Annual Report and Financial Statements for the year ended 31 March 2013

Albion Enterprise VCT PLC

ALBION VENTURES

Contents

Company information

Company number	05990732
Directors	M Packe, Chairman Lady Balfour of Burleigh Lord St. John of Bletso P H Reeve
Manager, company secretary 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 Farringdon Place 20 Farringdon Road London, EC1M 3AP
Taxation adviser	PricewaterhouseCoopers LLP 1 Embankment Place London, WC2N 6RH
Legal adviser	Bird & Bird LLP 15 Fetter Lane London, EC4A 1JP

Albion Enterprise VCT PLC is a member of The Association of Investment Companies.

Shareholder information

For help relating to dividend payments, shareholdings and share certificates please contact Computershare Investor Services PLC:
Tel: 0870 873 5860 (UK National Rate call, lines are open 8.30am – 5.30pm; 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.

IFA information

For enquiries relating to the performance of the Fund and for IFA information please contact Albion Ventures LLP:
Tel: 020 7601 1850 (lines are open 9.00am – 5.30pm; Mon – Fri; calls may be recorded)
Email: info@albion-ventures.co.uk
Website: www.albion-ventures.co.uk

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

Investment objectives

The aim of Albion Enterprise VCT PLC ("the Company") is to provide investors with a regular and predictable source of income, combined with the prospect of longer term capital growth. The Company intends to achieve this by investing up to 50 per cent. of the net funds raised in an asset-based portfolio of lower risk, ungeared businesses, principally operating in the leisure sector and related areas (the "Asset-based Portfolio"). The balance of the net funds raised, other than funds retained for liquidity purposes, will be invested in a portfolio of higher growth businesses across a variety of sectors of the UK economy. These will range from lower risk, income producing businesses to higher risk technology companies (the "Growth Portfolio"). In neither category would portfolio companies normally have any external borrowing with a charge ranking ahead of the Company. Up to two-thirds of qualifying investments by cost will comprise loan stock secured with a first charge on the portfolio company's assets. Funds awaiting investment in Qualifying Investments or retained for liquidity purposes will be held on deposit, invested in floating rate notes (in both cases with banks with a Moody's credit rating of 'A' or above) or invested in government gilts.

The Company's investment portfolio will thus be structured to provide a balance between income and capital growth for the longer term. The Asset-based Portfolio is designed to provide stability and income whilst still maintaining the potential for capital growth. The Growth Portfolio is intended to provide diversified exposure through its portfolio of investments in unquoted UK companies. Stock specific risk will be reduced by the Company's policy of holding a diversified portfolio of Qualifying Investments.

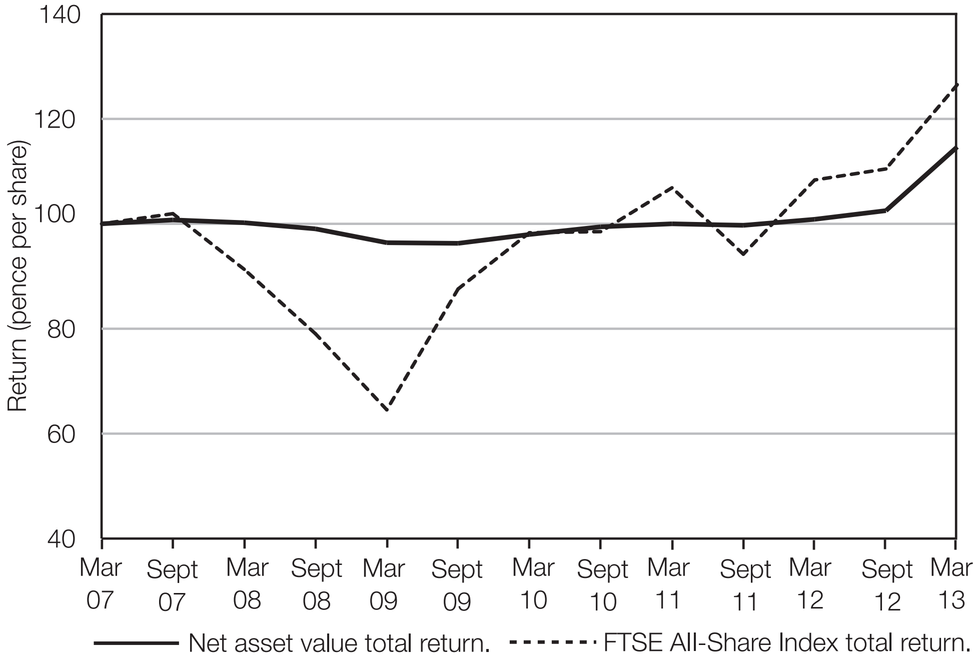
Financial calendar

Record date for first dividend	2 August 2013
Annual General Meeting	14 August 2013
Payment date for first dividend	30 August 2013
Announcement of Half-yearly results for the six months ended 30 September 2013	November 2013
Payment of second dividend subject to Board approval	February 2014

Financial highlights

106.75p	Net asset value per share plus dividends paid from launch to 31 March 2013.
3.50p	Total tax free dividend per share paid in the year to 31 March 2013.
92.90p	Net asset value per share as at 31 March 2013.
2.50p	First tax-free dividend per share declared for the year to 31 March 2014 payable on 30 August 2013.

Net Asset Value total return relative to FTSE All-Share Index total return (in both cases with dividends reinvested)



Source: Albion Ventures LLP

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

Financial highlights (continued)

	31 March 2013 (pence per share)	31 March 2012 (pence per share)
Dividends paid	**3.50**	3.00
Revenue return	**1.80**	1.40
Capital return/(loss)	**8.70**	(0.60)
Net asset value uplift from buy-backs	**1.00**	–
Net asset value	**92.90**	84.90

Total shareholder net asset value return to 31 March 2013:		**31 March 2013 (pence per share)**
Total dividends paid during the year ended:		
	31 March 2008	0.70
	31 March 2009	1.65
	31 March 2010	2.00
	31 March 2011	3.00
	31 March 2012	3.00
	31 March 2013	3.50
Total dividends paid to 31 March 2013		**13.85**
Net asset value as at 31 March 2013		92.90
Total shareholder net asset return to 31 March 2013		**106.75**

In addition to the above dividends, the Company will pay a first dividend, for the new financial year ending 31 March 2014, of 2.50 pence per share on 30 August 2013 (an increase of 0.75 pence per share over the previous half year) to shareholders on the register as at 2 August 2013.

Notes

- *The dividend of 0.70 pence per share paid during the period ended 31 March 2008 and the first dividend of 0.40 pence per share paid during the year ended 31 March 2009 were paid to shareholders who subscribed in the 2006/2007 offer only.*
- *All dividends paid by the Company are free of income tax. It is an H.M. Revenue & Customs requirement that dividend vouchers indicate the tax element should dividends have been subject to income tax. Investors should ignore this figure on the dividend voucher and need not disclose any income they receive from a VCT on their tax return.*
- *The net asset value of the Company is not its share price as quoted on the official list of the London Stock Exchange. The share price of the Company can be found in the Investment Companies – VCTs section of the Financial Times on a daily basis.*
- *Investors are reminded that it is common for shares in VCTs to trade at a discount to their net asset value as tax reliefs are only obtainable on initial subscription.*

Chairman's statement

Introduction

The Company achieved a total return for the year to 31 March 2013 of 10.50 pence per share against 0.80 pence per share for the previous year. Within this, the gross revenue generated by the investment portfolio increased by 23 per cent. This is an excellent result and reflects the growing maturity of the investment portfolio.

Portfolio progress

A number of our investments showed strong progress during the year, spread evenly between our "growth" companies and the "asset-based" businesses. Within the latter category, the Nelson House Hospital was sold at a price which, when added to income received, resulted in a return of 1.4x cost, while our small investment in the City Screen (Norwich) cinema was sold for a return of 1.9x cost. In general our portfolio continues to perform well, with a number of our renewable energy projects starting to produce electricity.

Some £730,000 was invested in existing and new portfolio companies. The latter comprised Proveca, a developer of paediatric drugs, and MyMeds&Me, a developer of software monitoring and reporting drug performance.

Risks and uncertainties

The outlook for the UK and global economies continues to be the key risk affecting your Company. Investment risk is mitigated through a variety of processes, including our policy of ensuring that the Company has a first charge over portfolio companies' assets wherever possible and of ensuring that the portfolio is balanced through the inclusion of sectors that are less exposed to the business and consumer cycle. A detailed analysis of the other risks and uncertainties facing the business is shown on pages 16 to 18.

Discount management and share buy-backs

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

Transactions with Manager

Details of the transactions that took place with the Manager for the year can be found in note 5.

Albion VCT's Top Up Offers

During the year the company issued 1,134,466 shares under the Company's Offer as part of the Albion VCTs Top Up Offers launched in November 2011 and in October 2012. Details are shown in note 15. Since the year end, a further 1,880,584 shares have been issued under the Offer, generating net proceeds of £1.64 million. The proceeds of the Offers will be used to provide further resources to the Albion VCTs at a time when a number of attractive new investment opportunities are being seen.

Results and dividends

As at 31 March 2013, the net asset value was 92.90 pence per share compared to 84.90 pence per share at the end of 31 March 2012. The revenue return before taxation was £771,000 compared to £571,000 for the previous year. The Company will pay a first dividend for the financial year to 31 March 2014 of 2.50 pence per share, an increase of 0.75 pence per share over the previous half year. The dividend will be paid on 30 August 2013 to shareholders on the register at 2 August 2013. The Company will now be targeting an annual dividend of 5.00 pence per share.

Outlook and prospects

The optimism that I expressed this time last year has been justified and we are pleased with the progress that your Company has made. We believe that the investment portfolio has the potential for further growth and we are looking forward to additional progress in the year ahead.

