion Ventures LLP have invested in this company and have a combined equity holding of 50.0 per cent.</p>		

## Portfolio companies continued

### The Charnwood Pub Company Limited



The company is a pub company which owns and operates 11 freehold public houses in central England. The pubs are seeing the benefits of a refurbishment programme and strong operational management.

#### Audited results: year to 31 October 2008\*

	£'000
Turnover	563
Profit before interest	28
Net liabilities	(6)
Basis of valuation:	Net asset value supported by third party valuation of freehold property
Website:	<a href="http://www.charnwoodpubco.co.uk">www.charnwoodpubco.co.uk</a>

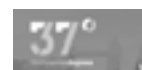
#### Investment information

	<b>£'000</b>
Income recognised in the year	77
Total cost	2,204
Total valuation	1,136
Voting rights	7.0%

Other funds managed and advised by Albion Ventures LLP have invested in this company and have a combined equity holding of 50.0 per cent.

\*The audited results relate to the two initially acquired sites. The company has subsequently acquired more sites.

### Kensington Health Clubs Limited



The company has developed a 29,000 square foot health and fitness club on a 999 year lease in West London which opened in December 2007. There are currently approximately 2,600 members.

#### Audited results: year to 30 September 2009

	£'000
Turnover	2,037
Profit before interest	30
Net assets	1,688
Basis of valuation:	Net asset value supported by third party valuation of freehold property
Website:	<a href="http://www.thirtysevendegrees.co.uk/olympia">www.thirtysevendegrees.co.uk/olympia</a>

#### Investment information

	<b>£'000</b>
Income recognised in the year	95
Total cost	1,789
Total valuation	1,058
Voting rights	7.8%

Other funds managed by Albion Ventures LLP have invested in this company and have a combined equity holding of 50.0 per cent.

## Portfolio companies continued

### Kew Green VCT (Stansted) Limited

The company developed and operates a limited service hotel under the "Holiday Inn Express" brand at Stansted Airport on a 125 year lease. The hotel opened in January 2005 with 183 bedrooms. A 71 bedroom extension opened in July 2007, taking the hotel to 254 bedrooms.



#### Audited results: year to 31 August 2009

	£'000
Turnover	4,686
Profit before interest	740
Net assets	3,480
Basis of valuation:	Net asset value supported by third party valuation of leasehold property
Website:	<a href="http://www.expressstanstedairport.co.uk">www.expressstanstedairport.co.uk</a>

#### Investment information

	<b>£'000</b>
Income recognised in the year	71
Total cost	1,000
Total valuation	950
Voting rights	2.0%

Other funds managed by Albion Ventures LLP have invested in this company and have a combined equity holding of 50.0 per cent.

### Geronimo Inns VCT I Limited

The company, in conjunction with Geronimo Inns VCT II Limited, owns and operates four landmark freehold pubs in London which have now been extensively refurbished.



As a new company, Geronimo Inns VCT I Limited has not yet filed statutory accounts.

Basis of valuation:	Net asset value supported by third party valuation
Website:	<a href="http://www.geronimo-inns.co.uk">www.geronimo-inns.co.uk</a>

#### Investment information

	<b>£'000</b>
Income recognised in the year	57
Total cost	720
Total valuation	817
Voting rights	9.0%

Other funds managed by Albion Ventures LLP have invested in this company and have a combined equity holding of 50.0 per cent.

### Geronimo Inns VCT II Limited

The company, in conjunction with Geronimo Inns VCT I Limited, owns and operates four landmark freehold pubs in London which have now been extensively refurbished.



As a new company, Geronimo Inns VCT II Limited has not yet filed statutory accounts.

Basis of valuation:	Net asset value supported by third party valuation
Website:	<a href="http://www.geronimo-inns.co.uk">www.geronimo-inns.co.uk</a>

#### Investment information

	<b>£'000</b>
Income recognised in the year	57
Total cost	720
Total valuation	817
Voting rights	9.0%

Other funds managed by Albion Ventures LLP have invested in this company and have a combined equity holding of 50.0 per cent.

## Portfolio companies continued

### Avanti Communications Group plc

The company is a supplier of satellite communication services and is quoted on AIM.

#### Audited results: year to 30 June 2009

	£'000
Turnover	8,041
Loss before interest	(1,386)
Net assets	64,479
Basis of valuation:	Bid price
Website:	www.avantiplc.com

#### Investment information

	<b>£'000</b>
Income recognised in the year	–
Total cost	371
Total valuation	793
Voting rights	0.3%

No other funds managed by Albion Ventures LLP have invested in this company.

### Blackbay Limited

The company provides enterprise mobility solutions for the logistics and field service sectors.



#### Audited results: year to 31 December 2009

	£'000
Turnover	6,199
Profit before interest	726
Net liabilities	(1,705)
Basis of valuation:	Earnings multiple
Website:	www.blackbay.com

#### Investment information

	<b>£'000</b>
Income recognised in the year	54
Total cost	423
Total valuation	638
Voting rights	4.1%

Other funds managed by Albion Ventures LLP have invested in this company and have a combined equity holding of 34.9 per cent.

Net assets of investee companies where a recent third party valuation has taken place, may have a higher valuation in Crown Place VCT PLC accounts than in their own. These are where the investee company does not have a policy of revaluing its fixed assets.

# Directors' report and enhanced business review

The Directors submit their Annual Report and the audited Financial Statements on the affairs of Crown Place VCT PLC (the "Company"), including the consolidated Financial Statements, for the year ended 30 June 2010.

## BUSINESS REVIEW

### Principal activity and status

The principal activity of the Company is that of a Venture Capital Trust. It has been approved by H.M. Revenue & Customs ("HMRC") as a venture capital trust in accordance with Part 6 of the Income Tax Act 2007 and in the opinion of the Directors, the Company has conducted its affairs so as to enable it to continue to obtain such approval. Approval for the year ended 30 June 2010 is subject to review should there be any subsequent enquiry under corporation tax self assessment.

The Company is not a close company for taxation purposes and its shares are listed on the London Stock Exchange.

The Company is no longer an investment company as defined in Section 833 of the Companies Act 2006. The Company revoked its investment trust status on 4 June 1999 in order for the Company to pay dividends from realised capital profits.

Under current tax legislation, shares in the Company provide tax-free capital growth and income distribution, in addition to the tax relief some investors would have obtained when they invested at the time of the initial fundraising.

### Capital structure

Details of the authorised and issued share capital, including the movements in the Company's issued share capital during the year are shown in note 14.

The Company's share capital comprises Ordinary shares. Ordinary shares represent 100 per cent. of the total share capital and voting rights. All shares rank *pari passu* for dividend and voting purposes. Each Ordinary share is currently entitled to one vote. The Directors are not aware of any restrictions on the transfer of shares or on voting rights.

The Company currently operates a Dividend Reinvestment Scheme, details of which can be found on [www.albion-ventures.co.uk](http://www.albion-ventures.co.uk) under the 'Our Funds' section. During the year, the Company issued 217,890 new Ordinary shares under the Dividend Reinvestment Scheme, details of which can be found in note 14.

### Substantial interests and shareholder profile

As at 30 June 2010, the Company is aware that Giltspur Nominees Limited (on behalf of clients) had an interest of 4.5

per cent. (2009: 4.3 per cent.) of the voting rights and an interest of 4.4 per cent. (2009: 4.3 per cent.) as the date of this report. There have been no disclosures in accordance with Disclosure and Transparency Rule 5 made to the Company during the year ended 30 June 2010 and to the date of this report.

The shareholder profile of the fund as at 30 June 2010 is as follows:

Number of shares held	% shareholders	% share capital
1 – 10,000	53.5	11.6
10,001 – 50,000	38.1	36.0
50,001 – 100,000	6.0	18.3
100,001 – 500,000	2.1	15.9
500,001 – 1,000,000	0.1	3.5
1,000,001 – 5,000,000	0.1	5.5
5,000,001 – 10,000,000*	0.1	9.2

\* these are treasury shares held by Crown Place VCT PLC

### Investment policy

The Company's investment policy and maximum exposures policy is designed to meet the requirements of investors who seek to protect the capital value of their investment whilst still providing an attractive level of return. In pursuing this policy, the Manager aims to build a portfolio which concentrates on two complementary investment areas. The first is lower risk, often asset-based, investments that can provide a strong income stream combined with protection of capital. These investments will be balanced by a smaller proportion by value of the portfolio invested in higher risk companies with greater growth prospects.

The following investment restrictions were described in the Company prospectus issued in November 2005.

- No holding of the Company in any other company will represent more than 15 per cent. by value of the Company's portfolio; and
- Not more than 20 per cent. of the total assets in the Company's portfolio will be invested in the securities of companies which are property companies, defined as companies primarily engaged in property activities which include:
  - (a) the holding of properties and development of properties for letting and retention as investments; or
  - (b) the purchase and development of properties for subsequent sale; or
  - (c) the purchase of land for development of properties for retention as investments.

# Directors' report and enhanced business review continued

The Company currently holds four AIM investments which it will realise over time. The Company does not currently intend to make new investments in AIM quoted shares.

## Venture Capital Trust status

In addition to the investment policy described above, the HMRC rules drive the Company's investment allocation and risk diversification policies. In order to maintain its status under Venture Capital Trust legislation, the following tests must be met:

- (1) The Company's income must be derived wholly or mainly from shares and securities;
- (2) At least 70 per cent. of the HMRC value of its investments must have been represented throughout the year by shares or securities that are classified as 'qualifying holdings';
- (3) At least 30 per cent. by HMRC value of its total qualifying holdings must have been represented throughout the year by holdings of 'eligible shares';
- (4) At no time during the year must the Company's holdings in any one company (other than another VCT) have exceeded 15 per cent. by HMRC value of its investments;
- (5) The Company must not have retained greater than 15 per cent. of its income earned in the year from shares and securities;
- (6) Eligible shares must comprise at least 10 per cent. by HMRC value of the total of the shares and securities that the Company holds in any one investee company; and
- (7) The Company's shares, throughout the year must have been listed in the Official List of the London Stock Exchange.

These tests drive a spread of investment risk through disallowing holdings of more than 15 per cent. in one investee company. The tests have been carried out and independently reviewed for the year ended 30 June 2010. The Company has complied with all tests and continues to do so.

'Qualifying holdings', for Crown Place VCT PLC include shares or securities (including loans with a five year or greater maturity period) in companies which operate a 'qualifying trade' wholly or mainly in the United Kingdom. 'Qualifying

trade' excludes, amongst other sectors, dealing in property or shares and securities, insurance, banking, and agriculture.

Investee company gross assets must not exceed £15 million immediately prior to the investment and £16 million immediately thereafter and there is an annual investment limit of £1 million in each company.

## Gearing

As defined by the Articles of Association, the Company's maximum exposure in relation to gearing is restricted to the amount of the adjusted share capital and reserves of the latest published audited consolidated balance sheet. As at 30 June 2010, the Company's maximum permitted exposure was £23,514,000 (2009: £23,883,000) and its actual short term and long term gearing at this date was £nil (2009: £nil). The Directors do not currently have any intention to utilise long term gearing.

## Current portfolio sector allocation

The pie chart on page 8 of the Manager's report graphically represents the split of the portfolio valuation by industrial or commercial sector as at 30 June 2010. Details of the principal investments made by the Company are shown in the Portfolio of investments on page 13.

## Review of business and future changes

A detailed review of the Company's business during the year and future prospects is contained in the Chairman's statement on page 6 and Manager's report on page 8. Details of significant events which have occurred since the end of the financial year are listed in note 20. Details of related party transactions are shown in note 22.

Your Board, in conjunction with the Boards of the other six VCTs managed by Albion Ventures, is planning to launch a top up offer of new Ordinary shares later this month. In aggregate, the Albion VCTs will be aiming to raise up to £15 million, of which Crown Place VCT's share will be approximately £2.25 million, or 15 per cent. of the total. The proceeds will be used to provide further resources at a time when a number of attractive investment opportunities are being seen. An offer document will be sent to shareholders later this month.

The Directors do not foresee any major changes in the activity undertaken by the Company in the current year.

The subsidiary undertakings affecting the profits and net assets of the Group in the year are listed in note 11 to the Financial Statements.

# Directors' report and enhanced business review continued

## Operational arrangements

The Company has delegated the investment management of the portfolio to Albion Ventures LLP, which is authorised and regulated by the Financial Services Authority. Albion Ventures LLP also provides company secretarial and other accounting and administrative support to the Company. Further details regarding the terms of engagement of the Manager are shown on page 25.

## Results and dividends

	£'000
Consolidated revenue profit for the year ended 30 June 2010	489
Revenue dividend of 0.25p per share paid on 6 November 2009	(181)
Revenue dividend of 0.25p per share paid on 9 April 2010	(181)
<b>Transferred to revenue reserve</b>	<u>127</u>
Consolidated capital profit for the year ended 30 June 2010	1,097
Capital dividend of 1p per share paid on 6 November 2009	(724)
Capital dividend of 1p per share paid on 9 April 2010	(725)
<b>Transferred to capital reserves</b>	<u>(352)</u>
Consolidated net assets as at 30 June 2010	<u>24,413</u>
Consolidated net asset value per share as at 30 June 2010	<u><b>33.9p</b></u>

The Company paid dividends of 2.5 pence per share (2009: 2.5 pence) during the year ended 30 June 2010.

As described in the Chairman's statement, the Board has declared a first dividend for the year ending 30 June 2011 of 1.25 pence per share. This dividend will be paid on 30 November 2010 to shareholders on the register as at 29 October 2010.

As shown in the Group's statement of comprehensive income on page 37 of the Financial Statements, the investment income has decreased to £903,000 (2009: £988,000). This is as a result of lower interest earned on liquid assets during the year, partly offset by a higher yield on some loan stock investments. As a result, revenue return to equity holders has also decreased to £489,000 (2009: £682,000).

The capital return for the year was a profit of £1,097,000, (2009: loss of £3,946,000), primarily as a result of the realised and unrealised gains made during the year on investments.

The total return per share was 2.2 pence per share (2009: loss of 4.5 pence per share).

The Consolidated balance sheet on page 38 of the Financial Statements shows that the net asset value per share has decreased over the last year to 33.9 pence per share (2009: 34.2 pence per share). The fall in net asset value per share can be attributed to the payments of dividends in the year, partly offset by profit for the year as noted above.

Cash flow for the business has been negative for the year, reflecting the dividends paid, purchases of shares for cancellation and the purchase of qualifying investments, offset by cash generated by operations and the disposal of investments.

## Share buybacks

The Company operates a policy of buying back shares either for cancellation or for holding in treasury. Details regarding the current policy can be found on page 7 of the Chairman's statement.

## Key Performance Indicators

The Directors believe that the following Key Performance Indicators are the most important for the business.

The graph on page 4 shows Crown Place VCT PLC's net asset value total return against the FTSE All-Share Index total return, in both instances with dividends reinvested. Details on the performance of the net asset value and return per share for the year are detailed above.

