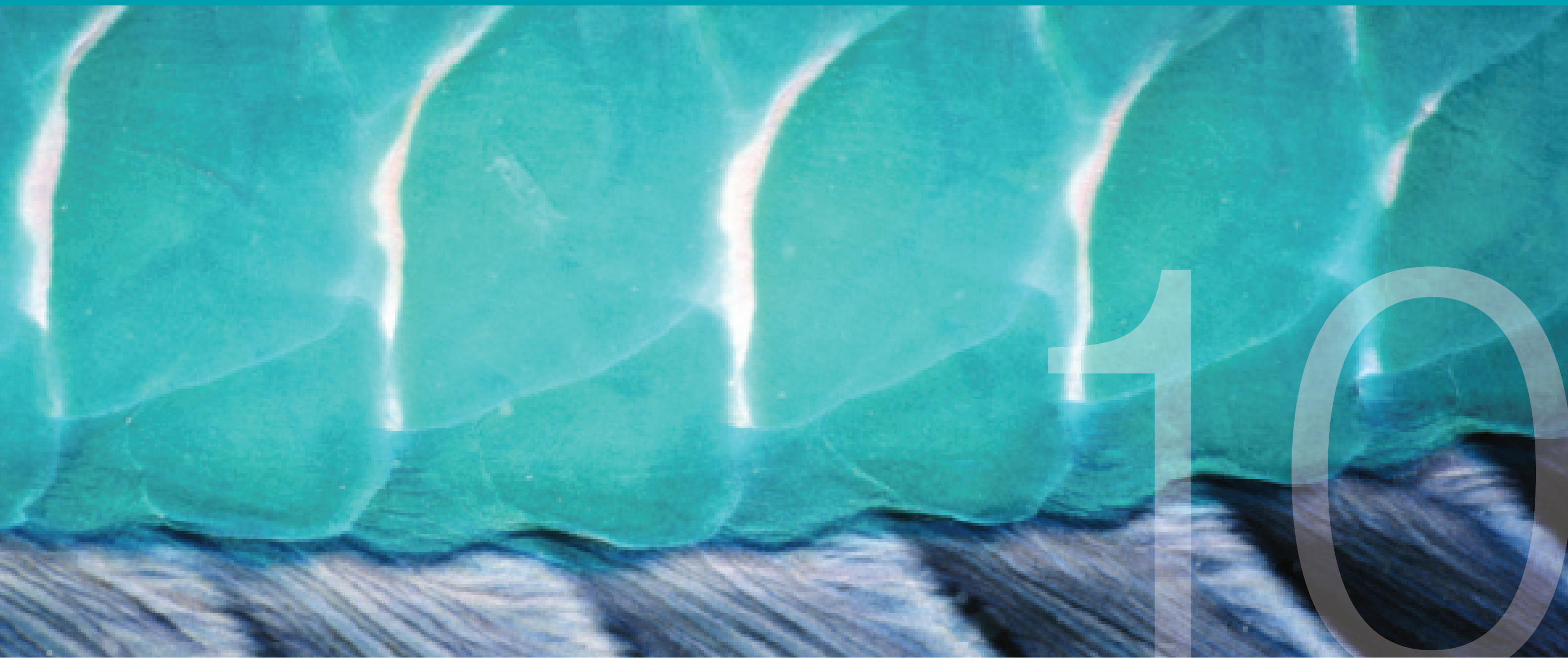
Annual Report and Financial Statements for the year ended 30 September 2010



Albion Income & Growth VCT PLC

ALBION VENTURES

Contents

Company information

Company number	5132495
Directors	Friedrich Ternofsky, Chairman Mary Anne Cordeiro John Kerr Robin Archibald Patrick Reeve
Manager, company secretary and registered office	Albion Ventures LLP 1 King's Arms Yard London EC2R 7AF Tel: 020 7601 1850 Fax: 020 7601 1875 Website: *www.albion-ventures.co.uk*
Registrars	Capita Registrars Limited Northern House Penistone Road Fenay Bridge Huddersfield HD8 0GA
Auditors	PKF (UK) LLP Farringdon Place 20 Farringdon Road London EC1M 3AP
Taxation adviser	PricewaterhouseCoopers LLP 1 Embankment Place London WC2N 6RH
Legal adviser	Berwin Leighton Paisner Adelaide House London Bridge London EC4R 9HA

Albion Income & Growth VCT PLC is a member of the Association of Investment Companies.

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 8.30am – 5.30pm; Mon – Fri) Email: *ssd@capitaregistrars.com* Website: *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-Fri, calls may be recorded) Email: *info@albion-ventures.co.uk* Website: *www.albion-ventures.co.uk*
IFA information	Independent Financial Advisers with questions please contact Albion Ventures LLP: Tel: 0207 601 1850 (lines are open 9.00 am – 5.30 pm; Mon-Fri, calls may be recorded) Email: *info@albion-ventures.co.uk* Website: *www.albion-ventures.co.uk*

Investment objectives

Albion Income & Growth VCT PLC (the "Company") is a Venture Capital Trust which raised £45 million under the Offer for Subscription which closed in March 2005 and which was fully subscribed. The Company intends to provide investors with a regular and predictable source of income combined with the prospect of long term capital growth.

The Company allows investors the opportunity to participate in a balanced portfolio of high growth businesses and lower risk asset-based companies. It is intended that in time the Company's investment portfolio will be split approximately as follows:

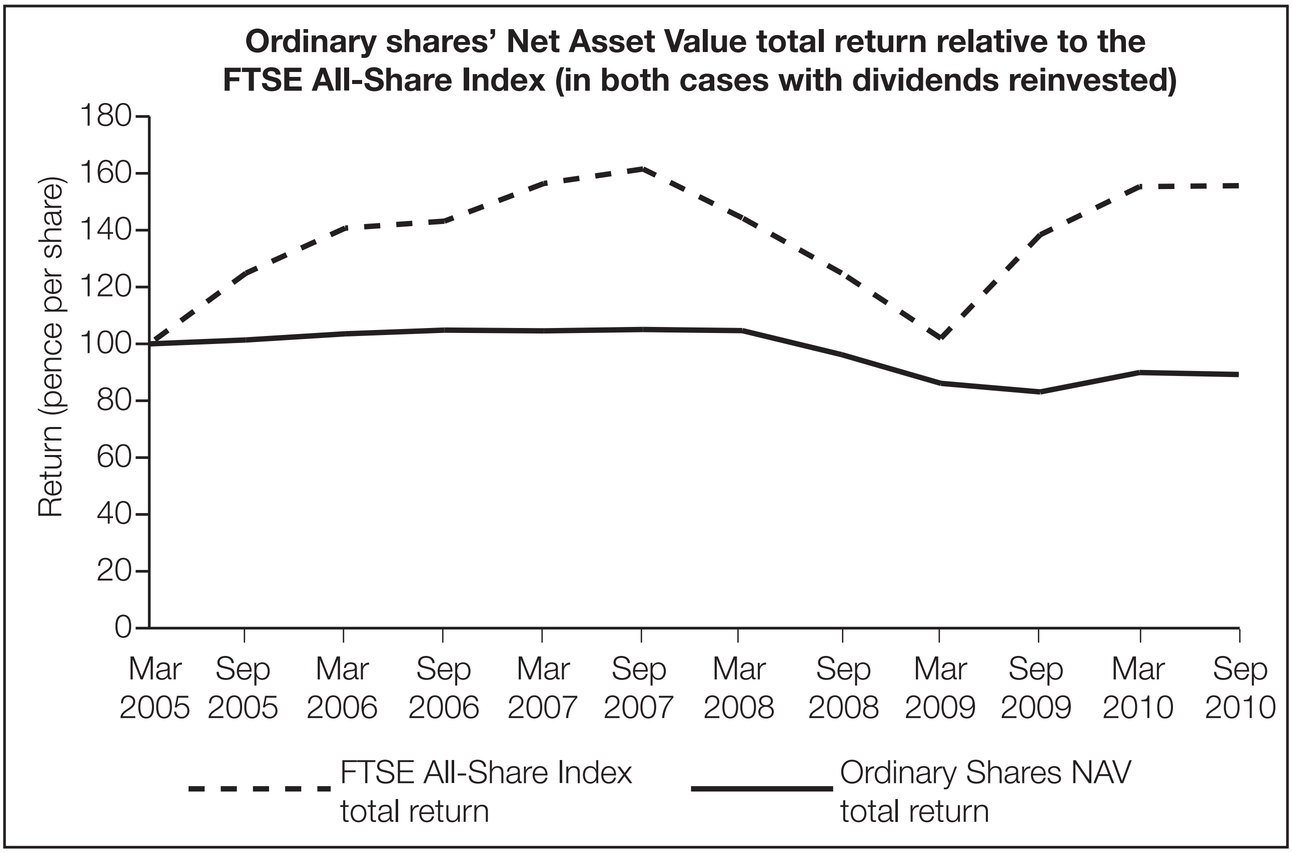
- 45 per cent. to be invested in higher growth unquoted businesses, including early stage technology;
- 45 per cent. to be invested in unquoted asset-based businesses in the leisure sector; and
- 10 per cent. to be held in floating rate securities, cash deposits and gilts.

Financial calendar

Record date for first dividend	14 January 2011
Payment of first dividend	31 January 2011
Annual General Meeting	9 February 2011
Announcement of half-yearly results for the six months ended 31 March 2011	May 2011
Payment of second dividend subject to Board approval	June 2011

Financial highlights

84.01p	Net asset value plus dividends since launch to 30 September 2010
3.00p	Tax free dividend per share paid in the year to 30 September 2010
67.81p	Net asset value per share as at 30 September 2010
1.75p	First tax free dividend per share declared for the year to 30 September 2011



Source: Albion Ventures LLP

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

Financial highlights continued

	30 September 2010 (pence per share)	30 September 2009 (pence per share)
Net asset value per share	**67.81**	66.38
Dividends paid	**3.00**	3.00
Revenue return per share	**1.79**	1.92
Capital gain/(loss) per share	**2.36**	(12.86)

Total shareholder net asset value return to 30 September 2010:		
		(pence per share)
Total dividends paid during the period ended:	30 September 2005 (i)	0.65
Total dividends paid during the year ended:	30 September 2006	2.60
	30 September 2007	3.45
	30 September 2008	3.50
	30 September 2009	3.00
	30 September 2010	3.00
Total dividends paid to 30 September 2010		16.20
Net asset value as at 30 September 2010		67.81
Total shareholder return to 30 September 2010		**84.01**

In addition to the dividends summarised above, the Board has declared a first dividend for the new financial year, of 1.75 pence per share (0.95 pence per share from revenue and 0.80 pence per share from capital) to be paid on 31 January 2011 to shareholders on the register as at 14 January 2011.

Notes

(i) Investors subscribing by 31 December 2004 and remaining on the register on 1 July 2005 were entitled to a dividend of 0.65 pence per share. Investors subscribing thereafter were not entitled to the first interim dividend.

(ii) These figures exclude tax benefits upon subscription of 40 per cent. income tax relief.

(iii) All dividends paid by the Company are free of income tax. It is an HM Revenue and Customs requirement that dividend vouchers indicate the tax element should dividends have been subject to income tax. Investors should ignore this figure on their dividend voucher and need not disclose any income they receive from a VCT on their tax return.

(iv) The net asset value of the Company is not its share price as quoted on the official list of the London Stock Exchange. The share price of the Company can be found in the Investment Companies – VCTs section of the Financial Times on a daily basis. Investors are reminded that it is common for shares in VCTs to trade at a discount to their net asset value, primarily as a result of the initial tax reliefs which are non-transferable.

Chairman's statement

Introduction

The year to 30 September 2010 saw a positive total return of 4.15 pence per share. This is a welcome result after two years of negative return seen during the recent recession. Net asset value at the year end was 67.81 pence per share, after the payment of 3.00 pence per share in dividends during the year. The current annual dividend target is 3.50 pence per share.