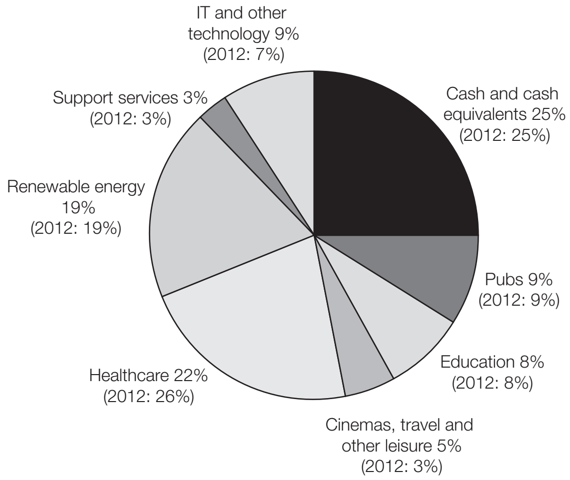
Maxwell Packe
Chairman
27 June 2013

Manager's report

Portfolio review

The sector analysis of the VCT's investment portfolio by value at the 31 March 2013 is set out below. This shows that healthcare now accounts for 22 per cent. of the portfolio compared to 26 per cent. at the end of the previous financial year while the renewable energy sector has remained steady at 19 per cent. This remains in line with the Board's target exposure to the sector.

Split of portfolio valuation by sector as at 31 March 2013



Source: Albion Ventures LLP

Investment performance

A number of our investments showed strong performance during the year. Amongst these was DySIS, which develops medical imaging systems for the scanning of cervical cancer, which following early sales to the NHS in the UK and initial use by key opinion leaders in the US, attracted further third party finance at a considerably higher value than our prevailing book value. In addition, Opta Sports Data consolidated its position as the leading provider of sports performance data in Europe with important contract wins in the UK, Germany and Holland. It now has operations based in seven countries around the world and its continued growth led to a further revaluation of the investment. Similarly Mirada Medical, which provides software for imaging systems for the monitoring of oncology, also saw continued growth, with sales up 30 per cent. during the year.

On the asset-based side of the portfolio, in addition to the sales of Nelson House Hospital and City Screen (Norwich) referred to in the Chairman's statement, third party professional valuations of our renewable energy projects resulted in a significant uplift as these projects began to generate electricity.

With regard to new investments, the main thrust of our activity will remain in the medical and broader healthcare sectors, whilst at the same time retaining the flexibility to be opportunistic in other sectors, including leisure.

Albion Ventures LLP
Manager
27 June 2013

The Board of Directors

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

Maxwell Packe (Chairman) FCA (appointed 28 November 2006) is also chairman of Kelvin Hughes Limited. Since 1996 he has been chairman of a number of private equity-backed companies with successful trade sales, including Crestacare PLC, Corgi Classics Limited and Paragon Book Services Limited. Previously he was founder and chief executive of Household Mortgage Corporation PLC from 1986 until its sale in 1994 to Abbey National Plc.

Lord St. John of Bletso (Chairman of the Audit Committee and Senior Independent Director) (appointed 28 November 2006) is a qualified solicitor. He acts as a consultant to 2e2, a provider of mission critical IT services and solutions. He was a consultant to Merrill Lynch until November 2008. He is chairman of the Governing Boards of Certification International Limited and Eurotrust International Limited. He has been a Crossbench Member of the House of Lords since 1979 and an extra Lord-in-Waiting to HM The Queen since 1999. He serves on several EU Select Committees.

Lady Balfour of Burleigh CBE (appointed 28 November 2006) is a non-executive director of Murray International Trust plc and Scottish Oriental Smaller Companies Trust plc. She is also chairman of the Nuclear Liabilities Fund and the Nuclear Liabilities Financing Assurance Board. She was formerly a director of Cable and Wireless plc, Midlands Electricity plc, WH Smith plc and Stagecoach Group plc.

Patrick Reeve MA, ACA, (appointed 28 November 2006) qualified as a chartered accountant with PwC 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 and is director of Albion Income & Growth VCT PLC and Albion Technology & General VCT PLC, both managed by Albion Ventures LLP. 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.

All Directors, except for Patrick Reeve are members of the Audit Committee and Lord St. John of Bletso is Chairman.

All Directors, except for Patrick Reeve are members of the Nomination Committee and Maxwell Packe is Chairman.

All Directors, except for Patrick Reeve are members of the Remuneration Committee which was set up after the year end. Lady Balfour of Burleigh is Chairman.

Lord St. John of Bletso is the Senior Independent Director.

The Manager

Albion Ventures LLP, is authorised and regulated by the Financial Conduct Authority and is the Manager of Albion Enterprise VCT PLC. In addition to Albion Enterprise VCT PLC, it manages a further six venture capital trusts, and currently has total funds under management of approximately £230 million. Albion was awarded Investor of the Year at the Independent Healthcare Awards 2011.

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

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

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.

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

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 a partner in Albion Ventures in 2009. David has a BSc in Economics from Warwick University.

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 in 2004, 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, joined Albion Ventures as an investment manager in October 2011. He 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 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), 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 three VCT portfolios (Murray VCT PLC, Murray VCT 2 PLC and Murray VCT 3 PLC now renamed Crown Place VCT PLC) formerly managed by Aberdeen Murray Johnson, and is responsible for investments in the leisure, manufacturing and technology sectors. Robert became a partner in Albion Ventures in 2009.

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

Portfolio of investments

The following is a summary of fixed asset investments as at 31 March 2013:

			As at 31 March 2013			As at 31 March 2012			
Fixed asset investments	% voting rights	% voting rights of AVL* managed companies	Cost £'000	Cumulative movement in value £'000	Value £'000	Cost £'000	Cumulative movement in value £'000	Value £'000	Change in value for the year** £'000
Asset-based investments									
Radnor House School (Holdings) Limited	9.8	50.0	1,700	784	2,484	1,700	516	2,216	268
Bravo Inns II Limited	13.7	50.0	1,972	21	1,993	1,794	10	1,804	11
Alto Prodotto Wind Limited	11.1	50.0	1,000	277	1,277	1,000	–	1,000	277
Regenerco Renewable Energy Limited	12.5	50.0	1,195	69	1,264	1,195	9	1,204	60
TEG Biogas (Perth) Limited	16.4	50.0	986	108	1,094	986	8	994	100
Taunton Hospital Limited	15.8	50.0	1,000	49	1,049	1,000	2	1,002	47
Greenenerco Limited	28.6	50.0	1,000	–	1,000	1,000	–	1,000	–
The Street by Street Solar Programme Limited	8.6	50.0	860	128	988	860	7	867	121
Orchard Portman Hospital Limited	10.2	50.0	690	42	732	690	3	693	39
Bravo Inns Limited	8.4	50.0	750	(264)	486	750	(277)	473	13
AVESI Limited	5.5	50.0	172	–	172	172	–	172	–
The Charnwood Pub Company Limited	1.2	50.0	257	(126)	131	271	(117)	154	(9)
Total asset-based investments			**11,582**	**1,088**	**12,670**	**11,418**	**161**	**11,579**	**927**
Growth investments									
DySIS Medical Limited	7.6	17.8	1,174	149	1,323	1,117	(501)	616	650
Masters Pharmaceuticals Limited	6.3	16.9	1,238	85	1,323	1,238	(59)	1,179	144
Opta Sports Data Limited	2.8	14.2	653	523	1,176	653	60	713	463
Mirada Medical Limited	16.7	50.0	389	707	1,096	389	449	838	258
Mi-Pay Limited	9.4	49.6	1,345	(390)	955	1,175	(379)	796	(11)
Process Systems Enterprise Limited	3.6	18.1	366	514	880	366	111	477	403
Hilson Moran Holdings Limited	10.0	50.0	680	115	795	770	18	788	91
Prime Care Holdings Limited	12.5	49.9	1,016	(531)	485	1,016	(277)	739	(254)
memsstar Limited	5.5	28.1	384	44	428	384	(38)	346	82
Oxsensis Limited	3.8	20.6	559	(308)	251	559	(276)	283	(32)
Abcodia Limited	6.4	21.4	225	–	225	225	–	225	–
Lowcosttravelgroup Limited	1.0	26.0	270	(82)	188	270	(115)	155	27
MyMeds&Me Limited	3.6	20.0	180	2	182	–	–	–	2
Proveca Limited	2.9	16.2	108	3	111	–	–	–	3
Total growth investments			**8,587**	**831**	**9,418**	**8,162**	**(1,007)**	**7,155**	**1,826**
Total fixed asset investments			**20,169**	**1,919**	**22,088**	**19,580**	**(846)**	**18,734**	**2,753**

* Albion Ventures LLP

** As adjusted for additions and disposals during the year.

Portfolio of investments (continued)

The following is a summary of current asset investments as at 31 March 2013:

	As at 31 March 2013			As at 31 March 2012			
Current asset investments	**Cost £'000**	**Cumulative movement in value £'000**	**Value £'000**	Cost £'000	Cumulative movement in value £'000	Value £'000	**Change in value for the year* £'000**
Close Brothers Bank Limited fixed term deposit 12 March 2014	**1,553**	**–**	**1,553**	–	–	–	**–**
Contingent future receipts on disposal of fixed asset investments	**–**	**30**	**30**	132	–	132	**30**
Total current asset investments	**1,553**	**30**	**1,583**	132	–	132	**30**

* As adjusted for additions and disposals during the year

Total change in value of investments for the year	2,783
Realised gains in current year	484
Movement in loan stock accrued interest	(43)
Total gains on investments as per Income statement	3,224

The comparative cost and valuations for 31 March 2012 do not agree to the Annual Report and Financial Statements for the year ended 31 March 2012 as the above list does not include brought forward investments that were fully disposed of in the year.

The following is a summary of fixed asset realisations in the year to 31 March 2013:

Fixed asset realisations	**Cost £'000**	**Opening carrying value* £'000**	**Disposal proceeds £'000**	**Total realised gain/(loss) £'000**	**Gain on opening value £'000**
Nelson House Hospital Limited	1,856	1,856	2,309	453	453
CS (Norwich) Limited	100	125	149	49	24
Hilson Moran Holdings Limited *(loan stock repayment)*	90	90	96	6	6
The Charnwood Pub Company Limited *(loan stock repayment)*	15	11	11	(4)	–
Lowcosttravelgroup Limited	–	–	7	7	7
Total fixed asset realisations	**2,061**	**2,082**	**2,572**	**511**	**490**

* As adjusted for additions during the year

The following is a summary of current asset realisations in the year to 31 March 2013:

Current asset realisations	**Cost £'000**	**Opening carrying value £'000**	**Disposal proceeds £'000**	**Total realised gain £'000**	**Loss on opening value £'000**
Close Brothers Bank Limited fixed term deposit 7 December 2012	1,500	1,500	1,500	–	–
Dexela Limited	132	132	126	126	(6)
Total current asset realisations	**1,632**	**1,632**	**1,626**	**126**	**(6)**

Portfolio companies

The top ten investments by total aggregate value of equity and loan stock are below.