Albion Ventures LLP (formerly Close Ventures Limited) assumed management of the Company and its subsidiaries in April 2005 and since then, the Group has generated an annualised tax free dividend yield to 30 June 2010 of 2.5 pence per share (2009: 2.5 pence per share).

The total expense ratio for the year to 30 June 2010 was 3.0 per cent. (2009: 3.0 per cent. excluding the one-off effect of the recognition of recoverable VAT due on historic management fees). The total expense ratio for the year to 30 June 2010 excluding non-recurring expenditure was 2.9 per cent. (2009: 3.0 per cent.).

The running yield for the year to 30 June 2010 was 3.7 per cent. (2009: 4.0 per cent.).

The Company continues to comply with HMRC rules in order to maintain its status under Venture Capital Trust legislation as highlighted on page 22.

# Directors' report and enhanced business review continued

## Principal risks and uncertainties

In addition to the current economic risks outlined in the Chairman's statement, the Board considers that the Company faces the following major risks and uncertainties:

### 1. *Investment risk*

This is the risk of investment in poor quality assets which reduces the capital and income returns to shareholders, and negatively impacts on the Group's reputation. By nature, smaller unquoted businesses, such as those that qualify for venture capital trust purposes are more fragile than larger, long established businesses.

To reduce this risk, the Board places reliance upon the skills and expertise of the Manager and their strong track record for investing in this segment of the market. The Company's policy is to lower investment risk by investing part of the portfolio in asset-based businesses and taking a first charge over the relevant assets. In addition, the Manager operates a formal and structured investment process, which includes an Investment Committee, comprising investment professionals from the Manager and at least one external investment professional. The Manager also invites comments from all non-executive Directors on investments discussed at the Investment Committee meetings. Investments are actively and regularly monitored by the Manager (investment managers normally sit on investee company boards) and the Board receives detailed reports on each investment as part of the Manager's report at quarterly board meetings.

### 2. *Venture Capital Trust approval risk*

The Company's current approval as a venture capital trust allows investors to take advantage of tax reliefs on initial investment and ongoing tax free capital gains and dividend income. Failure to meet the qualifying requirements could result in investors losing the tax relief on initial investment and loss of tax relief on any tax free income or capital gains received. In addition, failure to meet the qualifying requirements could result in a loss of listing of the shares.

To reduce this risk, the Board has appointed the Manager, who has a team with significant experience in venture capital trust management, and is used to operating within the requirements of the venture capital trust legislation. In addition, to provide further formal reassurance, the Board has appointed PricewaterhouseCoopers LLP as its taxation advisers.

PricewaterhouseCoopers LLP report quarterly to the Board to independently confirm compliance with the venture capital trust legislation, to highlight areas of risk and to inform on changes in legislation.

### 3. *Compliance risk*

The Company is listed on The London Stock Exchange and is required to comply with the rules of the UK Listing Authority, as well as with the Companies Act, Accounting Standards and other legislation. Failure to comply with these regulations could result in a delisting of the Company's shares, or other penalties under the Companies Act or from financial reporting oversight bodies.

Board members and the Manager have experience of operating at senior levels within quoted businesses. In addition, the Board and the Manager receive regular updates on new regulation from the auditors, lawyers and other professional bodies.

### 4. *Internal control risk*

Failures in key controls, within the Board or within the Manager's business, could put assets of the Company at risk or result in reduced or inaccurate information being passed to the Board or to shareholders.

The Audit and Risk Committee meets with the Manager's internal auditors, Littlejohn LLP, at least once a year, receiving a report regarding the last formal internal audit performed on the Manager, and providing the opportunity for the Audit and Risk Committee to ask specific and detailed questions. During the year the Board has met with the Partner of Littlejohn LLP internal audit to discuss the most recent Internal Audit Report completed on the Manager. The Manager has a comprehensive business continuity plan in place in the event that operational continuity is threatened. Further details regarding the Board's management and review of the Group's internal controls through the implementation of the Turnbull guidance are detailed on page 31.

Measures are in place to mitigate information risk in order to ensure the integrity, availability and confidentiality of information used within the business.

### 5. *Reliance upon third parties risk*

The Company is reliant upon the services of Albion Ventures LLP for the provision of investment management and administrative functions. There are provisions within the management agreement for the

# Directors' report and enhanced business review continued

change of Manager under certain circumstances (for more detail, see the management agreement paragraph on page 25). In addition, the Manager has demonstrated to the Board that there is no undue reliance placed upon any one individual within Albion Ventures LLP.

## 6. *Financial risks*

By its nature, as a venture capital trust, the Company is exposed to investment risk (which comprises investment price risk and cash flow interest rate risk), credit risk and liquidity risk. The Company's policies for managing these risks and its financial instruments are outlined in full in note 19 to the Financial Statements.

All of the Group's income and expenditure is denominated in sterling and hence the Group has no foreign currency risk. The Group is financed through equity and does not have any borrowings. The Group does not use derivative financial instruments.

## Environment

The management and administration of Crown Place VCT PLC is undertaken by the Manager. Albion Ventures LLP recognises the importance of its environmental responsibilities, monitors its impact on the environment, and designs and implements policies to reduce any damage that might be caused by its activities.

## Employees

The Group is managed by Albion Ventures LLP and hence has no employees other than its Directors.

## Directors

The Directors who held office throughout the year, and their interests in the shares of the Group (together with those of their immediate family) as at 30 June 2010 were:

	<b>Shares held as at 30 June 2010</b>	Shares held as at 30 June 2009
Patrick Crosthwaite	16,000	16,000
Rachel Beagles	45,000	45,000
Sir Andrew Cubie	14,747	13,688
Vikram Lall	72,743	72,743
Geoffrey Vero (retired 27 September 2010)	6,000	6,000

There have been no changes in the holdings of the Directors between 30 June 2010 and the date of this report.

No Director has a service contract with the Group.

All Directors are members of the Audit & Risk Committee, save for Patrick Crosthwaite. Geoffrey Vero was Chairman of the Audit and Risk Committee, until his retirement on 27 September 2010, at which point Rachel Beagles became Chairman of the Committee.

No options over the share capital, long term incentives or retirement benefits of the Group have been granted to Directors personally, nor does the Group make a contribution to any pension scheme on behalf of the Directors. Further details regarding the Directors' remuneration are shown on page 34.

## Directors' indemnity

Each Director has entered into a Deed of Indemnity with the Company pursuant to which, the Company agrees, subject to the provisions of the Companies Act 2006 and the limitations set out in each deed, to indemnify each Director against any liability arising out of any claim made against him in relation to the performance of his duties as a Director of the Company. A copy of each Deed of Indemnity entered into by the Company for each Director is available at the Registered Office of the Company.

## Re-election of Directors

Directors' retirement and re-election is subject to the Articles of Association and the Combined Code on Corporate Governance. At the forthcoming Annual General Meeting, Karen Brade and Vikram Lall will retire and offer themselves for re-election. In addition, Andrew Cubie, having served as a Director for longer than nine years, will retire at the forthcoming Annual General Meeting.

## Management agreement

The management agreement can be terminated by either party on 12 months' notice. Under this agreement, the Manager also provides secretarial and administrative services to the Company. The management agreement is subject to earlier termination in the event of certain breaches or on the insolvency of either party.

Under the terms of the management agreement, the Manager is paid an annual fee equal to 1.75 per cent of the net asset value of the Company plus £50,000 fee per annum for administrative and secretarial services. The fee is payable quarterly in arrears.

The Manager is entitled to an arrangement fee, payable by each investee company in which the Company invests, in the region of two per cent. on each investment made, and to non-executive director fees when placing an investment executive from Albion Ventures LLP on an investee company Board.

# Directors' report and enhanced business review continued

## Management performance incentive

In order to provide the Manager with an incentive to maximise the return to investors, the Manager is entitled to charge an incentive fee in the event that the returns exceed minimum target levels per share.

The target level requires that the growth of the aggregate of the Net Asset Value per share and dividends paid by the Company or declared by the Board and approved by the shareholders during the relevant period (both revenue and capital), compared with the previous accounting date, exceeds the average base rate of the Royal Bank of Scotland plc plus two per cent. If the target return is not achieved in a period, the cumulative shortfall is carried forward to the next accounting period and has to be made up before an incentive fee becomes payable.

If the target return is achieved, the Manager is entitled to twenty per cent. of the excess return.

There is no performance fee due to the Manager for the year ended 30 June 2010 (2009: £71,000 in respect of historic VAT recoveries).

## Evaluation of the Manager

The Board, through the Audit and Risk Committee has evaluated the remuneration and performance of the Manager based on the returns generated by the Company, the continuing achievement of the 70 per cent. investment requirement for Venture Capital Trust status, the long term prospects of the current investments, a review of the management agreement and the services provided therein, and by benchmarking the performance and remuneration of the Manager to other service providers. The Board believes that it is in the interests of shareholders as a whole, and of the Company, to continue the appointment of the Manager for the forthcoming year.

## Valuation of investments

As described in note 1 of the Financial Statements, the unquoted equity investments held by the Company are valued at fair value through profit or loss in accordance with the International Private Equity and Venture Capital Valuation Guidelines. These Guidelines set out recommendations, intended to represent current best practice on the valuation of venture capital investments. Unquoted investments are valued on the basis of forward looking estimates and judgements about the business itself, its market and the environment in which it operates, together with the state of the mergers and acquisitions market, stock market conditions and other factors. In making these judgements the valuation takes into account all known material facts up

to the date of approval of the Financial Statements by the Board. Unquoted loan stock is valued at amortised cost.

Investments quoted on recognised exchanges such as AIM are valued at the closing bid price.

## Investment and co-investment

The Company co-invests with other venture capital trusts and funds managed and advised by Albion Ventures LLP. Allocation of investments is on the basis of an allocation agreement which is based, inter alia, on the ratio of funds available for investment.

## Auditors

A resolution to re-appoint PKF (UK) LLP as auditors will be proposed at the forthcoming Annual General Meeting on 9 November 2010.

## Supplier payment policy

The Group's policy is to pay all supplier invoices within 30 days of the invoice date, or as otherwise agreed. The creditor days as at 30 June 2010 are 67 days (2009: 20). There were no overdue trade creditors at 30 June 2010 (2009: nil).

## Annual General Meeting

The Annual General Meeting will be held at The City of London Club, 19 Old Broad Street, London, EC2N 1DS at 12 noon on 9 November 2010. The notice of the Annual General Meeting is at the end of this document.

The proxy form enclosed with this Annual Report and Financial Statements permits shareholders to disclose votes 'for', 'against' and 'withheld'. A 'vote withheld' is not a vote in law and will not be counted in the proportion of the votes for and against the resolution.

The summary of proxies lodged at the Annual General Meeting will be published at [www.albion-ventures.co.uk](http://www.albion-ventures.co.uk) within the 'Our Funds' section by clicking on Crown Place VCT PLC.

Resolutions relating to the following items of special business will be proposed at the forthcoming Annual General Meeting for which shareholder approval is required in order to comply either with the Companies Act or the Listing Rules of the Financial Services Authority.

## Power to allot shares

Ordinary resolution number 7 will request the authority to allot up to an aggregate nominal amount of £791,776 representing approximately 10 per cent. of the issued Ordinary share capital of the Company as at the date of this report.

# Directors' report and enhanced business review continued

The Directors do not currently have any intention to allot shares, with the exception of the Dividend Reinvestment Scheme, the Albion VCTs Linked Top-Up Offer as described on page 7 of the Chairman's statement and the reissuance of treasury shares where it is in the Company's interest to do so, at a price in excess of that paid for the treasury shares. The Company currently holds 7,260,410 Ordinary shares in treasury representing 9.2 per cent. of the total Ordinary share capital in issue as at 30 June 2010.

This resolution replaces the authority given to the Directors at the Annual General Meeting in 2009. The authority sought at the forthcoming Annual General Meeting will expire 18 months from the date that this resolution is passed or at the conclusion of the next Annual General Meeting of the Company, whichever is earlier.

## **Dis-application of pre-emption rights**

Special resolution number 8 will request authority for Directors to allot equity securities for cash without first being required to offer such securities to existing members. This will include the sale on a non pre-emptive basis of any shares the Company holds in treasury for cash. The authority relates to up to £791,776 of nominal capital representing 10 per cent. of the issued Ordinary share capital of the Company as at the date of this report.

This resolution replaces the authority given to the Directors at the Annual General Meeting in 2009. The authority sought at the Annual General Meeting will expire 18 months from the date this resolution is passed or at the conclusion of the next Annual General Meeting of the Company, whichever is earlier. Members should note that this resolution also relates to treasury shares.

## **Purchase of own shares**

Special resolution number 9 will request the authority to purchase approximately 14.99 per cent. of the Company's issued Ordinary share capital at, or between, the minimum and maximum prices specified in resolution 9. Shares bought back under this authority may be cancelled and up to 10 per cent. can be held in treasury.

The Board believes that it is helpful for the Company to continue to have the flexibility to buy its own shares and this resolution seeks authority from shareholders to do so.

This resolution would renew the 2009 authority, which was in similar terms. During the financial year under review, the Company purchased 697,446 Ordinary shares of 10 pence each to be cancelled, at an aggregate consideration of £205,000 including stamp duty, representing 0.9 per cent. of the issued share capital of the Company as at 30 June 2010.

This resolution replaces the authority given to the Directors at the Annual General Meeting in 2009. The authority sought at the Annual General Meeting will expire 18 months from the date this resolution is passed or at the conclusion of the next Annual General Meeting of the Company, whichever is the earlier. Members should note that this resolution also relates to treasury shares.

## **Treasury shares**

Under the Companies (Acquisition of Own Shares) (Treasury Shares) Regulations 2003 (the "Regulations"), shares purchased by the Company out of distributable profits can be held as treasury shares, which may then be cancelled or sold for cash. The authority sought by special resolution number 9 is intended to apply equally to shares to be held by the Company as treasury shares in accordance with the Regulations.

Special resolution number 10 will request the authority to permit Directors to sell treasury shares at a price not less than that at which they were purchased.

## **Recommendation**

The Board believes that the passing of the resolutions above are in the best interest of the Company and its shareholders as a whole and accordingly, unanimously recommends that you vote in favour of these resolutions, as the Directors intend to do in respect of their own beneficial shareholdings of 148,490 shares.

## **Statement of Directors' responsibilities**

The Directors are responsible for preparing the Directors' report and enhanced business review, the Directors' remuneration report and the Financial Statements in accordance with applicable law and regulations. They are also responsible for ensuring that the Annual Report includes information required by the Listing Rules of the Financial Services Authority.

