

Annual Report and
Financial Statements
for the year
ended 30 June 2014

14

Crown Place VCT PLC

ALBION VENTURES

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Company information

Company Number	03495287
Directors	Patrick Crosthwaite, Chairman Rachel Beagles Karen Brade Richard Huntingford
Manager, company secretary, AIFM and registered office	Albion Ventures LLP 1 King's Arms Yard London, EC2R 7AF
Registrar	Computershare Investor Services PLC The Pavilions Bridgwater Road Bristol, BS99 6ZZ
Auditor	BDO LLP 55 Baker Street London, W1U 7EU
Taxation adviser	PricewaterhouseCoopers LLP 1 Embankment Place London, WC2N 6RH
Legal adviser	Bird & Bird LLP 15 Fetter Lane London, EC4A 1JP

Crown Place VCT PLC is a member of The Association of Investment Companies (www.theaic.co.uk).

Shareholder enquiries For help relating to dividend payments, shareholdings and share certificates please contact Computershare Investor Services PLC:
Tel: 0870 873 5857 (UK national rate call, lines are open 8:30 am – 5:30 pm;
Mon-Fri, calls may be recorded)
Website: www.investorcentre.co.uk

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

Shareholders can also contact the Chairman directly on pcrosthwaite@albion-ventures.co.uk

Financial adviser enquiries For enquiries relating to the performance of the Fund and information for financial advisers 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

Please note that these contacts are unable to provide financial or taxation advice.

Investment objective

The investment objective and policy of the Company* is to achieve long term capital and income growth principally through investment in smaller unquoted companies in the United Kingdom.

In pursuing this policy, the Manager aims to build a portfolio which concentrates on two complementary investment areas. The first are more mature or asset-based investments that can provide a strong income stream combined with a degree of capital protection. These will be balanced by a lesser proportion of the portfolio being invested in higher risk companies with greater growth prospects.

*The 'Company' is Crown Place VCT PLC. The 'Group' is the Company together with its subsidiaries CP1 VCT PLC and CP2 VCT PLC.

Financial calendar

Record date for first dividend	7 November 2014
Annual General Meeting	13 November 2014
Payment of first dividend	28 November 2014
Announcement of half-yearly results for the six months ended 31 December 2014	February 2015
Payment of second dividend (subject to Board approval)	31 March 2015

Financial highlights

32.04p

Net asset value per share as at 30 June 2014

2.28p

Total return to shareholders for the year ended 30 June 2014

7.1%

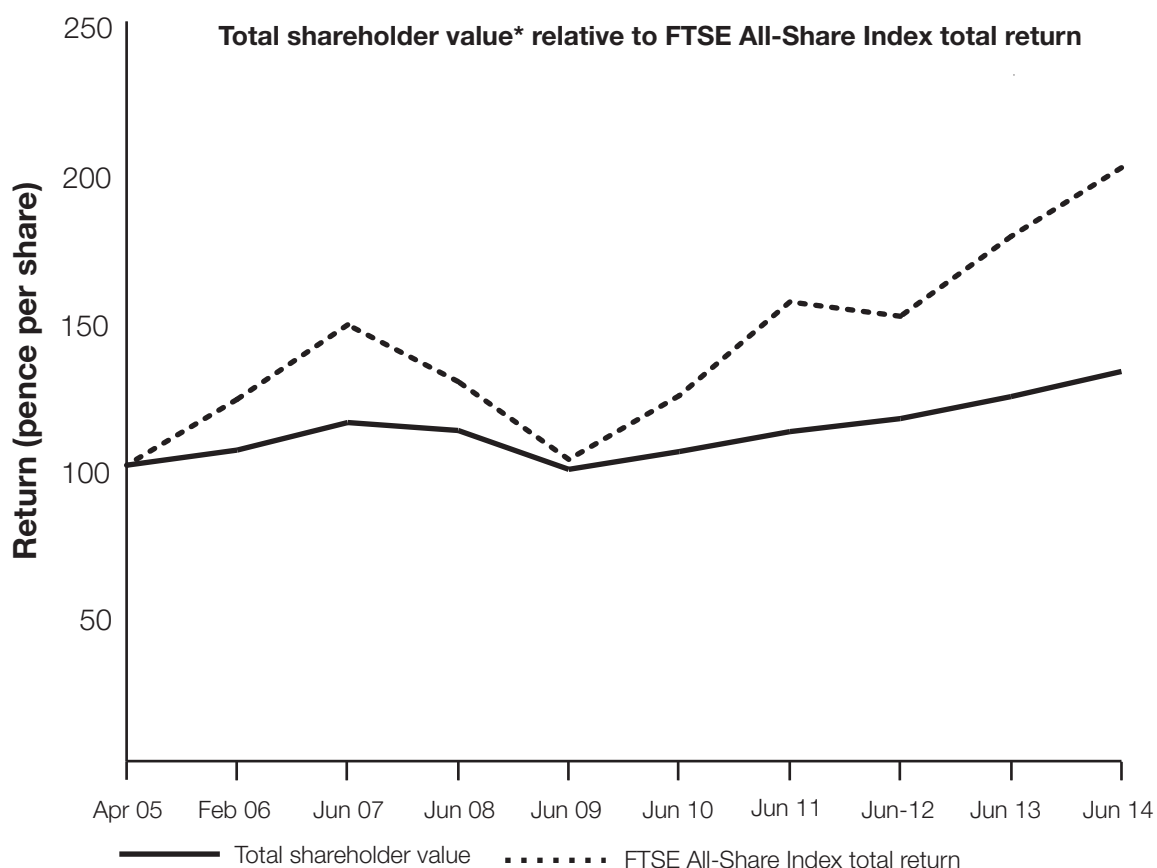
Net asset value total return for the year

2.50p

Total tax free dividends per share paid during the year ended 30 June 2014

8.3%

Tax free dividend yield on share price (dividend per annum/share price as at 30 June 2014)



Source: Albion Ventures LLP

* Total shareholder value is net asset value plus cumulative dividends paid since the appointment of Albion Ventures LLP on 6 April 2005.

Methodology: The return to the shareholder, including original amount invested (rebased to 100) from when Albion Ventures LLP became Manager on 6 April 2005, assuming that dividends were reinvested 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 June 2014	30 June 2013
	pence per share	pence per share
Opening net asset value	32.26	32.60
Dividends paid	(2.50)	(2.50)
Revenue return	0.61	0.73
Capital return	1.67	1.41
Net asset value uplift from buy-backs	–	0.02
Closing net asset value	32.04	32.26

Shareholder returns and shareholder value

**Crown Place
VCT PLC***
pence per share

Shareholder return from launch to April 2005

(date that Albion Ventures was appointed investment manager):

Total dividends paid to 6 April 2005 ⁽ⁱ⁾	24.93
Decrease in net asset value	(56.60)
Total shareholder return to 6 April 2005	(31.67)

Shareholder return from April 2005 to 30 June 2014:

Total dividends paid	21.80
Decrease in net asset value	(11.36)
Total shareholder return from April 2005 to 30 June 2014	10.44

Shareholder value since launch:

Total dividends paid to 30 June 2014 ⁽ⁱ⁾	46.73
Net asset value as at 30 June 2014	32.04
Total shareholder value as at 30 June 2014	78.77

Current dividend objective

Dividend yield on net asset value as at 30 June 2014	7.8%
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Notes

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

* Formerly Murray VCT 3 PLC

The above financial summary is for the Company, Crown Place VCT PLC only. Details of the financial performance of CP1 VCT PLC (previously Murray VCT PLC) and CP2 VCT PLC (previously Murray VCT 2 PLC), which have been merged into the Company, can be found on page 62.

Total shareholder value since launch:

	30 June 2014
	(pence per share)
Total dividends paid during the period from launch to 6 April 2005 (prior to change of manager)	24.93
Total dividends paid during:	
the year ended 28 February 2006	1.00
the period ended 30 June 2007*	3.30
the year ended 30 June 2008	2.50
the year ended 30 June 2009	2.50
the year ended 30 June 2010	2.50
the year ended 30 June 2011	2.50
the year ended 30 June 2012	2.50
the year ended 30 June 2013	2.50
the year ended 30 June 2014	2.50
Total dividends paid to 30 June 2014	46.73
Net asset value as at 30 June 2014	32.04
Total shareholder value as at 30 June 2014	78.77

* 16 month period

In addition to the dividends paid above, the Board has declared a first dividend for the year ending 30 June 2015, of 1.25 pence per Crown Place VCT PLC share, payable on 28 November 2014 to shareholders on the register as at 7 November 2014.

Chairman's statement

Introduction

I have pleasure in presenting the results for Crown Place VCT PLC for the year ended 30 June 2014. The Group achieved a total return of 2.28 pence per share (7.1 per cent. on the opening NAV for the year), which builds on the return of 2.14 pence per share in the previous year (6.6 per cent.). The Company has delivered a positive return to shareholders in each of the past five years. The Company maintained its regular tax free dividend of 2.50 pence per share for the seventh consecutive year, which represents a yield of 8.3 per cent. based on the share price as at 30 June 2014 of 30.00 pence per share.

Results and dividends

As at 30 June 2014, the net asset value was £29.0 million or 32.04 pence per share compared to £27.2 million or 32.26 pence per share at 30 June 2013. The revenue return before taxation was £525,000 compared to £590,000 in the previous year. The decrease was due to lower income from loan stock investments, following the repayment of loans to the Company. The ongoing charges ratio has continued to decline since Albion Ventures LLP became Manager in 2005 and was 2.7 per cent. for the year ended 30 June 2014 (2013: 2.8 per cent.).

During the year, the Company's realised and unrealised capital gains amounted to £1,812,000 compared to £1,479,000 in the previous year. The capital profit, net of investment management fees, was £1,451,000 or 1.67 pence per share, which is a 18.4% increase on the previous year (2013: 1.41 pence per share). The unquoted asset-based investments and the unquoted growth investments increased in value over the year, the former by 9.8 per cent. and the latter by 4.7 per cent. Further detail of the portfolio performance is given in the Strategic report on pages 8 and 9.

The Board has declared a first dividend for the year ending 30 June 2015 of 1.25 pence per share, payable on 28 November 2014 to shareholders on the register as at 7 November 2014.

Investment performance

Overall, there has been further improvement in the economic environment in the majority of the sectors in which the Company is invested. A number of portfolio companies made loan stock repayments during the year and the Company achieved the sale of two investments, altogether generating proceeds of £1,188,000. This compares to total realisations of £2,254,000 in the previous year. The principal exits were the sale of Opta Sports Data Limited where the total return, including income, was 3.5 times cost and Prime Care Holdings Limited at an overall loss equal to just under 50 per cent. of cost. Further detail of realisations is given on page 18.

During the year, your Company benefited from an improved investment climate and a stronger investment pipeline which more than doubled the investment rate compared to the previous year. £2,539,000 was invested in 11 new and 11 existing portfolio companies (2013: £1,030,000 in three new portfolio companies and eight existing portfolio companies). £1,028,000 was invested in five new asset-based investments including two new care home projects, in west London and Oxford, and one new hydro power project. Further investment tranches have been committed over the next 12 months to fund construction of these projects. It is expected that these investments will add to the income generating capacity of the portfolio as well as deliver a capital upside over time. £825,000 was invested in six growth investments. These include £270,000 in Aridhia Informatics Limited, a company providing analytics software to improve the management of chronic diseases; and £231,000 in Relayware Limited, a company providing software systems to multinational companies allowing them to manage their indirect sales channels.

Overall, the value of the Company's unquoted investment portfolio increased by £1,837,000 during the year, while that of the small AIM portfolio fell by £55,000.

Amongst the unquoted investments, good progress was made by Radnor House School, which has recently launched its Sixth Form enabling it to expand its student numbers further. Oakland Care Centre Limited and Taunton Hospital Limited are experiencing increasing demand for their services with consequent growth in profits. The renewable energy investments have also appreciated in value. In the growth portfolio, Masters Pharmaceuticals and Hilson Moran are growing profitably, while many of the technology investments are making good progress in expanding their businesses. Against this, Helveta has struggled to gain sufficient commercial traction within the constraints of its available funding and has been placed into administration, leading to a further reduction in its value to £22,000. The three hotel investments in the portfolio are also seeing improved trading over recent months, and the Manager is cautiously optimistic about their future performance.

Risks and uncertainties

The UK economic climate is improving and so is investment sentiment, though a number of risks remain. The Company's investment portfolio is well diversified and many of the sectors in which its portfolio companies operate are resilient. Approximately two-thirds of the unquoted portfolio is invested in companies with tangible assets, which support their valuation. It remains the Company's general policy that portfolio companies should have no external bank borrowings, which reduces financial risk. In addition, we believe the new

Chairman's statement continued

portfolio companies are positioned to grow despite the broader economic uncertainties. Therefore, as the investment portfolio continues to mature, the prospects on the whole look positive. A detailed review of risk management is set out on pages 11 to 13 in the Strategic report.

Albion VCTs Top Up Offers 2013/2014

The Albion VCTs Top Up Offers 2013/2014 launched on 6 November 2013. Following higher than anticipated demand for the offer, Albion Ventures took the decision to launch the Albion VCTs Prospectus Top Up Offers 2013/2014 on 19 March 2014, working within a very short timescale in order to capitalise on the opportunity. An encouraging level of subscriptions have been received across both Offers, raising £3.2m for Crown Place VCT PLC. Following full subscription, the Albion Prospectus Top Up Offers 2013/2014 closed for the Company on 24 September 2014. The proceeds of the Offers have been used to provide further resources to the Company at a time when a number of attractive new investment opportunities are being seen.

Further Top Up Offers are planned for later this year and details are expected to be sent to shareholders in November 2014.

Dividend re-investment scheme

During the year the Company raised £166,000 from the dividend re-investment scheme. Through the scheme, shareholders may elect to reinvest the whole of the dividend received by subscribing for new shares in the Company. Under current tax rules, individual shareholders re-investing their dividends will be eligible for the income and capital gains tax advantages available to investors subscribing to new shares in venture capital trusts and will be able to increase their shareholding in the Company simply and without incurring dealing costs or stamp duty. Full details of the scheme and the application form are available on the Manager's website at: www.albion-ventures.co.uk/ourfunds/CRWN.

Board composition

Having served on the Board for over 8 years, I have decided to retire at the forthcoming Annual General Meeting. I would like to thank my fellow Directors, the Manager and particularly the Shareholders for their support. Richard Huntingford, who has been on the Board since May 2012, will succeed me as Chairman and I wish him and the Company well for the future. The Board will seek to appoint a new independent director in due course.

Outlook and prospects

While we are seeing continuing improvement in the economic environment in the UK and increased demand for growth funding by smaller companies, access to traditional funding channels remain difficult. Your Company has capitalised on this opportunity to make 11 new investments during the financial year, more than doubling its investment rate from the previous year, and the investment pipeline remains strong. The Manager has strong proprietary deal flow, enabling it to achieve reasonable entry valuations and attractive investment structures.

The Company's portfolio is well diversified. It includes a number of investments in more resilient sectors, such as healthcare, education and renewable energy, as well as companies with good growth prospects. In addition, the great majority of investments are structured to be cash generative in order to provide further support for your Company's dividend. We look forward to the current financial year with confidence.

Patrick Crosthwaite

Chairman
2 October 2014

Strategic report

Investment objective and policy

The Company's investment objective is to provide investors with a regular and predictable source of income, combined with the prospect of longer term capital growth. The Company's investment portfolio is thus structured to provide a balance between income and capital growth for the longer term through a diversified, balanced approach to investment. The asset-based portfolio, which currently accounts for about two-thirds of unquoted investments by value, is designed to provide stability and income whilst maintaining the potential for capital growth. The growth portfolio is intended to provide diversified exposure through its portfolio of investments predominantly in unquoted UK companies. In neither category do portfolio companies normally have any external borrowing with a charge ranking ahead of the Company.

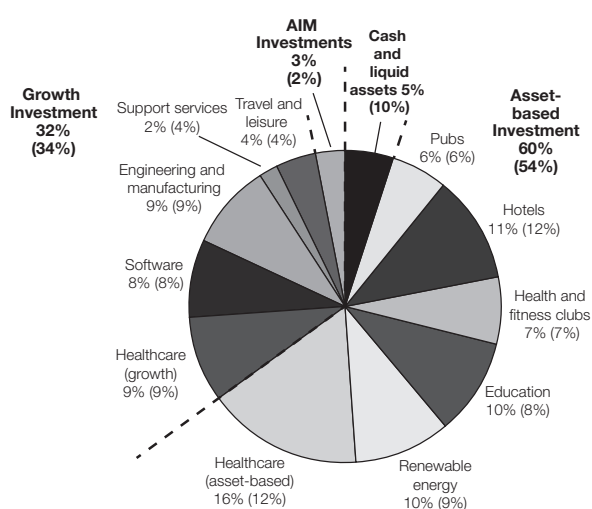
Business model

The Company operates as a Venture Capital Trust. This means that the Company has no employees other than its Directors and has outsourced the management of all its operations to Albion Ventures LLP, including secretarial and administrative services. Further details of the Management agreement can be found on page 10 of this report.

Current portfolio sector allocation

The pie chart below shows the split of the portfolio valuation by industrial or commercial sector as at 30 June 2014. The portfolio remains well diversified and as at the year end comprised 56 investments. There were 26 unquoted asset-based investments accounting for 60 per cent. of the net asset value of the Company, 27 unquoted growth investments accounting for 32 per cent. of the net asset value of the Company and 3 AIM quoted investments, accounting for 3 per cent. of the net asset value of the Company.

Split of investment portfolio by sector



Comparatives for 30 June 2013 are in brackets

Source: Albion Ventures LLP

Direction of portfolio

During the year, the Company continued to increase its exposure to the less cyclical healthcare and renewable energy sectors which, in addition to the education sector, now account for approximately 45 per cent. of the portfolio value.