The most recently audited results are included for each portfolio company. Valuations are often based upon the most recent information available, which may include management accounts. The audited results are therefore not necessarily the figures used for the valuation.

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.

Website: www.radnorhouse.org

	Audited results: year to 31 August 2012 £'000	Investment information	£'000
Turnover	1,947	Income recognised in the year	50
EBITDA	(79)	Total cost	1,700
Loss before tax	(957)	Loan stock valuation	1,556
Net liabilities	(225)	Equity valuation	928
Basis of valuation	Net asset value supported by third party valuation	Voting rights	9.8 per cent.

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

Bravo Inns II Limited

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

Website: www.bravoinns.com

	Audited results: year to 31 March 2012 £'000	Investment information	£'000
Turnover	4,425	Income recognised in the year	151
EBITDA	695	Total cost	1,972
Loss before tax	(230)	Loan stock valuation	1,347
Net assets	2,278	Equity valuation	646
Basis of valuation	Net asset value supported by third party valuation	Voting rights	13.7 per cent.

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

DySIS Medical Limited

DySIS is a medical device company that designs, develops, manufactures and markets imaging systems for the non-invasive, in-vivo detection of cancerous and pre-cancerous lesions.

Website: www.dysismedical.com

	Audited results: year to 31 March 2012 £'000	Investment information	£'000
Turnover	241	Income recognised in the year	-
EBITDA	(2,275)	Total cost	1,174
Loss before tax	(2,310)	Loan stock valuation	57
Net assets	4,053	Equity valuation	1,266
Basis of valuation	Agreed new investment price	Voting rights	7.6 per cent.

Other funds managed by Albion Ventures LLP have invested in this company and have a combined equity holding of 17.8 per cent.

Masters Pharmaceuticals Limited

Masters is a global healthcare solutions provider, distributing a comprehensive range of prescription drugs, medical devices and supplies in over 35 countries worldwide.

Website: www.masters-uk.com

	Audited results: year to 31 December 2012 £'000	Investment information	£'000
Turnover	21,179	Income recognised in the year	59
EBITDA	470	Total cost	1,238
Loss before tax	(138)	Loan stock valuation	862
Net assets	371	Equity valuation	461
Basis of valuation	Earnings multiple	Voting rights	6.3 per cent.

Other funds managed by Albion Ventures LLP have invested in this company and have a combined equity holding of 16.9 per cent.

Alto Prodotto Wind Limited

Alto Prodotto Wind is a company which builds, owns and operates medium scale (100kWp to 1500kWp) wind projects in the UK.

Website: www.infinite-energy.org.uk

	Audited results: year to 31 March 2012 £'000	Investment information	£'000
Turnover	–	Income recognised in the year	54
EBITDA	(3)	Total cost	1,000
Loss before tax	(100)	Loan stock valuation	1,003
Net assets	1,402	Equity valuation	274
Basis of valuation	Net asset value supported by third party valuation	Voting rights	11.1 per cent.

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

Portfolio companies (continued)

Regenerco Renewable Energy Limited

Regenerco has developed a pipeline of 1.3MW of photovoltaic installations signed to exclusivity across the UK.

Website: www.regenerco.co.uk

	Audited results: year to 30 November 2011 £'000	Investment information	£'000
Turnover	50	Income recognised in the year	110
EBITDA	(89)	Total cost	1,195
Loss before tax	(206)	Loan stock valuation	1,204
Net assets	713	Equity valuation	60
Basis of valuation	Net asset value supported by third party valuation	Voting rights	12.5 per cent.

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

Opta Sports Data Limited

The company is a leading European provider of sports data and analysis.

Website: www.optasports.com

	Audited results: year to 30 June 2012 £'000	Investment information	£'000
Turnover	10,805	Income recognised in the year	35
EBITDA	901	Total cost	653
Profit before tax	345	Loan stock valuation	215
Net assets	1,852	Equity valuation	961
Basis of valuation:	Earnings Multiple	Voting rights	2.8 per cent.

Other funds managed by Albion Ventures LLP have invested in this company and have a combined equity holding of 14.2 per cent.

Mirada Medical Limited

Mirada Medical has developed software that allows images from multiple sources to be combined to provide greater clinical certainty in diagnosis and treatment of cancer.

Website: www.mirada-medical.com

	Audited results: year to 31 December 2012 £'000	Investment information	£'000
Turnover	3,029	Income recognised in the year	17
EBITDA	(7)	Total cost	389
Loss before tax	(123)	Loan stock valuation	263
Net liabilities	(18)	Equity valuation	833
Basis of valuation	Revenue multiple	Voting rights	16.7 per cent.

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

TEG Biogas (Perth) Limited

TEG Biogas (Perth) owns an anaerobic digestion plant which is operating at full capacity and generating electricity.

Website: www.theteggroup.plc.uk

	Audited results: year to 31 December 2012 £'000	Investment information	£'000
Turnover	697	Income recognised in the year	96
EBITDA	181	Total cost	986
Loss before tax	(616)	Loan stock valuation	744
Net liabilities	(177)	Equity valuation	350
Basis of valuation	Net asset value supported by third party valuation	Voting rights	16.4 per cent.

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

Taunton Hospital Limited

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

	Audited results: year to 30 April 2012 £'000	Investment information	£'000
Turnover	1,255	Income recognised in the year	–
EBITDA	(45)	Total cost	1,000
Loss before tax	(213)	Loan stock valuation	672
Net assets	164	Equity valuation	377
Basis of valuation	Net asset value supported by third party valuation	Voting rights	15.8 per cent.

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

Net assets of a portfolio company where a recent third party valuation has taken place, may have a higher valuation in Albion Enterprise VCT PLC accounts than in their own, if portfolio companies do not have a policy of revaluing their fixed assets.

Directors' report

The Directors submit their Annual Report and the audited Financial Statements on the affairs of Albion Enterprise VCT PLC (the "Company") for the year ended 31 March 2013.

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 31 March 2013 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.

Capital structure

Details of the issued share capital, together with details of the movements in the Company's issued share capital during the year are shown in note 15.

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

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

Shareholders are entitled to receive dividends and are entitled to the return on capital on winding up or other return on capital based on the surpluses attributable to the shares.

The Company currently operates a Dividend Reinvestment Scheme, details of which can be found on www.albion-ventures.co.uk under the 'Our Funds' section. During the year, the Company issued 111,566 new Ordinary shares under the Dividend Reinvestment Scheme, details of which can be found in note 15.

During the year the Company issued 840,795 Ordinary shares under the Albion VCTs Linked Top Up Offers 2011/2012 launched in November 2011. The Offer closed on 31 May 2012.

On 19 October 2012 the Company announced the launch of the Albion VCTs Top Up Offers 2012/2013. During the year the Company issued 293,671 Ordinary shares under this Offer (details are shown in note 15). Since the year end an additional 1,880,584 Ordinary shares were issued under this Offer (details are shown in note 21). The Offer closed on 12 June 2013. The net proceeds under this Offer were £1.89 million.

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

Reduction in share capital and cancellation of share premium reserve

Shareholders approved the reduction of share capital by reducing the nominal value of Ordinary shares from 50 pence to 1 penny per Ordinary share and the cancellation of the share premium reserve at the Annual General Meeting on 4 September 2012. The High Court approved this restructuring on 31 October 2012, and the nominal value of the share capital of the Company is now 1 penny per share. The restructuring has increased the reserves available to the Company for the payment of dividends, the buy-back of shares and for other corporate purposes. New share certificates have not been issued following these changes and existing certificates will remain valid.

Substantial interests and shareholder profile

As at 31 March 2013 and at the date of this report, the Company was not aware of any shareholder who had a beneficial interest exceeding 3 per cent. of voting rights. There have been no disclosures in accordance with Disclosure and Transparency Rule 5 made to the Company during the year ended 31 March 2013, and up to the date of this report.

The Company has 2,125 shareholders and the shareholder profile (excluding treasury shares) as at 24 June 2013 is as follows:

Number of shares held	% number of shareholders	% share capital
1 – 10,000	60.8	18.0
10,001 – 50,000	33.7	43.1
50,001 – 100,000	3.9	16.7
100,001 – 500,000	1.5	18.2
500,001+	0.1	4.0

Directors' report (continued)

Investment policy

The Company's investment objective is to provide investors with a regular and predictable source of dividend income combined with the prospect of longer term capital growth. The Company intends to achieve this by investing up to 50 per cent. of the net funds raised in an asset-based portfolio of lower risk, ungeared businesses, principally operating in the leisure sector and related areas (the "Asset-based Portfolio"). The balance of the net funds raised, other than funds retained for liquidity purposes, will be invested in a portfolio of higher growth businesses across a variety of sectors of the UK economy. These will range from lower risk, income producing businesses to higher risk technology companies (the "Growth Portfolio"). In neither category would portfolio companies normally have any external borrowing with a charge ranking ahead of the Company. Up to two-thirds of qualifying investments by cost will comprise loan stock secured with a first charge on the portfolio company's assets. Funds awaiting investment in Qualifying Investments or retained for liquidity purposes will be held on deposit, invested in floating rate notes (in both cases with banks with a Moody's credit rating of 'A' or above) or invested in government gilts.

The Company's investment portfolio will thus be structured to provide a balance between income and capital growth for the longer term. The Asset-based Portfolio is designed to provide stability and income whilst still maintaining the potential for capital growth. The Growth Portfolio is intended to provide diversified exposure through its portfolio of investments in unquoted UK companies. Stock specific risk will be reduced by the Company's policy of holding a diversified portfolio of Qualifying Investments.