Company law requires the Directors to prepare Financial Statements for each financial year. Under that law the Directors are required to prepare the group Financial Statements in accordance with International Financial Reporting Standards as adopted by the European Union and have elected to prepare the parent company Financial Statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period. In preparing these Financial Statements the Directors are required to:

## Directors' report and enhanced business review continued

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether the Group Financial Statements have been prepared in accordance with IFRSs as adopted by the European Union;
- state, with regard to the parent company Financial Statements, whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the Financial Statements; and
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Company and the Group will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the Group Financial Statements comply with the Companies Act 2006 and Article 4 of the IAS Regulation and the parent company Financial Statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of the Financial Statements and other information included in annual reports may differ from legislation in other jurisdictions.

The Directors confirm, to the best of their knowledge:

- that the Group Financial Statements, which have been prepared in accordance with IFRS as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit of the Group; and
- that the management report included within the Chairman's statement, Manager's report and Directors' report and enhanced business review include a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

The names and functions of all the Directors are stated on page 10.

### **Disclosure of information to auditors**

In the case of each of the persons who are Directors of the Company at the date of approval of this report:

- so far as each of the Directors are aware, there is no relevant audit information of which the Company's auditors are unaware; and
- each of the Directors has taken all the steps that he/she ought to have taken as a Director to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This disclosure is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

By Order of the Board

### **Albion Ventures LLP**

Company Secretary  
1 King's Arms Yard  
London, EC2R 7AF  
7 October 2010

# Statement of corporate governance

## Background

The Financial Services Authority requires all listed companies to disclose how they have applied the principles and complied with the provisions of the Combined Code issued by the Financial Reporting Council ("FRC") in July 2003 ("the Code") and updated in June 2006 and June 2008.

The Board of Crown Place VCT PLC has also considered the principles and recommendations of the AIC Code of Corporate Governance ("AIC Code") by reference to the AIC Corporate Governance Guide for Investment Companies ("AIC Guide"). The AIC Code, as explained by the AIC Guide, addresses all the principles set out in Section 1 of the Combined Code, as well as setting out additional principles and recommendations on issues that are of specific relevance to Crown Place VCT PLC.

The Board considers that reporting against the principles and recommendations of the AIC Code, and by reference to the AIC Guide (which incorporates the Combined Code), will provide better information to shareholders than reporting under the Code alone.

The Company has complied with the recommendations of the AIC Code and the relevant provisions of Section 1 of the Combined Code, except as set out below.

## Application of the Principles of the Code

The Board attaches importance to matters set out in the Code and applies its principles. However, as a venture capital trust company, most of the Company's day-to-day responsibilities are delegated to third parties and the Directors are all non-executive. Thus, not all the provisions of the Code are directly applicable to the Company.

## Board of Directors

The Board consists solely of non-executive directors. Patrick Crosthwaite is the Chairman. As the Board comprises independent non-executive Directors, it is not considered necessary to appoint a senior non-executive Director.

Geoffrey Vero retired from the Board on 27 September 2010. Andrew Cubie has decided to step down from the Board and will retire at the forthcoming Annual General Meeting. Following a structured recruitment process which involved the interview of a number of highly experienced candidates. Karen Brade will join the Board on 8 October 2010.

Since all Directors are non-executive and day-to-day management responsibilities are sub-contracted to the Manager, the Company does not have a Chief Executive Officer.

The Directors have a range of business and financial skills which are relevant to the Company; these are described in the Board of Directors section on page 10. Directors are provided with key information on the Company's activities, including regulatory and statutory requirements, and internal controls, by the Manager. The Board has direct access to secretarial advice and compliance services by the Manager, who is responsible for ensuring that Board procedures are followed and applicable procedures complied with. All Directors are able to take independent professional advice in furtherance of their duties if necessary. In accordance with the Combined Code, the Company has in place Directors' & Officers' Liability Insurance.

The Board met four times during the year ended 30 June 2010 as part of its regular programme of Board meetings. In accordance with best practice, one of these meetings took place without the Manager present. All of the Directors attended each meeting, with the exception of Andrew Cubie who was unable to attend one meeting. In addition, sub-committees of the Board comprising Patrick Crosthwaite and Rachel Beagles met two times during the year to allot shares issued under the Dividend Reinvestment Scheme.

The Chairman ensures that all Directors receive in a timely manner, all relevant management, regulatory and financial information. The Board receives and considers reports regularly from the Manager and other key advisers and ad hoc reports and information are supplied to the Board as required. The Board has a formal schedule of matters reserved for it and the agreement between the Company and its Manager sets out the matters over which the Manager has authority and limits beyond which Board approval must be sought.

The Manager has authority over the management of the investment portfolio, the organisation of custodial services, accounting, secretarial and administrative services. The main issues reserved for the Board include:

- the consideration and approval of future developments or changes to the investment policy, including risk and asset allocation;
- consideration of corporate strategy;
- application of the principles of the Combined Code, corporate governance and internal control;
- review of sub-committee recommendations, including the recommendation to shareholders for the appointment and remuneration of auditors;
- approval of the appropriate dividend to be paid to shareholders;
- the appointment, evaluation, removal and remuneration of the Manager;

# Statement of corporate governance continued

- the performance of the Company, including monitoring of the discount of the net asset value and the share price;
- share buy-back and treasury share policy; and
- monitoring shareholder profile and considering shareholder communications.

## **Committees' and Directors' performance evaluation**

Performance of the Board and the Directors is assessed on the following:

- attendance at Board and Committee meetings;
- the contribution made by individual Directors at, and outside of, Board and Committee meetings; and
- completion of a detailed internal assessment process and annual performance evaluation conducted by the Chairman (or in the case of the Chairman's review, by the Chairman of the Audit and Risk Committee).

The Board believes that it has the right balance of independence, skills, experience and knowledge for the effective governance of the Company. The Board considers any skills gaps in existence and takes action to remedy this where necessary.

Directors are offered training, both at the time of joining the Board and on other occasions where required. The Board also undertakes a proper and thorough evaluation of its committees on an annual basis.

In light of the structured performance evaluation, the performance of Vikram Lall, who is subject to re-election at the forthcoming Annual General Meeting, is considered by the remainder of the Board to be effective and reflects his strong commitment to the role and is recommended for re-appointment. Karen Brade, as a newly appointed Director will also retire and offer herself for re-election.

## **Remuneration committee**

Since the Company has no executive directors, the detailed Directors' Remuneration disclosure requirements set out in Listing Rules 12.43A (a), 12.43A (b) and 12.43A (c) as they relate to Combined Code Provisions B.1 to B.2, B1.1 to B1.6, and B2.1 to B2.4 are not relevant. During the year a Remuneration Committee was formed and, following a review of Directors' remuneration within the industry concluded that there should be no changes to Directors' remuneration.

## **Audit and Risk Committee**

The Audit and Risk Committee consists of all Directors excluding Patrick Crosthwaite. Until his retirement on 27 September 2010, Geoffery Vero was the Chairman. Rachel

Beagles is the new Chairman of the Audit and Risk Committee. The Board considers Rachel Beagles' analytical background at Deutsche Bank AG and her audit committee experience on other quoted companies to be appropriate and to provide the necessary skills required for this role. In accordance with the Code, the members of the Audit and Risk Committee have recent and relevant financial experience. The Committee met twice during the year ended 30 June 2010; all members attended.

Karen Brade will become a member of the Audit and Risk Committee on 8 October 2010.

Written terms of reference have been constituted for the Audit and Risk Committee, these are as follows:

- providing an overview of the Company's accounting policies and financial reporting;
- reviewing the Company's financial controls;
- considering and reviewing the effectiveness of the Company's internal controls and risk management systems;
- monitoring the integrity of the Financial Statements of the Company and any formal announcements relating to the Company's financial performance and reviewing significant financial reporting judgements contained in them;
- meeting the Company's external auditors annually, making recommendations to the Board in relation to the appointment, and reappointment and removal of the external auditors, and approving their remuneration and terms of engagement;
- monitoring and reviewing the external auditor's independence and objectivity and the effectiveness of the audit process;
- developing and implementing a policy for the supply of non-audit services by the external auditors;
- meeting external auditors, at least once a year without the presence of the Manager;
- monitoring and reviewing the effectiveness of the Manager's internal auditor function;
- ensuring that all Directors of the Company, and staff of companies who provide services to the Company feel able to raise matters of serious concern with the Chairman of the Audit and Risk Committee and that these issues, where raised, are subject to proportionate and independent investigation, and appropriate action;
- reporting to the Board, identifying any matters in respect of which action or improvement is needed and recommending appropriate steps to be taken; and

# Statement of corporate governance continued

- undertaking the duties of the Engagement Committee, and therefore reviewing the performance of the Manager and all matters arising under the management agreement.

During, and following the year under review, the Committee discharged the responsibilities described above. Its activities included:

- formally reviewing the Annual Report and Financial Statements, the Half-yearly Financial Report, the Interim Management Statements and the associated announcements, with particular focus on the main areas requiring judgement and on critical accounting policies;
- reviewing the effectiveness of the internal controls system and examination of the Internal Controls Report produced by the Manager;
- meeting with the Partner in charge of Albion Ventures LLP's internal audit at Littlejohn LLP;
- meeting with the external auditors and reviewing their findings and evaluating the performance of the auditors; and
- reviewing the performance of the Manager and making recommendations regarding their re-appointment to the Board.

## **Nomination Committee**

The Nomination Committee consists of all Directors. Given the size of the Board, this facilitates more effective and efficient communication. Patrick Crosthwaite is Chairman of the Committee. The terms of reference of the Nomination Committee are to evaluate the balance of skills, experience and time commitment of the current Board members and make recommendations to the Board as and when a particular appointment arises. The Nomination Committee met once during the year ended 30 June 2010 to discuss Board succession. The Nomination Committee recommended the appointment of Rachel Beagles as Audit and Risk Committee Chairman. The Board also met twice after the year end to appoint a new Director.

The Directors and the Manager believe that they have the appropriate industry contacts to recommend a number of appropriately qualified people for the vacancy created by Andrew Cubie's retirement, being aware of costs associated with employing headhunters.

It is the policy of the Company, as detailed in the Articles of Association, for one third of the Board of Directors to be re-elected each year in rotation. In accordance with the recommendations of the AIC Code, Directors who have served the Company for longer than nine years are subject to

annual re-election. The terms and conditions of Directors' appointment are available for inspection at the Annual General Meeting.

Following the retirement of Andrew Cubie and Geoffrey Vero, and the appointment of Karen Brade, the Board will comprise four directors.

## **Internal Control**

In accordance with principle C.2 of the Combined Code, the Board has an established process for identifying, evaluating and managing the significant risks faced by the Company. This process has been in place throughout the year and continues to be subject to regular review by the Board in accordance with the Internal Control Guidance for Directors in the Combined Code published in September 1999 and updated in 2005 (the "Turnbull guidance"). The Board is responsible for the Company's system of internal control and for reviewing its effectiveness. However, such a system is designed to manage, rather than eliminate the risks of failure to achieve the Company's business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board's monitoring covers all controls, including financial, operational and compliance controls, and risk management. The Board receives each year from the Manager a formal report, which details the steps taken to monitor the areas of risk, including those that are not directly the responsibility of the Manager, and which reports the details of any known internal control failures. Steps are, and continue to be taken to embed the system of internal control and risk management into the operations and culture of the Company and its key suppliers, and to deal with areas of improvement which come to the Manager's and the Board's attention.

The Board has performed a specific assessment for the purpose of this Annual Report and Financial Statements. This assessment considers all significant aspects of internal control arising during the year. The Audit and Risk Committee assists the Board in discharging its review responsibilities.

The main features of the internal control system with respect to financial reporting, implemented throughout the year are;

- segregation of duties between the preparation of valuations and recording into the accounting records;
- independent third party valuations of the asset-backed investments within the portfolio are undertaken annually;

# Statement of corporate governance continued

- reviews of valuations are carried out by the Managing Partner and reviews of financial reports are carried out by the Operations Partner of Albion Ventures LLP;
- bank and stock reconciliations are carried out monthly by the Manager in accordance with FSA requirements;
- all published financial reports are reviewed by Albion Ventures LLP Compliance department;
- the Board reviews financial information; and
- a separate Audit and Risk Committee of the Board reviews published financial information.

As the Board has delegated the investment management and administration to Albion Ventures LLP, the Board feels that it is not necessary to have its own internal audit function. Instead, the Board had access to Littlejohn LLP, which, as Internal Auditor for Albion Ventures LLP undertakes periodic examination of the business processes and controls environment at Albion Ventures LLP, and ensures that any recommendations to implement improvements in controls are carried out. During the year, Littlejohn LLP reported formally to the Board. The Board will continue to monitor its system of internal control in order to provide assurance that it operates as intended.

## Going concern

In accordance with the "Going Concern and Liquidity Risk: Guidance for Directors of UK Companies 2009" issued by the Financial Reporting Council, the Board has assessed the Company's operation as a going concern. The Company has adequate cash and liquid resources for the foreseeable future. The portfolio of investments is well diversified in terms of sector, and the major cash outflows of the Company (namely investments, buy-backs and dividends) are within the Company's control. Accordingly, after making diligent enquiries the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, the Directors have adopted the going concern basis in preparing the accounts.

The Board's assessment of liquidity risk and details of the Company's policies for managing its capital and financial risks are shown in note 19. The Company's business activities, together with details of its performance are shown in the Directors' report and enhanced business review.

## Conflicts of interest

Directors review the disclosure of conflicts of interest annually, with changes reviewed and noted at the beginning of each Board meeting. A Director who has potential conflicts of interest has two independent Directors authorise and acknowledge those conflicts. Procedures to disclose and

authorise conflicts of interest have been adhered to throughout the year.

## Capital structure and Articles of Association

Details regarding the Company's capital structure, substantial interests and Directors' powers to buy and issue shares are detailed in full on pages 21 and 26 of the Directors' report and enhanced business review. The Company is not party to any significant agreements that may take effect, alter or terminate upon a change of control of the Company following a takeover bid. Any amendments to the Company's Articles of Association are by way of a special resolution subject to ratification by shareholders.

## Relationships with shareholders

During the year, the Company met with shareholders at the Annual General Meeting. The forthcoming Annual General Meeting on 9 November 2010 will be used as a further opportunity to communicate with investors. The Board, including the Chairman of the Audit and Risk Committee, will be available to answer questions at the Annual General Meeting. At the Annual General Meeting, the level of proxies lodged on each resolution, the balance for and against the resolution, and the number of votes withheld, are announced after the resolution has been voted on by a show of hands.

The Annual General Meeting will also include a presentation from the Manager on the portfolio and on the Company, and a presentation from an investee company.

Albion Ventures LLP will be undertaking a new shareholder survey on behalf of the Company in the near future. Through this survey, shareholders will be invited to comment on a wide variety of subjects relevant to the Company and the industry. Additionally, the Manager will be holding a conference for shareholders on 2 November 2010; invitations are due to be sent shortly.

Shareholders are able to access the latest information on the Company via the Albion Ventures LLP website [www.albion-ventures.co.uk](http://www.albion-ventures.co.uk) under the "Our Funds" section.