Looking ahead, the healthcare sector will continue to be a core area of investment, both in asset-based businesses such as psychiatric hospitals and care homes, and in medical technology. Additional renewable energy investments in the current pipeline will allow the Company to reach its target of 15 per cent. of the portfolio – their main role being to provide more stable, long term, inflation protected income flows to the Company. The IT sector of the portfolio has grown during the year as we have made a number of investments to back new technology developments, such as e-mail encryption and contextual analysis for on-line advertising. The education investment, in the form of Radnor House School, is expected to grow in time as we aim to fund further premises for growth in student numbers, subject to availability of a suitable site.

Results and dividend policy

	£'000
Consolidated revenue return for the year ended 30 June 2014	525
Consolidated capital return for the year ended 30 June 2014	1,451
Dividend of 1.25p per share paid on 29 November 2013	(1,053)
Dividend of 1.25p per share paid on 31 March 2014	<u>(1,079)</u>
Transferred from reserves	<u>(156)</u>
Net assets as at 30 June 2014	<u>29,050</u>
Net asset value per share as at 30 June 2014 (pence)	<u>32.04p</u>

As described in the Chairman's statement, the Board has declared a first dividend for the year ending 30 June 2015 of 1.25 pence per share. This dividend will be paid on 28 November 2014 to shareholders on the register as at 7 November 2014.

As shown in the Group's statement of comprehensive income on page 35, investment income has decreased slightly to £925,000 (2013: £967,000). This is as a result of the disposal of high yielding loan stock investments in the previous year, resulting in a decrease of revenue return to £525,000 (2013: £590,000). The capital return for the year was a profit of £1,451,000 (2013: £1,136,000), as a result of unrealised gains on investments, in particular Radnor House School, Tower Bridge Health Club and Oakland Care Centre, offset by

Strategic report continued

management fees charged to capital. The total return for the year was 2.28 pence per share (2013: 2.14 pence per share).

The Consolidated balance sheet on page 36, shows that the net asset value has decreased slightly over the year to 32.04 pence per share (2013: 32.26 pence per share), due to the payment of the dividend of 2.50 pence per share during the year, offset by the total return for the year of 2.28 pence per share.

The consolidated cash flow for the business has been a net outflow of £1,314,000 for the year (2013: inflow £1,039,000) due to the purchase of investments, dividends paid and the purchase of shares for cancellation and treasury offset by cash generated from operations, the disposal of investments and the issue of new share capital.

Review of business and future changes

A review of the company's business during the year and future prospects is contained in the Chairman's statement on pages 6 and 7.

In addition to the companies mentioned in the Chairman's statement, companies that are particularly worth noting include Lowcosttravelgroup, the online travel specialist, which has seen strong growth over the past year, particularly in Continental Europe; Mi-Pay Limited which merged its business with a company quoted on the Alternative Investment Market (AIM) on the London Stock Exchange creating a combined business which is now called Mi-Pay Group Plc; and Process Systems Enterprise (computer simulation of complex industrial processes) which continues to grow revenue at 20 per cent. per annum and counts five out of the top six oil majors as its clients. Against this, it is disappointing that Helveta has gone into administration, following the removal of support for forestry projects by the international aid agencies.

The Directors do not foresee any major changes in the activity undertaken by the Company in the current year and have laid out their expectations on the direction of the portfolio on page 8. 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.

Details of significant events which have occurred since the end of the financial year are listed in note 19. Details of transactions with the Manager are shown in note 4. The subsidiary undertakings affecting the profits and net assets of the Group in the year are listed in note 11 to the Financial Statements.

Future prospects

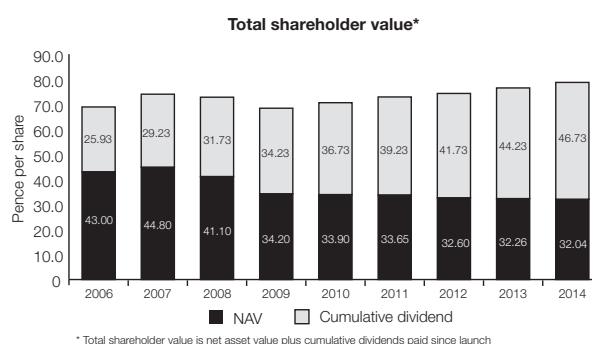
The key drivers for returns within the portfolio are those sectors that have exposure to longer term growth trends.

These include healthcare in an ageing population, sustainable energy against a background of climate change, and the developing use of information technology in an environment of universal information. The portfolio is well positioned to take advantage of these changes.

Key performance indicators

The Directors believe that the following key performance indicators, which are typical for venture capital trusts, will provide shareholders with sufficient information to assess how effectively the Company has been applying its investment policy to meet its objectives. These are:

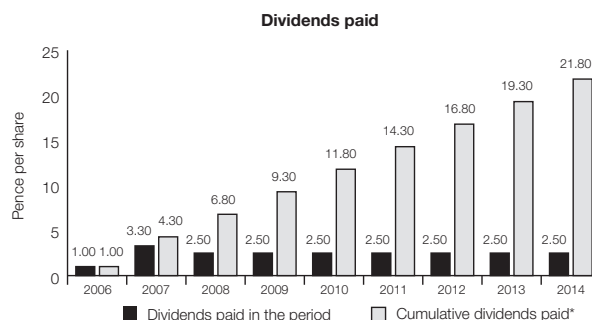
1. Increase in total shareholder value



Source: Albion Ventures LLP

Total shareholder value increased to 78.77 (2013: 76.49) pence per share for the year ended 30 June 2014.

2. Dividend distributions



Source: Albion Ventures LLP

Dividends paid in respect of the year ended 30 June 2014 were 2.50 pence per share (2013: 2.50 pence per share), in line with the Board's dividend objective. Cumulative dividends paid since launch (on 18 January 1998) amount to 46.73 pence per Ordinary share.

3. Ongoing charges

The ongoing charges ratio for the year to 30 June 2014 was 2.7 per cent. (2013: 2.8 per cent.). The ongoing charges ratio has been calculated using the Association of Investment

Strategic report continued

Companies' (AIC) recommended methodology. This figure shows shareholders the total recurring annual running expenses (including investment management fees charged to capital reserve) as a percentage of the average net assets attributable to shareholders. The Directors expect the ongoing charges ratio for the year ahead to be approximately 2.7 per cent.

4. *Running yield*

The running yield on the portfolio (gross income divided by the average net asset value) for the year to 30 June 2014 was 3.4 per cent. (2013: 3.7 per cent.)

VCT regulation

The investment policy is designed to ensure that the Company continues to qualify and is approved as a VCT by HMRC. In order to maintain its status under Venture Capital Trust legislation, a VCT must comply on a continuing basis with the provisions of Section 274 of the Income Tax Act 2007, details of which are provided in the Directors' report on page 22.

The relevant tests to measure compliance have been carried out and independently reviewed for the year ended 30 June 2014. These showed that the Company has complied with all tests and continues to do so.

As part of the Government's wider review of the VCT regime, new rules have been introduced under the Finance Act 2014, which include:

- allowing investors to subscribe for shares via nominee accounts;
- restricting individuals' entitlement to VCT income tax relief where investments have been made within six months of a disposal of shares in the same VCT; and
- preventing VCTs from returning capital that does not relate to profits on investments within three years of the end of the accounting period in which shares were issued to investors.

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. The Directors do not currently have any intention to utilise long term gearing.

Management agreement

The Company has delegated the investment management of the portfolio to Albion Ventures LLP, which is authorised and regulated by the Financial Conduct Authority. Albion Ventures LLP also provides company secretarial and other accounting and administrative support to the Group. The management agreement can be terminated by either party on 12 months' notice and is subject to earlier termination in the event of certain breaches or on the insolvency of either party.

Under the terms of the management agreement, the Manager is paid an annual fee equal to 1.75 per cent. of the net asset value of the Company plus £50,000 fee per annum for administrative and secretarial services. Total normal running costs, including the management fee, are limited to 3.5 per cent. of the net asset value. The Manager is entitled to an arrangement fee, payable by each portfolio company in which the Company invests, in the region of 2.0 per cent. on each investment made, and is also entitled to non-executive director fees when placing an investment executive from Albion Ventures LLP on the portfolio company Board.

Further details of fees paid to the Manager can be found in note 4.

Management performance incentive

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

The target level requires that the aggregate of the growth in the net asset value per share and dividends paid by the Company or declared by the Board and approved by the shareholders during the relevant period (both revenue and capital), compared with the previous accounting date, exceeds the average base rate of the Royal Bank of Scotland plc plus 2.0 per cent. If the target return is not achieved in a period, the cumulative shortfall is carried forward to the next accounting period and has to be made up before an incentive fee becomes payable.

There was no management performance incentive fee payable during the year (2013: nil). As at 30 June 2014 the cumulative shortfall of the target return was 7.42 pence per share and this amount needs to be made up in the next accounting period before an incentive fee becomes payable.

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 interest of shareholders as a whole, and of the Company, to continue the appointment of the Manager for the forthcoming year.

Alternative Investment Fund Managers Directive ("AIFMD")

The Board has considered the impact on your Company of the AIFMD, an EU Directive that came into force in July 2013

Strategic report continued

to regulate the Managers of Alternative Investment Funds. The Board has agreed to appoint Albion Ventures LLP as the Company's AIFM, as required by the AIFMD. Albion Ventures LLP's registration as an AIFM was approved by the Financial Conduct Authority on 3 June 2014. This will not impact on the day-to-day investment activities.

Discount management and share buy-back policy

It remains the Board's primary objective to maintain sufficient resources for investment in existing and new portfolio companies and for the continued payment of dividends to shareholders. The Board's policy is to buy back shares in the market, subject to the overall constraint that such purchases are in the VCT's interest and it is the Board's intention for such buy-backs to be in the region of a 5 per cent. discount to net asset value, so far as market conditions and liquidity permit.

Further details of shares bought back during the year ended 30 June 2014 can be found in note 14 of the Financial Statements.

and these are set out in the Directors' report on page 22.

Risk management

The Board carries out a regular review of the risk environment in which the Company operates. The principal risks and uncertainties of the Company as identified by the Board, and how they are managed, are as follows:

Risk	Possible consequence	Risk management
Economic risk	Changes in economic conditions, including, for example, interest rates, rates of inflation, industry conditions, competition, political and diplomatic events and other factors could substantially and adversely affect the Company's prospects in a number of ways.	To reduce this risk, in addition to investing equity in portfolio companies, the Company often invests in fixed interest secured loan stock and has a policy of not normally permitting any external bank borrowings within portfolio companies. Additionally, the Manager has been rebalancing the sector exposure of the portfolio with a view to reducing reliance on consumer led sectors.
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. The success of investments in certain sectors is also subject to regulatory risk, such as those affecting companies involved in UK renewable energy.	To reduce this risk, the Board places reliance upon the skills and expertise of the Manager in 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, and takes account of, 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 portfolio company boards) and the Board receives detailed reports on each investment as part of the Manager's report at quarterly board meetings. It is the policy of the Company for portfolio companies to not normally have external borrowings. The Board and the Manager closely monitor regulatory changes in the sectors in which the Company is invested.

Social and community issues, employees and human rights

The Board recognises the requirement under section 414C of the Companies Act 2006 (the "Act") to detail information about social and community issues, employees and human rights, including any policies it has in relation to these matters and effectiveness of these policies. As an externally managed investment company with no employees, the Company has no policies in these matters and as such these requirements do not apply.

Further policies and statements

The Company has adopted a number of further policies and statements relating to:

- Environment
- Global greenhouse gas emissions
- Anti-bribery
- Diversity

Strategic report continued

Risk	Possible consequence	Risk management
Valuation risk	<p>The Company's investment valuation methodology is reliant on the accuracy and completeness of information that is issued by portfolio companies. In particular, the Directors may not be aware of or take into account certain events or circumstances which occur after the information issued by such companies is reported.</p>	<p>As described in note 1 of the Financial Statements, the unquoted equity investments, convertible loan stock and debt issued at a discount held by the Company are designated at fair value through profit or loss and valued 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. These investments are valued on the basis of forward looking estimates and judgments 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 judgments the valuation takes into account all known material facts up to the date of approval of the Financial Statements by the Board. The sensitivity of these assumptions are commented on further in notes 9 and 18. All other unquoted loan stock is measured at amortised cost. The values of a number of investments are also underpinned by independent third party professional valuations.</p>
VCT approval risk	<p>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.</p>	<p>To reduce this risk, the Board has appointed the Manager, which 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 adviser. 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. Each investment in a new portfolio company is also pre-cleared with H.M. Revenue & Customs.</p>
Compliance risk	<p>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.</p>	<p>The Board and the Manager receive regular updates on new regulation from its auditor, lawyers and other professional bodies. Directors and the Manager have experience of operating or advising at senior levels within quoted businesses.</p>

Strategic report continued

Risk	Possible consequence	Risk management
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.	<p>The Audit Committee meets with the Manager's Internal Auditor, PKF Littlejohn LLP, when required, 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. The Chairman of the Audit Committee met with the internal audit partner of PKF Littlejohn LLP in January 2014 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 29.</p> <p>Measures are in place to mitigate information security risk in order to ensure the integrity, availability and confidentiality of information used within the business.</p>
Reliance upon third parties risk	The Group and the Company are reliant upon the services of Albion Ventures LLP and other third party service providers 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 10). In addition, the Manager has demonstrated to the Board that there is no undue reliance placed upon any one individual within Albion Ventures LLP. The Board monitors the performance of other third party service providers annually.
Financial risk	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.	<p>The Company's policies for managing these risks and its financial instruments are outlined in full in note 18 to the Financial Statements.</p> <p>All of the Group's income and expenditure is denominated in sterling and hence the Company has no foreign currency risk. The Group is financed through equity and does not have any borrowings. The Group does not use derivative financial instruments for speculative purposes.</p>

This Strategic report of the Company for the year ended 30 June 2014 has been prepared in accordance with the requirements of section 414A of the Act. The purpose of this report is to provide Shareholders with sufficient information to enable them to assess the extent to which the Directors have performed their duty to promote the success of the Company in accordance with section 172 of the Act.

On behalf of the Board,

Patrick Crosthwaite

Chairman

2 October 2014

The Board of Directors

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

Patrick Crosthwaite FCSI, (appointed 13 January 2006) is the Chairman of the Company. From 1989 to 1999 he was managing director of Henderson Crosthwaite Limited, a private client portfolio management and broking business. Subsequently he served as a director of Carr Shepherds Crosthwaite (part of the Investec Group). He was the director responsible for Investment Process and Research at Gerrard Limited from 2003 to 2005. He is currently Chairman of the Maybourne Hotels Group Pension Scheme.

Rachel Beagles (appointed 13 January 2006), was Co-Head of the Pan-European Banks Equity Research and Sales Team and a managing director of Corporate and Investment Banking Group Division at Deutsche Bank AG until April 2003. She is a non-executive director of Schroder UK Mid Cap Fund PLC, Securities Trust of Scotland PLC, BlackRock Emerging Europe PLC and New India Investment Trust PLC. Rachel Beagles became Chairman of the Audit and Risk Committee on 27 September 2010.

Karen Brade (appointed 8 October 2010), has over 20 years of experience in project finance and private equity. Karen began her career at Citibank where she worked on various multi-national project finance transactions. From 1994 to 2004 she was at the Commonwealth Development Corporation (now known as Actis), a leading emerging markets private equity firm, where she held a variety of positions in equity and debt investing, portfolio management, fund raising and investor development. Since 2005 she has been an adviser to hedge funds, family offices and private equity houses. She is a non-executive director of Aberdeen Japan Investment Trust PLC.

Richard Huntingford FCA, (appointed 15 May 2012) is a Chartered Accountant who spent 12 years at KPMG where he advised a wide range of clients, followed by 20 years in the media industry. Richard founded Chrysalis Radio in 1994 as a start-up venture and went on to develop Chrysalis Group PLC from its record label origins into a broadly based media group before presiding over a realisation programme that delivered significant value for Chrysalis shareholders. He also served as a non-executive director of Virgin Mobile in 2005 to 2006 and as Chairman of Boomerang Plus PLC from 2008 to 2012. He is currently chairman of UTV Media PLC and Creston PLC and a non-executive director of JP Morgan Mid Cap Investment Trust PLC.

All Directors are members of the Audit and Risk Committee and Rachel Beagles is Chairman.

All Directors are members of the Nomination Committee and Patrick Crosthwaite is Chairman.

All Directors are members of the Remuneration Committee and Patrick Crosthwaite is Chairman.

Rachel Beagles is the Senior Independent Director.

The Manager

Albion Ventures LLP, is authorised and regulated by the Financial Conduct Authority and is the Manager of Crown Place VCT PLC. In addition to Crown Place VCT PLC, it manages a further five venture capital trusts, and currently has total funds under management of approximately £245 million.

The following are specifically responsible for the management and administration of the venture capital trusts managed by Albion Ventures LLP, including Crown Place VCT PLC:

Patrick Reeve, MA, ACA, qualified as a chartered accountant with Deloitte, Haskins & Sells before joining Cazenove & Co where he spent three years in the corporate finance department. He joined Close Brothers Group in 1989, working in both the development capital and corporate finance divisions before founding the venture capital division in 1996. He led the buy-out of this business from Close Brothers in 2009, and re-named it Albion Ventures LLP. He is the managing partner of Albion Ventures LLP, is a director of Albion Development VCT PLC, Albion Enterprise VCT PLC and Albion Technology & General VCT PLC, which are managed by Albion Ventures, and is chief executive officer of Albion Community Power PLC. He read modern languages at Oxford University. He is a Member of Council of the BVCA and is a member of the Audit Committee of the University College London. He is also a director of UCL Business, the university technology transfer arm.

Will Fraser-Allen, BA (Hons), FCA, 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.