Venture capital trust status

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

(1) The Company's income must be derived wholly or mainly from shares and securities;

(2) At least 70 per cent. of the HMRC value of its investments must have been represented throughout the year by shares or securities that are classified as 'qualifying holdings';

(3) At least 30 per cent. by HMRC value of its total qualifying holdings must have been represented throughout the year by holdings of 'eligible shares';

(4) At no time in the year must the Company's holdings in any one company (other than another VCT) have exceeded 15 per cent. by HMRC value of its investments;

(5) The Company must not have retained greater than 15 per cent. of its income earned in the year from shares and securities;

(6) Eligible shares must comprise at least 10 per cent. by HMRC value of the total of the shares and securities that the Company holds in any one portfolio company; and

(7) The Company's shares, throughout the year, must have been listed in the Official List of the Stock Exchange.

These tests drive a spread of investment risk through disallowing holdings of more than 15 per cent. in any portfolio company. The tests have been carried out and independently reviewed for the year ended 31 March 2013. The Company has complied with all relevant tests and continues to do so.

'Qualifying holdings' for Albion Enterprise VCT PLC include shares or securities (including loans with a five year or greater maturity period) in companies which operate a 'qualifying trade' wholly or mainly in the United Kingdom. 'Qualifying trade' excludes, amongst other sectors, dealing in property or shares and securities, insurance, banking and agriculture. The Company may not control a portfolio company.

Portfolio company gross assets must not exceed £15 million immediately prior to the investment and £16 million immediately thereafter. The maximum each company can receive from State Aided risk capital schemes is £5 million in any twelve month period.

Gearing

As defined by the Articles of Association, the Company's maximum exposure in relation to gearing is restricted to 10 per cent. of the adjusted share capital and reserves. As at 31 March 2013, the Company's maximum exposure was £2,960,000 (2012: £2,796,000) and its actual short term and long term gearing at this date was £nil (2012: £nil). The Directors do not currently have any intention to utilise short term or long term gearing.

Current portfolio sector allocation

The pie chart on page 7 of the Manager's report show the split of the portfolio valuation by sector as at 31 March 2013. Details of the principal investments made by the Company are shown in the Portfolio of investments on pages 10 and 11.

Directors' report (continued)

Review of business and future changes

A detailed review of the Company's business during the year and future prospects is contained in the Chairman's statement on page 6 and Manager's report on page 7. Details of significant events which have occurred since the end of the financial year are listed in note 21. Details of transactions with the Manager are shown in note 5.

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

Operational arrangements

The Company has delegated the investment management of the portfolio to Albion Ventures LLP, which is authorised and regulated by the Financial Conduct Authority. Albion Ventures LLP also provides company secretarial and other accounting and administrative support to the Company. Further details regarding the terms of engagement of the Manager are shown on page 19.

Results and dividends

	£'000
Net revenue return for the year ended 31 March 2013	593
Revenue dividend of 1.75 pence per share paid on 31 August 2012	(571)
Revenue dividend of 1.75 pence per share paid on 28 February 2013	(561)
Transferred from other distributable reserve	(539)
Realised and unrealised capital gain for the year transferred to reserves	2,842
Net assets as at 31 March 2013	29,599
Net asset value per share as at 31 March 2013 (pence)	92.90

As described in the Chairman's statement, the Board has declared a dividend of 2.50 pence per share payable on 30 August 2013 to shareholders on the register as at 2 August 2013.

As shown in the Company's Income statement on page 29 of the Financial Statements, investment income has increased to £1,152,000 (2012: £934,000) as a result of high yielding loan stock coming on stream during the year. This has resulted in the revenue return to equity holders increasing to £593,000 (2012: £437,000).

The capital gain for the year of £2,842,000 (2012: £184,000 loss), was mainly attributable to the upward unrealised revaluations in the Company's investment portfolio and the realised gain on the disposal of Nelson House Hospital Limited during the year partially offset by management fees charged to capital.

The total return was 10.50 pence per share (2012: 0.80 pence per share).

The Balance sheet on page 30 of the Financial Statements shows that the net asset value has increased over the last year to 92.90 pence per share (2012: 84.90 pence per share), as the revenue and capital returns have been in excess of the dividends paid during the year. There was also an uplift to net asset value per share of 1 penny as a result of the buying back of shares at a discount to net asset value.

Cash flow for the business has been positive for the year, reflecting disposal proceeds, the issue of share capital and net cash inflow from operations, partially offset by share buy-backs, purchases of new investments and dividends paid.

Share buy-backs

The Company operates a policy of buying back shares either for cancellation or for holding in treasury. Details regarding the current policy and constraints can be found on page 6 of the Chairman's statement.

Key performance indicators

The Directors believe that the following key performance indicators are the most important for the business.

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

The ongoing charges ratio for the year to 31 March 2013 was 3.1 per cent. (2012: 3.2 per cent).

The Company continues to comply with HMRC rules in order to maintain its status under Venture Capital Trust legislation as highlighted on page 15.

Principal risks and uncertainties

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

Directors' report (continued)

1. *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 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.

2. *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 and its strong track record for investing in this segment of the market. In addition, the Manager operates a formal and structured investment process, which includes an Investment Committee, comprising investment professionals from the Manager and at least one external investment professional. The Manager also invites 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 within the sectors invested in.

3. *Valuation risk*
The Company's investment valuation method 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.

   As described in note 2 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 judgements about the business itself, its market and the environment in which it operates, together with the state of the mergers and acquisitions market, stock market conditions and other factors. In making these judgements the valuation takes into account all known material facts up to the date of approval of the Financial Statements by the Board. The sensitivity of these assumptions is commented on further in notes 11 and 19. All other unquoted loan stock is measured at amortised cost.

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

   To reduce this risk, the Board has appointed the Manager, who has a team with 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 advisor. 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.

5. *Compliance risk*
The Company is listed on The London Stock Exchange and is required to comply with the rules of the UK Listing Authority, as well as with the Companies Act,

Accounting Standards and other legislation. Failure to comply with these regulations could result in a delisting of the Company's shares, or other penalties under the Companies Act or from financial reporting oversight bodies.

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

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

   The Audit Committee meets with the Manager's Internal Auditor, 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. Lord St. John of Bletso, as Audit Committee Chairman, met with the internal audit Partner of Littlejohn LLP in February 2013 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 24.

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

7. *Reliance upon third parties risk*
   The Company is reliant upon the services of Albion Ventures LLP for the provision of investment management and administrative functions. There are provisions within the management agreement for the change of Manager under certain circumstances (for further detail, see the management agreement paragraph on page 19). In addition, the Manager has demonstrated to the Board that there is no undue reliance placed upon any one individual within Albion Ventures LLP.

8. *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. The Company's policies for managing these risks and its financial instruments are outlined in full in note 19 to the Financial Statements.

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

Environment

The management and administration of Albion Enterprise VCT PLC is undertaken by the Manager. Albion Ventures LLP recognises the importance of its environmental responsibilities, monitors its impact on the environment, and designs and implements policies to reduce any damage that might be caused by its activities. Initiatives designed to minimise the Company's impact on the environment include recycling and reducing energy consumption as is shown in the financial statements of Albion Ventures LLP.

Employees

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

Directors

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

	31 March 2013 (Number of shares)	31 March 2012 (Number of shares)
Maxwell Packe	**131,775**	131,775
Lady Balfour of Burleigh	**23,126**	17,266
Lord St. John of Bletso	**20,700**	20,700
Patrick Reeve	**58,733**	54,520
	234,334	224,261

Since the year end Maxwell Packe was issued 66,740 new Ordinary shares on 5 April 2013 under the Albion VCTs Top Up Offers 2012/2013. There have been no other changes to the Directors interests since the year end.

In addition, partners and staff of Albion Ventures LLP (excluding Patrick Reeve's holding shown above) hold 142,352 shares in the Company as at 31 March 2013.

No Director has a service contract with the Company.

Directors' report (continued)

All Directors, except for Patrick Reeve, who is the managing partner of the Manager, are members of the Audit Committee, of which Lord St. John of Bletso is Chairman.

Patrick Reeve, as managing partner of Albion Ventures LLP is deemed to have an interest in the Management agreement and Management performance incentive to which the Company is party.

No options over the share capital, long term incentive or retirement benefits of the Company have been granted to the Directors personally, nor does the Company make a contribution to any pension scheme on behalf of the Directors.

Further details regarding Directors' remuneration are shown on page 27.

Directors' indemnity

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

Re-election of Directors

Directors' retirement and re-election is subject to the Articles of Association and the UK Corporate Governance Code. At the forthcoming Annual General Meeting, Maxwell Packe, will retire and offer himself for re-election. Patrick Reeve is not considered to be independent as he is the managing partner of the Manager, Albion Ventures LLP, and will therefore also retire and offer himself for re-election at the forthcoming Annual General Meeting.

Management agreement

Under the Management agreement, the Manager provides investment management, secretarial and administrative services to the Company. The Management agreement can be terminated by either party on 12 months' notice. The Management agreement is subject to earlier termination in the event of certain breaches or on the insolvency of either party. The Manager is paid an annual fee equal to 2.5 per cent. of the net asset value of the Company, payable quarterly in arrears. Total annual expenses, including the management fee, are limited to 3.5 per cent. of the net asset value.

In line with common practice, the Manager is also entitled to an arrangement fee, payable by each portfolio company, of approximately 2 per cent. on each investment made.

Management performance incentive

In order to provide the Manager with an incentive to maximise the return to investors, the Company has entered into a Management performance incentive arrangement with the Manager. Under the incentive arrangement, the Company will pay an incentive fee to the Manager of an amount equal to 20 per cent. of such excess return that is calculated for each financial year.

The minimum target level, comprising dividends and net asset value, will be equivalent to an annualised rate of return of the average base rate of the Royal Bank of Scotland plc plus 2 per cent. per annum on the original subscription price of £1. Any shortfall of the target return will be carried forward into subsequent periods and the incentive fee will only be paid once all previous and current target returns have been met.

The fee if applicable, will be payable annually. No performance fee has arisen during the year (2012: £nil).

Evaluation of the Manager

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

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

As a result of PKF (UK) LLP entering a business combination with BDO LLP on 28 March 2013, PKF (UK) LLP resigned as Auditor of the company on 1 May 2013 and BDO LLP was appointed to fill the casual vacancy.