Any enquiries relating to shareholdings and share certificates or changes to personal details can be directed to Capita Registrars Limited:

Tel: 0871 664 0300

Calls cost 10p per minute plus network extras (lines are open 8.30am-5.30pm, Mon-Fri)

Email: [ssd@capitaregistrars.com](mailto:ssd@capitaregistrars.com)

Specific enquiries relating to the performance of the Fund should be directed to Albion Ventures LLP:

## Statement of corporate governance continued

Tel: 020 7601 1850

Calls may be recorded (lines are open 9.00am-5.30pm, Mon-Fri)

Email: [info@albion-ventures.co.uk](mailto:info@albion-ventures.co.uk)

The Company's share buy-back programme operates in the market through brokers. In order to sell shares, as they are quoted on the London Stock Exchange, investors should approach a broker to undertake the sale. Banks may be able to assist shareholders with a referral to a broker within their banking group.

### **Statement of compliance**

With the exception of having a Senior Independent Director, the Directors consider that the Company has complied throughout the year ended 30 June 2010 with all the relevant provisions set out in Section 1 of the Code, and with the AIC Code of Corporate Governance. The Company continues to comply with the Code as at the date of this report.

By Order of the Board

### **Patrick Crosthwaite**

Chairman

7 October 2010

# Directors' remuneration report

## Introduction

This report is submitted in accordance with Section 420 of the Companies Act 2006. The report also meets the relevant rules of the Listing Rules of the Financial Services Authority and describes how the Board has applied the principles relating to the Directors' remuneration. As required by the Act, a resolution to approve the report will be proposed at the Annual General Meeting.

## UNAUDITED INFORMATION

### Remuneration Committee

A Remuneration Committee was formed during the year, and consists of all the Directors of Crown Place VCT PLC, with Patrick Crosthwaite as Chairman. The Committee met during the year to review Directors' remuneration, and recommended that there were no changes. The Committee will meet again when it is considered necessary to do so.

### Directors' remuneration policy

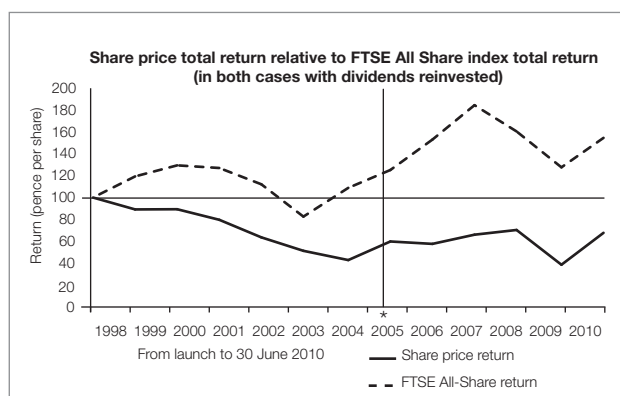
The Company's policy is that fees payable to non-executive Directors should reflect their expertise, responsibilities and time spent on Company matters. In determining the level of non-executive remuneration, market equivalents are considered in comparison to the overall activities and size of the Company.

The maximum aggregate level of non-executive Directors' remuneration is £100,000 per annum which is fixed by the Company's Articles of Association, amendment to which is by way of an ordinary resolution subject to ratification by shareholders.

### Performance graph

The graph below shows Crown Place VCT PLC's share price total return against the FTSE All-Share Index total return, in both instances with dividends reinvested. The Directors consider this to be the most appropriate benchmark in the absence of a Venture Capital Trust index. Investors should however be reminded that shares in VCTs generally trade at a discount to the actual net asset value of the Company.

There are no options, issued or exercisable, in the Company which would distort the graphical representation that follows.



Source: Albion Ventures LLP

*Methodology: The share price return to the shareholder, including original amount invested (rebased to 100) from launch, assuming that dividends were re-invested at the share price of the Company at the time the shares were quoted ex-dividend. Transaction costs are not taken into account.*

### Service contracts

None of the Directors has a service contract with the Company.

The Company's Articles of Association provide for the resignation and, if approved, re-election of the Directors every three years at the Annual General Meeting and at the first Annual General Meeting following a Director's appointment. At the forthcoming Annual General Meeting Vikram Lall and Karen Brade will retire and be proposed for re-election and Andrew Cubie will retire from the Board.

# Directors' remuneration report continued

## AUDITED INFORMATION

### Directors' remuneration

The following items have been audited.

The following table shows an analysis of the remuneration of individual Directors, who were in office at the year end, exclusive of National Insurance or VAT:

	Year ended 30 June 2010		
	Fees £'000	Expenses £'000	Total £'000
Patrick Crosthwaite	19	–	19
Rachel Beagles	16	–	16
Sir Andrew Cubie	16	1	17
Vikram Lall	16	1	17
Geoffrey Vero (retired 27 September 2010)	16	–	16
	<hr/>	<hr/>	<hr/>
	83	2	85
	<hr/>	<hr/>	<hr/>

	Year ended 30 June 2009		
	Fees £'000	Expenses £'000	Total £'000
Patrick Crosthwaite	19	–	19
Rachel Beagles	16	–	16
Sir Andrew Cubie	16	1	17
Vikram Lall	16	1	17
Geoffrey Vero (retired 27 September 2010)	16	–	16
	<hr/>	<hr/>	<hr/>
	83	2	85
	<hr/>	<hr/>	<hr/>

The Company does not confer any share options, long term incentives or retirement benefits to any Director, nor does it make a contribution to any pension scheme on behalf of the Directors.

Each Director of the Company was remunerated personally, through the Manager's payroll, recharged to the Company.

In addition to Directors' remuneration, the Group paid an annual premium in respect of Directors' & Officers' Liability Insurance of £15,750 (2009: £17,850).

By Order of the Board

### Albion Ventures LLP

Company Secretary  
1 King's Arms Yard  
London, EC2R 7AF  
7 October 2010

# Independent Auditors' report to the Members of Crown Place VCT PLC

We have audited the Financial Statements of Crown Place VCT Plc for the year ended 30 June 2010 which comprise the Consolidated statement of comprehensive income, the Consolidated and Parent Company balance sheets, the Consolidated statement of changes in equity, the Parent Company reconciliation of movements in Shareholders' funds, the Consolidated cash flow statement and the related notes. The financial reporting framework that has been applied in the preparation of the Consolidated Financial Statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial accounting framework that has been applied in the preparation of the Parent Company Financial Statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

## Respective responsibilities of Directors and auditors

As explained more fully in the Statement of Directors' responsibilities, the Directors are responsible for the preparation of the Financial Statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the Financial Statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

## Scope of the audit

An audit involves obtaining evidence about the amounts and disclosures in the Financial Statements sufficient to give reasonable assurance that the Financial Statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and the Parent Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the Financial Statements.

## Opinion on Financial Statements

In our opinion:

- the Financial Statements give a true and fair view of the state of the Group's and the Parent Company's affairs as at 30 June 2010 and of the Group's profit for the year then ended;
- the Group Financial Statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the Parent Company Financial Statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the Financial Statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group Financial Statements, Article 4 of the IAS Regulation.

## Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

- the part of the Directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006;
- the information given in the Directors' report and enhanced business review for the financial year for which the Financial Statements are prepared is consistent with the Financial Statements; and
- the information given in the Statement of corporate governance in compliance with rules 7.2.5 and 7.2.6 in the Disclosure Rules and Transparency Rules source book issued by the Financial Services Authority (information about internal control and risk management systems in relation to financial reporting processes and about share capital structures) is consistent with the Financial Statements.

## Matters on which we are required to report by exception

We have nothing to report in respect of the following:

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company Financial Statements and the part of the Directors' remuneration report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Under the Listing Rules we are required to review:

- the Directors' statement, set out on page 32, in relation to going concern; and
- the part of the Statement of corporate governance relating to the Company's compliance with the nine provisions of the June 2008 Combined Code specified for our review.

## Rosemary Clarke

(Senior statutory auditor)

for and on behalf of PKF (UK) LLP, Statutory auditors  
London, UK

7 October 2010

# Consolidated statement of comprehensive income

	Note	Year ended 30 June 2010			Year ended 30 June 2009		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Profits/(losses) on investments	2	–	1,421	1,421	–	(3,869)	(3,869)
Investment income and deposit interest	3	903	–	903	988	–	988
Investment management fees	4	(108)	(324)	(432)	(118)	(354)	(472)
Recovery of VAT		–	–	–	92	277	369
Other expenses	5	(306)	–	(306)	(280)	–	(280)
<b>Profit/(loss) before taxation</b>		<b>489</b>	<b>1,097</b>	<b>1,586</b>	682	(3,946)	(3,264)
Taxation	6	–	–	–	–	–	–
<b>Profit/(loss) and total comprehensive income for the year</b>		<b>489</b>	<b>1,097</b>	<b>1,586</b>	682	(3,946)	(3,264)
<b>Basic and diluted return/(loss) per Ordinary share (pence)*</b>	8	<b>0.7</b>	<b>1.5</b>	<b>2.2</b>	0.9	(5.4)	(4.5)

\* excluding treasury shares

The accompanying notes on pages 43 to 59 form an integral part of these Financial Statements.

The total column of this statement represents the Group's statement of comprehensive income, prepared in accordance with International Financial Reporting Standards ('IFRS'). The supplementary revenue and capital columns are prepared under guidance published by the Association of Investment Companies.

All revenue and capital items in the above statement derive from continuing operations and are wholly attributable to the owners of the parent company.

# Consolidated balance sheet

	Note	30 June 2010 £'000	30 June 2009 £'000
<b>Non-current assets</b>			
Investments	9	19,092	15,878
<b>Current Assets</b>			
Trade and other receivables	12	68	55
Current asset investments	12	–	2,718
Cash and cash equivalents	17	5,513	6,472
		<u>5,581</u>	<u>9,245</u>
<b>Total assets</b>		<b>24,673</b>	25,123
<b>Current liabilities</b>			
Trade and other payables	13	<u>(260)</u>	<u>(335)</u>
<b>Net assets</b>		<b>24,413</b>	24,788
<b>Equity attributable to equityholders</b>			
Ordinary share capital	14	7,918	7,965
Share premium		32	14,438
Capital redemption reserve		972	902
Unrealised capital reserve		(5,966)	(7,616)
Special reserve		46,318	32,099
Treasury shares reserve		(2,849)	(2,849)
Realised capital reserve		(23,165)	(21,163)
Revenue reserve		1,153	1,012
<b>Total equity shareholders' funds</b>		<b>24,413</b>	24,788
<b>Basic and diluted net asset value per share (pence)*</b>	16	<b>33.9</b>	34.2

\* excluding treasury shares

The accompanying notes on pages 43 to 59 form an integral part of these Financial Statements.

These Financial Statements were approved by the Board of Directors, and authorised for issue on 7 October 2010 and were signed on its behalf by

**Patrick Crosthwaite**

Chairman

**Company number: 03495287**

# Company balance sheet

	Note	30 June 2010 £'000	30 June 2009 £'000
<b>Fixed assets</b>			
Fixed asset investments	9	19,092	15,878
Investment in subsidiary undertakings	11	15,013	15,149
		<b>34,105</b>	31,027
<b>Current assets</b>			
Trade and other debtors	12	68	55
Current asset investments	12	-	2,718
Cash at bank and in hand	17	5,400	6,255
		<b>5,468</b>	9,028
<b>Total assets</b>		<b>39,573</b>	40,055
<b>Creditors: amounts falling due within one year</b>	13	<b>(15,160)</b>	(15,267)
<b>Net assets</b>		<b>24,413</b>	24,788
<b>Capital and reserves</b>			
Ordinary share capital	14	7,918	7,965
Share premium		32	14,438
Capital redemption reserve		972	902
Unrealised capital reserve		(6,011)	(7,525)
Special reserve		46,318	32,099
Treasury shares reserve		(2,849)	(2,849)
Realised capital reserve		(23,218)	(21,216)
Revenue reserve		1,251	974
<b>Shareholders' funds</b>		<b>24,413</b>	24,788
<b>Basic and diluted net asset value per share (pence)*</b>	16	<b>33.9</b>	34.2

\* excluding treasury shares

The Company balance sheet has been prepared in accordance with UK GAAP.

The accompanying notes on pages 43 to 59 form an integral part of these Financial Statements.

These Financial Statements were approved by the Board of Directors, and authorised for issue on 7 October 2010 and were signed on its behalf by

**Patrick Crosthwaite**

Chairman

**Company number: 03495287**

## Consolidated statement of changes in equity

	Ordinary share capital £'000	Share premium £'000	Capital redemption reserve £'000	Unrealised capital reserve* £'000	Special reserve* £'000	Treasury shares reserve* £'000	Realised capital reserve* £'000	Revenue reserve* £'000	Total £'000
<b>As at 1 July 2009</b>	7,965	14,438	902	(7,616)	32,099	(2,849)	(21,163)	1,012	24,788
Total comprehensive income for the year	–	–	–	761	–	–	336	489	1,586
Transfer of previously unrealised losses on sale of investments	–	–	–	889	–	–	(889)	–	–
Dividends paid in year	–	–	–	–	–	–	(1,449)	(362)	(1,811)
Purchase of own shares for cancellation (including costs)	(70)	–	70	–	(205)	–	–	–	(205)
Issue of equity (net of costs)	23	32	–	–	–	–	–	–	55
Cancellation of share premium account	–	(14,438)	–	–	14,438	–	–	–	–
Costs of cancellation of share premium account	–	–	–	–	(14)	–	–	14	–
<b>As at 30 June 2010</b>	<b>7,918</b>	<b>32</b>	<b>972</b>	<b>(5,966)</b>	<b>46,318</b>	<b>(2,849)</b>	<b>(23,165)</b>	<b>1,153</b>	<b>24,413</b>
<b>As at 1 July 2008</b>	8,066	14,422	793	(6,645)	32,421	(2,849)	(17,206)	1,172	30,174
Total comprehensive (loss)/income for the year	–	–	–	(3,537)	–	–	(410)	682	(3,264)
Transfer of previously unrealised losses on sale of investments	–	–	–	2,566	–	–	(2,566)	–	–
Dividends paid in year	–	–	–	–	–	–	(981)	(842)	(1,823)
Purchase of own shares for cancellation (including costs)	(109)	–	109	–	(321)	–	–	–	(321)
Issue of equity (net of costs)	8	16	–	–	–	–	–	–	24
<b>As at 30 June 2009</b>	<b>7,965</b>	<b>14,438</b>	<b>902</b>	<b>(7,616)</b>	<b>32,099</b>	<b>(2,849)</b>	<b>(21,163)</b>	<b>1,012</b>	<b>24,788</b>

\* Included within these reserves is an amount of £15,491,000 (2009: £1,483,000) which is considered distributable. The Special reserve has been treated as distributable in determining the amounts available for distribution.