Adam Chirkowski, MA (Hons), having graduated in Industrial Economics, followed by a Masters in Corporate Strategy, spent five years at N M Rothschild & Sons specialising in mergers and acquisitions; principally in the natural resources and then healthcare sectors, before joining Albion Ventures in 2013, where he currently concentrates on renewable energy projects.

Dr. Andrew Elder, 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, BA (Hons), FCA, 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, 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 partner in 2009. He is also managing director of Albion Community Power PLC. David has a BSc in Economics from Warwick University.

Vikash Hansrani, BA (Hons), ACA, qualified as a chartered accountant with RSM Tenon plc and latterly worked in its corporate finance team. He joined Albion Ventures in 2010, where he is currently Finance Director. He is also finance director of Albion Community Power PLC. He has a BA in Accountancy and Finance from Nottingham Business School.

Ed Lascelles, BA (Hons), joined Albion Ventures in 2004. Ed began by advising quoted UK companies on IPOs, takeovers and other corporate transactions, first with Charterhouse Securities and then ING Barings. Companies ranged in value from £10 million to £1 billion, across the healthcare and technology sectors among others. After moving to Albion Ventures, Ed started investing in the technology, healthcare, financial and business services sectors. Ed became partner in 2009 and is responsible for a number of Albion's technology investments. He graduated from University College London with a first class degree in Philosophy.

Dr. Christoph Ruedig, MA, MBA, initially practised as a radiologist before spending 3 years at Bain & Company. In 2006 he joined 3i plc working for their healthcare venture capital arm leading investments in biotechnology, pharmaceuticals, and medical technology. Most recently he has worked for General Electric UK, where he was responsible for mergers and acquisitions in the medical technology and healthcare IT sectors. He joined Albion Ventures in October 2011 and became a partner in April 2014. He holds a degree in medicine from Ludwig-Maximilians University, Munich and an MBA from INSEAD.

Henry Stanford, 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, BA (Hons), MSI, FCA. 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 portfolios formerly managed by other fund managers (now named Crown Place VCT PLC and Kings Arms Yard VCT PLC) and is responsible for investments primarily in the advanced manufacturing and technology sectors. Robert became a partner in Albion Ventures in 2009.

Marco Yu, MPhil, MA, MRICS, spent two and a half years at Bouygues (UK), before moving to EC Harris in 2005 where he advised senior lenders on large capital projects. Since joining Albion Ventures in 2007, Marco has been involved in hotel, cinema, pub, residential property and garden centre investments and is, more recently, responsible for a number of renewable energy investments. Marco became an Investment Director in April 2014. Marco graduated from Cambridge University with a first class degree in economics and is a Chartered Surveyor.

Portfolio of investments

The following is a summary of non-current asset investments with a value as at 30 June 2014:

Investment name	Nature of business	% voting rights	At 30 June 2014			At 30 June 2013		Change in value for the year** £'000
			% voting rights of AVL* managed companies	Cost £'000	Value £'000	Cost £'000	Value £'000	
Unquoted asset-based investments								
Oakland Care Centre Limited	Owner and operator of care home for residents suffering from dementia	18.4	50.0	1,913	3,057	1,600	2,422	322
Radnor House School (Holdings) Limited	Independent school for children ages 7-18	9.0	50.0	1,564	2,808	1,564	2,301	647
The Crown Hotel Harrogate Limited	Owner and operator of the Crown Hotel, Harrogate	15.0	50.0	2,976	1,799	2,976	1,886	(87)
Taunton Hospital Limited	Owner and operator of a psychiatric hospital in Taunton	6.1	50.0	924	1,160	845	895	187
Kensington Health Clubs Limited	Owner and operator of a health and fitness club in west London	7.8	50.0	1,789	1,068	1,789	1,068	-
Tower Bridge Health Clubs Limited	Owner and operator of a health and fitness club in central London	9.5	50.0	304	852	385	634	299
Kew Green VCT (Stansted) Limited	Owner and operator of the 'Holiday Inn Express' at Stansted Airport	2.0	50.0	955	820	955	835	(15)
The Charnwood Pub Company Limited	Owner and operator of freehold pubs	6.9	50.0	1,987	766	1,987	770	(4)
The Stanwell Hotel Limited	Owner and operator of the Stanwell Hotel at Heathrow Airport	10.8	50.0	1,574	649	1,574	644	5
Bravo Inns II Limited	Owner and operator of freehold pubs	3.6	50.0	595	613	550	556	12
The Street by Street Solar Programme Limited	Photovoltaic installations	4.4	50.0	461	578	443	510	50
Alto Prodotto Wind Limited	Wind power generator	4.1	50.0	371	498	371	476	22
Chonais Holdings Limited	Hydro-electric power generator	4.2	50.0	417	419	417	417	2
TEG Biogas (Perth) Limited	Anaerobic digestion	6.1	50.0	364	407	364	404	3
Regenerco Renewable Energy Limited	Photovoltaic installations	3.4	50.0	326	354	326	344	10
Active Lives Care Limited	Owner and operator of a residential care home for the elderly in Oxford	2.7	33.0	338	338	-	-	-
Green Highland Renewables (Ledgowan) Limited	Hydro power project in Scotland	6.3	50.0	211	214	-	-	3
Harvest AD Limited	Small scale anaerobic digestion project in Lincolnshire	-	-	164	164	-	-	-
Erin Solar Limited	Photovoltaic installations	5.7	50.0	160	160	-	-	-
Albion Small Company Growth Limited	Owner and operator of a residential care home for the elderly in Greater London.	1.7	23.7	155	155	-	-	-
Bravo Inns Limited	Owner and operator of freehold pubs	2.6	50.0	230	145	230	149	(4)
AVESI Limited	Photovoltaic installations	3.8	50.0	117	125	117	117	8
The Weybridge Club Limited	Owner and operator of a freehold health and fitness club in Weybridge, Surrey	1.2	50.0	190	122	190	148	(26)
Greenenerco Limited	Wind power generator	1.9	50.0	65	89	65	65	24
Premier Leisure (Suffolk) Limited	Former freehold cinema owner	5.4	47.4	420	88	420	90	(2)
The Dunedin Pub Company VCT Limited	Owner and operator of freehold pubs	7.8	50.0	74	69	77	71	1
Total unquoted asset-based investments				18,644	17,517	17,245	14,802	1,457

Portfolio of investments continued

Investment name	Nature of business	% voting rights	At 30 June 2014			At 30 June 2013		Change in value for the year** £'000
			% voting rights of AVL* managed companies	Cost £'000	Value £'000	Cost £'000	Value £'000	
Unquoted growth investments								
ELE Advanced Technologies Limited	Manufacturer of precision engineering components	41.9	41.9	1,050	2,288	1,050	2,193	95
Lowcosttravelgroup Limited	Online travel business	5.1	26.1	455	1,173	455	1,173	–
Blackbay Limited	Provider of mobile data solutions	4.1	34.9	454	898	454	670	228
Mirada Medical Limited	Developer of medical imaging software	6.7	45.0	193	739	179	673	52
Masters Pharmaceuticals Limited	International distributions of specialist pharmaceuticals	2.9	20.8	380	525	457	527	85
Hilson Moran Holdings Limited	Multi-disciplinary engineering consultancy	4.5	50.0	202	378	245	318	101
DySIS Medical Limited	Medical devices for the detection of epithelial cancers	3.4	24.2	474	363	462	488	(139)
House of Dorchester Limited	Chocolate manufacturer	22.2	22.2	199	355	199	221	134
Process Systems Enterprise Limited	Provider of process systems modeling solutions	1.3	19.8	124	320	124	297	23
Aridhia Informatics Limited	Healthcare informatics and analysis	0.8	6.7	270	277	–	–	7
Rostima Holdings Limited	Provider of workforce management solutions software	5.5	39.5	246	247	206	291	(84)
Relayware Limited	Business collaboration and communication solutions	1.1	11.6	231	247	–	–	16
Proveca Limited	Repositioning of pediatric medicines	3.8	33.7	178	197	179	182	15
memsstar Limited	Refurbisher of semiconductor fabrication equipment	1.9	28.6	130	193	130	125	68
AMS Sciences Limited	Drug development services to the life-science industries	3.7	31.8	187	188	169	161	8
Chichester Holdings Limited	Drinks distributor to the travel sector	5.7	50.0	600	148	600	78	70
MyMeds&Me Limited	Software for managing pharmaceutical adverse events	2.2	20.0	132	137	110	113	2
Oxsensis Limited	Developer and producer of high temperature sensors	1.4	20.6	213	93	213	95	(2)
Cisiv Limited	Web-based solutions for healthcare data capture and management	0.9	9.1	97	92	–	–	(5)
Silent Herdsmen Holdings Limited	Remote animal health monitoring	1.9	18.9	82	82	–	–	–
Egress Software Technologies Limited	Provider of cloud-based email and file encryption software	0.8	22.6	80	80	–	–	–
Palm Tree Technology Limited	Software company	0.2	0.7	102	62	102	123	(61)
Abcodia Limited	Services for validation and discovery of serum biomarkers	1.3	21.4	57	57	45	45	–
Grapeshot Limited	Provider of digital marketing software	0.5	12.8	55	55	–	–	–
Uctal Limited	TV production company	24.2	24.2	555	50	600	50	45
Helveta Limited	Provider of traceability software solutions	6.2	41.6	150	22	927	326	(278)
Sandcroft Avenue Limited	Provider of online gym passes, trading as PayasUgym.com	0.2	4.0	10	10	–	–	–
Total unquoted growth investments				6,906	9,276	6,906	8,149	380
Total unquoted investments				25,550	26,793	24,151	22,951	1,837

Portfolio of investments continued

Investment name	Nature of business	% voting rights	% voting rights of AVL* managed companies	At 30 June 2014		At 30 June 2013		Change in value for the year** £'000
				Cost £'000	Value £'000	Cost £'000	Value £'000	
AIM quoted investments								
Mi-Pay Group PLC	Provider of mobile payment services	3.4	36.1	665	406	554	378	(84)
Avanti Communications Group plc	Supplier of satellite communications	0.1	0.1	271	329	271	342	(13)
Augean PLC	Waste management	0.4	0.4	593	161	593	119	42
Total AIM quoted investments				1,529	896	1,418	839	(55)
Total non-current investments†				27,079	27,689	25,569	23,790	1,782
Current asset investments								
Dexela Limited				–	42	–	21	21
Total current asset investments				–	42	–	21	21
Total change on value of investments for the year								1,803
Realised loss on sale of investments in current year								(11)
Movement in loan stock accrued interest								20
Total gains on investments as per consolidated statement of comprehensive income								1,812

* Albion Ventures LLP

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

† Closing cost is net of amounts of £1,881,000 written off in respect of investments still held at the balance sheet date


The comparative cost and valuations for 30 June 2013 do not reconcile to the Annual Report and Financial Statements for the year ended 30 June 2013 as the above list does not include brought forward investments that were fully disposed of in the year.


Investment realisations during the year to 30 June 2014	Cost £'000	Opening carrying value £'000	Disposal proceeds £'000	Total realised gain/(loss) £'000	Gain/(loss) on opening value £'000
Company					
Opta Sports Data Limited	177	554	566	389	12
Prime Care Holdings Limited	517	208	209	(308)	1
Radnor House School (Holdings) Limited (loan stock repayment)	–	140	140	140	–
Masters Pharmaceuticals Limited (loan stock repayment)	77	88	89	12	1
Tower Bridge Health Clubs Limited (loan stock repayment)	81	81	81	–	–
Hilson Moran Holdings Limited (loan stock repayment)	44	54	55	11	1
Uctal Limited (loan stock repayment)	45	45	45	–	–
The Dunedin Pub Company VCT Limited (loan stock repayment)	3	3	3	–	–
Helveta Limited†	777	26	–	(777)	(26)
Total investment realisations	1,721	1,199	1,188	(533)	(11)


† Cost of realisations is net of amounts of £777,000 written off during the period in respect of investments still held at the balance sheet date.


Portfolio companies

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

Oakland Care Centre Limited			
The company has acquired a freehold site on which it has developed a purpose built care home catering for the needs of up to 45 residents.			
Audited results: year to 30 September 2013*	£'000	Investment information	£'000
Net assets	996	Income recognised in the year	177
		Total cost	1,913
		Total equity valuation	1,539
		Total loan stock valuation	1,517
Basis of valuation:	Net asset value supported by third party valuation	Voting rights	18.4%
Website:	www.bayfieldcourt.co.uk	Year of initial investment	2010
Other funds managed and advised by Albion Ventures LLP have invested in this company and have a combined equity holding of 50.0 per cent.			
*The company has submitted abbreviated accounts at Companies House therefore only limited financial information is publicly available.			

Radnor House School (Holdings) Limited			
Radnor House is a co-educational independent day school in Twickenham, which opened in September 2011. It is located in historic buildings on the banks of the River Thames in South West London. In its first Ofsted inspection the school was graded Outstanding in all categories, placing it in the top 0.5% of all schools in the UK inspected by Ofsted.			
Audited results: year to 31 August 2013	£'000	Investment information	£'000
Turnover	3,602	Income recognised in the year	92
EBITDA	1,104	Total cost	1,564
Profit before tax	168	Total equity valuation	1,470
Net liabilities	(156)	Total loan stock valuation	1,338
Basis of valuation:	Net asset value supported by third party valuation	Voting rights	9.0%
Website:	www.radnorhouse.org	Year of initial investment	2010
Other funds managed and advised by Albion Ventures LLP have invested in this company and have a combined equity holding of 50.0 per cent.			

ELE Advanced Technologies Limited			
The company manufactures precision engineering components for the industrial gas turbine, aerospace and automotive markets, in Lancashire and Slovakia.			
Audited results: period to 3 May 2013	£'000	Investment information	£'000
Turnover	10,383	Income recognised in the year	-
EBITDA	1,148	Total cost	1,050
Profit before tax	373	Total equity valuation	2,288
Net assets	4,899	Total loan stock valuation	-
Basis of valuation:	Net asset value	Voting rights	41.9%
Website:	www.eleat.co.uk	Year of initial investment	2000
No other funds managed by Albion Ventures LLP have invested in this company.			

The Crown Hotel Harrogate Limited			
The company acquired the historic 114 bedroom Crown Hotel in Harrogate, Yorkshire in November 2005. A substantial refurbishment was carried out and the hotel is once again recognised as one of the leading hotels in Harrogate.			
Audited results: year to 31 March 2014	£'000	Investment information	£'000
Turnover	2,395	Income recognised in the year	91
EBITDA	267	Total cost	2,976
Loss before tax	(978)	Total equity valuation	-
Net liabilities	(6,641)	Total loan stock valuation	1,799
Basis of valuation:	Net asset value supported by third party valuation	Voting rights	15.0%
Website:	www.crownhotelharrogate.com	Year of initial investment	2005
Other funds managed and advised by Albion Ventures LLP have invested in this company and have a combined equity holding of 50.0 per cent.			

Lowcosttravelgroup Limited			
Lowcosttravelgroup Limited is an online travel business specialising in dynamic packages to the Mediterranean and the Balearic Islands.			
Audited results: year to 31 October 2013	£'000	Investment information	£'000
Turnover	49,138	Income recognised in the year	10
Profit before tax	4,686	Total cost	455
Net assets	12,391	Total equity valuation	948
Basis of valuation:	Earnings multiple	Total loan stock valuation	225
Website:	www.lowcostonline.com	Voting rights	5.1%
		Year of initial investment	2005
Other funds managed and advised by Albion Ventures LLP have invested in this company and have a combined equity holding of 26.1 per cent.			

Portfolio companies continued

Taunton Hospital Limited

The company owns and operates a psychiatric hospital in Taunton, Somerset.



Audited results: year to 30 April 2013		£'000	Investment information		£'000
Turnover		1,270	Income recognised in the year		40
EBITDA		40	Total cost		924
Loss before tax		(130)	Total equity valuation		552
Net assets		434	Total loan stock valuation		608
Basis of valuation:	Net asset value supported by third party valuation		Voting rights		6.1%
Website:	www.orchardportman.com		Year of initial investment		2010

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

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 2013		£'000	Investment information		£'000
Turnover		1,948	Income recognised in the year		60
EBITDA		475	Total cost		1,789
Loss before tax		(979)	Total equity valuation		-
Net liabilities		(1,520)	Total loan stock valuation		1,068
Basis of valuation:	Net asset value		Voting rights		7.8%
Website:	http://olympia.thirtysixdegrees.co.uk		Year of initial investment		2007

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

Blackbay Limited

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



Audited results: year to 31 December 2013		£'000	Investment information		£'000
Turnover		10,052	Income recognised in the year		24
EBITDA		301	Total cost		454
Loss before tax		(361)	Total equity valuation		500
Net liabilities		(2,525)	Total loan stock valuation		398
Basis of valuation:	Revenue multiple		Voting rights		4.1%
Website:	www.blackbay.com		Year of initial investment		2006

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

Tower Bridge Health Club Limited

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



Audited results: year to 30 September 2013		£'000	Investment information		£'000
Turnover		2,860	Income recognised in the year		26
EBITDA		954	Total cost		304
Profit before tax		626	Total equity valuation		731
Net assets		1,102	Total loan stock valuation		121
Basis of valuation:	Agreed sale price/Offer price		Voting rights		9.5%
Website:	http://tower.thirtysixdegrees.co.uk		Year of initial investment		2005

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

Kew Green VCT (Stansted) Limited

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



Audited results: year to 31 August 2013		£'000	Investment information		£'000
Turnover		4,153	Income recognised in the year		67
EBITDA		528	Total cost		955
Loss before tax		(238)	Total equity valuation		160
Net assets		4,291	Total loan stock valuation		660
Basis of valuation:	Net asset value supported by third party valuation		Voting rights		2.0%
Website:	www.expressstanstedairport.co.uk		Year of initial investment		2007

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

Net assets of portfolio companies where recent third party valuations have taken place may have a higher valuation in Crown Place VCT PLC accounts than in their own. This occurs when a portfolio company does not have a policy of revaluing its fixed assets.