Investment performance and progress

The main contributor to the improved progress has been a recovery in the growth portfolio, as a number of companies that had previously been written down, have shown sufficient progress in sales and profitability to justify an increase up to their original investment cost. These include Lowcosttravelgroup Limited, Helveta Limited, Dexela Limited and Point 35 Microstructures. In addition, the successful sale of RFI Global Services Limited realised initial proceeds of £1.8 million against a cost of £1.16 million. In the meantime, although the asset based portfolio has also seen an improved performance, this is yet to be reflected in our third party valuations. Further provisions were made against certain investments where the current climate continues to have an adverse effect, including Chichester Holdings Limited, Mi-Pay Limited, The Charnwood Pub Company Limited and Opta Sports Data Limited. In addition the investments in Red-M Wireless Limited and Rostima Limited were re-structured during the year.

A total of £2.6 million was invested over the period, of which £1.3 million was in four new investee companies. These comprised £268,000 into Orchard Portman Hospital Limited, where an existing care home in Taunton has been converted into a specialist psychiatric unit, £160,000 into Masters Pharmaceutical Limited, an international distributor of pharmaceuticals to the developing world, £121,000 committed to TEG Biogas (Perth) Limited following its initial investment of £55,000 in July 2010, which is developing a waste to food energy power station in Scotland and £734,000 in Radnor House School Limited, which is developing a new independent school on a freehold site on the Thames at Twickenham.

Subsequent to the year end, the Company has sold its investments in Geronimo Inns VCT I Limited and Geronimo Inns VCT II Limited, realising proceeds of £605,000 compared to a cost of £520,000 which, together with interest paid on the investment, have achieved an overall return of 24 per cent.

Risks and uncertainties

The outlook for the UK economy continues to be the key risk affecting your Company. Although current indications are that renewed growth in the UK economy has become more firmly established, there is continuing uncertainty as to the impact on the economy of the Coalition Government's public spending cuts. Importantly, however, your Company continues to be cash generative while investment risk is mitigated through our policy of ensuring that the Company has a first charge over investee companies' assets. Meanwhile, opportunities within our target sectors continue to arise at attractive valuations, including the healthcare and environmental sectors which continue to be our two core areas of concentration going forwards.

A more detailed analysis of risks and uncertainties is set out on page 18 and 19 of the Directors' report and enhanced business review.

Share buy-backs and share price discount

It remains the Board's primary objective to maintain sufficient resources for investment in existing and new investee companies and for the continued payment of dividends to shareholders. Thereafter, it is still 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. 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. The Company will limit the sum available for share buy-backs for the six months to 31 March 2011 to £350,000. This compares to a total value bought in for the previous six months of £182,000.

Results and dividends

As at 30 September 2010 the net asset value of the Company was £27.58 million or 67.81 pence per share compared to £27.53 million or 66.38 pence per share at 30 September 2009. The revenue return before taxation was £828,000 compared to £981,000 for the year to 30 September 2009, mainly due to the decline in returns from liquid resources as a result of lower base and LIBOR rates. The Company will pay a first dividend for the financial year to 30 September 2011 of 1.75 pence per share (0.95 pence per share from revenue and 0.80 pence per share from capital) on 31 January 2011 to shareholders on the register as at 14 January 2011.

Albion VCTs Linked Top Up Offer

On 1 November 2010 the Company announced the launch of the Albion VCTs Linked Top Up Offer. In aggregate, the Albion VCTs will be aiming to raise up to £15 million across all of the seven VCTs managed by Albion Ventures LLP, of which Albion Income & Growth VCT PLC's share will be approximately £2.25 million.

Chairman's statement continued

The maximum amount raised by each of the Albion VCTs will be the lower of Euros 2.5 million, and 10 per cent. of its issued share capital (over any one 12 month period, and including any shares issued under Dividend Reinvestment Schemes), being the amount that they may issue under the Prospectus Rules without the publication of a full prospectus. The number of new shares available may change depending on the £:euro exchange rate at the date of allotment.

The proceeds of the Offer will be used to provide further resources to the Albion VCTs at a time when a number of attractive new investment opportunities are being seen.

An Investor Guide and Offer document have been sent to shareholders.

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 support enterprise and future economic growth.

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 the Company to have an independent Chairman and a majority of independent directors, where to be independent, a Chairman or Director cannot serve on the Board of more than one Company managed by the same manager.

In line with these rules on the independence of Directors, David Watkins, who is Chairman of Albion Venture Capital Trust PLC, also managed by Albion Ventures LLP, retired from the Board of Albion Income & Growth VCT PLC on 27 September 2010. David, who has spent much of his career in private equity, has been a Director of the Company since its inception in 2004. The Board has greatly valued his contribution over the years and wish him well for the future.

With effect from 28 September 2010, Mr Robin Archibald joined the Board of Albion Income & Growth VCT PLC, as a non-executive Director.

Mr Archibald, a chartered accountant, is Head of Corporate Finance & Broking for Winterflood Securities Limited and has worked in a number of corporate finance roles in London and Edinburgh. The Board considers that his background will make him an effective addition to the Board.

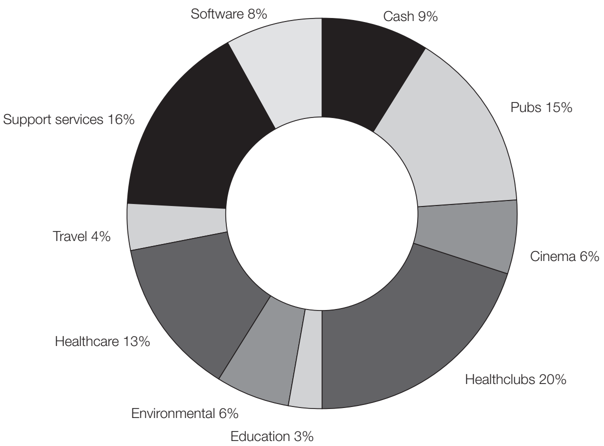
Outlook and prospects

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 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.

Friedrich Ternofsky
Chairman
5 January 2011

Manager's report

Albion Income & Growth VCT PLC's investment portfolio as at 30 September 2010 is shown below. The asset based portfolio now accounts for 51 per cent. of net assets with the growth portfolio accounting for 40 per cent. and cash and liquid assets 9 per cent.. Both the environmental and healthcare portions of the portfolio will again continue to increase; the former now accounts for 6 per cent. and the latter for 13 per cent.



Source: Albion Ventures LLP

New investments
During the year your Company invested £1.3 million in four new investments and £1.3 million in a number of existing investee companies. Two of the new investments were in the healthcare sector, being Orchard Portman Hospital Limited, a freehold psychiatric hospital based in Somerset and Masters Pharmaceutical Limited, as detailed in the Chairman's statement. This broader sector remains a core area for concentration going forwards as, despite the undoubted adverse effect of the impending spending cuts, we believe that the sector, at all stages of technology and service, offers growth opportunities over future years. In addition, your Company has made its first renewable energy investment; TEG Biogas (Perth) Limited is constructing a waste-food-to-energy plant in Scotland, which will become operational next Spring. In general, renewable energy is also set to be an important area for concentration as, like healthcare, we see that it adds strong, longer term growth prospects.

The pipeline of potential new investments is strong; subsequent to the year end, contracts have been exchanged on a second psychiatric treatment centre in which the fund will invest in the new year. In addition, terms have been agreed with a number of renewable energy projects in the anaerobic digestion, hydroelectricity, wind and solar sectors.

In addition, the successful sale of RFI Global Services Limited realised initial proceeds of £1.8 million against cost of £1.16 million and a value at 30 September 2009 of £856,000.

Portfolio review
As mentioned in the Chairman's statement, a number of companies within the growth portfolio have begun to perform strongly. These include Dexela Limited, Point 35 Microstructures, Mirada Medical Limited and Helveta Limited. Trading at Lowcosttravelgroup Limited also shows continued growth, with an important new contract signed with Easyjet. The largest write down in the growth portfolio was Chichester Holdings Limited, whose markets have continued to suffer in the current climate. In addition, continued difficult markets led to the restructuring of Red-M Wireless Limited and Rostima Limited while a partial provision was made against Opta Sports Data Limited following lower than anticipated growth.

In our asset-based portfolio, cinemas have performed particularly well, while membership and profitability continued to climb at our health and fitness clubs. In general, the pub portfolio performed well, although growth at The Charnwood Pub Company Limited, which operates food-led pubs in central England, remained subdued.

While the value of a number of our investee businesses was written down during the recession, the portfolio remains almost entirely intact and largely profitable. The great majority of the portfolio have continued to grow, and are beginning to drive an increase in value.

Albion Ventures LLP
Manager
5 January 2011

The Board of Directors

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

Friedrich Ternofsky (67) Chairman *†‡
An Austrian national, he has spent much of his career in the hotel and leisure industry. He was the chief executive of Marriott Hotels UK from 1981 to 1993 before becoming chief executive of the UK and Scandinavian operations of Compass Group plc, a post he held until 2000. He is currently a non-executive director of Wates Group Limited and Kew Green Hotels Limited, as well as a number of other private companies. Friedrich Ternofsky became a Director of the Company on 26 July 2004.

Mary Anne Cordeiro (49) MA *†‡
Mary Anne Cordeiro worked at Goldman Sachs International Limited, first in the mergers and acquisitions department and subsequently in the Financial Institutions Group from 1986 to 1992. She worked in similar roles in Bankers Trust Company and Paribas, and was also co-head of Paribas' Financial Institutions Group, before leaving to found her own business in the insurance sector in 1998. More recently she has applied her financial and strategy expertise to the commercialisation of science and technology, and advises a range of early-stage businesses. Mary Anne Cordeiro became a Director of the Company on 26 July 2004.

John Kerr (68) ACMA *†‡
John Kerr has worked as a venture capitalist and also in manufacturing and service industries. He held a number of finance and general management posts in the UK and USA, before joining SUMIT Equity Ventures, an independent Midlands based venture capital company, where he was managing director from 1985 to 1992. He then became chief executive of Price & Pierce Limited, which acted as the UK agent for overseas producers of forestry products, before leaving in 1997 to become finance director of Ambion Brick, a building materials company bought out from Ibstock PLC. After retiring in 2002, he now works as a consultant. He is a non-executive director of Albion Venture Capital Trust PLC, which is also managed by Albion Ventures LLP, and he is also an external member of the Albion Ventures LLP investment committee. John Kerr became a Director of the Company on 26 July 2004.

Patrick Reeve, (50), MA, ACA †‡
Patrick Reeve 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 LLP (then Close Ventures Limited) with the launch of Albion Venture Capital Trust PLC in the spring of 1996. He is a Director of Albion Prime VCT PLC, Albion Enterprise VCT PLC and Albion Technology & General VCT PLC, all managed by Albion Ventures LLP. He is also a director of Healthcare & Leisure Property Fund PLC, for which Albion Ventures LLP acts as investment adviser. Patrick Reeve became a Director of the Company on 10 June 2004.

Robin Archibald (51) BCom, CA *†‡
Robin Archibald qualified as a chartered accountant with Touche Ross in Glasgow in 1983, before transferring with Touche to London where he worked in the corporate finance department. Since 1986, he has worked in corporate finance and corporate broking roles, including for Samuel Montagu, SG Warburg Securities, NatWest Wood Mackenzie and since 2004 has been director and head of corporate finance and broking for Winterflood Securities Limited, a wholly owned subsidiary of Close Brothers PLC. Since the early nineties, he has concentrated on advising and managing transactions in the UK closed ended funds sector and has gained a wide experience on fund raising, reorganisations and restructurings for all types of listed funds. Robin Archibald became a Director of the Company on 28 September 2010.

* Member of the Audit 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 Albion Income & Growth VCT PLC. In addition to Albion Income & Growth VCT PLC, it manages a further eight venture capital trusts, and has currently total funds under management of approximately £240 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 VCTs managed by Albion Ventures LLP, including Albion Income & Growth VCT PLC:

Patrick Reeve, (50), MA, ACA, details included in the Board of Directors section.