PKF (UK) LLP has deposited with the Company a statement of the circumstances connected with its resignation. A copy of this statement is available at www.albion-ventures.co.uk/ourfunds Albion Enterprise VCT PLC under the Financial Reports and Circulars section and

Directors' report (continued)

was sent to shareholders as required by section 520(2) of the Companies Act 2006.

A resolution to appoint BDO LLP as Auditor will be proposed at the forthcoming Annual General Meeting.

Supplier payment policy
The Company's policy is to pay all supplier invoices within 30 days of the invoice date, or as otherwise agreed. As at 31 March 2013, trade creditors totalled £9,000 (2012: £9,000). Creditor days at 31 March 2013 were 4 days (2012: 4 days).

Annual General Meeting
The Annual General Meeting will be held at the City of London Club, 19 Old Broad Street, London EC2N 1DS at 11.00 am on 14 August 2013. 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.

Summary of proxies lodged at the Annual General Meeting will be published at www.albion-ventures.co.uk within the 'Our Funds' section by clicking on Albion Enterprise VCT PLC.

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

Power to allot shares
Ordinary resolution number 7 will request the authority for the Directors to allot up to an aggregate nominal amount of £36,339 representing approximately 10 per cent. of the issued Ordinary share capital of the Company as at the date of this Report.

The Directors do not currently have any intention to allot shares, with the exception of the Dividend Reinvestment Scheme, any future Albion VCTs Top Up Offers and the reissuance of treasury shares where it is in the Company's interest to do so.

The Company currently holds 2,599,255 treasury shares representing 7.2 per cent. of the total Ordinary share capital in issue as at the date of this Report.

This resolution replaces the authority given to the Directors at the Annual General Meeting on 4 September 2012. The authority sought at the forthcoming Annual General Meeting will expire 18 months from the date that this resolution is passed or at the conclusion of the next Annual General Meeting of the Company, whichever is earlier.

Dis-application of pre-emption rights
Special resolution number 8 will request the authority for the Directors to allot equity securities for cash without first being required to offer such securities to existing members. This will include the sale on a non pre-emptive basis of any shares the Company holds in treasury for cash. The authority relates to a maximum aggregate of £36,339 of the nominal value of the share capital representing 10 per cent. of the issued Ordinary share capital of the Company as at the date of this Report.

This resolution replaces the authority given to the Directors at the Annual General Meeting on 4 September 2012. 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.

Members should note that this resolution also relates to treasury shares.

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

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

This resolution would renew the 2012 authority, which was on similar terms.

During the financial year under review, the Company purchased 2,182,666 Ordinary shares to be held in treasury, at an aggregate consideration of £1,610,000 including stamp duty, representing 6.3 per cent. of the issued Ordinary share capital of the Company as at 31 March 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.

Directors' report (continued)

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 at which they were bought in.

Recommendation
The Board believes that the passing of the resolutions proposed at the forthcoming Annual General Meeting are in the best interests of the Company and its shareholders as a whole, and unanimously recommends that you vote in favour of all the proposed resolutions, as the Directors intend to do in respect of their own beneficial shareholdings of 301,074 shares.

Directors' responsibilities
The Directors are responsible for preparing the Directors' report, the Directors' remuneration 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 have elected to prepare the Financial Statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these Financial Statements the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the Financial Statements.

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

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 Company's website 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 maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors responsibility also extends to the ongoing integrity of the Financial Statements contained therein.

Directors' responsibilities pursuant to DTR 4
The Directors confirm, to the best of their knowledge:

- that the Financial Statements have been prepared in accordance with UK Generally Accepted Accounting Practice and give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company; and
- that the Annual Report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that it faces.

The names and functions of all the Directors are stated on page 8.

Disclosure of information to 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's Auditor is aware of that information.

This disclosure is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

By Order of the Board

Albion Ventures LLP
Company Secretary
1 King's Arms Yard
London, EC2R 7AF
27 June 2013

Statement of corporate governance

Background
The Financial Conduct Authority 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 May 2010. Since the year end, the Company has adopted the revised Code issued in September 2012.

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

The Board considers that reporting against the principles and recommendations of the AIC Code, and by reference to the AIC Guide (which incorporates the 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 Section 1 of the Code, except as set out below.

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

Board of Directors
The Board consists solely of non-executive directors. 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.

Maxwell Packe is the Chairman, and he, Lord St. John of Bletso and Lady Balfour of Burleigh, are considered independent Directors. The Board has appointed Lord St. John of Bletso as the Senior Independent Director. Patrick Reeve is not considered an independent Director as he is the managing partner of Albion Ventures LLP, the Manager.

The Board does not have a policy of limiting the tenure of any Director as the Board does not consider that a Director's length of service reduces his or her ability to act independently of the Manager. Patrick Reeve is subject to annual re-election as he is not considered to be an independent Director.

The Directors have a range of business and financial skills which are relevant to the Company; these are described in the Board of Directors section of this Report, on page 8. 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.

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 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' & Officers' Liability Insurance.

The Board met four times during the year as part of its regular programme of quarterly Board meetings. All of the Directors attended each meeting, except Lady Balfour of Burleigh who attended three meetings. A sub-committee of the Board comprising at least two Directors met during the year to allot shares issued under the Dividend Reinvestment Scheme and, the Albion VCTs Linked Top Up Offer 2011/2012 and the Albion VCTs Top Up Offers 2012/2013. In addition, a sub-committee of the Board met during the year to approve the terms and contents of the Offers document under the Albion VCTs Top Up Offers 2012/2013.

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

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

- the consideration and approval of future developments or changes to the investment policy, including risk and asset allocation;
- consideration of corporate strategy;
- application of the principles of the 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;
- evaluation of non-audit services provided by the external Auditor;
- approval of the appropriate dividend to be paid to shareholders;
- the appointment, evaluation, removal and remuneration of the Manager;
- the performance of the Company, including monitoring of the discount of the net asset value and the share price;
- share buy-back and treasury share policy; and
- monitoring shareholder profile and considering shareholder communications.

Committees' and Directors' performance evaluation
Performance of the Board and the Directors is assessed on the following bases:

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

The evaluation process has identified that the Board works well together and has the right balance of skills, experience, independence and knowledge of the Company amongst the Directors. Diversity within the Board is achieved through the appointment of directors with different backgrounds and skills.

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

In light of the structured performance evaluation, Maxwell Packe and Patrick Reeve, both of whom are subject to re-election at the forthcoming Annual General Meeting, are considered to be effective Directors and demonstrate strong commitment to the role; on this basis, the Board believes it to be in the best interest of the Company to reappoint these Directors at the forthcoming Annual General Meeting.

Remuneration Committee
Since the Board consists solely of four non-executive directors, a Remuneration Committee has not been considered necessary during the year.

Directors' salaries have not been increased since 2009. However, in accordance with the provisions of the UK Corporate Governance Code 2012, a Remuneration Committee has been formed after the year end. Lady Balfour of Burleigh is Chairman and all of the Directors except Patrick Reeve are members of this Committee. The Committee will meet when it believes a review of Directors responsibilities and of salaries against the market is required.

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 Albion Enterprise VCT PLC and looking under the Corporate Governance section.

Audit Committee
The Audit Committee consists of all Directors excluding Patrick Reeve. Lord St. John of Bletso is Chairman of the Audit Committee. In accordance with the Code, all members of the Audit Committee have recent and relevant financial experience. The Committee met twice during the year ended 31 March 2013 and all members attended.

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

During the year under review, the Committee discharged the responsibilities including:

- formally reviewing the final Annual Report and Financial Statements, the Half-yearly Report, the Interim Management Statements and the associated announcements, with particular focus on the main areas requiring judgement and on critical accounting policies;
- reviewing the effectiveness of the internal controls system and examination of the Internal Controls Report produced by the Manager;
- meeting with the external Auditor and reviewing their findings;
- highlighting 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 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, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy;
- reviewing the performance of the Manager and making recommendations regarding their re-appointment to the Board; and
- (after the year end) reporting to the Board on how it has discharged its responsibilities.

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, 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. There were no non-audit fees charged to the Company during the year.

As part of its work, the Audit 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 Committee and the Board by the external Auditor regarding the external audit for the year ended 31 March 2013, and assessments made by individual Directors.

The Audit Committee also has an annual meeting with the external Auditor, without the Manager present, at which pertinent questions are asked to help the Audit Committee determine if the Auditor's skills match all the relevant and appropriate criteria.

As part of its annual review procedures, the Committee has obtained sufficient assurance from their own evaluation and the audit feedback documentation. PKF (UK) LLP entered into a business combination with BDO LLP on 28 March 2013. PKF (UK) LLP resigned as Auditor of the Company on 1 May 2013 and BDO LLP was appointed to fill the casual vacancy. Based on the assurance obtained, the Committee has recommended to the Board a resolution to appoint BDO LLP as Auditor be proposed at the Annual General Meeting.

Nomination Committee

The Nomination Committee consists of all Directors, apart from Patrick Reeve, with Maxwell Packe as Chairman. Given the size of the Board, this facilitates more effective and efficient communication. 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 and will meet when it is appropriate for it to do so.

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.

The 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 Albion Enterprise VCT PLC and looking under the Corporate Governance section.

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, assisted by the Audit Committee, monitors all controls, including financial, operational and compliance controls, and risk management. The Audit Committee receives each year from the Manager a formal report, which details the steps taken to monitor the areas of risk, including

Statement of corporate governance (continued)

those that are not directly the responsibility of the Manager, and which reports the details of any known internal control failures. Steps are 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 Audit Committee's attention.

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

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

- segregation of duties between the preparation of valuations and recording into accounting records;
- independent valuations of the asset-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 Operations Partner of Albion Ventures LLP;
- bank and stock reconciliations are carried out monthly by the Manager in accordance with the FCA requirements;
- all published financial reports are reviewed by Albion Ventures LLP Compliance department;
- the Board reviews financial information; and
- a separate Audit Committee of the Board reviews published financial information.

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

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 19. The Company's business activities, together with details of its performance are shown in the Directors' report.

Conflicts of interest

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

Capital structure and Articles of Association

Details regarding the Company's capital structure, substantial interests and Directors' powers to buy and issue shares are detailed in full on pages 14 and 20 respectively 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 on 14 August 2013 will be used as an opportunity to communicate with investors. The Board, including the Chairman of the Audit Committee, will be available to answer questions at the Annual General Meeting. At the Annual General Meeting, the level of proxies lodged on each resolution, the balance for and against the resolution, and the number of votes withheld, are announced after the resolution has been voted on by a show of hands.