## Company reconciliation of movements in shareholders' funds

	Ordinary share capital £'000	Share premium £'000	Capital redemption reserve £'000	Unrealised capital reserve* £'000	Special reserve* £'000	Treasury shares reserve* £'000	Realised capital reserve* £'000	Revenue reserve* £'000	Total £'000
<b>As at 1 July 2009</b>	7,965	14,438	902	(7,525)	32,099	(2,849)	(21,216)	974	24,788
Return for the year	–	–	–	625	–	–	336	625	1,586
Transfer of previously unrealised losses on sale of investments	–	–	–	889	–	–	(889)	–	–
Dividends paid in year	–	–	–	–	–	–	(1,449)	(362)	(1,811)
Purchase of own shares for cancellation (including costs)	(70)	–	70	–	(205)	–	–	–	(205)
Issue of equity (net of costs)	23	32	–	–	–	–	–	–	55
Cancellation of share premium account	–	(14,438)	–	–	14,438	–	–	–	–
Costs of cancellation of share premium account	–	–	–	–	(14)	–	–	14	–
<b>As at 30 June 2010</b>	<b>7,918</b>	<b>32</b>	<b>972</b>	<b>(6,011)</b>	<b>46,318</b>	<b>(2,849)</b>	<b>(23,218)</b>	<b>1,251</b>	<b>24,413</b>
<b>As at 1 July 2008</b>	8,066	14,422	793	(6,645)	32,421	(2,849)	(17,206)	1,172	30,174
Return for the year	–	–	–	(3,446)	–	–	(463)	644	(3,264)
Transfer of previously unrealised losses on sale of investments	–	–	–	2,566	–	–	(2,566)	–	–
Dividends paid in year	–	–	–	–	–	–	(981)	(842)	(1,823)
Purchase of own shares for cancellation (including costs)	(109)	–	109	–	(321)	–	–	–	(321)
Issue of equity (net of costs)	8	16	–	–	–	–	–	–	24
<b>As at 30 June 2009</b>	<b>7,965</b>	<b>14,438</b>	<b>902</b>	<b>(7,525)</b>	<b>32,099</b>	<b>(2,849)</b>	<b>(21,216)</b>	<b>974</b>	<b>24,788</b>

\* Included within these reserves is an amount of £15,491,000 (2009: £1,483,000) which is considered distributable. The Special reserve has been treated as distributable in determining the amounts available for distribution.

# Consolidated cash flow statement

		Year ended 30 June 2010 £'000	Year ended 30 June 2009 £'000
	Note		
<b>Operating activities</b>			
Investment income received		773	1,231
Deposit interest received		86	200
Administration fees paid		(50)	(52)
Investment management fees paid		(522)	(518)
Recovery of VAT		–	457
Other cash payments		(268)	(257)
Cash generated from operations		19	1,061
Tax recovered		–	52
<b>Net cash flows from operating activities</b>	18	<b>19</b>	1,113
<b>Cash flows from investing activities</b>			
Purchase of non-current asset investments		(3,095)	(1,770)
Disposal of non-current asset investments		1,264	55
Purchase of current asset investments		(2,217)	(3,835)
Disposal of current asset investments		5,017	3,835
<b>Net cash flows from investing activities</b>		<b>969</b>	(1,715)
<b>Cash flows from financing activities</b>			
Cost of issue of share capital		(16)	(5)
Equity dividends paid (net of costs of dividend reinvestment scheme)		(1,739)	(1,794)
Purchase of Ordinary shares for cancellation		(192)	(364)
<b>Net cash flows used in financing activities</b>		<b>(1,947)</b>	(2,163)
<b>Decrease in cash and cash equivalents</b>		<b>(959)</b>	(2,765)
<b>Cash and cash equivalents at the start of the year</b>		<b>6,472</b>	9,237
<b>Cash and cash equivalents at the end of the year</b>	17	<b>5,513</b>	6,472

# Notes to the Financial Statements

## 1. Accounting policies

The following policies refer to the Group and the Company except where noted. References to International Financial Reporting Standards ('IFRS') relate to the Group Financial Statements and Financial Reporting Standards ('FRS') relate to the the Company Financial Statements.

### **Basis of accounting**

The Financial Statements have been prepared in accordance with the historical cost convention, modified to include the revaluation of investments in accordance with International Financial Reporting Standards ('IFRS') adopted for use in the European Union (and therefore comply with the Article 4 of the EU IAS regulation), in the case of the Group, and in accordance with Financial Reporting Standards ('FRS') in the case of the Company.

Both the Group and the Company Financial Statements also apply the Statement of Recommended Practice: "Financial Statements of Investment Companies" ('SORP') issued by the Association of Investment Companies ("AIC") in January 2009, in so far as this does not conflict with IFRS. The Financial Statements have been prepared in accordance with those parts of the Companies Act 2006 applicable to companies reporting under IFRS and FRS. These Financial Statements are presented in Sterling to the nearest thousand. Accounting policies have been applied consistently in current and prior periods.

At the date of authorisation of these Financial Statements, the following International Accounting Standards and interpretations were in issue but not yet effective:

- **IFRS 2 Share-based payments** (effective for annual periods beginning on or after 1 January 2010)
- **IFRS 1 First time adoption of IFRS** (effective for annual periods beginning on or after 1 January 2010)
- **IAS 32 Financial instruments: presentation** (effective for annual periods beginning on or after 1 February 2010)
- **IFRS 9 Financial instruments: Recognition and measurement** (effective for annual periods beginning on or after 1 January 2013)
- **IAS 24 Related party disclosures** (effective for annual periods beginning on or after 1 January 2011)
- **IFRIC 14 Prepayments of a minimum funding requirement** (effective for annual periods beginning on or after 1 January 2011)
- **IFRIC 19 Extinguishing financial liabilities with equity instruments** (effective for annual periods beginning on or after 1 January 2010).

The above International Accounting Standards and interpretations have not been applied in this Annual Report and Financial Statements and are not expected to have any future material impact on the financial statements although some changes will be required to certain disclosures in the Financial Statements.

### **Basis of consolidation**

The Group consolidated Financial Statements incorporate the Financial Statements of the Company for the year ended 30 June 2010 and the entities controlled by the Company (its subsidiaries), for the same period. Where necessary, adjustments are made to the Financial Statements of subsidiaries to bring the accounting policies into line with those used by the Group. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

As permitted by Section 408 of the Companies Act 2006, the Company has not presented its own profit and loss account. The amount of the Company's profit before tax for the period dealt with in the accounts of the Group is £1,586,000 (2009: loss £3,264,000).

### **Segmental reporting**

The Directors are of the opinion that the Group and the Company are engaged in a single operating segment of business, being investment in equity and debt. The Group and the Company report to the Board which acts as the chief operating decision maker. The Group invests in smaller companies principally based in the UK.

### **Business combinations**

The acquisition of subsidiaries is accounted for using the purchase method in the Group Financial Statements. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the subsidiaries, plus any costs directly attributable to the business combination. The subsidiary's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 "Business Combinations" are recognised at their fair value at the acquisition date.

### **Estimates**

The preparation of the Group's and Company's Financial Statements requires estimates, assumptions and judgements to be made, which affect the reported results and balances. Actual outcomes may differ from these estimates, with a consequential impact on the results of future periods. Those estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are those used to determine the fair value of investments at fair value through the profit or loss.

The valuation of investments held at fair value through the profit or loss or measured in assessing any impairment of loan stocks is determined by using valuation techniques. The Group and the Company use judgements to select a variety of methods and makes assumptions that are mainly based on market conditions at each balance sheet date.

# Notes to the Financial Statements continued

## 1. Accounting policies continued

### **Non-current and current asset investments**

#### *Quoted and unquoted equity investments*

In accordance with IAS 39 'Financial Instruments: Recognition and Measurement', and FRS 26 'Financial Instruments: Recognition and Measurement', quoted and unquoted equity investments are designated as fair value through profit or loss ("FVTPL"). Investments listed on recognised exchanges are valued at the closing bid prices at the end of the accounting period. Unquoted investments' fair value is determined by the Directors in accordance with the International Private Equity and Venture Capital Valuation Guidelines (IPEVCV guidelines). The revised September 2009 guidelines have not had a material impact on the valuation of the portfolio.

Fair value movements on equity investments and gains and losses arising on the disposal of investments are reflected in the capital column of the Statement of comprehensive income in accordance with the AIC SORP. Realised gains or losses on the sale of investments will be reflected in the realised capital reserve, and unrealised gains or losses arising from the revaluation of investments will be reflected in the unrealised capital reserve.

#### *Warrants, convertibles and unquoted equity derived instruments*

Warrants, convertibles and unquoted equity derived instruments are only valued if their exercise or contractual conversion terms would allow them to be exercised or converted as at the balance sheet date, and if there is additional value to the Company in exercising or converting as at the balance sheet date. Otherwise these instruments are held at nil value. The valuation techniques used are those used for the underlying equity investment.

#### *Unquoted loan stock*

Unquoted loan stock is classified as loans and receivables in accordance with IAS 39 and FRS 26 and carried at amortised cost using the Effective Interest Rate method less impairment. Movements in the amortised cost relating to interest income are reflected in the revenue column of the Statement of comprehensive income, and hence are reflected in the revenue reserve, and movements in respect of capital provisions are reflected in the capital column of the Statement of comprehensive income and are reflected in the realised capital reserve following sale, or in the unrealised capital reserve on revaluation.

For all unquoted loan stock, fully performing, renegotiated, past due or impaired, the Board considers that the fair value is equal to or greater than the security value of these assets. For unquoted loan stock, the amount of the impairment is the difference between the asset's cost and the present value of estimated future cash flows, discounted at the effective interest rate. The future cash flows are estimated based on the fair value of the security held less estimated selling costs.

#### *Floating rate notes*

In accordance with IAS 39 and FRS 26, floating rate notes are designated as FVTPL. Floating rate notes are valued at market bid price at the balance sheet date. Floating rate notes are classified as current asset investments as they are investments held for the short term.

Investments are recognised as financial assets on legal completion of the investment contract and are de-recognised on legal completion of the sale of an investment.

Dividend income is not recognised as part of the fair value movement of an investment, but is recognised separately as investment income through the revenue reserve when a share becomes ex-dividend.

Loan stock accrued interest is recognised in the Balance sheet as part of the carrying value of the loans and receivables at the end of each reporting period.

It is not the Group or the Company's policy to exercise control or significant influence over investee companies. Therefore in accordance with the exemptions under IAS 28 "Investments in associates" and FRS 9 "Associates and joint ventures", those undertakings in which the Group or Company holds more than 20 per cent. of the equity are not regarded as associated undertakings.

### **Receivables and payables/debtors and creditors**

- Receivables are non-interest bearing and are short term in nature and are accordingly stated at amortised cost, as reduced by appropriate allowances for estimated irrecoverable amounts. The Directors consider that the carrying amount of receivables/debtors is not materially different to their fair value.
- Payables are non-interest bearing and are stated at amortised cost. The Directors consider that the carrying amount of payables/creditors is not materially different to their fair value.

### **Investment income**

#### *Quoted and unquoted equity income*

Dividend income is included in revenue when the investment is quoted ex-dividend.

#### *Unquoted loan stock income*

Fixed returns on non-equity shares and debt securities are recognised on a time apportionment basis using an effective interest rate over the life of the financial instrument. Income which is not capable of being received within a reasonable period of time is reflected in the capital value of the investment.

#### *Bank interest income*

Interest income is recognised on an accruals basis using the rate of interest agreed with the bank.

#### *Floating rate note income*

Floating rate note income is recognised on an accruals basis using the interest rate applicable to the floating rate note at that time.

# Notes to the Financial Statements continued

## 1. Accounting policies continued

### **Investment management fees, performance incentive fees and other expenses**

All expenses have been accounted for on an accruals basis. Expenses are charged through the revenue column of the Statement of comprehensive income, except for management fees and performance incentive fees which are allocated in part to the capital column of the Statement of comprehensive income, to the extent that these relate to an enhancement in the value of the investments and in line with the Board's expectation that over the long term 75 per cent. of the Group's investment returns will be in the form of capital gains.

### **Issue costs**

Issue costs associated with the allotment of share capital have been deducted from the share premium account.

### **Taxation**

Taxation is applied on a current basis in accordance with IAS 12 and FRS 16 "Income taxes". Taxation associated with capital expenses is applied in accordance with the SORP. Deferred taxation is provided in full on temporary differences in accordance with IAS 12 and timing differences in accordance with FRS 16, that result in an obligation at the balance sheet date to pay more tax or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the Financial Statements. Temporary differences arise from differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which unused tax losses and credits can be utilised.

### **Dividends**

In accordance with IAS 10 and FRS 21 "Events after the balance sheet date", dividends are accounted for in the period in which the dividend has been paid or approved by shareholders.

### **Reserves**

#### *Capital redemption reserve*

This reserve accounts for amounts by which the issued share capital is diminished through the repurchase and cancellation of the Company's own shares.

#### *Unrealised capital reserve*

Increases and decreases in the valuation of investments held at the year end, against cost are included in this reserve.

#### *Special reserve*

The cancellation of the share premium account has created a special reserve that can be used to fund market purchases and subsequent cancellation of own shares, to cover gross realised losses, and for other distributable purposes.

#### *Treasury shares reserve*

This reserve accounts for amounts by which the Company's distributable reserves are diminished through the repurchase of the Company's own shares for treasury purposes.

#### *Realised capital reserve*

The following are disclosed in this reserve:

- gains and losses compared to cost on the realisation of investments;
- expenses, together with the related taxation effect, charged in accordance with the above policies; and
- dividends paid to equity holders.

# Notes to the Financial Statements continued

## 2. Profits/(losses) on investments

	Year ended 30 June 2010 £'000	Year ended 30 June 2009 £'000
Unrealised gains/(losses) on non-current asset investments held at fair value through profit or loss account	941	(2,177)
Unrealised impairments on non-current asset investments held at amortised cost	(180)	(1,392)
<b>Unrealised gains/(losses) on non-current asset investments</b>	<b>761</b>	<b>(3,569)</b>
Unrealised gains on current asset investments held at fair value through profit or loss account	-	32
<b>Unrealised gains/(losses) sub total</b>	<b>761</b>	<b>(3,537)</b>
Realised gains/(losses) on non-current asset investments held at fair value through profit or loss account	552	(332)
Realised gains on non-current asset investments held at amortised cost	25	-
Realised gains on current asset investments held at fair value through profit or loss account	83	-
<b>Realised gains/(losses) sub total</b>	<b>660</b>	<b>(332)</b>
<b>Total</b>	<b>1,421</b>	<b>(3,869)</b>

Investments valued on amortised cost basis are unquoted loan stock investments as described in note 9.

The prior year analysis has been re-presented to reflect a separate transfer between reserves for accumulated unrealised gains or losses that had taken place in the previous period relating to investments sold during that year.