Will Fraser-Allen, (40), 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 (40), 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 (34), 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 (35), BA (Hons), joined Close 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 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 (36), 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 list is a summary of investments as at 30 September 2010:

Qualifying investments			As at 30 September 2010			As at 30 September 2009			
Investee company	% voting rights	% voting rights of AVL* managed companies	Cost £'000	Cumulative movement in value £'000	Total value £'000	Cost £'000	Cumulative movement in value £'000	Total value £'000	**Change in value for the year £'000
Asset-based unquoted investments									
The Weybridge Club Limited	18.5	50.0	**3,000**	**(468)**	**2,532**	3,000	(382)	2,618	(86)
Kensington Health Clubs Limited	12.9	50.0	**3,044**	**(1,178)**	**1,866**	3,000	(1,278)	1,722	100
Evolutions Television Limited	14.9	49.9	**2,755**	**(1,103)**	**1,652**	2,755	(1,238)	1,517	135
The Charnwood Pub Company Limited	10.3	50.0	**2,914**	**(1,472)**	**1,442**	2,914	(1,217)	1,697	(255)
Tower Bridge Health Clubs Limited	17.2	50.0	**1,075**	**114**	**1,189**	1,375	(89)	1,286	203
Bravo Inns II Limited	9.8	50.0	**1,110**	**(76)**	**1,034**	1,110	(72)	1,038	(4)
CS (Brixton) Limited	16.7	50.0	**713**	**211**	**924**	650	72	722	139
Radnor House School Limited	4.2	50.0	**734**	**4**	**738**	–	–	–	4
Bravo Inns Limited	12.7	50.0	**1,130**	**(516)**	**614**	1,130	(524)	606	8
Geronimo Inns VCT I Limited	3.3	50.0	**260**	**39**	**299**	260	3	263	36
Geronimo Inns VCT II Limited	3.3	50.0	**260**	**39**	**299**	260	3	263	36
CS (Norwich) Limited	20.0	50.0	**320**	**(38)**	**282**	320	(105)	215	67
Orchard Portman Hospital	7.9	50.0	**268**	**5**	**273**	–	–	–	5
Premier Leisure (Suffolk) Limited	13.6	50.0	**1,000**	**(745)**	**255**	1,000	(741)	259	(4)
GB Pub Company VCT Limited	16.6	50.0	**667**	**(412)**	**255**	659	(411)	248	(1)
CS (Exeter) Limited	16.6	50.0	**271**	**(41)**	**230**	250	(8)	242	(33)
The Dunedin Pub Company VCT Limited	15.4	50.0	**548**	**(355)**	**193**	786	(391)	395	36
TEG Biogas (Perth) Limited	6.1	50.0	**55**	**–**	**55**	–	–	–	–
Total asset-based unquoted investments			**20,124**	**(5,992)**	**14,132**	19,469	(6,378)	13,091	386

* Albion Ventures LLP

** As adjusted for additions and disposals during the year

Portfolio of investments continued

			As at 30 September 2010			As at 30 September 2009			
Investee company	% voting rights	% voting rights of AVL* managed companies	Cost £'000	Cumulative movement in value £'000	Total value £'000	Cost £'000	Cumulative movement in value £'000	Total value £'000	**Change in value for the year £'000
High growth investments									
Blackbay Limited	15.0	34.9	**1,550**	**861**	**2,411**	1,550	543	2,093	318
Xceleron Limited	21.7	45.1	**2,339**	**(171)**	**2,168**	2,010	(120)	1,890	(51)
Lowcosttravelgroup Limited	12.0	26.0	**1,560**	**(470)**	**1,090**	1,560	(767)	793	297
Helveta Limited	6.3	20.8	**921**	**–**	**921**	921	(165)	756	165
Mi-Pay Limited	10.5	43.7	**944**	**(231)**	**713**	741	(160)	581	(71)
Dexela Limited	7.6	34.8	**565**	**18**	**583**	565	18	583	–
Point 35 Microstructures Limited	7.6	28.1	**572**	**1**	**573**	572	(184)	388	185
Oxsensis Limited	5.7	20.7	**755**	**(183)**	**572**	570	(285)	285	102
Chichester Holdings Limited	15.2	50.0	**1,699**	**(1,260)**	**439**	1,699	(820)	879	(440)
Process Systems Enterprise Limited	3.5	16.0	**440**	**(98)**	**342**	440	(219)	221	121
Rostima Holdings Limited	13.6	39.3	**268**	**–**	**268**	999	(516)	483	(332)
Prime Care Holdings Limited	3.8	49.9	**210**	**18**	**228**	159	6	165	12
Opta Sports Data Limited	2.7	14.0	**290**	**(76)**	**214**	290	25	315	(101)
Forth Photonics Limited	1.3	18.4	**175**	**–**	**175**	105	–	105	–
Masters Pharmaceuticals Limited	1.0	17.1	**160**	**2**	**162**	–	–	–	2
Palm Tree Technology Limited	0.5	0.7	**235**	**(94)**	**141**	235	(200)	35	106
Mirada Medical Limited	3.3	45.0	**61**	**47**	**108**	37	–	37	47
Red-M Wireless Limited	25.4	41.0	**186**	**(120)**	**66**	186	–	186	(120)
Green Energy Property Services Limited	2.3	2.3	**28**	**(14)**	**14**	58	2	60	(16)
Total high growth investments			**12,958**	**(1,770)**	**11,188**	12,697	(2,842)	9,855	224
Total qualifying fixed asset investments			**33,082**	**(7,762)**	**25,320**	32,166	(9,220)	22,946	610

* Albion Ventures LLP

** As adjusted for additions and disposals during the year

Portfolio of investments continued

Non-qualifying fixed asset investments	As at 30 September 2010			As at 30 September 2009			
	Cost £'000	Cumulative movement in value £'000	Total value £'000	Cost £'000	Cumulative movement in value £'000	Total value £'000	**Change in value for the year £'000
Kensington Health Clubs Limited	–	–	–	44	(6)	38	–
Total non-qualifying fixed asset investments	**–**	**–**	**–**	**44**	**(6)**	**38**	**–**

* Albion Ventures LLP
** As adjusted for additions and disposals during the year

Non-qualifying current asset investments	As at 30 September 2010			As at 30 September 2009			
	Cost £'000	Cumulative movement in value £'000	Total value £'000	Cost £'000	Cumulative movement in value £'000	Total value £'000	**Change in value for the year £'000
Rabobank Floating Rate Note 29/07/2010	–	–	–	2,500	3	2,503	–
Total non-qualifying current asset investments	**–**	**–**	**–**	**2,500**	**3**	**2,503**	**–**

* Albion Ventures LLP
** As adjusted for additions and disposals during the year

Portfolio companies

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

The Weybridge Club Limited

The company owns a 30 acre freehold site near to the centre of Weybridge, Surrey, which has been developed into a premium health and fitness club. The club opened in May 2007 and membership is currently building up well.

	Audited results: year to 31 August 2009 £'000	Investment information	£'000
Turnover	1,612	Income recognised in the year	116
Loss before interest	(22)	Total cost	3,000
Net liabilities	(358)	Total valuation	2,532
Basis of valuation:	Net asset value supported by third party valuation	Voting rights	18.5%

Website: www.theweybridgeclub.com

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

Blackbay Limited

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

	Audited results: year to 31 December 2009 £'000	Investment information	£'000
Turnover	6,199	Income recognised in the year	201
Profit before interest	726	Total cost	1,550
Net liabilities	(1,705)	Total valuation	2,411
Basis of valuation:	Earnings multiple	Voting rights	15.0%

Website: www.blackbay.com

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

Xceleron Limited

The company is a provider of drug development services to the life-science industries.

	Audited results: year to 31 December 2009 £'000	Investment information	£'000
Turnover	5,270	Income recognised in the year	64
Loss before interest	(197)	Total cost	2,339
Net liabilities	(1,379)	Total valuation	2,168
Basis of valuation:	Price of recent investment reduced for impairment	Voting rights	21.7%

Website: www.xceleron.com

Funds managed and advised by Albion Ventures LLP have invested in this company and have a combined equity holding of 45.1 per cent.

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.

	Audited results: year to 30 September 2009 £'000	Investment information	£'000
Turnover	2,037	Income recognised in the year	159
Profit before interest	30	Total cost	3,044
Net assets	1,688	Total valuation	1,866
Basis of valuation:	Net asset value supported by third party valuation	Voting rights	12.9%

Website: www.thirtysevendegrees.co.uk/olympia

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

Evolutions Television Limited

The company is a television post production business providing post production services, including video and sound editing and automation, to a broad range of production companies. It operates from a freehold building in Oxford Street, London and three leasehold premises nearby.

	Audited results: year to 30 June 2009 £'000	Investment information	£'000
Turnover	9,203	Income recognised in the year	–
Loss before interest	(268)	Total cost	2,755
Net assets	632	Total valuation	1,652
Basis of valuation:	Net asset value supported by third party valuation	Voting rights	14.9%

Website: www.evolutions.tv

Funds managed and advised by Albion Ventures LLP have invested in this company and have a combined equity holding of 49.9 per cent.

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 portfolio of pubs is making an operating profit in difficult trading conditions.

	Audited results: 17 months to 31 March 2010 £'000**	**Investment information**	**£'000**
Turnover	3,314	Income recognised in the year	99
Loss before interest	(255)	Total cost	2,914
Net liabilities	(608)	Total valuation	1,442
Basis of valuation:	Net asset value supported by third party valuation	Voting rights	10.3%

Website: www.charnwoodpubco.co.uk

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 include the costs associated with acquiring a further 8 pubs and costs relating to the restructuring of the pub portfolio.*

Tower Bridge Health Clubs Limited

The company has developed and operates a health and fitness club in the More London development in central London. Membership remains strong and continues to grow.

	Audited results: year to 30 September 2009 £'000	**Investment information**	**£'000**
Turnover	2,412	Income recognised in the year	113
Profit before interest	306	Total cost	1,075
Net liabilities	(226)	Total valuation	1,189
Basis of valuation:	Net asset value supported by third party valuation	Voting rights	17.2%

Website: www.thirtysevendegrees.co.uk/towerbridge

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

Lowcosttravelgroup Limited

The company is an online travel company specialising in beach holidays and the provision of hotel transfers. The company has seen significant growth in bookings and has made a number of small bolt on acquisitions.

	Audited results: year to 30 October 2009 £'000	**Investment information**	**£'000**
Total transaction value	108,974	Income recognised in the year	18
Turnover	18,999	Total cost	1,560
Profit before interest	614	Total valuation	1,090
Net assets	2,214	Voting rights	12.0%
Basis of valuation:	Earnings multiple		

Website: www.lowcosttravelgroup.com

Funds managed and advised by Albion Ventures LLP have invested in this company and have a combined equity holding of 26.0 per cent.

Bravo Inns II Limited

The company was formed in September 2007 and has acquired 15 freehold pubs in the North of England. The pubs are trading well with considerable consumer demand for the value offering.

	Audited results: year to 30 March 2010 £'000	**Investment information**	**£'000**
Turnover	3,167	Income recognised in the year	81
Loss before interest	(4)	Total cost	1,110
Net assets	1,623	Total valuation	1,034
Basis of valuation:	Net asset value supported by third party valuation of freehold property	Voting rights	9.8%

Website: www.bravoinns.com

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

CS (Brixton) Limited

This company owns and operates the Ritzy cinema in Brixton, London.

	Audited results: year to 31 December 2009 £'000	**Investment information**	**£'000**
Turnover	*	Income recognised in the year	69
Profit before interest	*	Total cost	713
Net assets	1,661	Total valuation	924
Basis of valuation:	Net asset value supported by third party valuation	Voting rights	16.7%

Website: www.picturehouses.co.uk

Funds managed and advised by Albion Ventures LLP have invested in this company and have a combined equity holding of 50 per cent.

*Abbreviated accounts filed at Companies House therefore turnover and profit/(loss) before interest not disclosed.

Net assets of investee companies where a recent third party valuation has taken place may have a higher valuation in Albion Income & Growth VCT PLC's accounts than in its own, 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 Albion Income & Growth VCT PLC (the "Company") for the year ended 30 September 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 September 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 27 May 2010 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 income tax relief some investors would have obtained when they invested in the original share offers.

Capital structure

Details of the authorised and issued share capital, together with details of the movements in the Company's issued share capital during the year are shown in note 16.