Directors' report

The Directors submit their Annual Report and the audited Financial Statements of Crown Place VCT PLC (the "Company"), including the consolidated Financial Statements, for the year ended 30 June 2014.

BUSINESS REVIEW

Principal activity and status

The principal activity of the Company is that of a Venture Capital Trust. It has been approved by H.M. Revenue & Customs ("HMRC") as a venture capital trust in accordance with Part 6 of the Income Tax Act 2007 and in the opinion of the Directors, the Company has conducted its affairs so as to enable it to continue to obtain such approval. Approval for the year ended 30 June 2014 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.

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.

The Group consists of Crown Place VCT PLC, CP1 VCT PLC and CP2 VCT PLC.

Capital structure

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

Ordinary shares represent 100 per cent. of the total share capital and voting rights. All shares (except for treasury shares which have no rights to a dividend and no voting rights) rank *pari passu* for dividend and voting purposes. Each Ordinary share is currently entitled to one vote. The Directors are not aware of any restrictions on the transfer of shares or on voting rights.

Issue and buy-back of Ordinary shares

During the year, the Company issued a total of 8,374,320 Ordinary shares, of which 7,822,445 Ordinary shares were issued under the Albion VCTs Top Up Offers (raising net proceeds of £2,443,000); and 551,875 Ordinary shares were issued under the Company's Dividend Reinvestment Scheme (details of which can be found on www.albion-ventures.co.uk/OurFunds/CRWN under the Dividend Reinvestment Scheme section found in the Investor Centre).

The Company launched the Albion VCTs Top Up Offers 2013/2014 in November 2013. This closed on 14 March 2014 and shares issued are detailed in Note 14. The

Company subsequently engaged in the Albion VCTs Prospectus Top Up Offers 2013/2014 for which a prospectus was published, copies of which are available on the Manager's website at www.albion-ventures.co.uk. The Prospectus Offer closed for the Company on 24 September 2014.

After the year end, 165,074 shares (net consideration of £51,000) were, inadvertently, allotted under the Albion VCTs Prospectus Top Up Offers 2013/2014 in excess of the powers and authorities to allot shares. To remedy the breach, an Ordinary resolution (resolution 7) will be proposed at the Annual General Meeting. Further details are described on page 23.

The Company operates a policy of buying back shares either for cancellation or for holding in treasury. Details regarding the current buy-back policy can be found on page 11 in the Strategic report.

Substantial interests and shareholder profile

As at 30 June 2014 and the date of this report, the Company was not aware of any beneficial interest exceeding 3 per cent. of the voting rights (2013: Giltspur Nominees Limited (on behalf of clients) had an interest of 3.4 per cent.). There have been no disclosures in accordance with Disclosure and Transparency Rule 5 made to the Company during the year ended 30 June 2014 and to the date of this report.

Results and dividends

Detailed information on the results and dividends for the year ended 30 June 2014 can be found in the Strategic report on pages 8 and 9.

Going concern

In accordance with 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 significant cash and liquid resources, its portfolio of investments is well diversified in terms of sector, and the major cash outflows of the Company (namely investments, buy-backs and dividends) are within the Company's control. Accordingly, after making diligent enquiries the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, the Directors have adopted the going concern basis in preparing the accounts.

The Board's assessment of liquidity risk and details of the Company's policies for managing its capital and financial risks are shown in note 18. The Company's business activities, together with details of its performance, are shown in the Strategic report and this Directors' report.

Directors' report continued

Post balance sheet events

Details of events that have occurred since 30 June 2014 are shown in note 19.

Principal risks and uncertainties

A summary of the principal risks faced by the Company is set out on pages 11 to 13 in the Strategic report.

Maintenance of VCT qualifying status

The Company continues to comply with HMRC rules in order to maintain its status under Venture Capital Trust legislation.

In order to maintain its status, a VCT must comply on a continuing basis with the provisions of Section 274 of the Income Tax Act 2007 as follows:

- (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'. For funds raised after 5 April 2011 the figure is 70 per cent.;
- (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 portfolio company; and
- (7) The Company's shares, throughout the year, must have been listed in the Official List of the London Stock Exchange.

'Qualifying holdings' 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 chart on page 8.

Portfolio company gross assets must not exceed £15 million immediately prior to the investment and £16 million immediately thereafter. With effect from 6 April 2012 the legislation has been amended so as to prevent any company from receiving more than £5 million in aggregate from all state-aided providers of risk capital, including VCTs, in the 12 month period up to and including the most recent such investment.

These tests drive a spread of investment risk through disallowing holdings of more than 15 per cent. in any portfolio company. As mentioned in the Strategic report on page 10, the Company has complied with all tests and continues to do so.

Environment

The management and administration of the Company is undertaken by the Manager, Albion Ventures LLP. 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.

Global greenhouse gas emissions

The Company has no greenhouse gas emissions to report from the operations of the Company, nor does it have responsibility for any other emissions producing sources under the Companies Act 2006 (Strategic Report and Directors' Reports) regulations 2013, including those within our underlying investment portfolio.

Anti-bribery policy

The Company maintains a rigorous policy on anti-bribery.

Albion Ventures LLP reviews the anti-bribery policies and procedures of all portfolio companies.

Diversity

The Board has a balanced representation of male and female Directors, with the current Board of Directors comprising two female and two male Directors.

More details on the Directors can be found in the Board of Directors section on page 14.

The Manager has an equal opportunities policy and currently employees 12 men and 10 women.

Employees

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

Directors' report continued

Directors

The Directors who held office throughout the year, and their interests in the shares of the Company (together with those of their immediate family) are shown in the Directors' remuneration report on page 31.

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 or her in relation to the performance of his or her 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 and election of Directors

Directors' retirement and re-election is subject to the Articles of Association and the UK Corporate Governance Code. At the forthcoming Annual General Meeting, Patrick Crosthwaite will retire from the Board. Richard Huntingford will succeed him as Chairman of the Company and the Nomination Committee will seek suitable candidates for the position of a new Director.

Advising ordinary retail investors

The FCA's restrictions which apply to non-mainstream investment products do not apply to the Company's shares because they are shares in a VCT which, for the purposes of the new rules relating to non-mainstream investment products, are excluded securities and may be promoted to ordinary retail investors without restriction.

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.

Auditor

The Audit Committee annually reviews and evaluates the standard and quality of service provided by the Auditor, as well as value for money in the provision of these services. Further details of this evaluation can be found in the Audit Committee section in the Statement of Corporate Governance on page 28. A resolution to re-appoint BDO LLP will be put to the Annual General Meeting.

Annual General Meeting

The Annual General Meeting will be held at The City of London Club, 19 Old Broad Street, London, EC2N 1DS at 11:00 am on 13 November 2014. The Notice of the Annual General Meeting is at the end of this document.

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

The summary of proxies lodged at the Annual General Meeting will be published at www.albion-ventures.co.uk within the 'Our Funds' section by clicking on Crown Place VCT PLC and accessing the Financial Reports and Circulars Section.

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 Conduct Authority.

Power to allot shares

Ordinary resolution number 6 will request the authority to allot up to an aggregate nominal amount of £2,022,959 representing approximately 20 per cent. of the issued Ordinary share capital of the Company as at the date of this report.

The Directors current intention is to allot shares under the Dividend Reinvestment Scheme, any Albion VCTs Top Up Offers and to reissue treasury shares where it is in the Company's interest to do so.

This resolution replaces the authority given to the Directors at the Annual General Meeting in 2013. The authority sought at the forthcoming Annual General Meeting will expire 18 months from the date that this resolution is passed or at the conclusion of the next Annual General Meeting of the Company, whichever is earlier.

It has come to the attention of the Directors that shares have, inadvertently, been allotted and issued under the Albion VCTs Prospectus Top Up Offers 2013/2014 in excess of the powers and authorities to allot shares given to the Directors at last year's Annual General Meeting. This amounts to 165,074 shares issued on 4 July 2014. The Directors did not knowingly authorise or permit the contravention, and the validity of the allotment of the shares is not affected, but this constitutes a technical breach of the Directors' duties and accordingly an Ordinary resolution (resolution 7) to remedy that breach will be proposed at the Annual General Meeting.

Dis-application of pre-emption rights

Special resolution number 8 will request authority for Directors to allot equity securities for cash without first being required to offer such securities to existing members. This will include the sale on a non pre-emptive basis of any shares the Company holds in treasury for cash.

Directors' report continued

This resolution replaces the authority given to the Directors at the Annual General Meeting in 2013. The authority sought at the Annual General Meeting will expire 18 months from the date this resolution is passed or at the conclusion of the next Annual General Meeting of the Company, whichever is earlier. Members should note that this resolution also relates to treasury shares.

Purchase of own shares

Special resolution number 9 will request the authority to purchase approximately 14.99 per cent. of the Company's issued Ordinary share capital at, or between, the minimum and maximum prices specified in resolution 9. Shares bought back under this authority may be cancelled or 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 2013 authority, which was in similar terms. During the financial year under review, the Company purchased 582,000 Ordinary shares of 10 pence each for treasury, for an aggregate consideration of £174,000 including stamp duty, representing 0.6 per cent. of the issued share capital of the Company as at 30 June 2014.

The Company also purchased 1,317,000 Ordinary shares of 10 pence each for cancellation, for an aggregate consideration of £395,000 including stamp duty, representing 1.4 per cent. of the issued share capital of the Company as at 30 June 2014.

The Company did not cancel any shares from Treasury.

The authority sought at the Annual General Meeting will expire 18 months from the date this resolution is passed or at the conclusion of the next Annual General Meeting of the Company, whichever is the earlier.

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 these resolutions is intended to apply equally to shares to be held by the Company as treasury shares in accordance with the Regulations.

Special resolution number 10 will request the authority to permit Directors to sell treasury shares at 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 accordingly, unanimously recommends that you vote in favour of these resolutions, as the Directors intend to do in respect of their own beneficial shareholdings.

Directors' responsibilities

The Directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable law and regulations.

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

In preparing these Financial Statements the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether the Group Financial Statements have been prepared in accordance with IFRSs as adopted by the European Union;
- state, with regard to the Parent Company Financial Statements, whether applicable UK 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; and
- prepare a Strategic report, a Director's report and Director's remuneration report which comply with the requirement of the Companies Act 2006.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions, to disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the Financial Statements

Directors' report continued

comply with the Companies Act 2006 and, as regards the Group Financial Statements, Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Following a review of several iterations of the Annual Report and Financial Statements and consideration of the key areas of risk identified, the Directors have concluded that, as a whole, the Financial Statements are fair, balanced and understandable and that they provide the information necessary for shareholders to assess the Company's performance, business model and strategy.

Website publication

The Directors are responsible for ensuring the Annual Report and the Financial Statements are made available on a website. Financial Statements are published on the Investment Manager's website (www.albion-ventures.co.uk) in accordance with legislation in the United Kingdom governing the preparation and dissemination of Financial Statements, which may vary from legislation in other jurisdictions. The Directors' responsibility extends to the ongoing integrity of the Financial Statements contained therein.

Directors' responsibilities pursuant to Disclosure and Transparency Rule 4 of the UK Listing Authority

The Directors confirm, to the best of their knowledge:

- the Group Financial Statements have been prepared in accordance with IFRS as adopted by the European Union and Article 4 of the IAS Regulation and give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group; and
- the Annual Report includes a fair review of the development and performance of the business and the financial position of the Group and the Parent Company, together with a description of the principal risks and uncertainties that they face.

The names and functions of all the Directors are stated on page 14.

Disclosure of information to the Auditor

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 Auditor is 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 Auditor is 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
2 October 2014

Statement of corporate governance

Background

The FCA requires all listed companies to disclose how they have applied the principles and complied with the provisions of the UK Corporate Governance Code (“the Code”) issued by the Financial Reporting Council (“FRC”) in September 2012.

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

The Board considers that reporting against the principles and recommendations of the AIC Code, and by reference to the AIC Guide (which incorporates the UK Corporate Governance 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 the UK Corporate Governance 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, most of the Company’s day-to-day responsibilities are delegated to third parties and the Directors are all non-executive. Thus, not all the provisions of the Code are directly applicable to the Company.

Board of Directors

The Board consists solely of non-executive Directors. Patrick Crosthwaite is the Chairman and Rachel Beagles 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 Directors have a range of business and financial skills which are relevant to the Company; these are described in the Board of Directors section on page 14. 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 UK Corporate Governance Code, the Company has in place Directors’ and Officers’ Liability Insurance.

The Directors have considered diversity in relation to the composition of the Board and have concluded that its membership is diverse in relation to gender, experience and balance of skills. Further details on the recruitment of new directors can be found in the Nomination Committee section on page 28.

The Board met four times during the year as part of its regular programme of Board meetings. In addition, and in accordance with best practice, a meeting took place without the Manager present. All of the Directors attended each meeting. A sub-committee comprising at least two Directors met during the year to allot shares issued under the Dividend Reinvestment Scheme and the Albion VCTs Top Up Offers 2013/2014 and Albion VCTs Prospectus Top Up Offers 2013/2014. The Board also met during the year to approve the terms and contents of the Albion VCTs Top Up Offers and Albion VCTs Prospectus Top Up Offers 2013/2014.

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

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

- the appointment, evaluation, removal and remuneration of the Manager;
- the consideration and approval of future developments or changes to the investment policy, including risk and asset allocation;
- consideration of corporate strategy and corporate events that arise;
- application of the principles of the UK Corporate Governance Code, corporate governance and internal control;
- review of sub-committee recommendations, including the recommendation to shareholders for the appointment and remuneration of the Auditor;
- approval of the appropriate dividend to be paid to shareholders;
- the performance of the Company, including monitoring of the discount of the net asset value and the share price;
- share buy-back and treasury share policy; and
- monitoring shareholder profile and considering shareholder communications.

Statement of corporate governance continued

It is the responsibility of the Board to present an Annual Report that is fair, balanced and understandable, which provides the information necessary for shareholders to assess the performance, strategy and business model of the Company.

Committees' and Directors' performance evaluation

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

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

The evaluation process has identified that the Board works well together and 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. Diversity within the Board is achieved through the appointment of directors with different sector backgrounds, skills and gender.

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.

Patrick Crosthwaite will retire from the Board at the next Annual General Meeting; he will not seek re-election. Based on the evaluation process, the Board has decided that Richard Huntingford will succeed him as Chairman of the Company. The Board intends to recruit an additional Director to fill the vacancy once a suitable candidate is found.

Remuneration Committee

The Remuneration Committee consists of all Directors and Patrick Crosthwaite is the Chairman. Richard Huntingford will succeed him as Chairman of the Committee. The Committee meets annually to review both Directors responsibilities and salaries against the market.

The terms of reference for the Remuneration Committee can be found on the Company's website at www.albion-ventures.co.uk within the 'Our Funds' section by clicking on Crown Place VCT PLC and looking under the Corporate Governance section.

Audit and Risk Committee

The Audit and Risk Committee consists of all Directors and Rachel Beagles is the Chairman. The Board considers Rachel Beagles' analytical background at Deutsche Bank AG and her audit committee experience with other quoted

companies to be appropriate and to provide the necessary skills required for this role. In accordance with the Code, the members of the Audit and Risk Committee have recent and relevant financial experience. The Committee met twice during the year ended 30 June 2014; all members attended.

Written terms of reference have been constituted for the Audit and Risk Committee and can be found on the Company's website at www.albion-ventures.co.uk within the 'Our Funds' section by clicking on Crown Place VCT PLC and looking within the Corporate Governance section.

During, and following the year under review, the Committee discharged its responsibilities including:

- formally reviewing the Annual Report and Financial Statements, the Half-yearly Financial Report, the Interim Management Statements and the associated announcements, with particular focus on the main areas requiring judgment and on critical accounting policies;
- reviewing the effectiveness of the internal controls system and examination of the Internal Controls Report produced by the Manager;
- meeting with the external Auditor to review their findings, including at least one meeting without the Manager present;
- reviewing the performance of the Manager and making recommendations regarding their re-appointment to the Board;
- evaluating the effectiveness of the external audit and the performance of the external Auditor including their terms of engagement and remuneration;
- addressing specific issues relating to the Financial Statements including the reasonableness of valuations, compliance with accounting standards and UK law, corporate governance and listing and disclosure rules disclosures, as well as going concern. These issues were addressed through detailed review, discussion and challenge by the Board of these matters, as well as by reference to underlying technical information;
- advising the Board on whether the Annual Report and Financial Statements, taken as a whole, are fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy; and
- reporting to the Board on how it has discharged its responsibilities.

Financial Statements

The Audit and Risk Committee has initial responsibility for reviewing the Financial Statements and reporting on any significant issues that arise in relation to the audit of the Financial Statements as outlined below. Such issues were discussed with the external Auditor prior to the completion of the audit of the Financial Statements. No areas of

Statement of corporate governance continued

disagreement arose between the Committee and the external Auditor in respect of their work during the period.

The key accounting and reporting issues considered by the Committee were:

The valuation of the Company's investments

Valuations of investments are prepared by the Investment Manager. The Audit and Risk Committee reviewed the estimates and judgments made in relation to these investments and were satisfied that they were appropriate. The Committee also discussed the controls in place over the valuation of investments. The Committee recommended investment valuations to the Board for approval.

Revenue recognition

The revenue generated from loan stock interest and dividend income has been considered by the Audit and Risk Committee as part of its review of the Annual Report as well as a quarterly review of the management accounts prepared by the Manager. The Committee has considered the controls in place over revenue recognition to ensure that amounts received are in line with expectation and budget.