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

Statement of corporate governance (continued)

Shareholders are able to access the latest information on the Company via the Albion Ventures LLP website www.albion-ventures.co.uk under the “Our Funds” section.

For help relating to dividend payments, shareholdings and share certificates please contact Computershare Investor Services PLC:

Tel: 0870 873 5860 (UK National Rate call, lines are open 8.30am – 5.30pm; 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.

For enquiries relating to the performance of the Fund and for IFA information please contact Albion Ventures LLP:

Tel: 020 7601 1850 (lines are open 9.00am – 5.30pm;
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.

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

Statement of compliance

With the exception of the requirement to have a Remuneration Committee, the Directors consider that the Company has complied throughout the year ended 31 March 2013 with all the relevant provisions set out in Section 1 of the Code issued in May 2010, and with the AIC Code of Corporate Governance. The Company formed a Remuneration Committee after the year end. The Company continues to comply with the Code issued in September 2012 as at the date of this report.

By Order of the Board

Maxwell Packe
Chairman
27 June 2013

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 Director's remuneration. As required by the Act, a resolution to approve the report will be proposed at the Annual General Meeting.

UNAUDITED INFORMATION

Remuneration Committee

Since the Company's Board consists solely of non-executive Directors and there are no executive employees, a Remuneration Committee has not been considered necessary during the year. However, in accordance with provisions of the UK Corporate Governance Code 2012, a Remuneration Committee has been formed after the year end.

Directors' remuneration policy

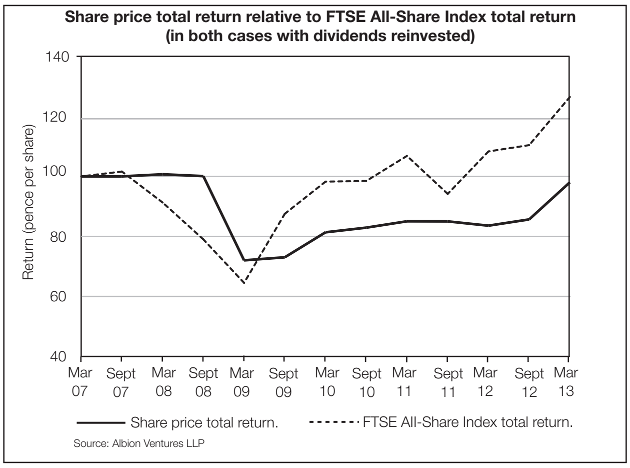
The Company's policy is that fees payable to non-executive Directors should reflect their expertise, responsibilities and time spent on Company matters. In determining the level of non-executive remuneration, market equivalents are considered in comparison to the overall activities and size of the Company.

The maximum level of non-executive Directors' remuneration is fixed by the Company's Articles of Association, not to exceed £100,000 per annum; amendment to this is by way of a special resolution subject to ratification by shareholders.

Performance graph

The graph below shows Albion Enterprise VCT PLC's share price total return relative to the FTSE All-Share Index total return, in both instances with dividends reinvested, since launch. The Directors consider the FTSE All-Share Index to be the most appropriate benchmark for the Company. Investors should, however, be reminded that shares in VCTs generally trade at a discount to the actual net asset value of the Company.

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



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

Service contracts

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

The Company's Articles of Association provide for the resignation and, if approved, re-election of the Directors every three years at the Annual General Meeting. In accordance with the recommendations of the AIC Code, Directors who have served the Company for longer than nine years are subject to annual re-election, and any non-independent Directors are also subject to annual re-election. At the forthcoming Annual General Meeting Maxwell Packe and Patrick Reeve will retire and be proposed for re-election.

AUDITED INFORMATION

Directors' remuneration

The following items have been audited.

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

	Year ended 31 March 2013 £'000	Year ended 31 March 2012 £'000
Maxwell Packe	**20**	20
Lady Balfour of Burleigh	**18**	18
Lord St. John of Bletso	**18**	18
Albion Ventures LLP (for Patrick Reeve's services)	**18**	18
	74	74

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

Each Director of the Company was remunerated personally through the Manager's payroll, which has been recharged to the Company, save for Patrick Reeve, whose services are provided by Albion Ventures LLP.

In addition to Directors' remuneration, the Company pays an annual premium in respect of Directors' & Officers' Liability Insurance of £9,540 (2012: £9,980).

By Order of the Board

Albion Ventures LLP
Company Secretary
1 King's Arms Yard
London EC2R 7AF
27 June 2013

Independent Auditor's report to the members of Albion Enterprise VCT PLC

We have audited the Financial Statements of Albion Enterprise VCT PLC for the year ended 31 March 2013 which comprise the Income statement, the Balance sheet, the Reconciliation of movements in shareholders' funds, the Cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an 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 Auditors
As explained more fully in the statement of Directors' responsibilities, the Directors are responsible for the preparation of the Financial Statements and for being satisfied that they give a true and fair view. Our responsibility is to audit 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 Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the Financial Statements
A description of the scope of an audit of Financial Statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on Financial Statements
In our opinion the Financial Statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2013 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006
In our opinion:

- the part of the Directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006;
- the information given in the Directors' report for the financial year for which the Financial Statements are prepared is consistent with the Financial Statements; and
- the information given in the Statement of corporate governance on pages 22 to 26 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
We have nothing to report in respect of the following:
Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the Financial Statements and the part of the Directors' remuneration report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; 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 25, in relation to going concern; and
- the part of the Statement of corporate governance relating to the Company's compliance with the nine provisions of the UK Corporate Governance Code specified for our review; and
- certain elements of the report to the shareholders by the Board on Directors' remuneration.

Rhodri Whitlock (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
London
United Kingdom
27 June 2013

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

Income statement

		Year ended 31 March 2013			Year ended 31 March 2012		
	Note	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains on investments	3	**–**	**3,224**	**3,224**	–	199	199
Investment income	4	**1,152**	**–**	**1,152**	934	–	934
Investment management fees	5	**(175)**	**(526)**	**(701)**	(172)	(517)	(689)
Other expenses	6	**(206)**	**–**	**(206)**	(191)	–	(191)
Return/(loss) on ordinary activities before tax		**771**	**2,698**	**3,469**	571	(318)	253
Tax (charge)/credit on ordinary activities	8	**(178)**	**144**	**(34)**	(134)	134	–
Return/(loss) attributable to shareholders		**593**	**2,842**	**3,435**	437	(184)	253
Basic and diluted return/(loss) per share (pence)*	10	**1.80**	**8.70**	**10.50**	1.40	(0.60)	0.80

*excluding treasury shares

The accompanying notes on pages 33 to 46 form an integral part of these Financial Statements.

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

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

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

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

Balance sheet

	Note	31 March 2013 £'000	31 March 2012 £'000
Fixed asset investments	11	**22,088**	20,683
Current assets			
Trade and other debtors	13	**52**	213
Current asset investments	13	**1,583**	1,632
Cash at bank	17	**6,198**	5,673
		7,833	7,518
Creditors: amounts falling due within one year	14	**(322)**	(238)
Net current assets		**7,511**	7,280
Net assets		**29,599**	27,963
Capital and reserves			
Called up share capital	15	**345**	16,703
Share premium		**290**	1,065
Capital redemption reserve		**97**	–
Unrealised capital reserve		**1,810**	(776)
Realised capital reserve		**(536)**	(795)
Other distributable reserve		**27,593**	11,766
Total equity shareholders' funds		**29,599**	27,963
Basic and diluted net asset value per share (pence)*	16	**92.90**	84.90

*excluding treasury shares

The accompanying notes on pages 33 to 46 form an integral part of these Financial Statements.

These Financial Statements were approved by the Board of Directors, and were authorised for issue on 27 June 2013 and were signed on its behalf by

Maxwell Packe
Chairman

Company number 05990732

Reconciliation of movements in shareholders' funds

	Called-up 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 April 2012	**16,703**	**1,065**	**–**	**(776)**	**(795)**	**11,766**	**27,963**
Return for the period	–	–	–	2,740	102	593	3,435
Transfer of previously unrealised gains on sale of investments	–	–	–	(154)	154	–	–
Issue of share capital	453	587	–	–	–	–	1,040
Purchase of shares for cancellation	(69)	–	69	–	–	(97)	(97)
Purchase of shares for treasury	–	–	–	–	–	(1,610)	(1,610)
Cancellation of treasury shares	(28)	–	28	–	–	–	–
Dividends paid	–	–	–	–	–	(1,132)	(1,132)
Transfer from other distributable reserve	–	–	–	–	3	(3)	–
Reduction in share capital and cancellation of share premium reserve**	(16,714)	(1,362)	–	–	–	18,076	–
As at 31 March 2013	**345**	**290**	**97**	**1,810**	**(536)**	**27,593**	**29,599**

	Called-up 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 April 2011	15,937	535	–	(518)	(874)	12,453	27,533
Return/(loss) for the period	–	–	–	187	(371)	437	253
Issue of share capital	766	530	–	–	–	–	1,296
Purchase of shares for treasury	–	–	–	–	–	(152)	(152)
Transfer of previously unrealised gains on sale of investments	–	–	–	(445)	445	–	–
Dividends paid	–	–	–	–	–	(967)	(967)
Transfer from other distributable reserve	–	–	–	–	5	(5)	–
As at 31 March 2012	16,703	1,065	–	(776)	(795)	11,766	27,963

* Included within the aggregate of these reserves is an amount of £27,057,000 (2012: £10,195,000) which is considered distributable.

** The reduction in the nominal value of shares from 50 pence to 1 penny and the cancellation of the share premium reserve (as approved by shareholders at the Annual General Meeting held on 4 September 2012 and by order of the Court dated 31 October 2012) has increased the value of the other distributable reserve.

The special reserve, treasury share reserve and the revenue reserve have been combined in the Balance sheet to form a single reserve named other distributable reserve for both the current and prior year. The Directors consider the presentation of a single reserve to enhance the clarity of financial reporting. More details regarding treasury shares can be found in note 15.

A transfer of £3,000 (2012: £5,000) representing gross realised losses on disposal of investments during the year to 31 March 2013 has been made from the other distributable reserve to the realised capital reserve.