The Company's share capital comprises Ordinary shares only. The Ordinary shares are designed for individuals who are professionally advised private investors, seeking, over the long term, investment exposure to a diversified portfolio of unquoted investments. The investments are spread over a number of sectors, to produce a regular and predictable source of income, combined with the prospect of longer term capital growth.

All shares rank pari passu for dividend and voting rights and each share is 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 under the 'Our Funds' section. During the year the Company issued 84,582 new Ordinary shares under the Dividend Reinvestment Scheme, details of which can be found in note 16.

On 1 November 2010 the Company announced the launch of the Albion VCTs Linked Top Up Offer. Details are disclosed in the Chairman's statement. On 10 December 2010, the Company held a General Meeting at which special resolutions were passed to facilitate this offer.

Substantial interests and shareholder profile

As at 30 September 2010 and at the date of this report, the Company was not aware of any shareholder that had a beneficial interest exceeding 3 per cent. of voting rights. There have been no disclosures in accordance with Disclosure and Transparency Rule 5 made to the Company during the year ended 30 September 2010, and to the date of this report.

The table below shows the shareholder profile as at 5 January 2011 for the Company:

Number of shares held	% shareholders	% share capital
1 – 10,000	61.4	17.3
10,001 – 50,000	33.0	41.6
50,001 – 100,000	4.0	15.9
100,001 – 500,000	1.4	12.3
500,001 – 1,000,000	0.1	1.6
1,000,001 – 5,000,000*	0.1	11.3

* Treasury shares held by Albion Income & Growth VCT PLC

Investment policy

The Company's investment strategy is to provide investors with a regular and predictable source of dividend income combined with the prospect of long term capital growth, through allowing investors the opportunity to participate in a balanced portfolio of high growth businesses, and lower risk asset-based companies. It is intended that, in time, the Company's investment portfolio will be split approximately as follows:

- 45 per cent. to be invested in higher growth unquoted businesses, including early stage technology;
- 45 per cent. to be invested in unquoted asset-based businesses in the leisure sector; and
- 10 per cent. to be held in floating rate securities, cash deposits and gilts with a Moody's credit rating of at least A.

In neither of the first two categories listed above would investee companies normally have any external borrowing with a charge ranking ahead of the VCT. Up to two thirds of qualifying assets by cost will comprise loan stock secured with a first charge on the investee company's assets.

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 in 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 Stock Exchange.

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

'Qualifying holdings' for Albion Income & Growth 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. Details of the sectors in which the Company is invested can be found in the pie charts on page 8 of the Manager's report.

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 10 per cent. of the adjusted share capital and reserves. As at 30 September 2010, the Company's maximum permitted exposure was £2,758,000 (2009: £2,753,000) 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 shows the split of the portfolio valuation by industrial or commercial sector as at 30 September 2010. Details of the principal investments made by the Company are shown in the Portfolio of investments on pages 11 and 12.

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 pages 6 and 7, 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 22. Details of related party transactions are shown in note 23.

The Directors do not foresee any major changes in the activity undertaken by the Company in the current year. The Company continues with its objective to invest in unquoted companies throughout the United Kingdom with a view to providing both capital growth and a reliable dividend income to shareholders over the long term.

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 20.

Directors' report and enhanced business review continued

Results and dividends

The results for the year ended 30 September 2010 are as follows:

	£'000
Net revenue return for the year ended 30 September 2010	738
Revenue dividend of 1.25 pence per share paid on 1 February 2010	(515)
Revenue dividend of 1.06 pence per share paid on 9 July 2010	(435)
Transferred to revenue reserve	**(212)**
Net capital gain for the year ended 30 September 2010	977
Capital dividend of 0.69 pence per share paid on 9 July 2010	(283)
Transferred to realised and unrealised reserves	**694**
Net assets as at 30 September 2010	27,585
Net asset value per share as at 30 September 2010 (pence)	67.81

The Company paid dividends of 3.0 pence per share (2009: 3.0 pence per share) during the year ended 30 September 2010.

As described in the Chairman's statement, the Board has declared a first dividend of 1.75 pence per share to be paid 0.95 pence per share from revenue profits and 0.80 pence per share from capital profits. This dividend will be paid on 31 January 2011 to shareholders on the register as at 14 January 2011. The Board currently has an annual dividend target of 3.50 pence per share (although this should not be regarded as a forecast).

As shown in the Income statement on page 30 of the Financial Statements, the investment income has decreased to £1,210,000 (2009: £1,377,000) due to the receipt of no dividend income, and minimal income from floating rate notes following the disposal of this investment during the year. The revenue return to equity holders has decreased to £738,000 (2009: £807,000) or 1.79 pence per share (2009: 1.92 pence per share), largely due to the fall in income described above.

The capital gain for the year was £977,000 (2009: loss of £5,413,000), primarily as a result of the increase in unrealised gains on investments offset by the capitalisation of management fees net of taxation.

The total return per share was 4.15 pence per share (2009: loss of 10.9 pence per share).

The Balance sheet on page 31 shows that the net asset value per share has increased over the last year to 67.81 pence per share (2009: 66.38 pence per share), primarily reflecting the profit generated during the year, offset by the payment of 3.0 pence per share dividends during the year.

The cash flow for the business shows a net inflow of £861,000 for the year (2009: outflow £1,878,000), reflecting operating cash inflows and fixed and current asset disposals, offset by dividends paid, new fixed asset investments and the purchase of shares for cancellation.

Share buy-backs

The Company operates a programme of buying back shares either for cancellation or for holding in treasury. Details regarding the current policy can be found on page 6 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 Albion Income & Growth VCT PLC's net asset value total return against the FTSE All-Share Index total return, in both instances with dividends reinvested. Details of the performance of the net asset value and return per share for the year are shown above.

The total expense ratio for the year to 30 September 2010 was 3.3 per cent. (2009: 3.5 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 17.

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 Company'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 its strong track record for investing in this segment of the market. 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 non-executive Directors of the Company 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, 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 advisors. 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 its 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 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 Committee to ask specific and detailed questions. During the year the Board met with the internal audit Partner of Littlejohn LLP to discuss the most recent Internal Audit Report 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 Company's internal controls through the implementation of the Turnbull guidance are detailed on page 26.

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 change of Manager under certain circumstances (for further detail, see the management agreement paragraph on page 20). 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 20 to the Financial Statements.

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

Directors' report and enhanced business review continued

Environment
The management and administration of Albion Income & Growth 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. Initiatives designed to minimise the Company's impact on the environment include recycling and reducing energy consumption as will be shown in the financial statements of Albion Ventures LLP.

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

Directors
The Directors who held office during the year and their interests in the shares of the Company (together with those of their immediate family) are shown below:

	30 September 2010	30 September 2009
Friedrich Ternofsky	**10,000**	10,000
Mary Anne Cordeiro	**4,352**	4,164
John Kerr	**12,000**	12,000
Patrick Reeve	**220,000**	200,000
Robin Archibald (appointed 28 September 2010)	**–**	–
David Watkins (resigned 27 September 2010)	**5,000**	5,000

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

No Director has a service contract with the Company.

All Directors are members of the Audit Committee, with the exception of Mr Reeve. Mr Kerr is Chairman.

No options over the share capital, long term incentive or retirement benefits of the Company have been granted to Directors personally, nor does the Company make a contribution to any pension scheme on behalf of the Directors. Further details regarding the Directors' remuneration are shown on page 28.

Directors' indemnity
Each Director has entered into a Deed of Indemnity with the Company which indemnifies each Director, subject to the provisions of the Companies Act 2006 and the limitations set out in each deed, 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, Friedrich Ternofsky, Patrick Reeve and John Kerr will retire and offer themselves for re-election. As Robin Archibald has recently been appointed since the last Annual General Meeting he will resign and be subject to election at the forthcoming Annual General Meeting.

Management agreement
Under the terms of the agreement dated 2 August 2004, the Company and Close Ventures Limited entered into a management agreement which may be terminated by either party on 12 months' notice. This agreement was novated to Albion Ventures LLP on 23 January 2009. The Manager will provide the investment management, company secretarial and administrative services to the Company, for a fee payable quarterly in arrears on 1 January, 1 April, 1 July and 1 October in each year, of an amount equal to 2.5 per cent. of the net asset value of the Company. The management agreement is subject to earlier termination in the event of certain breaches, or on the insolvency of either party.

The Manager is entitled to an arrangement fee payable by each investee company of approximately 2 per cent. on each investment made, and also entitled to non-executive director fees when placing an investment executive from Albion Ventures LLP on the investee company Board.

Under the terms of the management agreement, the total normal management and administration expenses of the Company, inclusive of any net irrecoverable VAT, but not including any Manager's performance incentive fee, are limited to a maximum of 3.5 per cent. of the value of the Company's net assets. Any excess will either be paid by the Manager, or refunded by way of deduction of management fees.

Management performance incentive
In order to provide the Manager with an incentive to maximise the return to investors, the management agreement contains a manager's incentive fee arrangement.

The target level requires returns to exceed a minimum compound level of 8 per cent. per annum (comprising dividends and net asset value). If the target is achieved the Manager is entitled to 20 per cent. of the excess. For the year to 30 September 2010, no incentive fee became due to the Manager (2009: £nil).

Evaluation of the Manager
The Board has evaluated the 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 current investments, a review of the Management agreement and the services provided therein, and benchmarking the performance 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 2 of the Financial Statements, the unquoted equity investments and some other financial instruments 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.

Investment and co-investment
The Company co-invests with other venture capital trusts and funds managed 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 Annual General Meeting on 9 February 2011.

Supplier payment policy
The Company's policy is to pay all supplier invoices within 30 days of the invoice date, or as otherwise agreed. Trade creditors totalled £12,000 as at 30 September 2010 (2009: £11,000). The creditor days as at 30 September 2010 were 5 days (2009: 6 days).

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 February 2011. 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. A summary of proxies lodged at the Annual General Meeting will be published at www.albion-ventures.co.uk within the 'Our Funds' section by clicking on Albion Income & Growth 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 9 will request the authority to allot up to an aggregate nominal amount of £2,230,579 representing approximately 10 per cent. of the issued Ordinary share capital of the Company as at the date of this Report.

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 6 of the Chairman's statement and the reissuance of treasury shares where it is in the Company's interest to do so. The Company currently holds 3,932,649 treasury shares representing 8.8 per cent. of the total Ordinary share capital in issue as at 30 September 2010.

This resolution replaces the authority given to the Directors at the General Meeting on 10 December 2010. The authority sought at the forthcoming Annual General Meeting will expire on 9 August 2012 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 10 will request the authority for the 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 a maximum aggregate of £2,230,579 of the nominal value of the share 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 General Meeting on 10 December 2010. The authority sought at the forthcoming Annual General Meeting will expire 9 August 2012 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.

Directors' report and enhanced business review continued

Purchase of own shares
Special resolution number 11 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 11. 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 2010 authority, which was on similar terms. During the financial year under review, the Company purchased 884,706 Ordinary shares of 50 pence each to be cancelled, at an aggregate consideration of £474,000 including stamp duty, representing 2.0 per cent. of the issued share capital of the Company as at 30 September 2009.

This resolution replaces the authority given to the Directors at the Annual General Meeting in 2010. The authority sought at the forthcoming Annual General Meeting will expire on 9 August 2012 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.

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 resolution number 11, as a special resolution, is intended to apply equally to shares to be held by the Company as treasury shares in accordance with the Regulations.

Special resolution number 12 will request the authority to permit Directors to sell treasury shares at the higher of the prevailing current share price and the price bought in at.

Recommendation
The Board believes that the passing of the resolutions above are in the best interests of the Company and its shareholders as a whole, and unanimously recommends that you vote in favour of these resolutions, as the Directors intend to do in respect of their own beneficial shareholdings of 246,352 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 have elected to prepare the 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 of the profit or loss of the Company for that period. In preparing these Financial Statements the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the Financial Statements;
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the company 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 enable them to ensure that the Financial Statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company 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 Financial Statements, which have been prepared in accordance with UK Generally Accepted Accounting Practice, give a true and fair view of the assets, liabilities, financial position and profit of the Company; and
- the Management report included within the Chairman's statement, Manager's report and Director's report and

Directors' report and enhanced business review continued

enhanced business review includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that it faces.