Following a review of several iterations of the Annual Report and Financial Statements and consideration of the key areas of risk identified, the Audit and Risk Committee have recommended to the Board that, as a whole, the Financial Statements are fair, balanced and understandable and that they provide the information necessary for shareholders to assess the Company's performance, business model and strategy.

Relationship with the external Auditor

The Committee reviews the performance and continued suitability of the Company's external Auditor on an annual basis. They assess the external Auditor's independence, qualification, extent of relevant experience and effectiveness of audit procedures as well as the robustness of their quality assurance procedures. In advance of each audit, the Committee obtains confirmation from the external Auditor that they are independent and of the level of non-audit fees earned by them and their affiliates. No non-audit services were provided during the financial year ended 30 June 2014.

As part of its work, the Audit and Risk Committee has undertaken a formal evaluation of the external Auditor against the following criteria;

- Qualification
- Expertise
- Resources
- Effectiveness
- Independence
- Leadership

In order to form a view of the effectiveness of the external audit process, the Committee took into account information from the Manager regarding the audit process, the formal documentation issued to the Audit and Risk Committee and the Board by the external Auditor as well as feedback given in a meeting without the Manager present, regarding the external audit for the year ended 30 June 2014, and assessments made by individual Directors.

In 2007, the Audit and Risk Committee undertook a tendering exercise for provision of audit services. As a result of this process, BDO LLP was appointed Auditor with effect from 2008. The Committee annually reviews and evaluates the standard and quality of service provided by the Auditor, as well as value for money in the provision of these services.

The current audit engagement partner has served four years in this role following the completion of the 30 June 2014 audit and therefore complies with the Audit Engagement rotation requirements that allow a maximum rotation period of five years.

Based on the assurance obtained, the Committee recommended to the Board a resolution to re-appoint BDO LLP as Auditor at the forthcoming Annual General Meeting.

Nomination Committee

The Nomination Committee consists of all Directors and Patrick Crosthwaite is the Chairman. Richard Huntingford will succeed him as Chairman of the Committee. The terms of reference of the Nomination Committee are to evaluate the balance of skills, experience and time commitment of the current Board members and make recommendations to the Board as and when a particular appointment arises. The Nomination Committee did not meet during the year, however, with the retirement of Patrick Crosthwaite, the Committee chaired by Rachel Beagles as Senior Independent Director, met post year end to discuss his succession and recruitment of a new director.

The Board's policy on the recruitment of new directors is to attract a range of backgrounds, skills and experience and to ensure that appointments are made on the grounds of merit against clear and objective criteria and bear in mind the maintenance of gender and other diversity within the Board. Directors are offered training, both at the time of joining the Board and on other occasions where required.

Terms of reference for the Nomination Committee can be found on the Company's website at www.albion-ventures.co.uk within the 'Our Funds' section by clicking on Crown Place VCT PLC and looking within the Corporate Governance section. The terms and conditions of Directors' appointment are available for inspection at the Annual General Meeting.

Statement of corporate governance continued

Internal control

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

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

- segregation of duties between the preparation of valuations and recording into the accounting records;
- independent third party valuations of the majority of asset-based 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 Finance Director of Albion Ventures LLP;
- bank and stock reconciliations are carried out monthly by the Manager in accordance with FCA requirements;
- all published financial reports are reviewed by Albion Ventures LLP's compliance department;
- the Board reviews financial information; and
- a separate Audit and Risk Committee of the Board reviews financial information (including the valuations) due to be published.

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 PKF Littlejohn LLP, which, as internal auditor for Albion Ventures LLP, undertakes periodic examination of the business processes and controls environment at Albion Ventures LLP; and ensures that any recommendations to implement improvements in controls are carried out. During the year, the Audit and Risk Committee and the Board reviewed internal audit reports prepared by PKF Littlejohn LLP. The Board will continue to monitor its system of internal control in order to provide assurance that it operates as intended.

Conflicts of interest

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

Capital structure and Articles of Association

Details regarding the Company's capital structure, substantial interests and Directors' powers to buy and issue shares are detailed in full on pages 21, 23 and 24 of the Directors' report. 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 at 11:00 am on 13 November 2014 will be used as an opportunity to communicate with investors. The Board, including the Chairman of the Audit and Risk Committee, will be available to answer questions at the Annual General Meeting. At the Annual General Meeting, the level of proxies lodged on each resolution, the balance for and against the resolution, and the number of votes withheld, are announced after the resolution has been voted on by a show of hands.

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

Shareholders are able to access the latest information on the Company through the Albion Ventures LLP website www.albion-ventures.co.uk under the "Our Funds" section and by clicking on Crown Place VCT PLC.

Any enquiries relating to shareholdings, share certificates or changes to personal details can be directed to Computershare Investor Services PLC:

Tel: 0870 873 5857 (UK National Rate call, lines are open 8.30am – 5.30pm; Mon–Fri; calls may be recorded)

Statement of corporate governance continued

Shareholders can access holdings and valuation information regarding any of their shares held with Computershare by registering on Computershare's website www.investorcentre.co.uk.

Shareholders can also contact the Chairman directly on pcrosthwaite@albion-ventures.co.uk.

For enquiries relating to the performance of the Company, and for financial advisers' information please contact Albion Ventures LLP:

Tel: 020 7601 1850 (lines are open 9.00am – 5.30pm, Mon–Fri; calls may be recorded)

E-mail: info@albion-ventures.co.uk

Website: www.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

The Directors consider that the Company has complied throughout the year ended 30 June 2014 with all the relevant provisions set out in the Code issued in September 2012 other than those mentioned above, and with the AIC Code of Corporate Governance. The Company continues to comply with the Code as at the date of this report.

By Order of the Board

Patrick Crosthwaite

Chairman

2 October 2014

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 Conduct Authority and describes how the Board has applied the principles relating to the Directors' remuneration.

Ordinary resolutions will be proposed at the Annual General Meeting of the Company to be held on 13 November 2014 for the approval of the Directors' Remuneration Policy and the Annual Remuneration Report as set out below.

The Company's independent Auditor, BDO LLP, is required to give its opinion on certain information included in this report, as indicated below. The Auditor's opinion is included in the Independent Auditor's Report.

UNAUDITED INFORMATION

Annual statement from the Chairman of the Remuneration Committee

The Remuneration Committee comprises all of the Directors, with Patrick Crosthwaite as Chairman. Richard Huntingford will succeed him as Chairman of the Committee.

Directors' salaries have not increased since 1 March 2011 after the Board was reduced from five Directors to four. This was to reflect the increased workload and responsibility of the remaining Directors.

The Remuneration Committee met once during the year to review Directors responsibilities and salaries against the market and concluded that the current level of remuneration was in line with expectation.

Directors' remuneration policy

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

In accordance with the new reporting requirements, an Ordinary resolution for the approval of the Remuneration policy of the Company, to remain in force for a three year period, will be put to the members at the AGM and will be effective from that date.

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

Assuming that this policy is approved by Shareholders at the forthcoming Annual General Meeting, it is intended that this policy will continue for the year ended 30 June 2015 and subsequent years. An ordinary resolution to approve the Directors' Remuneration Policy will be put to shareholders at least once every three years.

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 Patrick Crosthwaite will retire; he will not seek re-election.

None of the Directors has a service contract with the Company, and as such there is no policy on termination payments. There is no notice period and no payments for loss of office were made during the period. On being appointed to the Board, Directors receive a letter from the Company setting out the terms of their appointment and their specific duties and responsibilities.

Shareholders' views in respect of Directors' remuneration are regarded highly and the Board encourages Shareholders' to attend its Annual General Meeting in order to communicate their thoughts, which it takes into account where appropriate when formulating its policy. At the last Annual General Meeting, 98.5% of shareholders voted for the resolution approving the Directors' Remuneration Report.

Directors

The Directors who held office throughout the year, and their interests in the shares of the Company (together with those of their immediate family) as at 30 June 2014 were:

	Shares held as at 30 June 2014	Shares held as at 30 June 2013
Patrick Crosthwaite	16,000	16,000
Rachel Beagles	115,485	115,485
Karen Brade	5,721	5,286
Richard Huntingford	20,588	19,021
Total	157,794	155,792

There have been no changes in the holdings of the Directors between 30 June 2014 and the date of this report.

Partners and staff of Albion Ventures LLP (the Manager) currently hold 389,306 shares.

Annual report on remuneration

The remuneration of individual Directors' is determined by the Remuneration Committee within the framework set by the

Directors' remuneration report continued

Board. The Committee comprises all Directors and is chaired by Patrick Crosthwaite.

It is responsible for reviewing the remuneration of the Directors and the Company's remuneration policy to ensure that it reflects the duties, responsibilities and value of time spent by the Directors on the business of the Company and makes recommendations to the Board accordingly.

Directors' remuneration

The following items have been audited.

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

	Year ended 30 June 2014		
	Fees £	Expenses £	Total £
Patrick Crosthwaite	21,000	-	21,000
Rachel Beagles	19,000	-	19,000
Karen Brade	17,500	-	17,500
Richard Huntingford	17,500	-	17,500
	<u>75,000</u>	<u>-</u>	<u>75,000</u>

	Year ended 30 June 2013		
	Fees £	Expenses £	Total £
Patrick Crosthwaite	21,000	-	21,000
Rachel Beagles	19,000	-	19,000
Karen Brade	17,500	-	17,500
Richard Huntingford	17,500	-	17,500
	<u>75,000</u>	<u>-</u>	<u>75,000</u>

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.

In addition to Directors' remuneration, the Group paid an annual premium in respect of Directors' and Officers' Liability Insurance of £11,714 (2013: £12,779).

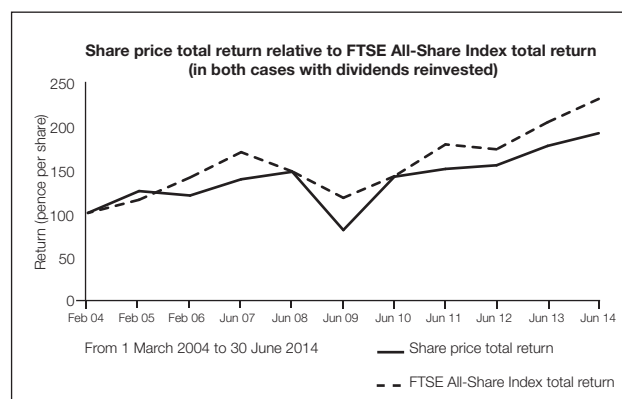
Service contracts

The Directors have letters of appointment under which retirement and re-appointment are governed by the Articles of Association of the Company.

Performance graph

The graph below shows Crown Place VCT PLC's share price total return against the FTSE All-Share Index total return, in both instances with dividends reinvested. The Directors consider the FTSE All-Share Index to be the most appropriate benchmark for 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 total return to the shareholder, including original amount invested (rebased to 100), 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.

Relative importance of spend on pay

As the Company has no employees other than the Directors, the Committee does not consider it meaningful to present a table comparing remuneration paid to employees with distribution to shareholders.

By Order of the Board

Albion Ventures LLP

Company Secretary
1 King's Arms Yard
London
EC2R 7AF
2 October 2014

Independent Auditor's report to the Members of Crown Place VCT PLC

We have audited the financial statements of Crown Place VCT PLC for the year ended 30 June 2014 which comprise the consolidated statement of comprehensive income, the consolidated and parent company balance sheets, the consolidated statement of changes in equity, the parent company reconciliation of movements in shareholders' funds, the consolidated cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards ("IFRSs") as adopted by the European Union.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 30 June 2014 and of the group's return for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union in respect of the Group financial statements;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice in respect of the parent company financial statements; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

Our assessment of risks of material misstatement and our audit approach to these risks

We identified the following risks that we consider to have had the greatest impact on our audit strategy and scope:

- The assessment of the carrying value of investments, particularly unquoted investments.
This is a key accounting estimate where there is an inherent risk of management override arising from the investment valuations being prepared by the Investment Manager, who is remunerated based on the net asset value of the funds, derived using those valuations.

We challenged the assumptions inherent in the valuation of unquoted investments and we assessed the impact of the estimation uncertainty concerning these assumptions and the disclosure of these uncertainties in the financial statements. Our audit procedures included reviewing the historical financial statements and recent management information available for the unquoted investments used to support assumptions about maintainable earnings used in the valuations, considering the multiples applied by reference to independent market data and challenging the adjustments made to such market data in arriving at the valuations adopted. Where alternative assumptions could reasonably be applied, we developed our own point estimates and considered the overall impact of such sensitisations on the portfolio of investments in determining whether the valuations as a whole are reasonable and unbiased.

Where other valuation approaches were adopted, in addition to challenging the assumptions used, we considered the appropriateness of the valuation techniques adopted by reference to both the circumstances of the investee company and the International Private Equity and Venture Capital Valuation guidelines.

- Revenue recognition
Revenue consists of dividends receivable from investee companies and interest earned on loans to investee companies and cash balances. Revenue recognition is considered to be a significant audit risk as it is often a key factor in demonstrating the performance of the portfolio. In particular, as the company invests primarily in unquoted companies, dividends receivable can be difficult to predict.

We considered the controls relating to revenue recognition and undertook testing of interest income by comparing actual income to expectations generated using the interest rates in the loan instruments. We considered whether the accounting policy had been applied correctly by management in determining provisions against income where recovery is considered doubtful, considering management information relevant to the ability of the investee company to service the loan and the reasons for any arrears of loan interest. We also reviewed the recognition and classification of any accrued income, considering the appropriateness of the classification of income between revenue and capital in the Income Statement.

We also tested dividends receivable through comparing actual income to expectations set based on independent published data on dividends declared by the investee companies held. We tested the categorisation of dividends received from investee companies between revenue and capital.

The Audit Committee's consideration of these matters is set out on pages 27 to 28.

Purpose of this report

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 auditor's 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 auditor

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 and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

Scope of the audit of the financial statements and our application of materiality

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/auditscopeukprivate.

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. For planning, we consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements. In order to reduce to an appropriately low level the probability that any misstatements exceed materiality we use a lower materiality level, performance materiality, to determine the

Independent Auditor's report to the Members of Crown Place VCT PLC continued

extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the Financial Statements.

We determined materiality for the financial statements as a whole to be £520,000. In determining this, we based our assessment on a percentage of fixed asset investments held at fair value which reflects the underlying level of precision within the valuation of the investment portfolio and the range of reasonably possible alternative valuations that could be expected to apply to the unquoted investments.

International Standards on Auditing (UK & Ireland) also require the auditor to set a lower materiality for particular classes of transaction, balances or disclosures for which misstatements of lesser amounts than materiality for the financial statements as a whole could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements. In this context, we set a lower level of materiality to apply to those classes of transactions and balances which impact on the costs and the net realised returns of the company. We determined materiality for this area to be £50,000.

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £6,000, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

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 strategic report and directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the information given in the corporate governance statement set out on pages 26 to 30 of the annual report with respect to 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

Under International Standards on Auditing (UK and Ireland), we are required to report to you if, in our opinion, information in the annual report is:

- materially inconsistent with the information in the audited financial statements; or
- apparently materially incorrect based on, or materially inconsistent with, our knowledge of the company acquired in the course of performing our audit; or
- is otherwise misleading.

In particular, we are required to consider whether we have identified any inconsistencies between our knowledge acquired during the audit and the directors' statement that they consider the annual report is fair, balanced and understandable and whether the annual report appropriately discloses those matters that we communicated to the Audit Committee which we consider should have been disclosed.

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; or
- a corporate governance statement has not been prepared by the company.

Under the Listing Rules we are required to review:

- the directors' statement, set out on page 21 in relation to going concern; and
- the part of the corporate governance statement relating to the company's compliance with the nine provisions of the UK Corporate Governance Code specified for our review.

We have nothing to report in respect of these matters.

Rhodri Whitlock (senior statutory auditor)
for and on behalf of BDO LLP, statutory auditor
London
United Kingdom
2 October 2014

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Consolidated statement of comprehensive income

	Note	Year ended 30 June 2014			Year ended 30 June 2013		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains on investments	2	–	1,812	1,812	–	1,479	1,479
Investment income and deposit interest	3	925	–	925	967	–	967
Investment management fees	4	(120)	(361)	(481)	(114)	(343)	(457)
Other expenses	5	(280)	–	(280)	(263)	–	(263)
Profit before taxation		525	1,451	1,976	590	1,136	1,726
Taxation	6	–	–	–	–	–	–
Profit and total comprehensive income for the year		525	1,451	1,976	590	1,136	1,726
Basic and diluted return per Ordinary share (pence)*	8	0.61	1.67	2.28	0.73	1.41	2.14

* excluding treasury shares

The accompanying notes on pages 42 to 58 form an integral part of these Financial Statements.

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

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

Consolidated balance sheet

	Note	30 June 2014 £'000	30 June 2013 £'000
Non-current assets			
Investments	9	<u>27,689</u>	<u>24,567</u>
Current assets			
Trade and other receivables less than one year	12	74	17
Current asset investments	12	42	21
Cash and cash equivalents	16	<u>1,466</u>	<u>2,780</u>
		<u>1,582</u>	<u>2,818</u>
Total assets		29,271	27,385
Current liabilities			
Trade and other payables less than one year	13	<u>(221)</u>	<u>(219)</u>
Net assets		29,050	<u>27,166</u>
Equity attributable to equityholders			
Ordinary share capital	14	10,006	9,300
Share premium		5,527	3,756
Capital redemption reserve		1,415	1,283
Unrealised capital reserve		657	(1,690)
Realised capital reserve		145	1,041
Other distributable reserve		<u>11,300</u>	<u>13,476</u>
Total equity shareholders' funds		29,050	<u>27,166</u>
Basic and diluted net asset value per share (pence)*	15	32.04	<u>32.26</u>

* excluding treasury shares

The accompanying notes on pages 42 to 58 form an integral part of these Financial Statements.