Cash flow statement

	Note	Year ended 31 March 2013 £'000	Year ended 31 March 2012 £'000
Operating activities			
Loan stock income received		**988**	767
Deposit interest received		**126**	134
Investment management fees paid		**(691)**	(519)
Other cash payments		**(200)**	(176)
Net cash flow from operating activities	18	**223**	206
Taxation			
UK corporation tax		**80**	–
Capital expenditure and financial investments			
Purchase of fixed asset investments		**(700)**	(3,673)
Disposal of fixed asset investments		**2,572**	940
Disposal of current asset investments		**203**	–
Net cash flow from investing activities		**2,075**	(2,733)
Management of liquid resources			
Purchase of current asset investments		**(1,553)**	(1,000)
Disposal of current asset investments		**1,500**	3,500
Net cash flow from management of liquid resources		**(53)**	2,500
Equity dividends paid (net of cost of shares issued under the Dividend Reinvestment Scheme)		**(1,037)**	(893)
Net cash flow before financing		**1,288**	(920)
Financing			
Issue of ordinary share capital (net of issue costs)		**944**	1,247
Purchase of own shares (including costs)		**(1,707)**	(156)
Net cash flow from financing		**(763)**	1,091
Cash flow in the year	17	**525**	171

Notes to the Financial Statements

1. Accounting convention

The Financial Statements have been prepared in accordance with the historical cost convention, modified to include the revaluation of investments, in accordance with applicable United Kingdom law and accounting standards and with the Statement of Recommended Practice "Financial Statements of Investment Trust Companies and Venture Capital Trusts" ('AIC SORP') issued by the Association of Investment Companies ('AIC') in January 2009. Accounting policies have been applied consistently in current and prior periods, however to enhance clarity of financial reporting, during the year the special reserve, treasury share reserve and revenue reserve have been presented as a single reserve named other distributable reserve. This has also been applied to prior periods.

2. Accounting policies

Investments

Unquoted equity investments, debt issued at a discount and convertible bonds

In accordance with FRS 26 "Financial Instruments Recognition and Measurement", unquoted equity, debt issued at a discount and convertible bonds are designated as fair value through profit or loss ("FVTPL"). Unquoted investments' fair value is determined by the Directors in accordance with the September 2009 International Private Equity and Venture Capital Valuation Guidelines (IPEVCV guidelines).

Fair value movements on equity investments and gains and losses arising on the disposal of investments are reflected in the capital column of the Income statement in accordance with the AIC SORP and 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 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 stocks (excluding debt issued at a discount and convertible bonds) are classified as loans and receivables as permitted by FRS 26 and measured at amortised cost using the effective interest rate method less impairment. Movements in amortised cost relating to interest income are reflected in the revenue column of the Income statement, and hence are reflected in the other distributable reserve, and movements in respect of capital provisions are reflected in the capital column of the Income statement and are reflected in the realised capital reserve following sale, or in the unrealised capital reserve on impairments arising from revaluations of the fair value of the security.

For all unquoted loan stock, whether fully performing, past due or impaired, the Board considers that 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 less the estimated selling costs.

Current asset investments

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

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

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

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

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

Investment income

Unquoted equity income

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

Unquoted loan stock and other preferred income

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

Bank interest income

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

Notes to the Financial Statements (continued)

2. Accounting policies (continued)

Investment management fees and other expenses

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

- 75 per cent. of management fees are allocated to the capital account to the extent that these relate to an enhancement in the value of the investments. This is in line with the Board's expectation that over the long term 75 per cent. of the Company's investment returns will be in the form of capital gains; and

- expenses which are incidental to the purchase or disposal of an investment.

Performance incentive fee

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

Taxation

Taxation is applied on a current basis in accordance with FRS 16 "Current tax". Taxation associated with capital expenses is applied in accordance with the SORP. In accordance with FRS 19 "Deferred tax", deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the Financial Statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Reserves

Share premium account

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

The special reserve, treasury share reserve and the revenue reserve have been combined as a single reserve named other distributable reserve.

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

Dividends

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

Notes to the Financial Statements (continued)

3. Gains on investments

	Year ended 31 March 2013 £'000	Year ended 31 March 2012 £'000
Unrealised gains on fixed asset investments held at fair value through profit or loss	**2,798**	79
Unrealised (impairments)/reversals of impairments on fixed asset investments held at amortised cost	**(88)**	108
Unrealised gains on fixed asset investments sub-total	**2,710**	187
Unrealised gains on current asset investments held at fair value through profit or loss	**30**	–
Unrealised gains sub-total	**2,740**	187
Realised gains/(losses) on fixed asset investments held at fair value through profit or loss	**490**	(18)
Realised gains on fixed asset investments held at amortised cost	**–**	37
Realised gains on fixed asset investments sub-total	**490**	19
Realised losses on current asset investments held at fair value through profit or loss	**(6)**	(7)
Realised gains sub-total	**484**	12
	3,224	199

Investments measured at amortised cost are unquoted loan stock investments as described in note 2.

4. Investment income

	Year ended 31 March 2013 £'000	Year ended 31 March 2012 £'000
Income recognised on investments held at fair value through profit or loss		
Floating rate note and bond interest	**–**	20
Interest on convertible bonds and debt issued at a discount	**340**	227
	340	247
Income recognised on investments held at amortised cost		
Return on loan stock investments	**690**	552
Bank deposit interest	**122**	135
	812	687
	1,152	934

Interest income earned on impaired investments at 31 March 2013 amounted to £45,000 (2012: £49,000). These investments are all held at amortised cost.

All of the Company's income is derived from operations in the United Kingdom.

Notes to the Financial Statements (continued)

5. Investment management fees

	Year ended 31 March 2013 £'000	Year ended 31 March 2012 £'000
Investment management fee charged to revenue	**175**	172
Investment management fee charged to capital	**526**	517
	701	689

Further details of the Management agreement under which the investment management fee is paid are given in the Directors' report on page 19.

During the year, services of a total value of £701,000 (2012: £689,000) were purchased by the Company from Albion Ventures LLP. At the financial year end, the amount due to Albion Ventures LLP in respect of these services disclosed as accruals and deferred income was £185,000 (2012: £175,000).

Patrick Reeve is the Managing Partner of the Manager, Albion Ventures LLP. During the year, the Company was charged by Albion Ventures LLP £21,600 including VAT (2012: £21,600) in respect of his services as a Director. At the year end, the amount due to Albion Ventures LLP in respect of these services disclosed as accruals and deferred income was £5,400 (2012: £5,400).

Albion Ventures LLP is, from time to time, eligible to receive transaction fees and Directors' fees from portfolio companies. During the year ended 31 March 2013, fees of £87,000 attributable to the investments of the Company were received pursuant to these arrangements (2012: £147,000).

During the year the Company raised new funds through the Albion VCTs Linked Top Up Offers 2011/2012 and the Albion VCTs Top Up Offers 2012/2013 as described in note 15. The total cost of the issue of shares was 5.5 per cent. of the sums subscribed. Of these costs, an amount of £3,854 (2012: £4,456) was paid to the Manager, Albion Ventures LLP in respect of receiving agent services. There were no sums outstanding in respect of receiving agent services at the year end.

6. Other expenses

	Year ended 31 March 2013 £'000	Year ended 31 March 2012 £'000
Directors' fees and associated costs (inclusive of NIC and VAT)	**83**	86
Auditor's remuneration for statutory audit services (exclusive of VAT)	**23**	23
Other administrative expenses	**100**	82
	206	191

7. Directors' fees and associated costs

The amounts paid to and on behalf of the Directors during the year are as follows:

	Year ended 31 March 2013 £'000	Year ended 31 March 2012 £'000
Directors' fees	**74**	74
National insurance and/or VAT	**8**	10
Expenses	**1**	2
	83	86

Expenses charged related to travel expenses in furtherance of their duties as Directors. Further information regarding Directors' remuneration can be found in the Directors' remuneration report on page 27.

Notes to the Financial Statements (continued)

8. Tax (charge)/credit on ordinary activities

	Year ended 31 March 2013			Year ended 31 March 2012		
	Revenue £'000	**Capital £'000**	**Total £'000**	Revenue £'000	Capital £'000	Total £'000
UK corporation tax in respect of the current year	**(178)**	**144**	**(34)**	(134)	134	–

	Year ended 31 March 2013 £'000	Year ended 31 March 2012 £'000
Return on ordinary activities before tax	**3,469**	253
Tax charge on profit at the standard companies rate of 24% (2012: small companies rate of 20%)	**(833)**	(51)
Factors affecting the charge:		
Capital profits not subject to tax	**774**	40
Utilisation of losses	**18**	11
Marginal relief	**7**	–
	(34)	–

The tax charge for the year shown in the Income statement is lower than the standard companies rate of corporation tax in the UK of 24 per cent. (2012: small companies rate of 20 per cent.). The differences are explained above.

The Company has no further excess trading losses (2012: £74,000) available for offset against future profits. The Company did not recognise a deferred tax asset in respect of these losses.

Notes
(i) Venture Capital Trusts are not subject to corporation tax on capital gains.
(ii) Tax relief on expenses charged to capital has been determined by allocating tax relief to expenses by reference to the applicable corporation tax rate and allocating the relief between revenue and capital in accordance with the SORP.
(iii) No deferred tax asset or liability has arisen in the year.

9. Dividends

	Year ended 31 March 2013 £'000	Year ended 31 March 2012 £'000
Dividend of 1.50p per share paid on 31 August 2011	**–**	480
Dividend of 1.50p per share paid on 29 February 2012	**–**	487
Dividend of 1.75p per share paid on 31 August 2012	**571**	–
Dividend of 1.75p per share paid on 28 February 2013	**561**	–
	1,132	967

In addition to the dividends summarised above, the Board has declared a first dividend for the year ending 31 March 2014 of 2.50 pence per share. This dividend will be paid on 30 August 2013 to shareholders on the register as at 2 August 2013. The total dividend will be approximately £843,000.