The names of all the Directors are stated on page 9.

Disclosure of information to auditors
In the case 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
5 January 2011

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 Albion Income & Growth 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 Albion Income & Growth 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. Friedrich Ternofsky is the Chairman and Mary Anne Cordeiro is the Senior Independent Director. 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 Board has an independent Chairman, Friedrich Ternofsky, and a majority of independent Directors namely Mary Anne Cordeiro and Robin Archibald. John Kerr is not an independent Director as he is also a director of Albion Venture Capital Trust PLC, a fund managed by the Manager Albion Ventures LLP. He is also a member of the Investment Committee of Albion Ventures LLP. Patrick Reeve is not an independent Director as he is Managing Partner of Albion Ventures LLP, the Manager.

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 of this Report, on page 9. 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 2010 as part of its regular programme of Board meetings. All of the Directors attended each meeting. A sub-committee of the Board comprising John Kerr, Patrick Reeve and Mary Anne Cordeiro met twice 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. 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;
- the performance of the Company;
- share buy-back and treasury share programme; and
- monitoring shareholder profile and considering shareholder communications.

Statement of corporate governance continued

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. The Senior Independent Director reviews the Chairman's annual performance evaluation.

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 these 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.

Directors' retirement and re-election is subject to the Articles of Association and the AIC Code on Corporate Governance. Directors are subject to re-election every three years and non-independent Directors, to re-election every year.

In light of the structured performance evaluation, Friedrich Ternofsky, Patrick Reeve and John Kerr, all of whom are subject to re-election at the forthcoming Annual General Meeting, are considered to be effective and demonstrate strong commitment to the role. The Board believes it to be in the best interest of the Company to appoint them at the forthcoming Annual General Meeting.

As Robin Archibald has been appointed since the last Annual General Meeting, he will resign and be subject to election at the forthcoming Annual General Meeting. The Board believes that his background and skills in corporate finance and closed ended funds will prove to be a valuable addition to the Board.

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.

Audit Committee
The Audit Committee consists of all Directors excluding Patrick Reeve. Mr Kerr is Chairman of the Audit Committee. In accordance with the Code, the members of the Audit Committee have recent and relevant financial experience. The Committee met twice during the year ended 30 September 2010; all members attended.

Written terms of reference have been constituted for the Audit Committee. These are as follows:

- providing an overview of the Company's accounting policies and financial reporting;
- 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, reviewing significant financial reporting judgements contained in them;
- meeting the Company's external Auditors annually, approving their appointment, re-appointment, remuneration, terms of engagement and providing an ongoing review of Auditor independence and objectivity;
- 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;
- meeting with the internal auditors of the Manager when appropriate;
- ensuring that all Directors of the Company and staff of the Manager feel able to raise issues of serious concern with the Chairman of the Audit 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
- undertaking the duties of the Engagement Committee, and reviewing the performance of the Manager and all matters arising under the Management Agreement.

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

- formally reviewing the final Annual Report and Financial Statements, the Half-yearly 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;

Statement of corporate governance continued

- 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
- 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, with Friedrich Ternofsky as Chairman. 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 vacancy arises.

During the year the Nomination Committee recommended the appointment of Robin Archibald to the Board of the Company. The Directors and Manager felt that they had the appropriate industry contacts to recommend the most appropriately qualified people for the vacancy on the Board, being aware of costs associated with employing head-hunters. In considering the appointment, the Committee was mindful of experience, proven ability at working at senior levels within Boards and knowledge of the sectors in which the Company invests.

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. This assessment considers all significant aspects of internal control arising during the year. The Audit 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 accounting records;
- independent valuations of the asset-backed investments within the portfolio are undertaken annually;
- 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 Committee of the Board reviews published financial information.

During the year, 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. Littlejohn LLP reports formally to the Board of Albion Income & Growth VCT PLC on an annual basis. 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, its portfolio of investments is 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

Statement of corporate governance continued

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 20. 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 conflicts of interest has two independent Directors authorise 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 16, 21 and 22 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

The Company's Annual General Meeting on 9 February 2011 will be used as an opportunity to communicate with investors. The Board, including the Chairman of the Audit 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.

Shareholders are able to access the latest information on the Company via the Albion Ventures LLP website 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

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

Tel: 020 7601 1850
(calls may be recorded; lines are open 9.00am – 5.30pm; Mon-Fri)
Email: 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 the requirement to have a Remuneration Committee, the Directors consider that the Company has complied throughout the year ended 30 September 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.

Friedrich Ternofsky
Chairman
5 January 2011

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

Since the Company's Board consists solely of non-executive Directors and there are no executive employees, a Remuneration Committee is not considered necessary.

Directors' remuneration policy

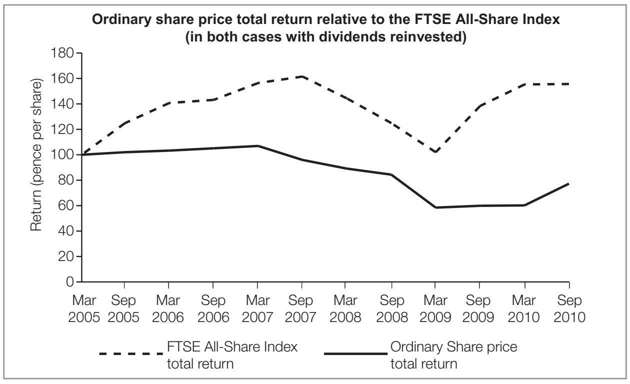
The Company's policy is that fees payable to non-executive Directors should reflect their expertise, responsibilities and time spent on Company matters. In determining the level of non-executive remuneration, market equivalents are considered in comparison to the overall activities and size of the Company.

The maximum level of non-executive Directors' remuneration is fixed by the Company's Articles of Association, not to exceed £120,000 per annum; amendment to this is by way of a special resolution subject to ratification by shareholders.

Performance graph

The graph below shows Albion Income & Growth VCT PLC's share price total return against the FTSE All-Share Index total return, in both instances with dividends reinvested. The Directors consider the FTSE All-Share Index to be the most appropriate benchmark for the Company. 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. At the forthcoming Annual General Meeting Friedrich Ternofsky, Patrick Reeve and John Kerr will retire and be proposed for re-election. As Robin Archibald has been appointed since the last Annual General Meeting he will resign and be subject to election at the forthcoming Annual General Meeting.

AUDITED INFORMATION

Directors' remuneration

The following items have been audited.

The following table shows an analysis of the remuneration of individual directors, exclusive of National Insurance or VAT:

	Year ended 30 September 2010 £'000	Year ended 30 September 2009 £'000
Friedrich Ternofsky	**21**	21
Mary Anne Cordeiro	**19**	19
John Kerr	**19**	19
Albion Ventures LLP (for Patrick Reeve's services)	**19**	19
David Watkins (resigned 27 September 2010)	**19**	19
Robin Archibald (appointed 28 September 2010)	**–**	–
	97	97

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 which has been recharged to the Company, save for Patrick Reeve, whose services are provided by Albion Ventures LLP.

In addition to Directors' remuneration, the Company pays an annual premium in respect of Directors' & Officers' Liability Insurance of £8,400 (2009: £8,400).

By Order of the Board

Albion Ventures LLP
Company Secretary
1 King's Arms Yard
London, EC2R 7AF
5 January 2011

Independent auditors' report to the Members of Albion Income & Growth VCT PLC

We have audited the Financial Statements of Albion Income & Growth VCT PLC for the year ended 30 September 2010 which comprise the Income statement, the Balance sheet, the Reconciliation of movements in shareholders' funds, the Cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation 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 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 Company's affairs as at 30 September 2010 and of its return for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 sourcebook 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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 in the Statement of corporate governance on page 26, 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

6 January 2011

Income statement

	Note	Year ended 30 September 2010 Revenue £'000	Capital £'000	Total £'000	Year ended 30 September 2009 Revenue £'000	Capital £'000	Total £'000
Gains/(losses) on investments	3	**–**	**1,348**	**1,348**	–	(5,046)	(5,046)
Investment income	4	**1,210**	**–**	**1,210**	1,377	–	1,377
Investment management fees	5	**(176)**	**(528)**	**(704)**	(184)	(555)	(739)
Recovery of VAT		**–**	**–**	**–**	12	36	48
Other expenses	6	**(206)**	**–**	**(206)**	(224)	–	(224)
Return/(loss) on ordinary activities before tax		**828**	**820**	**1,648**	981	(5,565)	(4,584)
Tax (charge)/credit on ordinary activities	8	**(90)**	**157**	**67**	(174)	152	(22)
Return/(loss) attributable to shareholders		**738**	**977**	**1,715**	807	(5,413)	(4,606)
Basic and diluted return/(loss) per share (pence)*	10	**1.79**	**2.36**	**4.15**	1.92	(12.86)	(10.94)

** excluding treasury shares*

The accompanying notes on pages 34 to 46 form an integral part of these Financial Statements.

The total column of this Income statement represents the profit and loss account of the Company. The supplementary revenue and capital columns have been prepared in accordance with the Association of Investment Companies' Statement of Recommended Practice.

All revenue and capital items in the above statement derive from continuing operations.

There are no recognised gains or losses other than the results for the year disclosed above. Accordingly a Statement of total recognised gains and losses is not required.

The difference between the reported return/(loss) on ordinary activities before tax and the historical profit/(loss) is due to the fair value movements on investments. As a result a note on historical cost profits and losses has not been prepared.

Balance sheet

	Note	30 September 2010 £'000	30 September 2009 £'000
Fixed asset investments			
Qualifying		**25,320**	23,840
Non-qualifying		**–**	38
Total fixed asset investments	11	**25,320**	23,878
Current assets			
Trade and other debtors	13	**12**	16
Current asset investments	13	**–**	2,503
Cash at bank and in hand	18	**2,368**	1,507
		2,380	4,026
Creditors: amounts falling due within one year	14	**(258)**	(371)
Net current assets		**2,122**	3,655
Debtors: amounts falling due after more than one year	15	**143**	–
Net assets		**27,585**	27,533
Capital and reserves			
Called up share capital	16	**22,306**	22,706
Share premium		**12**	10
Capital redemption reserve		**460**	18
Unrealised capital reserve		**(8,524)**	(10,385)
Special reserve		**19,668**	20,142
Treasury shares reserve		**(2,788)**	(2,788)
Realised capital reserve		**(3,939)**	(2,772)
Revenue reserve		**390**	602
Total equity shareholders' funds		**27,585**	27,533
Basic and diluted net asset value per share (pence)*	17	**67.81**	66.38

** excluding treasury shares*

The accompanying notes on pages 34 to 46 form an integral part of these Financial Statements.