These Financial Statements were approved by the Board of Directors, and authorised for issue on 2 October 2014 and were signed on its behalf by

Patrick Crosthwaite

Chairman

Company number: 03495287

Company balance sheet

	Note	30 June 2014 £'000	30 June 2013 £'000
Fixed assets			
Fixed asset investments	9	27,689	24,567
Investment in subsidiary undertakings	11	15,095	16,580
		<u>42,784</u>	<u>41,147</u>
Current assets			
Trade and other debtors	12	74	17
Current asset investments	12	42	21
Cash at bank and in hand	16	1,410	2,723
		<u>1,526</u>	<u>2,761</u>
Creditors: amounts falling due within one year	13	<u>(15,260)</u>	<u>(16,742)</u>
Net current assets		<u>(13,734)</u>	<u>(13,981)</u>
Net assets		<u>29,050</u>	<u>27,166</u>
Capital and reserves			
Ordinary share capital	14	10,006	9,300
Share premium		5,527	3,756
Capital redemption reserve		1,415	1,283
Unrealised capital reserve		695	(167)
Realised capital reserve		(64)	832
Other distributable reserve		11,471	12,162
Total equity shareholders' funds		<u>29,050</u>	<u>27,166</u>
Basic and diluted net asset value per share (pence)*	15	<u>32.04</u>	<u>32.26</u>

* excluding treasury shares

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

The accompanying notes on pages 42 to 58 form an integral part of these Financial Statements.

These Financial Statements were approved by the Board of Directors, and authorised for issue on 2 October 2014 and were signed on its behalf by

Patrick Crosthwaite

Chairman

Company number: 03495287

Consolidated statement of changes in equity

	Ordinary share capital £'000	Share premium £'000	Capital redemption reserve £'000	Unrealised capital reserve £'000	Realised capital reserve £'000	Other distributable reserve £'000	Total £'000
As at 1 July 2013	9,300	3,756	1,283	(1,690)	1,041	13,476	27,166
Profit and total comprehensive income	–	–	–	1,823	(372)	525	1,976
Transfer of previously unrealised losses on sale or write off of investments	–	–	–	524	(524)	–	–
Dividends paid	–	–	–	–	–	(2,132)	(2,132)
Purchase of shares for treasury (including costs)	–	–	–	–	–	(174)	(174)
Purchase of own shares for cancellation (including costs)	(132)	–	132	–	–	(395)	(395)
Issue of equity (net of costs)	838	1,771	–	–	–	–	2,609
As at 30 June 2014	10,006	5,527	1,415	657	145	11,300	29,050
As at 1 July 2012	8,844	2,335	1,065	(3,755)	1,970	15,491	25,950
Profit and total comprehensive income	–	–	–	1,105	31	590	1,726
Transfer of previously unrealised losses on sale or write off of investments	–	–	–	960	(960)	–	–
Dividends paid	–	–	–	–	–	(1,983)	(1,983)
Cancellation of treasury shares	(77)	–	77	–	–	–	–
Purchase of shares for treasury (including costs)	–	–	–	–	–	(206)	(206)
Purchase of own shares for cancellation (including costs)	(141)	–	141	–	–	(416)	(416)
Issue of equity (net of costs)	674	1,421	–	–	–	–	2,095
As at 30 June 2013	9,300	3,756	1,283	(1,690)	1,041	13,476	27,166

The nature of each reserve is described in note 1 on page 44.

Company reconciliation of movements in shareholders' funds

	Ordinary share capital £'000	Share premium £'000	Capital redemption reserve £'000	Unrealised capital reserve £'000	Realised capital reserve* £'000	Other distributable reserve* £'000	Total £'000
As at 1 July 2013	9,300	3,756	1,283	(167)	832	12,162	27,166
Return for the year	–	–	–	1,823	(372)	2,010	3,461
Revaluation of investment in subsidiaries	–	–	–	(1,485)	–	–	(1,485)
Transfer of previously unrealised losses on sale or write off of investments	–	–	–	524	(524)	–	–
Dividends paid in year	–	–	–	–	–	(2,132)	(2,132)
Purchase of shares for treasury (including costs)	–	–	–	–	–	(174)	(174)
Purchase of own shares for cancellation (including costs)	(132)	–	132	–	–	(395)	(395)
Issue of equity (net of costs)	838	1,771	–	–	–	–	2,609
As at 30 June 2014	10,006	5,527	1,415	695	(64)	11,471	29,050
As at 1 July 2012	8,844	2,335	1,065	(3,252)	1,761	15,197	25,950
Return for the year	–	–	–	1,105	31	(430)	706
Revaluation of investment in subsidiaries	–	–	–	1,020	–	–	1,020
Transfer of previously unrealised losses on sale or write off of investments	–	–	–	960	(960)	–	–
Dividends paid in year	–	–	–	–	–	(1,983)	(1,983)
Cancellation of treasury shares	(77)	–	77	–	–	–	–
Purchase of shares for treasury (including costs)	–	–	–	–	–	(206)	(206)
Purchase of own shares for cancellation (including costs)	(141)	–	141	–	–	(416)	(416)
Issue of equity (net of costs)	674	1,421	–	–	–	–	2,095
As at 30 June 2013	9,300	3,756	1,283	(167)	832	12,162	27,166

* Included within these reserves is an amount of £11,407,000 (2013: £12,827,000) which is considered distributable. The nature of each reserve is described in note 1 on page 44.

Consolidated cashflow statement

	Note	Year ended 30 June 2014 £'000	Year ended 30 June 2013 £'000
Operating activities			
Investment income received		880	917
Deposit interest received		18	22
Dividend income received		29	34
Investment management fees paid		(473)	(453)
Other cash payments		(267)	(269)
Net cash flows from operating activities	17	<u>187</u>	<u>251</u>
Cash flows from investing activities			
Purchase of non-current asset investments		(2,539)	(1,062)
Disposal of non-current asset investments		1,129	2,399
Net cash flows from investing activities		<u>(1,410)</u>	<u>1,337</u>
Cash flows from financing activities			
Issue of share capital (net of issue costs)		2,444	1,993
Equity dividends paid (net of costs of dividend reinvestment scheme and unclaimed dividends returned)		(1,966)	(1,883)
Purchase of shares for treasury		(174)	(243)
Purchase of shares for cancellation		(395)	(416)
Net cash flows used in financing activities		<u>(91)</u>	<u>(549)</u>
(Decrease)/increase in cash and cash equivalents		(1,314)	1,039
Cash and cash equivalents at the start of the year		<u>2,780</u>	<u>1,741</u>
Cash and cash equivalents at the end of the year	16	<u>1,466</u>	<u>2,780</u>

Company cashflow statement

	Note	Year ended 30 June 2014 £'000	Year ended 30 June 2013 £'000
Operating activities			
Loan stock income received		880	917
Deposit interest received		18	22
Dividend income received		3,416	934
Investment management fees paid		(473)	(453)
Intercompany interest paid		(3,387)	(900)
Other cash payments		(267)	(269)
Net cash flows from operating activities	17	<u>187</u>	<u>251</u>
Taxation			
UK corporation tax paid		-	-
Capital expenditure and financial investments			
Purchase of fixed asset investments		(2,539)	(1,062)
Disposal of fixed asset investments		1,129	2,399
Net cash flows from investing activities		<u>(1,410)</u>	<u>1,337</u>
Equity dividends paid			
Dividends paid (net of costs of shares issued under the dividend reinvestment scheme and unclaimed dividends returned)		(1,966)	(1,883)
Net cash flows before financing		<u>(3,189)</u>	<u>(295)</u>
Financing activities			
Issue of share capital (net of issue costs)		2,444	1,993
Purchase of own shares for treasury (including costs)		(174)	(243)
Purchase of own shares for cancellation (including costs)		(395)	(416)
Net cash flows from financing		<u>1,875</u>	<u>1,334</u>
Cash flow in the year	16	<u>(1,314)</u>	<u>1,039</u>

Notes to the Financial Statements

1. Accounting policies

The following policies refer to the Group and the Company except where noted. References to International Financial Reporting Standards ('IFRS') relate to the Group Financial Statements and United Kingdom Generally Accepted Accounting Practice ('UK GAAP') relate to the Company Financial Statements.

Basis of accounting

The Financial Statements have been prepared in accordance with International Financial Reporting Standards ('IFRS') adopted for use in the European Union (and therefore comply with Article 4 of the EU IAS regulation), in the case of the Group, and in accordance with UK GAAP in the case of the Company.

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

At the balance sheet date, the following International Accounting Standards and interpretations were in issue but not yet effective:

- **IFRS 9 Financial instruments: Recognition and measurement** (effective for annual periods beginning on or after 1 January 2015)
- **IFRS 10 Consolidated Financial Statements** (effective for annual periods beginning on or after 1 January 2014)
- **IFRS 11 Accounting for Acquisitions of Interest in Joint Operations** (effective for annual periods beginning on or after 1 January 2014)
- **IFRS 12 Disclosure of Interest in Other Entities** (effective for annual periods beginning on or after 1 January 2014)
- **IFRS 14 Regulatory Deferral Accounts** (effective for annual periods beginning on or after 1 January 2016)
- **IFRS 15 Revenue from Contracts with Customers** (effective for annual periods beginning on or after 1 January 2017)
- **IAS 16/IAS 41 Clarification of Acceptable Methods of Depreciation and Amortisation** (effective for annual periods beginning on or after 1 January 2016)
- **IAS 19 Defined Benefit Plans: Employee Contributions** (effective for annual periods beginning on or after 1 July 2014)
- **IAS 27 Separate Financial Statements** (effective for annual periods beginning on or after 1 January 2014)
- **IAS 28 Investments in Associates and Joint Ventures** (effective for annual periods beginning on or after 1 January 2014)
- **IAS 32 Offsetting Financial Assets and Financial Liabilities** (effective for annual periods beginning on or after 1 January 2014)
- **IAS 36 Recoverable amounts disclosures for non-financial assets** (effective for annual periods beginning on or after 1 January 2014)
- **IAS 39 Novation of Derivatives and Continuation of Hedge Accounting** (effective for annual periods beginning on or after 1 January 2014)

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

Basis of consolidation

The Group consolidated Financial Statements incorporate the Financial Statements of the Company for the year ended 30 June 2014 and the entities controlled by the Company (its subsidiaries), for the same period. Where necessary, adjustments are made to the Financial Statements of subsidiaries to bring the accounting policies into line with those used by the Group. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

As permitted by Section 408 of the Companies Act 2006, the Company has not presented its own profit and loss account. The amount of the Company's profit before tax for the year dealt with in the accounts of the Group is £3,461,000 (2013: £706,000).

Segmental reporting

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

Business combinations

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

Notes to the Financial Statements continued

1. Accounting policies continued

Estimates

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

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

Investment in subsidiaries

Investments in subsidiaries are revalued at the balance sheet date based on the underlying net assets of the subsidiary undertakings. Revaluation movements are recognised in the unrealised reserve.

The Directors have not yet made a formal decision on the future of CP2 VCT plc, but the parent Company has undertaken to support the ongoing operations of the subsidiary company for a period of not less than 12 months from the date of the accounts.

Non-current asset investments

Quoted and unquoted equity investments, debt issued at a discount, and convertible bonds

In accordance with IAS 39 'Financial Instruments: Recognition and Measurement', and FRS 26 'Financial Instruments: Recognition and Measurement', quoted and unquoted equity, debt issued at a discount and convertible bonds are designated as fair value through profit or loss ("FVTPL"). Investments listed on recognised exchanges are valued at the closing bid prices at the end of the accounting period. Unquoted investments' fair value is determined by the Directors in accordance with the International Private Equity and Venture Capital Valuation Guidelines (IPEVCV guidelines).

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

Warrants and unquoted equity derived instruments

Warrants and unquoted equity derived instruments are only valued if there is deemed to be 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 (excluding debt issued at a discount and convertible bonds) is classified as loans and receivables as permitted by IAS 39 and FRS 26 and measured at amortised cost using the effective interest rate method less impairment. Movements in the amortised cost relating to interest income are reflected in the revenue column of the Statement of comprehensive income, and hence are reflected in the other distributable reserve, and movements in respect of capital provisions are reflected in the capital column of the Statement of comprehensive income and are reflected in the realised capital reserve following sale, or in the unrealised capital reserve for impairments arising from revaluations of the fair value of the security.

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

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 other distributable 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.

In accordance with the exemptions under IAS 28 "Investments in associates" and FRS 9 "Associates and joint ventures", those undertakings in which the Group or Company holds more than 20 per cent. of the equity as part of an investment portfolio are not accounted for using the equity method.

Current asset investments

Contractual future contingent receipts on the disposal of fixed asset investments are designated as fair value through profit and loss and are subsequently measured at fair value.

Notes to the Financial Statements continued

1. Accounting policies continued

Investment income

Quoted and unquoted equity income

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

Unquoted loan stock income

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

Bank interest income

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

Investment management fees, performance incentive fees and other expenses

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

Issue costs

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

Taxation

Taxation is applied on a current basis in accordance with IAS 12 "Income taxes" and FRS 16 "Current tax". Taxation associated with capital expenses is applied in accordance with the SORP. Deferred taxation is provided in full on timing differences (in accordance with FRS 16) and temporary differences (in accordance with IAS 12) 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. Temporary differences (FRS 16) arise from differences between the carrying amounts of assets and liabilities for financial reporting and the amounts used for taxation purposes. Timing differences (IAS 12) 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 probable that future taxable profit will be available against which unused tax losses and credits can be utilised. Deferred tax assets and liabilities are not discounted.

Dividends

In accordance with IAS 10 and FRS 21 "Events after the balance sheet date", dividends are accounted for in the period in which the dividend is declared.

Reserves

Share premium reserve

This reserve accounts for the difference between the price paid for the Company's shares and the nominal value of those shares, less issue costs and transfers to the other distributable 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.

Realised capital reserve

The following are disclosed in this reserve:

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

Other distributable reserve

This reserve accounts for movements from the revenue column of the Statement of comprehensive income, the payment of dividends, the buyback of shares and other non capital realised movements.

Notes to the Financial Statements continued

2. Gains on investments

	Year ended 30 June 2014 £'000	Year ended 30 June 2013 £'000
Unrealised gains on investments held at fair value through profit or loss	1,780	1,208
Reversal of impairments/(impairments) on investments measured at amortised cost	22	(124)
Unrealised gains on non-current asset investments sub-total	1,802	1,084
Unrealised gains on current asset investments held at fair value through profit or loss	21	21
Unrealised gains on investments	1,823	1,105
Realised gains on investments held at fair value through profit or loss	–	389
Realised losses on investments measured at amortised cost	(11)	(15)
Realised (losses)/gains on investments	(11)	374
	1,812	1,479

Investments measured at amortised cost are unquoted loan stock investments as described in note 9.

3. Investment income and deposit interest

	Year ended 30 June 2014 £'000	Year ended 30 June 2013 £'000
Income recognised on investments held at fair value through profit or loss		
UK dividend income	29	34
Interest on convertible bonds and debt issued at a discount	145	134
	174	168
Income recognised on investments measured at amortised cost		
Return on loan stock investments	732	776
Bank deposit interest	19	23
	751	799
	925	967

Interest income earned on impaired investments at 30 June 2014 amounted to £172,000 (2013: £240,000). These investments are all held at amortised cost.

4. Investment management fees

	Year ended 30 June 2014			Year ended 30 June 2013		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Investment management fee	120	361	481	114	343	457

Further details of the management agreement under which the investment management fee is paid are given in the Strategic report on page 10.

During the year, services of a total value of £531,000 (2013: £507,000) were purchased by the Company from Albion Ventures LLP comprising £481,000 in respect of management fees and £50,000 in respect of administration fees. At the financial year end, the amount due to Albion Ventures LLP in respect of these services disclosed as accruals and deferred income was £139,500 (administration fee accrual: £12,500, management fee accrual £127,000) (2013: £131,000).

Albion Ventures LLP is, from time to time, eligible to receive transaction fees and Directors' fees from portfolio companies. During the year ended 30 June 2014 fees of £67,000 attributable to the investments of the Company were received pursuant to these arrangements (2013: £43,000).

Notes to the Financial Statements continued

4. Investment management fees continued

During the year, the Company raised new funds through the Albion VCTs Top Up Offers 2013/2014 and the Albion VCT Prospectus Top Up Offers 2013/2014 as described in note 14. The Manager, Albion Ventures LLP, acted as receiving agent for the Offer. The total receiving agents costs were £25,000 of which £3,200 (2013: £3,300) was paid by Crown Place VCT PLC to the Manager.

Albion Ventures LLP holds 1,256 Ordinary shares as a result of fractional entitlements arising on the merger of Crown Place VCT PLC, CP1 VCT PLC and CP2 VCT PLC on 13 January 2006. In addition, Albion Ventures LLP holds a further 16,202 Ordinary shares in the Company.

5. Other expenses

	Year ended 30 June 2014	Year ended 30 June 2013
	£'000	£'000
Directors' remuneration	75	75
National insurance on Directors' remuneration	6	6
Auditor's remuneration:		
– audit of the statutory Financial Statements (excluding VAT)	26	25
– the auditing of accounts of associates of the Company pursuant to legislation (excluding VAT)	5	5
Impairment of accrued interest	10	–
Other expenses	158	152
	280	263

Further information regarding Directors' remuneration can be found in the audited section of the Directors' remuneration report on page 32.