## 3. Investment income and deposit interest

	Year ended 30 June 2010 £'000	Year ended 30 June 2009 £'000
<b>Income recognised on investments held at fair value through profit or loss</b>		
UK dividend income	4	80
Management fees received from equity investments	-	2
Floating rate note interest	-	116
Bank deposit interest	88	135
	<b>92</b>	<b>333</b>
<b>Income recognised on investments held at amortised cost</b>		
Return on loan stock investments	811	490
Euro commercial paper interest	-	165
	<b>903</b>	<b>988</b>

Interest income earned on impaired investments at 30 June 2010 amounted to £315,000 (2009: £77,000). These investments are all held at amortised cost.

## 4. Investment management fees

	Year ended 30 June 2010			Year ended 30 June 2009		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Investment management fee	108	324	432	118	354	472

Further details of the management agreement under which the investment management fee is paid are given in the Directors' report and enhanced business review on page 25.

# Notes to the Financial Statements continued

## 5. Profit/(loss) before taxation is stated after charging:

	Year ended 30 June 2010 £'000	Year ended 30 June 2009 £'000
Directors' remuneration	83	83
National insurance and/or VAT on Directors' remuneration	7	7
Auditor's remuneration:		
– audit	26	25
– the auditing of accounts of subsidiaries of the Company pursuant to legislation	6	6
Other expenses*	184	159
	<u>306</u>	<u>280</u>

Further information regarding Directors' remuneration can be found in the Directors' remuneration report on page 34.

\*Other expenses incurred in the year ended 30 June 2010 include £15,000 paid as legal fees for the cancellation of the Company's share premium account and £10,000 paid as legal fees for work done on historic VAT recovery.

## 6. Taxation

	Year ended 30 June 2010			Year ended 30 June 2009		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
UK corporation tax (charge)/credit	–	–	–	–	–	–

The tax charge for the year shown in the Statement of comprehensive income is lower than the standard rate of corporation tax of 28 per cent. (2009: 28 per cent.). The differences are explained below:

	Year ended 30 June 2010 £'000	Year ended 30 June 2009 £'000
Profit/(loss) on ordinary activities before taxation	1,586	(3,264)
Profit/(loss) on ordinary activities multiplied by the standard rate of corporation tax (28 per cent.)	444	(914)
Effect of (gains)/losses on capital assets not subject to taxation	(398)	1,083
Effect of income not subject to taxation	(1)	(22)
Utilisation of tax losses	(45)	(147)
	<u>–</u>	<u>–</u>

No provision for deferred tax has been made in the current or prior accounting period. The Company and Group have not recognised a deferred tax asset of £1,931,000 (2009: £1,490,000) in respect of unutilised management expenses and non-trading deficits as it is not considered sufficiently probable that there will be taxable profits against which to utilise these expenses in the foreseeable future. The Group has not recognised a further deferred tax asset of £3,117,000 (2009: £3,603,000) in respect of unutilised management expenses and deficits arising from non-trading relationships which would only be used if its subsidiaries made significant profits.

# Notes to the Financial Statements continued

## 7. Dividends

	Year ended 30 June 2010			Year ended 30 June 2009		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
First dividend paid on 8 August 2008 (1.25 pence per share)	-	-	-	661	257	918
Second dividend paid on 17 April 2009 (1.25 pence per share)	-	-	-	181	724	905
First dividend paid on 6 November 2009 (1.25 pence per share)	181	724	905	-	-	-
Second dividend paid on 9 April 2010 (1.25 pence per share)	181	725	906	-	-	-
	<b>362</b>	<b>1,449</b>	<b>1,811</b>	<b>842</b>	<b>981</b>	<b>1,823</b>

In addition to the dividends paid above, the Board has declared a first dividend for the year ending 30 June 2011, of 1.25 pence per Crown Place VCT PLC share (to be paid out of revenue profits). This will be paid on 30 November 2010 to shareholders on the register as at 29 October 2010. The total dividend will be approximately £899,000.

## 8. Basic and diluted return per share

	Year ended 30 June 2010			Year ended 30 June 2009		
	Revenue	Capital	Total	Revenue	Capital	Total
Return attributable to equity shares (£'000)	489	1,097	1,586	682	(3,946)	(3,264)
Return attributable per Ordinary share (pence) (basic and diluted)	0.7	1.5	2.2	0.9	(5.4)	(4.5)

The return per share has been calculated on 72,321,482 shares (2009: 72,858,300), being the weighted average number of shares in issue for the year, excluding treasury shares of 7,260,410 (2009: 7,260,410).

There are no convertible instruments, derivatives or contingent share agreements in issue, and therefore no dilution affecting the return per share. The basic return per share is therefore the same as the diluted return per share.

## 9. Non-current asset investments

	30 June 2010 £'000	30 June 2009 £'000
<b>Group &amp; Company</b>		
Qualifying unquoted equity and preference shares	6,900	4,826
Qualifying quoted equity	971	885
Qualifying equity derived instruments	98	98
Qualifying unquoted loan stock	10,862	10,054
Non-qualifying equity	10	6
Non-qualifying unquoted loan stock	251	9
<b>Total investments</b>	<b>19,092</b>	<b>15,878</b>

# Notes to the Financial Statements continued

## 9. Non-current asset investments continued

	Qualifying unquoted equity and preference shares £'000	Qualifying quoted equity £'000	Qualifying equity derived instru- ments £'000	Qualifying unquoted loan stock £'000	Non- qualifying quoted equity £'000	Non- qualifying unquoted loan stock £'000	Total £'000
Opening valuation as at 1 July 2009	4,826	885	98	10,054	6	9	15,878
Purchases at cost	1,325	–	–	1,843	–	68	3,236
Disposal proceeds	(343)	(389)	–	(678)	–	–	(1,410)
Realised gains	356	196	–	25	–	–	577
Debt/equity swap	78	–	–	(135)	–	57	–
Movement in loan stock accrued income	–	–	–	50	–	–	50
Unrealised gains/(losses)	658	279	–	(297)	4	117	761
<b>Closing valuation as at 30 June 2010</b>	<b>6,900</b>	<b>971</b>	<b>98</b>	<b>10,862</b>	<b>10</b>	<b>251</b>	<b>19,092</b>
<b>Movement in loan stock accrued income</b>							
Opening accumulated movement in loan stock revenue accrued income	–	–	–	128	–	–	128
Interest restructuring	–	–	–	38	–	–	38
Movement in loan stock revenue accrued income	–	–	–	50	–	–	50
<b>Closing accumulated movement in loan stock revenue accrued income</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>216</b>	<b>–</b>	<b>–</b>	<b>216</b>
<b>Movement in unrealised losses</b>							
Opening accumulated unrealised losses	(4,951)	(659)	–	(1,579)	(5)	(422)	(7,616)
Interest restructuring	–	–	–	(38)	–	–	(38)
Movement in unrealised gains/(losses)	658	279	–	(297)	4	117	761
Transfer of previously unrealised losses/(gains) to realised reserves on disposal	694	(27)	–	193	–	29	889
<b>Closing accumulated unrealised losses</b>	<b>(3,599)</b>	<b>(407)</b>	<b>–</b>	<b>(1,721)</b>	<b>(1)</b>	<b>(276)</b>	<b>(6,004)</b>
<b>Historic cost basis</b>							
Opening book cost	9,777	1,545	98	11,505	11	431	23,367
Purchases at cost	1,325	–	–	1,843	–	68	3,236
Debt/equity swap	78	–	–	(135)	–	57	–
Sales at cost	(681)	(167)	–	(845)	(1)	(29)	(1,723)
<b>Closing book cost</b>	<b>10,499</b>	<b>1,378</b>	<b>98</b>	<b>12,368</b>	<b>10</b>	<b>527</b>	<b>24,880</b>

# Notes to the Financial Statements continued

## 9. Non-current asset investments continued

	Qualifying unquoted equity and preference shares £'000	Qualifying quoted equity £'000	Qualifying equity derived instru- ments £'000	Qualifying unquoted loan stock £'000	Non- qualifying quoted equity £'000	Non- qualifying unquoted loan stock £'000	Total £'000
Opening valuation as at 1 July 2008	6,094	1,108	98	10,798	7	106	18,211
Purchases at cost	1,111	–	–	865	–	–	1,976
Disposal proceeds	(10)	–	–	(46)	–	–	(56)
Realised losses	(332)	–	–	–	–	–	(332)
Movement in loan stock accrued income	–	–	–	(352)	–	–	(352)
Unrealised losses	(2,037)	(223)	–	(1,211)	(1)	(97)	(3,569)
<b>Closing valuation as at 30 June 2009</b>	<b>4,826</b>	<b>885</b>	<b>98</b>	<b>10,054</b>	<b>6</b>	<b>9</b>	<b>15,878</b>
<b>Movement in loan stock accrued income</b>							
Opening accumulated movement in loan stock revenue accrued income	–	–	–	480	–	–	480
Movement in loan stock revenue accrued income	–	–	–	(352)	–	–	(352)
<b>Closing accumulated movement in loan stock revenue accrued income</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>128</b>	<b>–</b>	<b>–</b>	<b>128</b>
<b>Movement in unrealised losses</b>							
Opening accumulated unrealised losses	(4,720)	(436)	–	(1,128)	(4)	(325)	(6,613)
Movement in unrealised losses	(2,037)	(223)	–	(1,211)	(1)	(97)	(3,569)
Transfer of previously unrealised losses to realised reserves on disposal	1,806	–	–	760	–	–	2,566
<b>Closing accumulated unrealised losses</b>	<b>(4,951)</b>	<b>(659)</b>	<b>–</b>	<b>(1,579)</b>	<b>(5)</b>	<b>(422)</b>	<b>(7,616)</b>
<b>Historic cost basis</b>							
Opening book cost	10,813	1,545	98	11,447	11	431	24,345
Purchases at cost	1,111	–	–	865	–	–	1,976
Sales at cost	(2,147)	–	–	(807)	–	–	(2,954)
<b>Closing book cost</b>	<b>9,777</b>	<b>1,545</b>	<b>98</b>	<b>11,505</b>	<b>11</b>	<b>431</b>	<b>23,367</b>

Equity and preference share investments held at fair value through profit or loss total £7,979,000 (2009: £5,815,000). Investments held at amortised cost total £11,113,000 (2009: £10,063,000). There has been no re-designation of non-current asset investments during the year.

In September 2009, Crown Place VCT PLC exchanged its shareholdings in Welland Inns VCT Limited (formerly Clear Pub Company VCT Limited), Novello Pub Limited and The Charnwood Pub Company VCT (Hotels) Limited for a shareholding in Charnwood Pub Company Limited. The reorganisation resulted in the pubs being managed by a single management team.

Disposal proceeds of £1,264,000 included in the cash flow statement differ from the disposal proceeds of £1,410,000 shown in the note above, due to deferred consideration of £47,000 in respect of RFI Global Services Limited and consideration of £51,000 from Red-M Group Limited and £47,000 from Vibrant Energy Surveys Limited which was not received as cash.

# Notes to the Financial Statements continued

## 9. Non-current asset investments continued

The following disposals, repayments and permanent diminution in value took place in the year:

Name of company	Net consideration £'000	Cost £'000	Opening carrying value as at 1 July 2009 £'000
Avanti Communications Group PLC	389	167	194
Booth Dispensers Limited	80	227	52
Driver Hire Investment Group Limited	–	29	1
GB Pub Company VCT Limited	45	45	45
Green Energy Property Services Group Limited	–	47	–
House of Dorchester Limited	122	122	122
Red-M Group Limited	49	295	49
RFI Global Services Limited	625	378	186
River Bourne Health Club Limited	10	106	17
The Dunedin Pub Company VCT Limited	120	120	120
Vibrant Energy Surveys Limited	51	267	51
	1,491	1,803	837

### Fixed asset investment class valuation methodologies

Quoted equity investments (both qualifying and non-qualifying) are valued at market bid price as at the balance sheet date.

Unquoted loan stock investments are valued on an amortised cost basis. Loan stocks with a fixed interest rate total £10,953,000 (2009: £9,677,000). Loan stocks with a floating rate of interest total £160,000 (2009: £386,000).

The Directors believe that the carrying value of loan stock valued using amortised cost is not materially different to fair value.

The Company does not hold any assets as the result of the enforcement of security during the year, and believes that the carrying values for both impaired and past due assets are covered by the value of security held for these loan stock investments.

The amended IFRS 7 'Financial Instruments: Disclosures' requires the Company to disclose the valuation methods applied to its investments measured at fair value through profit or loss in a fair value hierarchy according to the following definitions:

Fair value hierarchy	Definition of valuation method
Level 1	Unadjusted quoted (bid) prices applied
Level 2	Inputs to valuation are from observable sources and are directly or indirectly derived from prices
Level 3	Inputs to valuations are not based on observable market data

Quoted AIM investments are valued according to Level 1 valuation methods. Unquoted equity and preference share investments are all valued according to Level 3 valuation methods.

The unquoted equity and preference share investments and equity derived instruments held at fair value through profit or loss (level 3) had the following movements in the year to 30 June 2010:

	£'000
Opening balance as at 1 July 2009	4,924
Additions	1,325
Disposal proceeds	(343)
Realised gains	356
Debt/equity swap	78
Unrealised gains on equity investments	658
<b>Closing balance as at 30 June 2010</b>	<b>6,998</b>

# Notes to the Financial Statements continued

## 9. Non-current asset investments continued

Unquoted equity investments and warrants and convertibles are valued in accordance with the IPEV CV guidelines as follows:

<b>Valuation methodology</b>	<b>30 June 2010 £'000</b>	30 June 2009 £'000
Cost (reviewed for impairment)	<b>845</b>	500
Net asset value supported by third party valuation	<b>1,722</b>	920
Recent investment price	<b>1,643</b>	993
Earnings multiple	<b>2,788</b>	2,511
	<b><u>6,998</u></b>	<u>4,924</u>

The unquoted equity instruments had the following movements between investment methodologies between 30 June 2009 and 30 June 2010:

<b>Change in valuation methodology (2009 to 2010)</b>	<b>Value as at 30 June 2010 £'000</b>	<b>Explanatory note</b>
Recent investment price to cost (reviewed for impairment)	225	Company not generating earnings
Recent investment price to earnings multiple	49	Company generating earnings
Earnings multiple to net asset value supported by third party valuation	15	Independent valuation recently undertaken
Cost to recent investment price	146	Most recent price

The valuation method used will be the most appropriate valuation methodology for an investment within its market, with regard to the financial health of the investment and the September 2009 IPEV CV Guidelines. The Directors believe that, within these parameters, there are no other possible methods of valuation which would be reasonable as at 30 June 2010.

IFRS 7 requires the Directors to consider the impact of changing one or more of the inputs used as part of the valuation process to reasonable possible alternative assumptions. The valuation methodology applied to 60 per cent. of the equity investments (by valuation) are based on third party independent evidence, recent investment price and cost. The Directors believe that changes to reasonable possible alternative input assumptions for the valuation of the portfolio could result in an increase in the valuation of the equity investments by £1,059,000 or a decrease in the valuation of equity investments by £577,000.