These Financial Statements were approved by the Board of Directors, and authorised for issue on 5 January 2011 and were signed on its behalf by

Friedrich Ternofsky
Chairman

Company number: 5132495

Reconciliation of movements in shareholders' funds

	Called-up share capital £'000	Share premium £'000	Capital redemption reserve £'000	Unrealised capital reserve* £'000	Special reserve* £'000	Treasury share reserve* £'000	Realised capital reserve* £'000	Revenue reserve* £'000	Total £'000
As at 1 October 2009	**22,706**	**10**	**18**	**(10,385)**	**20,142**	**(2,788)**	**(2,772)**	**602**	**27,533**
Net realised gains on investments in the year	**–**	**–**	**–**	**–**	**–**	**–**	**542**	**–**	**542**
Unrealised gains on investments	**–**	**–**	**–**	**806**	**–**	**–**	**–**	**–**	**806**
Transfer of previously unrealised losses on disposal of investments	**–**	**–**	**–**	**1,055**	**–**	**–**	**(1,055)**	**–**	**–**
Capitalised investment management fee	**–**	**–**	**–**	**–**	**–**	**–**	**(528)**	**–**	**(528)**
Tax on capitalised management fees	**–**	**–**	**–**	**–**	**–**	**–**	**157**	**–**	**157**
Purchase of own shares for cancellation	**(442)**	**–**	**442**	**–**	**(474)**	**–**	**–**	**–**	**(474)**
Issue of equity (net of costs)	**42**	**2**	**–**	**–**	**–**	**–**	**–**	**–**	**44**
Revenue return attributable to shareholders	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**738**	**738**
Dividends paid	**–**	**–**	**–**	**–**	**–**	**–**	**(283)**	**(950)**	**(1,233)**
As at 30 September 2010	**22,306**	**12**	**460**	**(8,524)**	**19,668**	**(2,788)**	**(3,939)**	**390**	**27,585**

As at 1 October 2008	22,663	–	18	(6,049)	20,142	(2,111)	(1,695)	1,058	34,026
Net realised losses on investments in the year	–	–	–	–	–	–	(203)	–	(203)
Unrealised losses on investments	–	–	–	(4,843)	–	–	–	–	(4,843)
Transfer of previously unrealised losses on disposal of investments	–	–	–	507	–	–	(507)	–	–
Capitalised investment management fee	–	–	–	–	–	–	(555)	–	(555)
Capitalised recoverable VAT –	–	–	–	–	–	–	36	–	36
Tax on capitalised management fees	–	–	–	–	–	–	152	–	152
Purchase of own treasury shares	–	–	–	–	–	(677)	–	–	(677)
Issue of equity (net of costs)	43	10	–	–	–	–	–	–	53
Revenue return attributable to shareholders	–	–	–	–	–	–	–	807	807
Dividends paid	–	–	–	–	–	–	–	(1,263)	(1,263)
As at 30 September 2009	22,706	10	18	(10,385)	20,142	(2,788)	(2,772)	602	27,533

* Included within these reserves is an amount of £4,807,000 (2009: £4,799,000) which is considered distributable. The Special reserve has been treated as distributable in determining the amounts available for distribution.

Cash flow statement

	Note	Year ended 30 September 2010 £'000	Year ended 30 September 2009 £'000
Operating activities			
Investment income received		**1,119**	1,155
Deposit interest received		**52**	212
Dividend income received		**–**	99
Investment management fees paid		**(730)**	(793)
Recovery of VAT		**–**	618
Other cash payments		**(211)**	(232)
Net cash inflow from operating activities	19	**230**	1,059
Taxation			
UK corporation tax recovered/(paid)		**38**	(294)
Capital expenditure and financial investments			
Purchase of fixed asset investments		**(2,692)**	(3,480)
Disposal of fixed asset investments		**2,449**	224
Net cash outflow from investing activities		**(243)**	(3,256)
Equity dividends paid			
Dividends paid (net of cost of shares issued Under the dividend reinvestment scheme)		**(1,176)**	(1,200)
Management of liquid resources			
Disposal of current asset investment		**2,500**	2,500
Net cash inflow from liquid resources		**2,500**	2,500
Net cash inflow/(outflow) before financing		**1,349**	(1,191)
Financing			
Purchase of own shares for treasury		**–**	(677)
Purchase of own shares for cancellation	16	**(474)**	–
Cost of issue of share capital		**(14)**	(10)
Net cash outflow from financing		**(488)**	(687)
Cash inflow/(outflow) in the year	18	**861**	(1,878)

Notes to the Financial Statements

1. Accounting convention

The Financial Statements have been prepared in accordance with the historical cost convention, modified to include the revaluation of investments, in accordance with applicable United Kingdom law and accounting standards and with the Statement of Recommended Practice "Financial Statements of Investment Trust Companies and Venture Capital Trusts" ("SORP") issued by the Association of Investment Companies ("AIC") in January 2009. Accounting policies have been applied consistently in current and prior periods.

2. Accounting policies

Investments

Unquoted equity investments and convertible bonds

In accordance with FRS 26 "Financial Instruments Recognition and Measurement", unquoted equity investments and convertible bonds are designated as fair value through profit or loss ("FVTPL"). Fair value is determined by the Directors in accordance with the International Private Equity and Venture Capital Valuation Guidelines (IPEVCV guidelines).

Fair value movements and gains and losses arising on the disposal of investments are reflected in the capital column of the Income statement 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 and unquoted equity derived instruments

Warrants 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 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 Income statement and hence are reflected in the revenue reserve, and movements in respect of capital provisions are reflected in the capital column of the Income statement 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 and 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 FRS 26, floating rate notes are designated as fair value through profit or loss and 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 Company's policy to exercise control or significant influence over investee companies. Therefore, in accordance with the exemptions under FRS 9 "Associates and joint ventures", those undertakings in which the Company holds more than 20 per cent. of the equity are not regarded as associated undertakings.

Investment income

Unquoted equity income

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

Unquoted loan stock and other preferred income

Fixed returns on non-equity shares and debt securities are recognised on a time apportionment basis using the 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.

Investment management fees and other expenses

All expenses have been accounted for on an accruals basis. Expenses are charged through the revenue account except the following which are charged through the realised capital reserve:

- 75 per cent. of management fees are allocated to the capital account 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 Company's investment returns will be in the form of capital gains; and
- expenses which are incidental to the purchase or disposal of an investment.

Total expenses including management fees and excluding performance fees will not exceed 3.5 per cent. of net asset value of the Company at year end.

Notes to the Financial Statements continued

2. Accounting policies (continued)

Performance incentive fee

In the event that a performance incentive fee crystallises, the fee will be allocated between revenue and realised capital reserves based upon the proportion to which the calculation of the fee is attributable to revenue and capital returns.

Taxation

Taxation is applied on a current basis in accordance with FRS 16 “Current tax”. Taxation associated with capital expenses is applied in accordance with the SORP. In accordance with FRS 19 “Deferred tax”, deferred taxation is provided in full on timing differences 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. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered.

The specific nature of taxation of venture capital trusts means that it is unlikely that any deferred tax will arise. The Directors have considered the requirements of FRS 19 and do not believe that any provision should be made.

Reserves

Share premium account

This reserve accounts for the difference between the price paid for shares and the nominal value of the shares, less issue costs and transfers to the special reserve.

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 distributable reserves of the Company are diminished through the repurchase of the Company’s own shares for treasury.

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
- capital dividends paid to equity holders.

Dividends

In accordance with FRS 21 “Events after the balance sheet date”, dividends declared by the Company are accounted for in the period in which the dividend has been paid or approved by shareholders in an Annual General Meeting.

Notes to the Financial Statements continued

3. Gains/(losses) on investments

	Year ended 30 September 2010 £'000	Year ended 30 September 2009 £'000
Unrealised gains/(losses) on fixed asset investments held at fair value through profit or loss account	**979**	(2,718)
Unrealised impairments on fixed asset investments held at amortised cost	**(173)**	(2,141)
Unrealised gains/(losses) on fixed asset investments	**806**	(4,859)
Unrealised gains on current asset investments held at fair value through profit or loss account	**–**	16
Unrealised gains/(losses) sub-total	**806**	(4,843)
Realised gains/(losses) on fixed asset investments held at fair value through profit or loss account	**685**	(38)
Realised losses on fixed asset investments held at amortised cost	**(140)**	(173)
Realised (losses)/gains on current asset investments held at fair value through profit or loss account	**(3)**	8
Realised gains/(losses) sub-total	**542**	(203)
Total	**1,348**	(5,046)

Investments valued on an amortised cost basis are unquoted loan stock investments as described in note 2.

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 previous period relating to investments sold during the year.

4. Investment income

	Year ended 30 September 2010 £'000	Year ended 30 September 2009 £'000
Income recognised on investments held at fair value through profit or loss		
Dividend income	**–**	67
Floating rate note interest	**2**	143
Bank deposit interest	**48**	23
Income from convertible bonds	**64**	–
Other income	**2**	–
	116	233
Income recognised on investments held at amortised cost		
Return on loan stock investments	**1,094**	1,144
	1,210	1,377

Interest income earned on impaired investments at 30 September 2010 amounted to £346,000 (2009: £289,000).

5. Investment management fees

	Year ended 30 September 2010			Year ended 30 September 2009		
	Revenue £'000	**Capital £'000**	**Total £'000**	Revenue £'000	Capital £'000	Total £'000
Investment management fee	**176**	**528**	**704**	184	555	739

Further details of the management agreement under which the investment management fee is paid are given in Directors' report and enhanced business review on page 20.

Notes to the Financial Statements continued

6. Other expenses

	Year ended 30 September 2010 £'000	Year ended 30 September 2009 £'000
Directors' fees (including VAT and NIC)	**106**	103
Other administrative expenses	**62**	78
Tax services	**14**	19
Auditors' remuneration for statutory audit services	**24**	24
	206	224

7. Directors' fees

The amounts paid to Directors during the year are as follows:

	Year ended 30 September 2010 £'000	Year ended 30 September 2009 £'000
Directors' fees	**97**	97
National insurance and/or VAT	**9**	6
	106	103

Further information regarding Directors' remuneration can be found in the Directors' remuneration report on page 28.

8. Tax (charge)/credit on ordinary activities

	Year ended 30 September 2010			Year ended 30 September 2009		
	Revenue £'000	**Capital £'000**	**Total £'000**	Revenue £'000	Capital £'000	Total £'000
UK corporation tax in respect of current year	**(220)**	**157**	**(63)**	(248)	152	(96)
UK corporation tax in respect of prior year (consortium relief)	**130**	**–**	**130**	74	–	74
Total	**(90)**	**157**	**67**	(174)	152	(22)

Factors affecting the tax charge/(credit):

	Year ended 30 September 2010 £'000	Year ended 30 September 2009 £'000
Return/(loss) on ordinary activities before taxation	**1,648**	(4,584)
Tax (charge)/credit on profit at the standard rate	**(461)**	1,284
Factors affecting the charge:		
Non-taxable gains/(losses)	**377**	(1,413)
Non-taxable income	**–**	19
Consortium relief in respect of prior years	**130**	74
Marginal relief	**21**	14
	67	(22)

The tax credit for the year shown in the Income statement is lower than the standard rate of corporation tax in the UK of 28 per cent. (2009: 28 per cent.). The differences are explained above.

Notes:

(i) Venture Capital Trusts are not subject to corporation tax on capital gains.

(ii) Tax relief on expenses charged to capital has been determined by allocating tax relief to expenses by reference to the applicable corporation tax rate and allocating the relief between revenue and capital in accordance with the SORP.

(iii) No deferred tax asset or liability has arisen in the year.

Notes to the Financial Statements continued

9. Dividends

	Year ended 30 September 2010 Total £'000	Year ended 30 September 2009 Total £'000
First dividend paid on 2 February 2009 – 1.75 pence per share	**–**	739
Second dividend paid on 3 July 2009 – 1.25 pence per share	**–**	524
First dividend paid on 1 February 2010 – 1.25 pence per share	**515**	–
Second dividend paid on 9 July 2010 – 1.75 pence per share (1.06 pence per share from revenue and 0.69 pence per share from capital)	**718**	–
	1,233	1,263

In addition to the dividends summarised above, the Board has declared a first dividend for the year ending 30 September 2011 of 1.75 pence per share (0.95 pence per share from revenue profits and 0.80 pence per share from capital profits). This dividend will be paid on 31 January 2011 to shareholders on the register as at 14 January 2011. The total dividend will be approximately £712,000.

10. Basic and diluted return/(loss) per share

		Year ended 30 September 2010			Year ended 30 September 2009	
	Revenue	**Capital**	**Total**	Revenue	Capital	Total
Return/(loss) attributable to equity shares (£'000)	**738**	**977**	**1,715**	807	(5,413)	(4,606)
Weighted average shares in issue (excluding treasury shares)	**41,308,479**	**41,308,479**	**41,308,479**	42,072,734	42,072,734	42,072,734
Return/(loss) attributable per equity share (pence)	**1.79**	**2.36**	**4.15**	1.92	(12.86)	(10.94)

The weighted average number of shares is calculated excluding treasury shares of 3,932,649 (2009: 3,932,649).

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.