6. Taxation

	Year ended 30 June 2014			Year ended 30 June 2013		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
UK corporation tax charge	–	–	–	–	–	–

The tax charge for the year shown in the Statement of comprehensive income is lower than the standard rate of corporation tax of 23 per cent. to 31 March 2014 and 21 per cent. from 1 April 2014. (average rate of 22.5 per cent.; 2013: average rate of 23.75 per cent.). The differences are explained below:

	Year ended 30 June 2014	Year ended 30 June 2013
	£'000	£'000
Profit before taxation	1,976	1,726
Profit multiplied by the standard rate of corporation tax	(445)	(410)
Effect of capital gains not subject to taxation	408	351
Effect of income not subject to taxation	7	8
Utilisation of tax losses	30	51
	–	–

No provision for deferred tax has been made in the current or prior accounting period. The Company and Group have not recognised a deferred tax asset of £2,725,000 (2013: £2,725,000) in respect of unutilised management expenses and non-trading deficits as it is not considered sufficiently probable that there will be taxable profits against which to utilise these expenses in the foreseeable future. The Group has not recognised a further deferred tax asset of £664,000 (2013: £1,202,000) in respect of unutilised management expenses and deficits arising from non-trading relationships which would only be used if its subsidiaries made significant profits.

Notes to the Financial Statements continued

7. Dividends

	Year ended 30 June 2014 £'000	Year ended 30 June 2013 £'000
First dividend paid on 29 November 2013 (1.25 pence per share)	1,053	993
Second dividend paid on 31 March 2014 (1.25 pence per share)	1,079	992
Unclaimed dividends returned to the Company during the year	–	(2)
	2,132	1,983

In addition to the dividends paid above, the Board has declared a first dividend for the year ending 30 June 2015, of 1.25 pence per share. This will be paid on 28 November 2014 to shareholders on the register as at 7 November 2014. The total dividend will be approximately £1,147,000.

During the year, no unclaimed dividends older than twelve years (2013: £2,000) were returned to the Company in accordance with the terms of the Articles of Association.

8. Basic and diluted return per share

	Year ended 30 June 2014			Year ended 30 June 2013		
	Revenue	Capital	Total	Revenue	Capital	Total
Return attributable to equity shares (£'000)	525	1,451	1,976	590	1,136	1,726
Weighted average shares (excluding treasury shares)		86,017,237			80,500,879	
Return attributable per Ordinary share (pence) (basic and diluted)	0.61	1.67	2.28	0.73	1.41	2.14

The return per share has been calculated excluding treasury shares of 9,376,410 (2013: 8,794,410).

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

9. Non-current asset investments

	30 June 2014 £'000	30 June 2013 £'000
Group and Company		
Investments held at fair value through profit or loss		
Unquoted equity and preference shares	12,161	9,582
Quoted equity	896	461
Discounted debt and convertible loan stock	3,635	2,824
	16,692	12,867
Investments measured at amortised cost		
Unquoted loan stock	10,997	11,700
	27,689	24,567

Notes to the Financial Statements continued

9. Non-current asset investments continued

	30 June 2014
	£'000
Opening valuation as at 1 July 2013	24,567
Purchases at cost	2,539
Disposal proceeds	(1,188)
Realised losses	(11)
Movement in loan stock accrued income	(20)
Unrealised gains	1,802
Closing valuation as at 30 June 2014	27,689
Movement in loan stock accrued income	
Opening accumulated movement in loan stock accrued income	82
Movement in loan stock accrued income	(20)
Closing accumulated movement in loan stock accrued income	62
Movement in unrealised gains	
Opening accumulated unrealised losses	(1,777)
Transfer of previously unrealised gains to realised reserves on disposal	(227)
Transfer of previously unrealised losses to realised reserves on investments written off but still held	751
Movement in unrealised gains	1,802
Closing accumulated unrealised gains	549
Historic cost basis	
Opening book cost	26,262
Purchases at cost	2,539
Disposals at cost	(945)
Cost of investments written off but still held	(777)
Closing book cost	27,079

Closing cost is net of amounts of £1,881,000 (2013: £1,104,000) written off in respect of investments still held at the balance sheet date.

	30 June 2013
	£'000
Opening valuation as at 1 July 2012	24,333
Purchases at cost	1,030
Disposal proceeds	(2,254)
Realised gains	374
Movement in loan stock accrued income	–
Unrealised gains	1,084
Closing valuation as at 30 June 2013	24,567
Movement in loan stock accrued income	
Opening accumulated movement in loan stock accrued income	82
Movement in loan stock accrued income	–
Closing accumulated movement in loan stock accrued income	82
Movement in unrealised losses	
Opening accumulated unrealised losses	(3,914)
Movement in unrealised gains	1,084
Transfer of previously unrealised gains to realised reserves on disposal	(51)
Transfer of previously unrealised losses to realised reserves on investments written off but still held	1,104
Closing accumulated unrealised losses	(1,777)
Historic cost basis	
Opening book cost	28,164
Purchases at cost	1,030
Disposals at cost	(1,828)
Cost of investments written off but still held	(1,104)
Closing book cost	26,262

Notes to the Financial Statements continued

9. Non-current asset investments continued

The Directors believe that the carrying value of loan stock measured at amortised cost is not materially different to fair value. The Company does not hold any assets as the result of the enforcement of security during the year, and believes that the carrying values for both impaired and past due assets are covered by the value of security held for these loan stock investments.

Additions and disposal proceeds included in the cash flow statement differ from the amounts shown in the note above, due to deferred consideration and settlement creditors and the restructuring of investments.

A schedule of disposals during the year is shown on page 18.

IFRS 13 'Fair value measurement' and IFRS 7 'Financial Instruments: Disclosures' requires the Company to disclose the valuation methods applied to its investments measured at fair value through profit or loss in a fair value hierarchy according to the following definitions:

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

Quoted AIM investments are valued according to Level 1 valuation methods. Unquoted equity, preference shares, convertible loan stock and debt issued at a discount are all valued according to Level 3 valuation methods.

The Company's investments measured at fair value through profit or loss (Level 3) had the following movements in the year to 30 June 2014:

	30 June 2014			30 June 2013		
	Equity £'000	loan stock £'000	Total £'000	Equity £'000	loan stock £'000	Total £'000
Opening balance	9,582	2,824	12,406	8,711	2,140	10,851
Additions	773	1,337	2,110	216	530	746
Disposal proceeds	(193)	(293)	(486)	(1,400)	(244)	(1,644)
Transfer to Level 1	(473)	(193)	(666)	-	-	-
Representation of convertible debt	-	417	417	-	-	-
Debt/equity conversion	342	(342)	-	812	-	812
Realised (losses)/gains	(12)	12	-	329	18	347
Unrealised gains/(losses)	2,142	(131)	2,011	914	374	1,288
Accrued loan stock interest	-	4	4	-	6	6
Closing balance	12,161	3,635	15,796	9,582	2,824	12,406

Unquoted investments held at fair value through profit or loss are valued in accordance with the IPEVVCV guidelines as follows:

Investment valuation methodology	30 June 2014 £'000	30 June 2013 £'000
Net asset value supported by independent valuation	6,000	4,675
Cost (reviewed for impairment)	2,313	522
Net asset value	2,288	2,319
Earnings multiple	1,990	2,069
Revenue multiple	1,664	1,829
Agreed sale price/Offer price	993	408
Recent investment price	548	584
	15,796	12,406

Level 3 valuations include inputs based on non-observable market data. IFRS 13 requires an entity to disclose quantitative information about the significant unobservable inputs used. Of the Company's Level 3 investments, 23 per cent. are held on an Earnings or Revenue multiple basis, which have significant judgment applied to the valuation inputs. The table below sets out the range of Earnings and Revenue multiples and discounts applied. The remainder of Level 3 investments are held at cost (reviewed for impairment), recent investment price, net asset value (supported by independent valuation) or net assets.

Notes to the Financial Statements continued

9. Non-current asset investments continued

	Travel and leisure	Support services	Healthcare (growth)	Software
Earnings multiples				
PE multiple range	6.0	8.9-11.0	15.2	10.0
Marketability discount range	65%	20%-50%	50%	50%
Revenue multiples				
Revenue multiple range	–	–	1.3-3.3	0.1-2.4
Marketability discount range	–	–	35%	30%-96%

IFRS 13 and IFRS 7 requires the Directors to consider the impact of changing one or more of the inputs used as part of the valuation process to reasonable possible alternative assumptions. After due consideration and noting that the valuation methodology applied to 62 per cent. of the Level 3 investments (by valuation) is based on third party independent evidence, recent investment price, agreed sale price/offer price and cost, the Directors believe that changes to reasonable possible alternative input assumptions for the valuation of the remainder of the portfolio could lead to a significant change in the fair value of the portfolio. The impact of these changes could result in an increase in the valuation of the equity investments by £1,545,000 or a decrease in the valuation of equity investments by £1,094,000.

The unquoted equity instruments had the following movements between investment methodologies between 30 June 2013 and 30 June 2014:

Change in investment valuation methodology (2013 to 2014)	Value as at 30 June 2014 £'000	Explanatory note
Net asset value supported by independent valuation to Agreed sale price/Offer price	731	Agreed offer price
Earnings multiple to revenue multiple	501	More appropriate methodology after reduction in earnings
Net asset value to Agreed sale price/Offer price	262	Agreed offer price
Recent investment price to Cost (reviewed for impairment)	62	More relevant valuation methodology

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. The Directors believe that, within these parameters, there are no other possible methods of valuation which would be reasonable as at 30 June 2014.

10. Significant interests

The principal activity of the Group is to select and hold a portfolio of investments in unquoted securities. Although the Company, through the Manager, will, in some cases, be represented on the board of the portfolio company, it will not take a controlling interest or become involved in the management of a portfolio company. 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 portfolio companies as at 30 June 2014 as described below:

Company	Country of incorporation	Principal activity	% class and share type	% total voting rights
ELE Advanced Technologies Limited	Great Britain	Manufacturer of precision engineering components for the industrial gas turbine, aerospace and automotive markets	74.3% B Ordinary	41.9%
House of Dorchester Limited	Great Britain	Chocolate manufacturer	33.0% B Ordinary	22.2%
Uctal Limited	Great Britain	TV production company	56.7% B Ordinary/ A Preference and B Preference	24.2%

The investments listed above are held as part of an investment portfolio and therefore, as permitted by IAS 28 and FRS 9, they are measured at fair value and not accounted for using the equity method.

Notes to the Financial Statements continued

11. Investments in subsidiary undertakings

	30 June 2014		
	CP1 VCT PLC £'000	CP2 VCT PLC £'000	Total £'000
Carrying value as at 1 July 2013	7,299	9,281	16,580
Movement in subsidiary net assets	(677)	(808)	(1,485)
Carrying value as at 30 June 2014	6,622	8,473	15,095
	30 June 2013		
	CP1 VCT PLC £'000	CP2 VCT PLC £'000	Total £'000
Carrying value as at 1 July 2012	6,820	8,740	15,560
Movement in subsidiary net assets	479	541	1,020
Carrying value as at 30 June 2013	7,299	9,281	16,580

The subsidiary companies currently hold cash and intercompany balances.

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

	30 June 2014	
	CP1 VCT PLC	CP2 VCT PLC
Nominal value of shares held	£6,382,746	£8,219,350
Percentage of total voting rights held	100%	100%
	30 June 2013	
	CP1 VCT PLC	CP2 VCT PLC
Nominal value of shares held	£6,382,746	£8,219,350
Percentage of total voting rights held	100%	100%

12. Trade and other receivables/debtors and current asset investments

	30 June 2014		30 June 2013	
	Group £'000	Company £'000	Group £'000	Company £'000
Trade and other receivables/debtors less than one year	74	74	17	17
	30 June 2014		30 June 2013	
	Group £'000	Company £'000	Group £'000	Company £'000
Contingent future receipts on disposal of fixed asset investments	42	42	21	21

The fair value hierarchy applied to contingent future receipts on disposal of fixed asset investments is Level 3. The only movement in the contingent future receipts is an unrealised increase in the fair value.

13. Trade and other payables/creditors

	30 June 2014		30 June 2013	
	Group £'000	Company £'000	Group £'000	Company £'000
Amounts falling due within one year:				
Amounts due to subsidiary undertakings	–	15,039	–	16,523
Other payables	21	21	28	28
Accruals	200	200	191	191
	221	15,260	219	16,742

Interest is chargeable on intercompany balances at a rate of 12 per cent. per annum. Intercompany balances are payable on demand. The subsidiaries' current business is to hold cash and intercompany balances.

Notes to the Financial Statements continued

14. Ordinary share capital

	30 June 2014 £'000	30 June 2013 £'000
Allotted, called up and fully paid		
100,057,224 Ordinary shares of 10p each (2013: 92,999,904)	<u>10,006</u>	<u>9,300</u>

Voting rights

90,680,814 Ordinary shares of 10p each (2013: 84,205,494)

The Company purchased 1,317,000 Ordinary shares for cancellation (2013: 1,407,000) during the year at a total cost of £395,000 (2013: £416,000).

The Company purchased 582,000 Ordinary shares for treasury (2013: 728,000) during the year at a total cost of £174,000 (2013: £206,000). The Company did not cancel any Ordinary shares from treasury during the year (2013: 769,500).

The total number of shares held in treasury as at 30 June 2014 was 9,376,410 (2013: 8,794,410) representing 9.4 per cent. of the shares in issue as at 30 June 2014.

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

Allotment date	Number of shares allotted	Aggregate nominal value of shares (£'000)	Issue price (pence per share)	Net consideration received (£'000)	Opening market price on allotment (pence per share)
29 November 2013	257,201	26	31.01	77	30.00
31 March 2014	294,674	29	30.91	89	30.00
	<u>551,875</u>	<u>55</u>		<u>166</u>	

Under the terms of the Albion VCTs Top Up Offers 2013/2014, the following Ordinary shares of nominal value 10 pence were issued during the year:

Allotment date	Number of shares allotted	Aggregate nominal value of shares (£'000)	Issue price (pence per share)	Net consideration received (£'000)	Opening market price on allotment (pence per share)
31 January 2014	1,597,074	160	32.60	506	30.00
31 January 2014	1,063,942	106	32.40	339	30.00
31 January 2014	46,728	5	32.10	15	30.00
5 April 2014	1,294,447	129	31.90	401	30.00
5 April 2014	39,411	4	31.60	12	30.00
5 April 2014	42,765	4	31.70	13	30.00
	<u>4,084,367</u>	<u>408</u>		<u>1,286</u>	

Under the terms of the Albion VCTs Prospectus Top Up Offers 2013/2014, the following Ordinary shares of nominal value 10 pence were issued during the year:

Allotment date	Number of shares allotted	Aggregate nominal value of shares (£'000)	Issue price (pence per share)	Net consideration received (£'000)	Opening market price on allotment (pence per share)
5 April 2014	3,738,078	374	31.90	1,157	30.00

Notes to the Financial Statements continued

15. Basic and diluted net asset value per share

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

	30 June 2014	30 June 2013
Net asset value per share attributable (pence)	<u>32.04</u>	<u>32.26</u>

The net asset value per share at the year end is calculated in accordance with the Articles of Association and is based upon total shares in issue less treasury shares of 90,680,814 shares (2013: 84,205,494) as at 30 June 2014.

There are no convertible instruments, derivatives or contingent share agreements in issue.

16. Analysis of changes in cash during the year

	30 June 2014		30 June 2013	
	Group £'000	Company £'000	Group £'000	Company £'000
Opening cash balances	2,780	2,723	1,741	1,684
Net cash flow	<u>(1,314)</u>	<u>(1,314)</u>	<u>1,039</u>	<u>1,039</u>
Closing cash balances	<u>1,466</u>	<u>1,410</u>	<u>2,780</u>	<u>2,723</u>

17. Reconciliation of revenue return before taxation to net cash flow from operating activities

	Year ended 30 June 2014		Year ended 30 June 2013	
	Group £'000	Company £'000	Group £'000	Company £'000
Revenue return before tax	525	525	590	590
Capitalised expenses	(361)	(361)	(343)	(343)
Increase in accrued amortised loan stock interest	20	20	–	–
Decrease in receivables	–	–	4	4
Increase in payables	<u>3</u>	<u>3</u>	<u>–</u>	<u>–</u>
Net cash flow from operating activities	<u>187</u>	<u>187</u>	<u>251</u>	<u>251</u>

18. Capital and financial instruments risk management

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

The Group's capital comprises Ordinary shares as described in note 14. The Company is permitted to buy back its own shares for cancellation or treasury purposes, and this is described in more detail on page 11 in the Strategic report.

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

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

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

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

Investment risk

As a venture capital trust, it is the Group's specific nature to evaluate and control the investment risk of its portfolio in unquoted and quoted companies, details of which are shown on pages 16 to 18. Investment risk is the exposure of the Group to the revaluation and devaluation of investments. The main driver of investment risk is the operational and financial performance of the portfolio companies and the dynamics of market quoted comparators. The Manager receives management accounts from portfolio companies, and members of the investment management team often sit on the boards of unquoted portfolio companies; this enables the close identification, monitoring and management of investment risk.

Notes to the Financial Statements continued

18. Capital and financial instruments risk management continued

Investment risk continued

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 Group are maximised, and that valuations of investments retained within the portfolio appear sufficiently prudent and realistic compared to prices being achieved in the market for sales of unquoted investments.

The maximum investment risk as at the balance sheet date is the value of the non-current and current asset investment portfolio which is £27,731,000 (2013: £24,588,000). Non-current and current asset investments form 95 per cent. of the net asset value as at 30 June 2014 (2013: 91 per cent.).

More details regarding the classification of non-current investments are shown in note 9.

Investment price risk

Investment price risk is the risk that the fair value of future investment cash flows will fluctuate due to factors specific to an investment instrument or to a market in similar instruments. To mitigate the investment price risk for the Group as a whole, the strategy of the Group is to invest in a broad spread of industries with approximately two-thirds of the unquoted investments comprising debt securities, which, owing to the structure of their yield and the fact that they are usually secured, have a lower level of price volatility than equity. Details of the industries in which investments have been made are contained in the Portfolio of investments section on pages 16 to 18 and in the Strategic report.

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

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

The sensitivity of a 10 per cent. (2013: 10 per cent.) increase or decrease in the valuation of the non-current and current asset investments (keeping all other variables constant) would increase or decrease the net asset value and return for the year by £2,773,100 (2013: £2,458,800).