# Notes to the Financial Statements continued

## 10. Significant interests

The principal activity of the Group is to select and hold a portfolio of investments in unquoted securities. Although the Company, through the Manager, will, in some cases, be represented on the board of the investee company, it will not take a controlling interest or become involved in the management. The size and structure of the companies with unquoted securities may result in certain holdings in the portfolio representing a participating interest without there being any partnership, joint venture or management consortium agreement.

The Company has interests of greater than 20 per cent. of the nominal value of any class of the allotted shares in the investee companies as at 30 June 2010 as described below:

Company	Country of incorporation	Principal activity	% class and share type	% total voting rights
Booth Dispensers Limited	Great Britain	Manufacturer of vending machine components and beer pump coolers	100.0% A Ordinary	22.8%
ELE Advanced Technologies Limited	Great Britain	Manufacturer of precision engineering components for the industrial gas turbine, aerospace and automotive markets	74.3% B Ordinary	48.3%
House of Dorchester Limited	Great Britain	Chocolate manufacturer	33.2% B Ordinary	23.3%
Tuscan Energy Group Limited*	Great Britain	In administration	42.5% C Ordinary	None
GW 665 Limited*	Great Britain	No trading activity	37.0% B Ordinary	37.0%

\* Carried at nil as at 30 June 2010.

The investments listed above are held as part of an investment portfolio, and their value to the Company is as part of a portfolio of investments. Therefore these investments are not considered to be associated undertakings as permitted by IAS 28 and FRS 9.

## 11. Investments in subsidiary undertakings

	30 June 2010		
	CP1 VCT PLC £'000	CP2 VCT PLC £'000	Total £'000
Carrying value as at 1 July 2009	6,636	8,513	15,149
Movement in subsidiary net assets	(64)	(72)	(136)
	<u>6,572</u>	<u>8,441</u>	<u>15,013</u>
	30 June 2009		
	CP1 VCT PLC £'000	CP2 VCT PLC £'000	Total £'000
Carrying value as at 1 July 2008	6,585	8,474	15,059
Movement in subsidiary net assets	51	39	90
	<u>6,636</u>	<u>8,513</u>	<u>15,149</u>

The subsidiary companies currently hold cash and intercompany balances.

Both CP1 VCT PLC and CP2 VCT PLC are wholly owned by Crown Place VCT PLC as follows:

	30 June 2010		30 June 2009	
	CP1 VCT PLC	CP2 VCT PLC	CP1 VCT PLC	CP2 VCT PLC
Nominal value of shares held	£6,382,746	£8,219,350	£6,382,746	£8,219,350
Percentage of authorised share capital in issue	57.8%	59.8%	57.8%	59.8%
Percentage of total voting rights held	100%	100%	100%	100%

# Notes to the Financial Statements continued

## 12. Current assets include the following:

	30 June 2010		30 June 2009	
	Group £'000	Company £'000	Group £'000	Company £'000
Trade and other receivables/debtors	<u>68</u>	<u>68</u>	<u>55</u>	<u>55</u>
Nationwide Building Society floating rate note 7 July 2009	<u>-</u>	<u>-</u>	<u>2,718</u>	<u>2,718</u>

## 13. Trade and other payables/creditors

	30 June 2010		30 June 2009	
	Group £'000	Company £'000	Group £'000	Company £'000
Amounts falling due within one year:				
Amounts due to subsidiary undertakings	-	14,940	-	14,968
Trade creditors	161	161	39	39
Accruals	99	59	296	260
	<u>260</u>	<u>15,160</u>	<u>335</u>	<u>15,267</u>

## 14. Called up share capital

	30 June 2010 £'000	30 June 2009 £'000
<b>Authorised</b>		
140,000,000 Ordinary shares of 10p each (2009: 140,000,000)	<u>14,000</u>	<u>14,000</u>
<b>Allotted, called up and fully paid</b>		
79,177,624 Ordinary shares of 10p each (2009: 79,657,180)	<u>7,918</u>	<u>7,965</u>
<b>Allotted, called up and fully paid excluding Treasury shares</b>		
71,917,214 Ordinary shares of 10p each (2009: 72,396,770)	<u>7,192</u>	<u>7,240</u>

The Company repurchased for cancellation 697,446 (2009: 1,091,300) Ordinary shares during the year at a total cost of £205,000 (2009: £321,000) representing 0.9 per cent. of the shares in issue as at 1 July 2009. The shares purchased for cancellation were funded from the Special reserve. The total number of shares held in treasury as at 30 June 2010 was 7,260,410 (2009: 7,260,410).

Under the terms of the Dividend Reinvestment Scheme Circular dated 26 February 2009, the following Ordinary shares of nominal value 10 pence were allotted during the year:

Allotment date	Number of shares allotted	Aggregate nominal value of shares £'000	Issue price per share pence per share	Consideration received £'000	Opening market price per share on allotment pence per share
6 November 2009	106,946	11	32.95	35	25.00
9 April 2010	<u>110,944</u>	<u>12</u>	<u>32.93</u>	<u>37</u>	<u>30.00</u>

## 15. Cancellation of share premium account

Shareholders approved the cancellation of the Company's share premium account by way of special resolution at a General Meeting on 1 September 2009. The share premium account amounting to £14,438,000 was subsequently cancelled on 16 September 2009 by order of the High Court and the Notice regarding the cancellation was registered at Companies House on 18 September 2009. The purpose of this cancellation was to increase the special reserve available for distribution as dividends, or for making market purchases or for any other distributable purpose under the Companies Act 2006.

# Notes to the Financial Statements continued

## 16. Basic and diluted net asset value per Ordinary share

The Group and Company net asset value attributable to the Ordinary shares at the year end was as follows:

	<b>30 June 2010</b>	30 June 2009
Net asset value per share attributable (pence)	<u><b>33.9</b></u>	<u>34.2</u>

The net asset value per share at the year end is calculated in accordance with the Articles of Association and is based upon total shares in issue less treasury shares, of 71,917,214 shares (2009: 72,396,770) as at 30 June 2010.

There are no convertible instruments, derivatives or contingent share agreements in issue. The Company's policy is to sell treasury shares at a price greater than the purchase price hence the net asset value per share on a diluted basis would be equal to or greater than the basic net asset value per share, depending on the actual price achieved for selling the treasury shares.

## 17. Cash and cash equivalents/cash at bank and in hand

	<b>30 June 2010</b>		30 June 2009	
	<b>Group £'000</b>	<b>Company £'000</b>	Group £'000	Company £'000
Cash at bank	<u><b>5,513</b></u>	<u><b>5,400</b></u>	<u>6,472</u>	<u>6,255</u>

## 18. Reconciliation of revenue return on ordinary activities before taxation to net cash inflow from operating activities

	<b>Year ended 30 June 2010 £'000</b>	Year ended 30 June 2009 £'000
Revenue return before tax	<b>489</b>	682
Capitalised expenses	<b>(324)</b>	(354)
Recovery of VAT charged to capital	<b>–</b>	277
(Increase)/decrease in accrued amortised loan stock interest	<b>(50)</b>	352
Decrease in receivables	<b>7</b>	139
(Decrease)/increase in payables	<b>(103)</b>	17
<b>Net cash inflow from operating activities</b>	<u><b>19</b></u>	<u>1,113</u>

## 19. Capital and financial instruments risk management

The following policies are with reference to both the Company and the Group except where the 'Company' is used below.

The Group's maximum permitted gearing is £23,514,000 (2009: £23,883,000) and as at 30 June 2010, the Group's gearing was nil (2009: nil). The Group's policy on gearing is described in more detail on page 22 of the Directors' report and enhanced business review.

The Group's capital comprises Ordinary shares as described in note 14. The Company is permitted to buy back its own shares for cancellation or treasury purposes, and this is described in more detail on page 27 of the Directors' report and enhanced business review. As noted above, the share premium account was cancelled during the year to increase the distributable special reserve.

The Group's financial instruments comprise equity and loan stock investments in unquoted companies, equity in AIM quoted companies, cash balances, short term debtors and creditors which arise from its operations. The main purpose of these financial instruments is to generate revenue and capital appreciation for the Group's operations. The Group has no gearing or other financial liabilities apart from short term creditors. The Group does not use any derivatives for the management of its balance sheet.

The principal risks arising from the Group's operations are:

- Investment (or market) risk (which comprises investment price and cash flow interest rate risk);
- credit risk; and
- liquidity risk.

The Board regularly reviews and agrees policies for managing each of these risks. There have been no changes in the nature of the risks that the Group has faced during the past year, and apart from where noted below, there have been no changes in the objectives, policies or processes for managing risks during the past year. The key risks are summarised as follows:

# Notes to the Financial Statements continued

## 19. Capital and financial instruments risk management continued

### Investment risk

As a venture capital trust, it is the Group's specific nature to evaluate and control the investment risk of its portfolio in unquoted and in quoted companies, details of which are shown on page 13. Investment risk is the exposure of the Group to the revaluation and devaluation of investments. The main driver of investment risk is the operational and financial performance of the investee companies and the dynamics of market quoted comparators. The Manager receives management accounts from investee companies, and members of the investment management team often sit on the boards of unquoted investee companies; this enables the close identification, monitoring and management of investment risk.

The Manager and the Board formally reviews investment risk (which includes market price risk), both at the time of initial investment and at quarterly Board meetings.

The Board monitors the prices at which sales of investments are made to ensure that profits to the Group are maximised, and that valuations of investments retained within the portfolio appear sufficiently prudent and realistic compared to prices being achieved in the market for sales of unquoted investments.

The maximum investment risk as at the balance sheet date is the value of the non-current and current asset investment portfolio which is £19,092,000 (2009: £18,596,000). Non-current and current asset investments form 78 per cent. of the net asset value as at 30 June 2010 (2009: 75 per cent.).

More details regarding the classification of non-current and current asset investments are shown in notes 9 and 12.

### Investment price risk

Investment price risk is the risk that the fair value of future investment cash flows will fluctuate due to factors specific to an investment instrument or to a market in similar instruments. To mitigate the investment price risk for the Group as a whole, the strategy of the Group is to invest in a broad spread of industries with approximately two-thirds of the unquoted investments comprising debt securities, which, owing to the structure of their yield and the fact that they are usually secured, have a lower level of price volatility than equity. Details of the industries in which investments have been made are contained in the Portfolio of investments section on page • and in the Manager's report.

The valuation method used will be the most appropriate valuation methodology for an investment within its market, with regard to the financial health of the investment and the September 2009 IPEVCV Guidelines.

As required under IFRS 7 and FRS 29, the Board is required to illustrate by way of a sensitivity analysis, the degree of exposure to market risk. The Board considers that the value of the non-current and current asset investment portfolio is sensitive to a 10 per cent. change based on the current economic climate. The impact of a 10 per cent. change has been selected as this is considered reasonable given the current level of volatility observed both on a historical basis and future expectations.

The sensitivity of a 10 per cent. (2009: 10 per cent.) increase or decrease in the valuation of the non-current and current asset investments (keeping all other variables constant) would increase or decrease the net asset value and return for the year by £1,909,000 (2009: £1,860,000).

### Cash flow interest rate risk

It is the Group's policy to accept a degree of interest rate risk on its financial assets through the effect of interest rate changes. On the basis of the Group's analysis, it is considered that further falls in interest rates would not have a significant impact.

The weighted average interest rate applied to the Group's fixed rate assets during the year was approximately 6.3 per cent. (2009: 4.5 per cent.). The weighted average period to maturity for the fixed rate assets is approximately 2.7 years (2009: 2.2 years).

### Credit risk

Credit risk is the risk that the counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Group. The Group is exposed to credit risk through its debtors, investment in unquoted loan stock, and through the holding of floating rate notes and cash on deposit with banks.

The Manager evaluates credit risk on loan stock, floating rate note instruments and other similar instruments prior to investment, and as part of its ongoing monitoring of investments. In doing this, it takes into account the extent and quality of any security held. Typically loan stock instruments have a first fixed charge or a fixed and floating charge over the assets of the investee company in order to mitigate the gross credit risk. The Manager receives management accounts from investee companies, and members of the investment management team often sit on the boards of unquoted investee companies; this enables the close identification, monitoring and management of investment-specific credit risk.

Bank deposits and floating rate notes are held with banks which have a Moody's credit rating of at least 'A'. The Group has an informal policy of limiting counterparty banking and floating rate note exposure to a maximum of 20 per cent. of net asset value for any one counterparty.

# Notes to the Financial Statements continued

## 19. Capital and financial instruments risk management continued

### Credit risk continued

The Manager and the Board formally review credit risk (including receivables) and other risks, both at the time of initial investment and at quarterly Board meetings.

The Group's total gross credit risk at 30 June 2010 was limited to £11,113,000 (2009: £10,063,000) of unquoted loan stock instruments, £5,513,000 (2009: £6,472,000) cash deposits with banks and £nil (2009: £2,718,000) floating rate notes.

As at the balance sheet date, the cash held by the Group is held with the Royal Bank of Scotland plc, Lloyds Banking Group plc, HSBC plc, Scottish Widows Bank plc and Standard Life Bank plc. Credit risk on floating rate note and cash transactions is mitigated by transacting with counterparties that are regulated entities subject to prudential supervision, with high credit ratings assigned by international credit-rating agencies.

### Liquidity risk

Liquid assets are held as cash on current account, cash on deposit or short term money market account and as floating rate notes. Under the terms of its Articles, the Group has the ability to borrow up to the amount of its adjusted capital and reserves of the latest published audited consolidated balance sheet, which amounts to £23,514,000 (2009: £23,883,000) as at 30 June 2010.

The Group has no committed borrowing facilities as at 30 June 2010 (2009: nil) and had cash balances of £5,513,000 (2009: £6,472,000) (Company: £5,400,000; 2009: £6,255,000) together with £nil (2009: £2,718,000) invested in floating rate notes. The main cash outflows are for new investments, dividends and share buy backs, which are within the control of the Group. The Manager formally reviews the cash requirements of the Group on a monthly basis, and the Board on a quarterly basis, as part of its review of management accounts and forecasts.

All of the Group's financial liabilities are short term in nature and total £260,000 (2009: £335,000) for the year to 30 June 2010 (Company: 30 June 2010: £15,160,000; 30 June 2009: £15,267,000). An amount of £14,940,000 (2009: £14,968,000) which is included within the Company creditor relates to intercompany balances and is not considered to carry liquidity risk.

In view of this, the Board considers that the Group is subject to low liquidity risk.