11. Fixed asset investments

	30 September 2010 £'000	30 September 2009 £'000
Qualifying unquoted equity and preference share investments	**7,865**	6,814
Qualifying unquoted loan stock investments (including convertible loan stocks)	**17,455**	17,026
Non-qualifying unquoted loan stock investments	**–**	38
Total	**25,320**	23,878

Notes to the Financial Statements continued

11. Fixed asset investments (continued)

	Qualifying unquoted equity and preference share investments £'000	Qualifying unquoted loan stock investments (including convertible loan stocks) £'000	Non-qualifying unquoted loan stock investments £'000	Total £'000
Opening valuation as at 1 October 2009	6,814	17,026	38	23,878
Transfer of non-qualifying to qualifying investment	–	38	(38)	–
Purchases at cost	1,101	1,535	–	2,636
Disposal proceeds	(1,059)	(1,532)	–	(2,591)
Realised gains/(losses)	685	(140)	–	545
Debt/equity swap and representation of convertible bond and debt	(655)	655	–	–
Movement in loan stock accrued income	–	46	–	46
Unrealised gains/(losses)	979	(173)	–	806
Closing valuation as at 30 September 2010	**7,865**	**17,455**	**–**	**25,320**
Movement in loan stock accrued income				
Opening accumulated movement in loan stock accrued income	–	716	–	716
Movement in loan stock accrued income	–	46	–	46
Closing accumulated movement in loan stock accrued income	**–**	**762**	**–**	**762**
Movement in unrealised losses				
Opening accumulated unrealised (losses)/gains	(7,589)	(2,795)	(6)	(10,390)
Transfer of non-qualifying to qualifying investment	–	(6)	6	–
Transfer of previously unrealised losses to realised reserve on disposal of investments	1,062	(2)	–	1,060
Representation of convertible bond and debt	(995)	995	–	–
Movement in unrealised (losses)/gains	979	(173)	–	806
Closing accumulated unrealised losses	**(6,543)**	**(1,981)**	**–**	**(8,524)**
Historic cost basis				
Opening book cost	14,403	19,106	44	33,553
Purchases at cost	1,101	1,535	–	2,636
Sales at cost	(1,437)	(1,670)	–	(3,107)
Transfer of non-qualifying to qualifying investment	–	44	(44)	–
Debt/equity swap	341	(341)	–	–
Closing book cost	**14,408**	**18,674**	**–**	**33,082**

Fixed asset investments held at fair value through the profit or loss account total £10,033,000 and include a convertible bond and debt with a value of £2,168,123 which has been represented from the amortised cost to fair value category in the accounts having previously been designated at fair value through profit or loss on initial recognition.

Additions of £2,692,000 included in the Cash flow statement do not agree with the purchases at cost above of £2,636,000 because a creditor of £56,000 as disclosed within other creditors in note 12 of the Annual Report and Financial Statements for the year ended 30 September 2009, settled during the year ended 30 September 2010.

The disposal of fixed assets of £2,449,000 included in the Cash flow statement does not agree with the disposal proceeds of £2,591,000 as a result of an escrow account held on disposal of RFI Global Services Limited of £142,000.

Fixed asset investment class valuation methodologies
Unquoted loan stock investments (excluding convertible bonds) are valued on an amortised cost basis.

Loan stock using a fixed interest rate total £16,955,000 (2009: £16,185,000). Loan stocks with a floating rate of interest total £500,000 (2009: £879,000).

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

Notes to the Financial Statements continued

11. Fixed asset investments (continued)

The Company does not hold any assets as the result of the enforcement of security during the period, 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 FRS 29 '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 not based on observable market data.

All of the Company's investments valued at fair value through the profit or loss are valued according to Level 3 valuation methods.

Investments valued at fair value through profit or loss (level 3) had the following movements in the year to 30 September 2010:

	30 September 2010 £'000
Opening balance	**6,814**
Additions	**1,101**
Disposals	**(1,059)**
Realised gains	**684**
Debt/equity swap and representation of convertible bond and debt	**2,509**
Unrealised losses on equity investments	**(16)**
Closing balance	**10,033**

Investments held at fair value through profit or loss are valued in accordance with the IPEVCV guidelines as follows:

Valuation methodology	**Year ended 30 September 2010 £'000**	Year ended 30 September 2009 £'000
Cost (reviewed for impairment)	**1,315**	846
Net asset value supported by third party valuation	**1,816**	1,317
Recent investment price	**4,525**	3,058
Earnings multiple	**2,377**	1,593
	10,033	6,814

The unquoted equity investments had the following movements between valuation methodologies between 30 September 2009 and 30 September 2010:

Change in investment methodology (2009 to 2010)	Carrying value as at 30 September 2010	Explanatory note
Recent investment price to cost (reviewed for impairment)	583	Improvement in investment performance
Cost (reviewed for impairment) to earning multiple	293	Improvement in investment performance
Cost (reviewed for impairment) to recent investment price	624	Recent investment round

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 IPEVCV Guidelines.

FRS29 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 63 per cent. of the equity and convertible bond investments (by valuation) are based on third party independent evidence and recent investment price. 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 investments by £850,000 or a decrease in the valuation of investments by £894,000.

Notes to the Financial Statements continued

12. Significant interests

The principal activity of the Company 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 September 2010 as described below:

Company	Country of incorporation	Principal activity	% class and share type	% total voting rights
CS (Norwich) Limited	Great Britain	Cinema	20.0% Ordinary	20.0%
Red-M Wireless Limited	Great Britain	Wireless network provider	25.4% A Ordinary	25.4%
Xceleron Limited	Great Britain	Bio-analytical services	36.1% A Ordinary	21.7%

As permitted by FRS 9, 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.

13. Current assets

Debtors	**30 September 2010 £'000**	30 September 2009 £'000
Prepayments and accrued income	**12**	4
Recoverable VAT	**–**	12
	12	16

The Directors consider that the carrying amount of debtors is not materially different to their fair value.

Current asset investment	**30 September 2010 £'000**	30 September 2009 £'000
Rabobank floating rate note 29 July 2010	**–**	2,503

The Company does not hold any current asset investments. The investment in the Rabobank floating rate note represented money held for investment and was redeemed during the year. Floating rate notes can be converted to cash within five working days. This sum was regarded as money held pending investment and is treated as liquid resources in the Cash flow statement.

14. Creditors: amounts falling due within one year

	30 September 2010 £'000	30 September 2009 £'000
Trade creditors	**12**	11
Other creditors	**9**	56
UK corporation tax payable	**18**	48
Accruals and deferred income	**219**	256
	258	371

The Directors consider that the carrying amount of creditors is not materially different to their fair value.

15. Debtors: amounts falling due after more than one year

	30 September 2010 £'000	30 September 2009 £'000
Other debtors	**143**	–
	143	–

The Directors consider that the carrying amount of debtors falling due after more than one year is not materially different to their fair value.

Notes to the Financial Statements continued

16. Called up share capital

	30 September 2010 £'000	30 September 2009 £'000
Authorised		
50,000,000 Ordinary shares of 50p each (2009: 50,000,000)	**25,000**	25,000
Allotted, called up and fully paid		
44,611,586 Ordinary shares of 50p each (2009: 45,411,710)	**22,306**	22,706

Shares in issue

40,678,937 Ordinary shares of 50p each (net of treasury shares) (2009: 41,479,061)

The Company purchased 884,706 Ordinary shares (2009: £nil) for cancellation at a cost of £474,000 (2009: £nil) representing 2.0 per cent of the shares in issue as at 1 October 2009.

The Company holds a total of 3,932,649 shares (2009: 3,932,649) in treasury, representing 8.8 per cent. of the Ordinary share capital in issue as at 30 September 2010. There were no shares purchased for treasury during the year (2009: 1,280,656 shares were purchased at a total cost of £677,000).

Under the terms of the Dividend Reinvestment Scheme Circular dated 22 December 2008, the following Ordinary shares of nominal value 50 pence were allotted during the year.

Date of allotment	Number of shares allotted	Aggregate nominal value of shares £'000	Consideration received £'000	Issue price (pence per share)	Opening market price per share on allotment date (pence per share)
1 February 2010	36,794	18	24	65.15	48.0
9 July 2010	47,788	24	33	68.35	58.5

17. Basic and diluted net asset values per share

	30 September 2010	30 September 2009
Basic and diluted net asset values per share (pence)	**67.81**	66.38

The basic and diluted net asset values per share at the year end are calculated in accordance with the Articles of Association and are based upon total shares in issue less the treasury shares of 40,678,937 Ordinary shares (2009: 41,479,061).

There are no convertible instruments, derivatives or contingent share agreements in issue. Although the Company holds treasury shares, the Directors do not currently intend to re-issue these shares hence it is not anticipated that there would be a dilution effect through the holding of treasury shares.

18. Analysis of changes in cash during the year

	Year ended 30 September 2010 £'000	Year ended 30 September 2009 £'000
Opening cash balances	**1,507**	3,385
Net cash inflow/(outflow)	**861**	(1,878)
Closing cash balances	**2,368**	1,507

Notes to the Financial Statements continued

19. Reconciliation of net return on ordinary activities before taxation to net cash inflow from operating activities

	Year ended 30 September 2010 £'000	Year ended 30 September 2009 £'000
Revenue return on ordinary activities before taxation	**828**	981
Investment management fee charged to capital	**(528)**	(555)
Recoverable VAT capitalised	**–**	36
Movement in accrued amortised loan stock interest	**(46)**	(20)
Decrease in debtors	**3**	651
Decrease in creditors	**(27)**	(34)
Net cash inflow from operating activities	**230**	1,059

20. Capital and financial instruments risk management

The Company's capital comprises Ordinary shares as described in note 16. The Company is permitted to buy-back its own shares for cancellation or treasury purposes, and this policy is described in more detail on page 6 of the Chairman's statement.

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

The principal risks arising from the Company'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 Company 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 below.

Investment risk

As a venture capital trust, it is the Company's specific nature to evaluate and control the investment risk in its portfolio of unquoted and quoted investments, details of which are shown on pages 11 to 13. Investment risk is the exposure of the Company to the revaluation and devaluation of investments. The main driver of investment risk is the operational and financial performance of the investee company and the dynamics of market quoted comparators. The Manager receives management accounts from investee companies, and members of the investment management team usually 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 review 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 Company 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 fixed and current asset investment portfolio which is £25,320,000 (2009: £26,381,000). Fixed and current asset investments form 91.9 per cent. of the net asset value as at 30 September 2010 (2009: 95.8 per cent.).

More details regarding the classification of fixed asset investments are shown in note 11.

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 Company as a whole, the strategy of the Company 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 pages 11 to 13 and in the Manager's report.

Notes to the Financial Statements continued

20. Capital and financial instruments risk management (continued)

Investment price risk (continued)

Valuations are based on the most appropriate valuation methodology for an investment within its market, with regard to the financial health of the investment and the IPEVCV Guidelines.

As required under FRS 29 "Financial Instruments: Disclosures", 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 fixed 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. increase or decrease in the valuation of the fixed and current asset investments (keeping all other variables constant) would increase or decrease the net asset value and return for the year by £2,532,000 (2009: £2,638,000).

Cash flow interest rate risk

It is the Company'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 Company'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 Company's fixed rate assets during the year was approximately 6.4 per cent. (2009: 6.2 per cent.). The weighted average period to expected maturity for the fixed rate assets is approximately 2.6 years (2009: 2.4 years).

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

	30 September 2010				30 September 2009			
	Fixed rate £'000	**Floating rate £'000**	**Non-interest bearing £'000**	**Total £'000**	Fixed rate £'000	Floating rate £'000	Non-interest bearing £'000	Total £'000
Unquoted equity	**–**	**–**	**7,865**	**7,865**	–	–	6,814	6,814
Unquoted loan stock	**16,955**	**500**	**–**	**17,455**	16,185	879	–	17,064
Floating rate note	**–**	**–**	**–**	**–**	–	2,503	–	2,503
Debtors	**–**	**–**	**155**	**155**	–	–	16	16
Current liabilities	**–**	**–**	**(258)**	**(258)**	–	–	(371)	(371)
Cash	**2,069**	**299**	**–**	**2,368**	–	1,507	–	1,507
Total net assets	**19,024**	**799**	**7,762**	**27,585**	16,185	4,889	6,459	27,533

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 Company. The Company is exposed to credit risk through its debtors, investment in loan stocks, and through the holding of floating rate notes and cash on deposit with banks.

The Manager evaluates credit risk on loan stock and floating rate note 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.