Cash flow interest rate risk

It is the Group's policy to accept a degree of interest rate risk on its financial assets through the effect of interest rate changes. On the basis of the Group's analysis, it is estimated that a rise of half a percentage point in all interest rates would be immaterial due to the level of fixed rate loan stock held within the portfolio. On the basis of the Company's analysis, it is considered that further falls in interest rates would be highly unlikely.

The weighted average interest rate applied to the Group's fixed rate assets during the year was approximately 5.7 per cent. (2013: 5.7 per cent.). The weighted average period to maturity for the fixed rate assets is approximately 4.2 years (2013: 3.6 years).

The Group's financial assets and liabilities as at 30 June 2014, all denominated in pounds sterling, consist of the following:

	30 June 2014				30 June 2013			
	Fixed rate £'000	Floating rate £'000	Non-interest £'000	Total £'000	Fixed rate £'000	Floating rate £'000	Non-interest £'000	Total £'000
Unquoted loan stock (including convertible loan stock and discounted bonds)	14,128	-	504	14,632	13,197	78	1,249	14,524
Equity	-	-	13,057	13,057	-	-	10,043	10,043
Receivables*	-	-	59	59	-	-	2	2
Current asset investments	-	-	42	42	-	-	21	21
Payables	-	-	(221)	(221)	-	-	(219)	(219)
Cash	-	1,466	-	1,466	-	2,780	-	2,780
	14,128	1,466	13,441	29,035	13,197	2,858	11,096	27,151

*The receivables do not reconcile to the balance sheet as prepayments are not included in the above table.

Notes to the Financial Statements continued

18. Capital and financial instruments risk management continued

Cash flow interest rate risk continued

The Company's financial assets and liabilities as at 30 June 2014, all denominated in pounds sterling, consist of the following:

	30 June 2014			30 June 2013				
	Fixed rate £'000	Floating rate £'000	Non-interest £'000	Total £'000	Fixed rate £'000	Floating rate £'000	Non-interest £'000	Total £'000
Unquoted loan stock (including convertible loan stock and discounted bonds)	14,128	-	504	14,632	13,197	78	1,249	14,524
Equity**	-	-	13,057	13,057	-	-	10,043	10,043
Debtors*	-	-	59	59	-	-	2	2
Current asset investments	-	-	42	42	-	-	21	21
Current liabilities	(15,039)	-	(221)	(15,260)	(16,523)	-	(219)	(16,742)
Cash	-	1,410	-	1,410	-	2,723	-	2,723
	(911)	1,410	13,441	13,940	(3,326)	2,801	11,096	10,571

* The debtors do not reconcile to the balance sheet as prepayments are not included in the above table.

** The equity does not reconcile to the balance sheet as investments in subsidiaries are excluded from the above table.

Credit risk

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

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

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

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

The Group's total gross credit risk at 30 June 2014 was limited to £14,632,000 (2013: £14,524,000) of unquoted loan stock instruments (all are secured on the assets of the portfolio company), £1,466,000 (2013: £2,780,000) of cash deposits with banks and £99,000 (2013: £21,000) of deferred consideration and receivables.

The Company's total gross credit risk at 30 June 2014 was limited to £14,632,000 (2013: £14,524,000) of unquoted loan stock instruments (all are secured on the assets of the portfolio company), £1,410,000 (2013: £2,723,000) of cash deposits with banks and £99,000 (2013: £21,000) of deferred consideration and receivables.

As at the balance sheet date, the cash held by the Group is held with Lloyds Bank Plc, Scottish Widows Bank plc (part of Lloyds Banking Group), National Westminster Bank plc and Barclays Bank plc. Credit risk on cash transactions is mitigated by transacting with counterparties that are regulated entities subject to prudential supervision, with high credit ratings assigned by international credit-rating agencies.

The credit profile of unquoted loan stock is described under liquidity risk shown below.

The cost, impairment and carrying value of impaired loan stocks at 30 June 2014 and 30 June 2013 are as follows:

	30 June 2014			30 June 2013		
	Cost £'000	Impairment £'000	Carrying value £'000	Cost £'000	Impairment £'000	Carrying value £'000
Impaired loan stock	6,793	(1,914)	4,879	7,163	(2,085)	5,078

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

Notes to the Financial Statements continued

18. Capital and financial instruments risk management continued

Liquidity risk

Liquid assets are held as cash on current account and cash on deposit or short term money market account. Under the terms of its Articles, the Group has the ability to borrow up to the amount of its adjusted capital and reserves of the latest published audited consolidated balance sheet, which amounts to £27,903,000 (2013: £26,113,000) as at 30 June 2014.

The Group has no committed borrowing facilities as at 30 June 2014 (2013: nil) and had cash balances of £1,466,000 (2013: £2,780,000) (Company £1,410,000; 2013: £2,723,000). The main cash outflows are for new investments, dividends and share buy backs, which are within the control of the Group. The Manager formally reviews the cash requirements of the Group on a monthly basis, and the Board on a quarterly basis, as part of its review of management accounts and forecasts.

All of the Group's financial liabilities are short term in nature and total £221,000 (2013: £219,000) for the year to 30 June 2014 (Company: £15,260,000; 2013: £16,742,000). An amount of £15,039,000 (2013: £16,523,000) which is included within the Company's creditors, relates to intercompany balances and is not considered to carry liquidity risk because the Board has control over the intercompany repayments.

The carrying value of loan stock investments at 30 June 2014, analysed by expected maturity dates is as follows:

Redemption date	Fully performing £'000	Past due £'000	Impaired £'000	Total £'000
Less than one year	836	160	69	1,065
1-2 years	987	660	1,049	2,696
2-3 years	3,223	83	1,799	5,105
3-5 years	1,052	90	1,839	2,981
More than 5 years	2,591	71	123	2,785
	<u>8,689</u>	<u>1,064</u>	<u>4,879</u>	<u>14,632</u>

The carrying value of loan stock investments at 30 June 2013, analysed by expected maturity dates is as follows:

Redemption date	Fully performing £'000	Past due £'000	Impaired £'000	Total £'000
Less than one year	744	1,354	282	2,380
1-2 years	369	209	1,009	1,587
2-3 years	3,143	412	1,906	5,461
3-5 years	1,174	324	1,803	3,301
More than 5 years	713	1,004	78	1,795
	<u>6,143</u>	<u>3,303</u>	<u>5,078</u>	<u>14,524</u>

Loan stocks can be past due as a result of interest or capital not being paid in accordance with contractual terms.

The average annual interest yield on the total cost of past due loan stocks is 7.1 per cent.

Loan stock with a carrying value of £882,000 had loan stock interest past due of less than 12 months.

Loan stock with a carrying value of £182,000 had loan stock interest past due greater than 12 months but less than 5 years.

In view of the availability of adequate cash balances and the repayment profile of loan stock investments, the Board considers that the Group is subject to low liquidity risk.

Notes to the Financial Statements continued

18. Capital and financial instruments risk management continued

Fair values of financial assets and financial liabilities

All the Group's financial assets and liabilities as at 30 June 2014 are stated at fair value as determined by the Directors, with the exception of loans and receivables included within investments, cash, receivables and payables, which are measured at amortised cost, as permitted by IAS 39. In the opinion of the Directors, the amortised cost of loan stock is not materially different to the fair value of the loan stock. There are no financial liabilities other than short term trade and other payables. The Group's financial liabilities are all non-interest bearing. It is the Directors' opinion that the book value of the financial liabilities is not materially different to the fair value and all are payable within one year, and that the Group is subject to low financial risk as a result of having nil gearing and positive cash balances.

19. Post balance sheet events

Since 30 June 2014 the Company has completed the following investment transactions:

- Investment of £256,000 in Infinite Ventures (Goathill) Limited;
- Investment of £113,000 in Green Highland Renewables (Ledgowan) Limited;
- Investment of £100,000 in Chonais Holdings Limited;
- Investment of £100,000 in Omprompt Limited;
- Investment of £99,000 in Rostima Holdings Limited;
- Investment of £94,000 in Relayware Limited;
- Investment of £56,000 in Proveca Limited;
- Investment of £48,000 in Taunton Hospital Limited;
- Further investments totalling £106,000 in five other portfolio companies;
- Proceeds of £212,000 (excluding deferred consideration) received from the disposal of the investment in House of Dorchester Limited;
- Proceeds of £116,000 received from the repayment of loan stock by Chichester Holdings Limited;
- Proceeds of £105,000 received from the repayment of capitalised interest and loan stock by Radnor House School (Holdings) Limited;
- Proceeds of £69,000 received from the disposal of the investment in The Dunedin Pub Company VCT Limited;
- Deferred consideration of £48,000 received following the previous disposal of Dexela Limited; and
- Helveta Limited went into administration on 18 September 2014.

The following Ordinary shares of nominal value 10 pence were allotted:

Under the Albion VCTs Top Up Offers 2013/2014 after 30 June 2014:

Date of allotment	Number of Ordinary shares allotted	Issue price (pence per share)	Net consideration received (£'000)	Opening market price on allotment date (pence per share)
4 July 2014	101,104	32.10	32	30.00
4 July 2014	23,321	31.80	7	30.00
4 July 2014	12,538	31.90	4	30.00
	136,963		43	

Under the Albion VCT Prospectus Top Up Offers 2013/2014 after 30 June 2014:

Date of allotment	Number of Ordinary shares allotted	Issue price (pence per share)	Net consideration received (£'000)	Opening market price on allotment date (pence per share)
4 July 2014	953,781	32.10	297	30.00

Notes to the Financial Statements continued

20. Contingencies and guarantees

As at 30 June 2014, the Company had the following financial commitments in respect of investments:

- Active Lives Care Limited; £412,000
- Proveca Limited; £358,000
- Albion Small Company Growth Limited; £345,000
- Chonais Holdings Limited; £258,000
- MyMeds&Me Limited; £66,000
- DySIS Medical Limited; £5,000

There are no contingencies or guarantees of the Company as at 30 June 2014 (2013: £nil).

Under the terms of the Transfer Agreement dated 16 January 2006, Crown Place VCT PLC has indemnified its subsidiaries, CP1 VCT PLC and CP2 VCT PLC in respect of all costs, claims and liabilities in exchange for the transfer of assets.

21. Related party transactions

Other than transactions with 100 per cent. owned Group companies and those with the Manager as disclosed in note 4, there are no other related party transactions.

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of Crown Place VCT PLC (the “Company”) will be held at 11:00 am on 13 November 2014 at The City of London Club, 19 Old Broad Street, London, EC2N 1DS for the following purposes:

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

Ordinary business

1. To receive and adopt the accounts and the reports of the Directors and Auditor for the year ended 30 June 2014.
2. To approve the Directors’ remuneration policy for the year ended 30 June 2014.
3. To approve the Directors’ remuneration report for the year ended 30 June 2014.
4. To re-appoint BDO LLP as Auditor of the Company to hold office from the conclusion of the meeting to the conclusion of the next meeting at which the accounts are to be laid.
5. To authorise the Directors to agree the Auditor’s remuneration.

Special business

6. The Directors be generally and unconditionally authorised in accordance with section 551 of the Companies Act 2006 (the “Act”) to allot shares in the Company up to a maximum aggregate nominal amount of £2,022,959 (which comprises 20 per cent. of the Ordinary share capital) provided that this authority shall expire 18 months from the date that this resolution is passed, 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.
7. That any and all infringements by the Directors (prior to the date of this resolution) of their powers and authorities to allot shares in the Company under section 551 of the Act and to disapply pre-emption rights under section 570 of the Act be and are hereby ratified and approved.
8. That subject to and conditional on the passing of resolution number 6, 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 6 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) in connection with any Dividend Reinvestment Scheme introduced and operated by the Company; and
 - (c) otherwise than pursuant to the sub-paragraphs above, in respect of the Ordinary shares, to an aggregate nominal amount of £2,022,959 (equal to 20 per cent. of the Ordinary share capital);

and shall expire 18 months from the date of this resolution, or at the conclusion of the next Annual General Meeting, whichever is earlier, save that the Company may, before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of any such offer or agreement as if the power had not expired.

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

This power applies in relation to a sale of shares which is an allotment of equity securities by virtue of section 560(2)(b) of the Act as if in the first paragraph of the resolution the words “pursuant to the authority conferred by resolution number 6” were omitted.

Notice of Annual General Meeting continued

9. That, subject to and in accordance with the Company's Articles of Association, the Company be generally and unconditionally authorised to make one or more market purchases (within the meaning of Section 693(4) of the Act) of Ordinary shares of 10p each in the capital of the Company ("Ordinary shares") on such terms as the Directors think fit, and where such shares are held as treasury shares, the Company may use them for the purposes set out in section 727 of the Act, provided that:
- (a) the maximum aggregate number of shares authorised to be purchased is 15,162,080 Ordinary shares (representing approximately 14.99 per cent. of the issued Ordinary shares as at the date of this Notice);
 - (b) the minimum price, exclusive of any expenses, which may be paid for an Ordinary share is 10p;
 - (c) the maximum price, exclusive of any expenses that may be paid for each Ordinary share is an amount equal to the higher of: (a) 105 per cent. of the average of the middle market quotations as derived from the London Stock Exchange Daily Official List, for a share over the five business days immediately preceding the day on which the Ordinary share is purchased; and (b) the amount stipulated by Article 5(1) of the Buy-back and Stabilisation Regulation 2003;
 - (d) the authority hereby conferred shall, unless previously revoked or varied, expire at the conclusion of the next Annual General Meeting of the Company or eighteen months from the date of the passing of this resolution, whichever is earlier; and
 - (e) the Company may make a contract or contracts to purchase Ordinary shares under this authority before the expiry of the authority which will or may be executed wholly or partly after the expiry of the authority, and may make a purchase of Ordinary shares in pursuance of any such contract or contracts.

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

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

BY ORDER OF THE BOARD

Albion Ventures LLP

Company Secretary
Registered Office
1 King's Arms Yard
London, EC2R 7AF
2 October 2014

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 Computershare Investor Services PLC, The Pavilion, Bridgwater Road, Bristol BS99 6ZY;
 - going to www.eproxyappointment.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. A member may not use any electronic address provided in the Notice of this meeting to communicate with the Company for any purposes other than those expressly stated.

To be effective the Form of Proxy must be completed in accordance with the instructions and received by the Registrars of the Company by 11:00 am on 11 November 2014.

In accordance with good governance practice, the Company is offering shareholders use of an online service, offered by the Company's registrar, Computershare Investor Services, at www.eproxyappointment.com. Shareholders can use this service to vote or appoint a proxy online. The same voting deadline of 11.00 am on 11 November 2014 applies as if you were using your Personalised Voting Form to vote or appoint a proxy by post to vote for you. Shareholders who hold their shares electronically may submit their votes through CREST, by submitting the appropriate and authenticated CREST message so as to be received by the Company's registrar not later than 48 hours before the start of the meeting. Instructions on how to vote through CREST can be found by accessing the following website: www.euroclear.com/CREST. Shareholders should not show this information to anyone unless they wish to give proxy instructions on their behalf.

2. Any person to whom this Notice is sent who is a person nominated under section 146 of the Companies Act 2006 ('the Act') to enjoy information rights (a "Nominated Person") may, under an agreement between him or her and the member by whom he or she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the AGM. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he or she may, under any such agreement, have a right to give instructions to the member as to the exercise of voting rights. The statement of rights of members in relation to the appointment of proxies in note 1 above does not apply to Nominated Persons. The rights described in that note can only be exercised by members of the Company.
3. To be entitled to attend and vote at the AGM (and for the purpose of the determination by the Company of the votes they may cast), members must be registered in the register of members of the Company at 11:00 am on 11 November 2014 (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 11.00 am on 11 November 2014. 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 meeting, as required by section 311A of the Act, is available from www.albion-ventures.co.uk/OurFunds/CRWN.htm under the Financial Reports and Circulars section within the Investor Centre.
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 22 September 2014 (being the latest practicable date prior to the publication of this Notice), the Company's issued share capital consists of 101,147,968 Ordinary shares. The Company holds 9,376,410 shares in treasury. Therefore, the total voting rights in the Company as at 22 September 2014 are 91,771,558.

Shareholder returns for CP1 VCT PLC (previously Murray VCT PLC) and CP2 VCT PLC (previously Murray VCT 2 PLC) (unaudited)

	Proforma ⁽ⁱ⁾ Murray VCT PLC pence per share	Proforma ⁽ⁱ⁾ Murray VCT 2 PLC pence per share
Shareholder return from launch to April 2005 (date that Albion Ventures was appointed investment manager):		
Total dividends paid to 6 April 2005 ⁽ⁱⁱ⁾	30.36	30.91
Decrease in net asset value	(69.90)	(64.50)
Total shareholder return to 6 April 2005	(39.54)	(33.59)
Shareholder return from April 2005 to 30 June 2014:		
Total dividends paid	15.80	18.70
Decrease in net asset value	(7.29)	(8.23)
Total shareholder return from April 2005 to 30 June 2014	8.51	10.47
Shareholder value since launch:		
Total dividends paid to 30 June 2014 ⁽ⁱⁱ⁾	46.16	49.61
Net asset value as at 30 June 2014	22.81	27.27
Total shareholder value as at 30 June 2014	68.97	76.88
Current dividend objective		
Dividend yield on net asset value	7.8%	7.8%

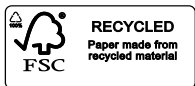
(i) The proforma shareholder returns presented above are based on the dividends paid to shareholders before the merger and the pro-rata net asset value per share and pro-rata dividends per share paid to 30 June 2014 since the merger. This pro-forma is based upon the proportion of shares received by Murray VCT PLC (now renamed CP1 VCT PLC) and Murray VCT 2 PLC (now renamed CP2 VCT PLC) shareholders at the time of the merger with Crown Place VCT PLC on 13 January 2006.

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

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