The carrying value of loan stock investments held at amortised cost at 30 June 2010 is analysed by the expected maturity dates as follows:

Redemption date	Fully performing loan stock £'000	Past due loan stock* £'000	Impaired loan stock £'000	Total £'000
Less than one year	385	–	219	604
1-2 years	1,679	–	1,002	2,681
2-3 years	345	1,081	2,541	3,967
3-5 years	1,823	627	1,284	3,734
More than 5 years	–	–	127	127
<b>Total</b>	<b>4,232</b>	<b>1,708</b>	<b>5,173</b>	<b>11,113</b>

The carrying value of loan stock investments held at amortised cost at 30 June 2009 is analysed by the expected maturity dates as follows:

Redemption date	Fully performing loan stock £'000	Past due loan stock* £'000	Impaired loan stock £'000	Total £'000
Less than one year	246	–	196	442
1-2 years	1,123	343	2,274	3,740
2-3 years	1,414	226	1,558	3,198
3-5 years	639	1,210	825	2,674
More than 5 years	–	–	9	9
<b>Total</b>	<b>3,422</b>	<b>1,779</b>	<b>4,862</b>	<b>10,063</b>

\*Of the loan stock categorised as past due, 76 per cent. (2009: 84 per cent.) is in respect of loan stocks where interest arrangements have been temporarily changed through discussions with the Manager, but under the contractual agreement £141,000 of loan stock interest would have been between one and twelve months past due. The balance relates to £4,000 of loan stock interest which is between one and four months past due.

# Notes to the Financial Statements continued

## 19. Capital and financial instruments risk management continued

### Credit risk continued

The cost, impairment and carrying value of impaired loan stocks held at amortised cost at 30 June 2010 and 30 June 2009 are as follows:

	30 June 2010			30 June 2009		
	Cost £'000	Impairment £'000	Carrying value £'000	Cost £'000	Impairment £'000	Carrying value £'000
Impaired loan stock	<b>6,875</b>	<b>(1,702)</b>	<b>5,173</b>	6,947	(2,085)	4,862

Impaired loan stock instruments have a first fixed charge or a fixed and floating charge over the assets of the investee company and the Board estimate that the security value approximates to the carrying value.

### Fair values of financial assets and financial liabilities

All the Group's financial assets and liabilities as at 30 June 2010 are stated at fair value as determined by the Directors, with the exception of loans and receivables included within investments, which are carried at amortised cost, in accordance with IAS 39. In the opinion of the Directors, the amortised cost of loan stock is not materially different to the fair value of the loan stock. There are no financial liabilities other than short term trade and other payables. The Group's financial liabilities are all non-interest bearing. It is the Directors' opinion that the book value of the financial liabilities is not materially different to the fair value and all are payable within one year, and that the Group is subject to low financial risk as a result of having nil gearing and positive cash balances.

The Group's financial assets and liabilities as at 30 June 2010, all denominated in pounds sterling, consist of the following:

	30 June 2010				30 June 2009			
	Fixed rate £'000	Floating rate £'000	Non- interest £'000	Total £'000	Fixed rate £'000	Floating rate £'000	Non- interest £'000	Total £'000
Floating rate notes	-	-	-	-	-	2,718	-	2,718
Unquoted loan stock	<b>10,953</b>	<b>160</b>	-	<b>11,113</b>	9,677	386	-	10,063
Unquoted equity	-	-	<b>6,998</b>	<b>6,998</b>	-	-	4,924	4,924
Quoted equity	-	-	<b>981</b>	<b>981</b>	-	-	891	891
Receivables	-	-	<b>68</b>	<b>68</b>	-	-	55	55
Current liabilities	-	-	<b>(260)</b>	<b>(260)</b>	-	-	(335)	(335)
Cash	-	<b>5,513</b>	-	<b>5,513</b>	-	6,472	-	6,472
<b>Net assets</b>	<b>10,953</b>	<b>5,673</b>	<b>7,787</b>	<b>24,413</b>	9,677	9,576	5,535	24,788

The Company's financial assets and liabilities as at 30 June 2010, all denominated in pounds sterling, consist of the following:

	30 June 2010				30 June 2009			
	Fixed rate £'000	Floating rate £'000	Non- interest £'000	Total £'000	Fixed rate £'000	Floating rate £'000	Non- interest £'000	Total £'000
Floating rate notes	-	-	-	-	-	2,718	-	2,718
Unquoted loan stock	<b>10,953</b>	<b>160</b>	-	<b>11,113</b>	9,677	386	-	10,063
Unquoted equity	-	-	<b>22,011</b>	<b>22,011</b>	-	-	20,073	20,073
Quoted equity	-	-	<b>981</b>	<b>981</b>	-	-	891	891
Receivables	-	-	<b>68</b>	<b>68</b>	-	-	55	55
Current liabilities	<b>(14,940)</b>	-	<b>(220)</b>	<b>(15,160)</b>	(14,968)	-	(299)	(15,267)
Cash	-	<b>5,400</b>	-	<b>5,400</b>	-	6,255	-	6,255
<b>Net assets</b>	<b>(3,987)</b>	<b>5,560</b>	<b>22,840</b>	<b>24,413</b>	(5,291)	9,359	20,720	24,788

# Notes to the Financial Statements continued

## **20. Post balance sheet events**

Since 30 June 2010 the Company has completed the following material transactions:

- July and August 2010: Investment in Rostima Limited of £62,000
- July 2010: Investment in TEG Biogas (Perth) Limited of £109,000
- July 2010: Disposal of Green Energy Property Services Group Limited for deferred consideration of up to £38,000
- August 2010: Investment in Xceleron Limited of £31,000
- September 2010: Investment in Radnor House School Limited of £1,564,000

The Company has a commitment to invest a further £243,000 in TEG Biogas (Perth) Limited.

## **21. Contingencies and guarantees**

There are no contingencies or guarantees of the Group or Company as at 30 June 2010 (2009: nil).

## **22. Related party transactions**

The Manager, Albion Ventures LLP, could be considered to be a related party by virtue of the fact that it is party to a management agreement with the Company (details disclosed on page 25 of this report). During the year, services of a total value of £482,000 (2009: £522,000) were purchased by the Company from Albion Ventures LLP; this includes £432,000 investment management fee and £50,000 administration fee. At the financial year end, the amount due to Albion Ventures LLP disclosed as accruals and deferred income was £118,000 (2009: £208,000).

Albion Ventures LLP holds 1,256 Ordinary shares as a result of fractional entitlements arising on the merger of Crown Place VCT PLC, CP1 VCT PLC and CP2 VCT PLC on 13 January 2006.

# Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of Crown Place VCT PLC (the "Company") will be held at 12 noon on 9 November 2010 at The City of London Club, 19 Old Broad Street, London, EC2N 1DS for the following purposes:

To consider and, if thought fit, to pass the following resolutions, of which numbers 1 to 7 will be proposed as ordinary resolutions and numbers 8 to 10 as special resolutions.

## Ordinary Business

1. To receive and adopt the accounts and the reports of the Directors and Auditors for the year ended 30 June 2010.
2. To re-appoint PKF (UK) LLP as Auditors of the Company to hold office from the conclusion of the meeting to the conclusion of the next meeting at which the accounts are laid.
3. To authorise the Directors to agree the Auditors' remuneration.
4. To approve the Directors' Remuneration Report for the year ended 30 June 2010.
5. To re-elect Vikram Lall as a Director of the Company.
6. To re-elect Karen Brade as a Director of the Company.

## Special Business

7. The Directors be generally and unconditionally authorised in accordance with section 551 of the Companies Act 2006 (the "Act") to allot shares in the Company up to a maximum aggregate nominal amount in the case of Ordinary shares of 10p each in the capital of the Company ('Ordinary shares') of £791,776 (which comprises 10 per cent. of the Ordinary share capital) such authority to expire on 9 May 2012, but so that the Company may, before the expiry of such period, make an offer or agreement which would or might require shares to be allotted after the expiry of such period and the Directors may allot shares pursuant to such an offer or agreement as if the authority had not expired; and all unexercised authorities previously granted to the Directors to allot relevant securities be, and are hereby, revoked.
8. That subject to and conditional on the passing of resolution number 7, the Directors be empowered, pursuant to section 570 of the Act, to allot equity securities (within the meaning of section 560 of the Act) for cash pursuant to the authority conferred by resolution number 7 as if section 561(1) of the Act did not apply to any such allotment, provided that this power shall be limited to the allotment of equity securities:
  - (a) in connection with an offer of such securities by way of rights issue, open offer;
  - (b) in connection with any Dividend Reinvestment Scheme introduced and operated by the Company; and
  - (c) otherwise than pursuant to the sub-paragraphs above, in respect of the Ordinary shares, to an aggregate nominal amount of £791,776 (equal to 10 per cent. of the Ordinary share capital);

and shall expire 18 months from the date of this resolution, or at the conclusion of the next Annual General Meeting,

whichever is earlier, save that the Company may, before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of any such offer or agreement as if the power had not expired.

In this resolution, "rights issue" means an offer of equity securities open for acceptance for a period fixed by the Directors to holders on the register on a fixed record date in proportion as nearly as may be to their respective holdings, but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient to deal with any fractional entitlements or legal or practical difficulties under the laws of, or the requirement of any recognised regulatory body or any stock exchange in, any territory.

This power applies in relation to a sale of shares which is an allotment of equity securities by virtue of section 560(2)(b) of the Act as if in the first paragraph of the resolution the words "pursuant to the authority conferred by resolution number 7" were omitted.

## Notice of Annual General Meeting continued

9. That, subject to and in accordance with Article 49 of the Company's Articles of Association, the Company be generally and unconditionally authorised to make one or more market purchases (within the meaning of Section 693(4) of the Act) of Ordinary shares of 10p each in the capital of the Company ("Ordinary shares") on such terms as the Directors think fit, and where such shares are held as treasury shares, the Company may use them for the purposes set out in section 727 of the Act, provided that:
- (a) the maximum aggregate number of shares authorised to be purchased is 11,868,725 Ordinary shares (representing approximately 14.99 per cent of the issued Ordinary shares as at the date of this Notice);
  - (b) the minimum price, exclusive of any expenses, which may be paid for an Ordinary share is 10p;
  - (c) the maximum price, exclusive of any expenses that may be paid for each Ordinary share is an amount equal to the higher of: (a) 105 per cent of the average of the middle market quotations as derived from the London Stock Exchange Daily Official List, for a share over the five business days immediately preceding the day on which the Ordinary share is purchased; and (b) the amount stipulated by Article 5(1) of the Buy-back and Stabilisation Regulation 2003;
  - (d) the authority hereby conferred shall, unless previously revoked or varied, expire at the conclusion of the next Annual General Meeting of the Company or eighteen months from the date of the passing of this resolution, whichever is earlier; and
  - (e) the Company may make a contract or contracts to purchase Ordinary shares under this authority before the expiry of the authority which will or may be executed wholly or partly after the expiry of the authority, and may make a purchase of Ordinary shares in pursuance of any such contract or contracts.

Under the Companies (Acquisition of Own Shares) (Treasury Shares) Regulations 2003, shares purchased by the Company out of distributable profits can be held as treasury shares, which may then be cancelled or sold for cash. The authority sought by this special resolution number 9 is intended to apply equally to shares to be held by the Company as treasury shares in accordance with the Regulations.

10. That the Directors be empowered to sell treasury shares at a price not less than that at which they were purchased.

BY ORDER OF THE BOARD

**Albion Ventures LLP**

Company Secretary

Registered Office

1 King's Arms Yard, London EC2R 7AF

7 October 2010

# Notice of Annual General Meeting continued

## Notes

- 1 Members entitled to attend, speak and vote at the Annual General Meeting ("AGM") may appoint a proxy or proxies (who need not be a member of the Company) to exercise these rights in their place at the meeting. A member may appoint more than one proxy, provided that each proxy is appointed to exercise the rights attached to different shares. Proxies may only be appointed by completing and returning the Form of Proxy enclosed with this Notice to Capita Registrars, PXS, 34 Beckenham Road, Beckenham BR3 4TU.

Return of the Form of Proxy will not preclude a member from attending the meeting and voting in person. A member may not use any electronic address provided in the Notice of this meeting to communicate with the Company for any purposes other than those expressly stated.

To be effective the Form of Proxy must be completed in accordance with the instructions and received by the Registrars of the Company by 12 noon on 7 November 2010.

**In accordance with good governance practice, the Company is offering shareholders use of an online service, offered by the Company's registrar, Capita Registrars, at [www.capitashareportal.com](http://www.capitashareportal.com). Shareholders can use this service to vote or appoint a proxy online. The same voting deadline of 12 noon on 7 November 2010 applies as if you were using your Personalised Voting Form to vote or appoint a proxy by post to vote for you. Shareholders will need to use the unique personal identification Investor Code that is printed on their Form of Proxy. Shareholders should not show this information to anyone unless they wish to give proxy instructions on their behalf.**

2. Any person to whom this Notice is sent who is a person nominated under section 146 of the Companies Act 2006 (the 'Act') to enjoy information rights (a "Nominated Person") may, under an agreement between him or her and the member by whom he or she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the AGM. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he or she may, under any such agreement, have a right to give instructions to the member as to the exercise of voting rights. The statement of rights of members in relation to the appointment of proxies in note 1 above does not apply to Nominated Persons. The rights described in that note can only be exercised by members of the Company.
3. To be entitled to attend and vote at the AGM (and for the purpose of the determination by the Company of the votes they may cast), members must be registered in the register of members of the Company at 12 noon on 7 November 2010 (or, in the event of any adjournment, on the date which is two days before the time of the adjourned meeting). Changes to the register of members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.
4. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.
5. Copies of contracts of service and letters of appointment between the Directors and the Company will be available for inspection at the Registered Office of the Company during normal business hours from the date of this Notice until the conclusion of the meeting, and at the place of the meeting for at least 15 minutes prior to the meeting until its conclusion. In addition, a copy of the Articles of Association will be available for inspection at the Company's registered office from the date of this Notice until the conclusion of the meeting, and at the place of the meeting for at least 15 minutes prior to the meeting until its conclusion.
6. Under section 527 of the Act members meeting the threshold requirements set out in that section have the right to require the Company to publish on a website a statement setting out any matter relating to: (i) the audit of the Company's accounts (including the Auditor's report and the conduct of the audit) that are to be laid before the AGM; or (ii) any circumstances connected with an Auditor of the Company ceasing to hold office since the previous meeting at which the annual accounts and reports were laid in accordance with section 437 of the Act. The Company may not require the members requesting any such website publication to pay its expenses in complying with sections 527 or 528 of the Act. Where the Company is required to place a statement on a website under section 527 of the Act, it must forward the statement to the Company's Auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the AGM includes any statement that the Company has been required under section 527 of the Act to publish on a website.
7. A copy of this Notice, and other information regarding the meeting, as required by section 311A of the Act, is available from [www.albion-ventures.co.uk](http://www.albion-ventures.co.uk), Our Funds, Crown Place VCT PLC.
8. Any member attending the meeting has the right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the meeting but no such answer need be given if (a) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information, (b) the answer has already been given on a website in the form of an answer to a question, or (c) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.
9. As at 7 October 2010 (being the latest practicable date prior to the publication of this Notice), the Company's issued share capital consists of 79,177,624 Ordinary shares. The Company holds 7,260,410 shares in treasury. Therefore, the total voting rights in the Company as at 7 October 2010 are 71,917,214.