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

The Company's total gross credit risk as at 30 September 2010 was limited to £17,455,000 (2009: £17,064,000) of unquoted loan stock instruments, £2,368,000 cash deposits with banks (2009: £1,507,000) and no floating rate notes (2009: £2,503,000).

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

	30 September 2010			30 September 2009		
	Cost £'000	**Impairment £'000**	**Carrying value £'000**	Cost £'000	Impairment £'000	Carrying value £'000
Impaired loan stock	**9,857**	**(3,133)**	**6,724**	10,274	(2,839)	7,435

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 consider the security value to be the carrying value.

Notes to the Financial Statements continued

20. Capital and financial instruments risk management (continued)

Credit risk (continued)

As at the balance sheet date, the cash held by the Company is held with the Royal Bank of Scotland plc, Lloyds TSB Bank Plc, Standard Life and Scottish Widows Bank plc. Credit risk on cash transactions is mitigated by transacting with counterparties that are regulated entities subject to regulatory supervision, with Moody's credit ratings of at least 'A' or equivalent as assigned by international credit-rating agencies.

At the year end the Company held no floating rate notes (2009: one Rabobank floating rate note 29/07/10, valued at £2,503,000).

The Company 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.

Liquidity risk

Liquid assets are held as cash on current, deposit or short term money market accounts or similar instruments. Under the terms of its Articles, the Company has the ability to borrow up to 10 per cent. of its adjusted capital and reserves of the latest published audited balance sheet, which amounts to £2,758,500 as at 30 September 2010 (2009: £2,753,000).

The Company has no committed borrowing facilities as at 30 September 2010 (2009: £nil) and had cash balances of £2,368,000 (2009: £1,507,000) and no floating rate notes (2009: £2,503,000). The main cash outflows are for new investments, buy-back of shares and dividend payments, which are within the control of the Company. The Manager formally reviews the cash requirements of the Company on a monthly basis, and the Board on a quarterly basis as part of its review of management accounts and forecasts. All the Company's financial liabilities are short term in nature and total £258,000 for the year to 30 September 2010 (2009: £371,000).

The carrying value of loan stock investments held at amortised cost at 30 September 2010 as analysed at each year end by expected maturity dates is as follows:

Redemption date	**Fully performing loan stock £'000**	**Renegotiated loan stock £'000**	**Impaired loan stock £'000**	**Past due loan stock £'000**	**Total £'000**
Less than one year	**368**	**–**	**–**	**–**	**368**
1-2 years	**3,534**	**–**	**3,324**	**2,948**	**9,806**
2-3 years	**266**	**–**	**247**	**–**	**513**
3-5 years	**1,220**	**–**	**1,636**	**2,395**	**5,251**
+5 years	**–**	**–**	**1,517**	**–**	**1,517**
Total	**5,388**	**–**	**6,724**	**5,343**	**17,455**

Loan stock categorised as past due includes

- Loan stock valued at £630,000 which is fully performing with regard to interest has capital which is past due by up to 2 months;
- Loan stock with a capital value of £4,486,000 has interest overdue as only partial interest payments have been received for the past 5 months; however this loan stock is paying interest at an average yield on cost of 5.8%. Within this total capital value of £4,486,000, loan stock with a value of £1,372,562 has capital which is past due by up to 5 months; and
- Loan stock valued at £228,000 is overdue by less than one month and was formally renegotiated in October 2010.

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

Redemption date	Fully performing loan stock £'000	Renegotiated loan stock £'000	Impaired loan stock £'000	Total £'000
Less than one year	849	773	1,539	3,161
1-2 years	1,783	741	759	3,283
2-3 years	2,037	1,546	3,033	6,616
3-5 years	764	1,136	2,104	4,004
Total	5,433	4,196	7,435	17,064

In view of the information shown, the Board considers that the Company is subject to low liquidity risk.

Notes to the Financial Statements continued

20. Capital and financial instruments risk management (continued)

Fair values of financial assets and financial liabilities

All the Company's financial assets and liabilities as at 30 September 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 FRS 26. The Directors believe that the current carrying value of loan stock is not materially different to the fair value. There are no financial liabilities other than creditors. The Company'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.

21. Commitments and contingencies

As at 30 September 2010, the Company was committed to making a further investment of £121,000 in TEG Biogas (Perth) Limited, following its initial investment of £55,000 in July 2010.

There are no contingent liabilities or guarantees given by the Company as at 30 September 2010 (30 September 2009: nil).

22. Post balance sheet events

Since 30 September 2010 the Company has had the following material post balance sheet events:

- Investment of £50,000 in Bravo Inns II Limited
- Investment of £24,000 in Mirada Medical Limited
- Investment of £161,000 in Opta Sports Data Limited
- Investment of £116,000 in The Street by Street Solar Programme Limited
- Sale of Geronimo Inns VCT I Limited and Geronimo Inns VCT II Limited for proceeds of £605,000 against a cost of £520,000
- On 1 November 2010 the Company announced the launch of the Albion VCTs Linked Top Up Offer. In aggregate, the Albion VCTs will be aiming to raise up to £15 million across all of the seven VCTs managed by Albion Ventures LLP, of which Albion Income & Growth VCT PLC's share will be approximately £2.25 million. The maximum amount raised by each of the Albion VCTs will be the lower of Euros 2.5 million, and 10 per cent. of its issued share capital (over any one 12 month period, and including any shares issued under Dividend Reinvestment Schemes), being the amount that they may issue under the Prospectus Rules without the publication of a full prospectus. The number of new shares available may change depending on the £: euro exchange rate at the date of allotment.

The proceeds of the Offer will be used to provide further resources to the Albion VCTs at a time when a number of attractive new investment opportunities are being seen. An Investor Guide and Offer document have been sent to shareholders. A General Meeting which agreed the proposal of special resolutions to permit the allotment of new ordinary shares in the Company in relation to Albion VCTs Linked Top Up Offer was held on Friday, 10 December 2010.

23. Related party transactions

The Manager, Albion Ventures LLP, is considered to be a related party by virtue of the fact that Patrick Reeve, who is the Managing Partner of Albion Ventures LLP, the Manager, is a Director of the Company. During the year, investment management fees of a total value of £704,000 (2009: £739,000), were purchased by the Company from Albion Ventures LLP. At the financial year end, the amount due to Albion Ventures LLP in respect of these services disclosed within accruals and deferred income was £163,000 (2009: £189,000).

During the year, the Company was charged £18,500 by Albion Ventures LLP in respect of Patrick Reeve's services as a Director (2009: £18,500). At the year end, the amount due to Albion Ventures LLP in respect of these services disclosed as accruals and deferred income was £5,434 (2009: £5,434).

There are no other related party transactions or balances requiring disclosure.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Albion Income & Growth VCT PLC (the "Company") will be held at the City of London Club, 19 Old Broad Street, London EC2N 1DS on 9 February 2011 at 12 noon for the following purposes:

To consider and, if thought fit, to pass the following resolutions, of which numbers 1 to 9 will be proposed as ordinary resolutions and numbers 10 to 12 as special resolutions.

Ordinary Business

1. To receive and adopt the Company's accounts for the year ended 30 September 2010 together with the report of the Directors and Auditors.

2. To approve the Directors' remuneration report for the year ended 30 September 2010.

3. To re-elect Friedrich Ternofsky as a Director of the Company.

4. To re-elect Patrick Reeve as a Director of the Company.

5. To re-elect John Kerr as a Director of the Company.

6. To elect Robin Archibald as a Director of the Company.

7. To re-appoint PKF (UK) LLP as Auditors of the Company to hold office from conclusion of the meeting to the conclusion of the next meeting at which the accounts are to be laid.

8. To authorise the Directors to agree the Auditors' remuneration.

Special Business

9. That the Directors be generally and unconditionally authorised in accordance with section 551 of the Companies Act 2006 (the "Act") to allot Ordinary shares of nominal value 50 pence per share in the Company up to an aggregate nominal amount of £2,230,579 provided that this authority shall expire on 9 August 2012, or, if earlier, the conclusion of the next annual general meeting of the Company but so that the Company may, before such expiry, make an offer or agreement which would or might require shares to be allotted or rights to subscribe for or convert securities into shares to be granted after such expiry and the Directors may allot shares or grant rights to subscribe for or convert securities into shares pursuant to such an offer or agreement as if this authority had not expired.

10. That subject to and conditional on the passing of resolution number 9, 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 9 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;

    (b) pursuant to any Dividend Reinvestment Scheme introduced or operated by the Company; and

    (c) otherwise than pursuant to paragraphs (a) to (b) above, up to an aggregate nominal amount of £2,230,579,

    and that this authority shall expire on 9 August 2012 or, if earlier, the conclusion of the next annual general meeting of the Company, 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 this power had not expired.

    This power applies in relation to a sale of treasury shares as if all references in this resolution to an allotment included any such sale and in the first paragraph of the resolution the words "pursuant to the authority conferred by resolution number 9" were omitted in relation to such a sale.

Notice of Annual General Meeting continued

"Rights issue" means an offer of equity securities to holders of shares in the capital of the Company on the register on a record date fixed by the Directors in proportion as nearly as may be to the respective numbers of ordinary shares held by them, but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient to deal with any treasury shares, fractional entitlements or legal or practical issues arising under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory or any other matter.

11. That, the Company be generally and unconditionally authorised to make market purchases (within the meaning of Section 693(4) of the Act) of Ordinary shares of 50 pence 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 hereby authorised to be purchased is 14.99 per cent. of the issued Ordinary share capital of the Company as at the date of the passing of this resolution;

    (b) the minimum price which may be paid for a share shall by 50 pence (exclusive of expenses);

    (c) the maximum price (exclusive of expenses) which may be paid for a share shall be an amount being not more than the higher of (i) 105 per cent. of the average of the middle market quotations (as derived from the Daily Official List of the London Stock Exchange) for the shares for the five business days immediately preceding the date of purchase and (ii) the higher of the price of the last independent trade and the highest current independent bid relating to a share on the trading venue where the purchase is carried out; and

    (d) unless previously varied, revoked or renewed, the authority hereby conferred shall expire on 9 August 2012 or, if earlier, at the conclusion of the annual general meeting of the Company to be held after the passing of this resolution, save that the Company may, at any time prior to such expiry, enter into a contract or contracts to purchase shares under such authority which would or might be completed or executed wholly or partly after the expiration of such authority and may make a purchase of shares pursuant to any such contract or contracts as if the authority conferred hereby had not expired.

    Under the Companies (Acquisition of Own Shares) (Treasury Shares) Regulations 2003 (the "Regulations"), Ordinary 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 11 is intended to apply equally to shares to be held by the Company as treasury shares in accordance with the Regulations.

12. That the Directors be empowered to sell treasury shares at the higher of the prevailing current share price and the price bought in at.

By order of the Board

Albion Ventures LLP
Company Secretary
Registered office
1 King's Arms Yard
London, EC2R 7AF

Registered in England and Wales with number 5132495
5 January 2011

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:
   - going to www.capitashareportal.com and following the instructions provided there; or
   - by having an appropriate CREST message transmitted, if you are a user of the CREST system (including CREST personal members).

   Return of the Form of Proxy will not preclude a member from attending the meeting and voting in person. You may not use any electronic address provided in the Notice of this AGM 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 February 2011.

2. Any person to whom this Notice is sent who is a person nominated under section 146 Companies Act 2006 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 February 2011 (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. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for this AGM and any adjournment(s) by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

   In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK and Ireland Limited's specifications, and must contain the information required for such instruction, as described in the CREST Manual (available via www.euroclear.com/CREST). The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent by 12 noon 7 February 2011. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Application Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

   CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK and Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider, to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

   The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

5. 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.

6. A copy of this Notice, and other information regarding the AGM, as required by section 311A Companies Act 2006, is available from www.albion-ventures.co.uk under the "Our Funds" section.

7. 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.

8. As at 5 January 2011 (being the latest practicable date prior to the publication of this Notice), the Company's issued share capital consists of 44,611,586 ordinary shares carrying one vote each. The Company also holds 3,932,649 ordinary shares in treasury. Therefore, the total voting rights in the Company as at 21 December 2010 are 40,678,937.

Perivan Financial Print 220218

Albion Income & Growth VCT PLC

ALBION VENTURES