10. Basic and diluted return per share

	Year ended 31 March 2013 Revenue	Capital	Total	Year ended 31 March 2012 Revenue	Capital	Total
The return per share has been based on the following figures:						
Return/(loss) attributable to equity shares (£'000)	**593**	**2,842**	**3,435**	437	(184)	253
Weighted average shares in issue (excluding treasury shares)		**32,642,931**			32,144,835	
Return/(loss) attributable per equity share (pence)	**1.80**	**8.70**	**10.50**	1.40	(0.60)	0.80

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

The weighted average number of shares is calculated excluding treasury shares of 2,599,255 (2012: 473,010).

11. Fixed asset investments

	31 March 2013 £'000	31 March 2012 £'000
Investments held at fair value through profit or loss		
Unquoted equity investments	**8,243**	6,275
Unquoted debt issued at a discount and convertible bonds	**6,638**	6,023
	14,881	12,298
Investments held at amortised cost		
Unquoted loan stock investments	**7,207**	8,385
	22,088	20,683

	31 March 2013 £'000	31 March 2012 £'000
Opening valuation	**20,683**	18,164
Purchases at cost	**734**	3,459
Disposal proceeds	**(2,572)**	(1,053)
Realised gains	**490**	19
Movement in loan stock revenue accrued income	**43**	39
Transfer of unrealised gains to current asset investments	–	(132)
Unrealised gains	**2,710**	187
Closing valuation	**22,088**	20,683
Movement in loan stock revenue accrued income		
Opening accumulated movement in loan stock revenue accrued income	**96**	57
Movement in loan stock revenue accrued income	**43**	39
Closing accumulated movement in loan stock revenue accrued income	**139**	96
Movement in unrealised losses		
Opening accumulated unrealised losses	**(909)**	(525)
Movement in unrealised gains	**2,710**	187
Transfer of unrealised gains to current asset investments	–	(132)
Transfer of previously unrealised gains to realised reserve on disposal of investments	**(21)**	(439)
Closing accumulated unrealised gains/(losses)	**1,780**	(909)
Historic cost basis		
Opening book cost	**21,496**	18,632
Purchases at cost	**734**	3,459
Sales at cost	**(2,061)**	(595)
Closing book cost	**20,169**	21,496

Notes to the Financial Statements (continued)

11. Fixed asset investments (continued)

The amounts shown for the purchase and disposal of fixed assets included in the cash flow statement differ from the amounts shown above, due to deferred consideration shown as a debtor, and investment settlement debtors and creditors.

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 period, and believes that the carrying values for both impaired and past due assets are covered by the value of security held for these loan stock investments.

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

Valuation methodology	31 March 2013 £'000	31 March 2012 £'000
Cost and price of recent investment (reviewed for impairment)	**1,941**	6,246
Revenue multiple	**2,667**	2,479
Earnings multiple	**2,863**	2,188
Net asset value supported by third party or desktop valuation	**6,087**	1,385
Agreed new investment price	**1,323**	–
	14,881	12,298

Full valuations are prepared by independent RICS qualified surveyors in full compliance with the RICS Red Book. Desktop reviews are carried out by similarly RICS qualified surveyors by updating previously prepared full valuations for current trading and market indices.

Fair value investments had the following movements between valuation methodologies between 31 March 2012 and 31 March 2013:

Change in valuation methodology (2012 to 2013)	Value as at 31 March 2013 £'000	Explanatory note
Cost and price of recent investment (reviewed for impairment) to net asset value supported by third party or desktop valuation	**6,404**	Independent valuation carried out.
Revenue multiple to agreed new investment price	**1,323**	Price of latest agreed external investment round and completed post year end.

The valuation will be the most appropriate valuation methodology for an investment within its market, with regard to the financial health of the investment and the September 2009 IPEVCV Guidelines. The Directors believe that, within these parameters, there are no other possible methods of valuation which would be reasonable as at 31 March 2013.

The amended FRS 29 'Financial Instruments: Disclosures' requires the Company to disclose the inputs to 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
Level 1	Unadjusted quoted (bid) prices applied
Level 2	Inputs to valuation are from observable sources and are directly or indirectly derived from prices
Level 3	Inputs to valuations not based on observable market data

All of the Company's fixed asset investments as at 31 March 2013 which are valued at fair value through profit or loss, are valued according to Level 3 methods (2012: Level 3).

Notes to the Financial Statements (continued)

11. Fixed asset investments (continued)

Investments held at fair value through profit or loss (level 3) had the following movements in the year to 31 March 2013:

	31 March 2013			31 March 2012		
		Discounted debt and convertible			Discounted debt and convertible	
	Equity £'000	**loan stock £'000**	**Total £'000**	Equity £'000	loan stock £'000	Total £'000
Opening balance	**6,275**	**6,023**	**12,298**	6,349	5,014	11,363
Purchases at cost	**176**	**398**	**574**	884	1,000	1,884
Disposal proceeds	**(1,191)**	**(96)**	**(1,287)**	(866)	(30)	(896)
Realised gain/(loss)	**484**	**6**	**490**	(18)	–	(18)
Debt/equity swap and representation of convertible bond and debt	**107**	**(107)**	**–**	–	–	–
Movement in loan stock revenue accrued income	**–**	**8**	**8**	–	18	18
Transfer of unrealised gains to current asset investments	**–**	**–**	**–**	(132)	–	(132)
Unrealised gain	**2,392**	**406**	**2,798**	58	21	79
Closing balance	**8,243**	**6,638**	**14,881**	6,275	6,023	12,298

Desktop reviews are carried out by independent RICS qualified surveyors by updating previously prepared full valuations for current trading and market indices. Full valuations are prepared by similarly qualified surveyors but in full compliance with the RICS Red Book.

FRS 29 requires the Directors to consider the impact of changing one or more of the inputs used as part of the valuation process to reasonable possible alternative assumptions. The valuation methodology applied to 63 per cent. of the equity, discounted debt and convertible bond investments (by valuation) is based on third-party independent evidence and recent investment price or new investments supported by cash. The Directors believe that changes to reasonable possible alternative input assumptions for the valuation of the remainder of the portfolio could result in an increase in the valuation of investments by £446,000 or a decrease in the valuation of investments by £355,000.

12. Significant interests

The principal activity of the Company is to select and hold a portfolio of investments in unquoted securities. Although the Company, through the Manager, will, in some cases, be represented on the board of the 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 company as at 31 March 2013 as described below:

Company	**Country of incorporation**	**Principal activity**	**% class and share type**	**% total voting rights**
Greenenerco Limited	Great Britain	Renewable energy	28.6% A Ordinary	28.6%

The above investment is held as part of an investment portfolio, therefore, as permitted by FRS 9, it is measured at fair value and not accounted for using the equity method.

Notes to the Financial Statements (continued)

13. Current assets

Trade and other debtors	**31 March 2013 £'000**	31 March 2012 £'000
Prepayments and accrued income	**28**	32
UK corporation tax receivable	**–**	80
Other debtors	**24**	101
	52	213

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

Current asset investments	**31 March 2013 £'000**	31 March 2012 £'000
Contingent future receipts from the disposal of fixed asset investments	**30**	132
Close Brothers Bank Limited fixed term deposit	**1,553**	1,500
	1,583	1,632

The fair value hierarchy applied to contingent future receipts on disposal of fixed asset investments is Level 3. These receipts may not crystallise within 12 months.

14. Creditors: amounts falling due within one year

	31 March 2013 £'000	31 March 2012 £'000
Trade creditors	**9**	9
Accruals and deferred income	**245**	229
UK corporation tax payable	**34**	–
Other creditors	**34**	–
	322	238

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

15. Called up share capital

	31 March 2013 £'000	31 March 2012 £'000
Allotted, called up and full paid		
34,458,394 Ordinary shares of 1 penny each (2012: 33,405,846 of 50p each)	**345**	16,703

Voting rights
31,859,139 shares of 1 penny each (net of treasury shares) (2012: 32,932,836 of 50p each).

Following the Annual General Meeting on 4 September 2012 the Company obtained authority to reduce the nominal value of its shares from 50 pence to 1 penny and to cancel its share premium reserve. This was approved by the Court on 31 October 2012. The restructuring increased the distributable reserves available to the Company for the payment of dividends, the buy-back of shares, and for other corporate purposes. The effects of these transactions were to reduce the Ordinary share capital by £16,714,000 and the share premium reserve by £1,362,000.

The Company purchased 137,063 shares (2012: nil) for cancellation at a cost of £97,000 (2012: nil).

The Company purchased 2,182,666 shares (2012: 199,000) to be held in treasury at a cost of £1,610,000 (2012: £152,000) representing 6.3 per cent. of the shares in issue (excluding treasury shares) as at 31 March 2013.

The Company cancelled 56,421 shares (2012: nil) from the other distributable reserve at a weighted average cost of 71.90 pence per share, leaving a balance of 2,599,255 shares (2012: 473,010) in treasury representing 7.5 per cent. (2012: 1.4 per cent.) of the shares in issue as at 31 March 2013.

Notes to the Financial Statements (continued)

15. Called up share capital (continued)

Under the terms of the Dividend Reinvestment Scheme Circular, the following Ordinary shares were allotted in the year to 31 March 2013:

Date of allotment	Number of shares allotted	Aggregate nominal value of shares £'000	Issue price (pence per share)	Net consideration received £'000	Opening market price per share on allotment date (pence per share)
31 August 2012	57,071	29	83.50	47	73.38
28 February 2013	54,495	1	87.20	46	80.00
	111,566	30		93	

During the year the following Ordinary shares were allotted under the terms of the Albion VCTs Linked Top Up Offers 2011/2012 and the Albion VCTs Top Up Offers 2012/2013.

Date of allotment	Number of shares allotted	Aggregate nominal value of shares £'000	Issue price (pence per share)	Net consideration received £'000	Opening market price per share on allotment date (pence per share)
5 April 2012	755,882	378	87.80	627	71.75
31 May 2012	84,913	42	87.80	71	67.25
19 December 2012	293,671	3	89.60	249	80.00
	1,134,466	423		947	

16. Basic and diluted net asset value per share

	31 March 2013 (pence per share)	31 March 2012 (pence per share)
Basic and diluted net asset value per share	**92.90**	84.90

The basic and diluted net asset values per share at the year end are calculated in accordance with the Articles of Association and are based upon total shares in issue (less treasury shares) of 31,859,139 Ordinary shares (2012: 32,932,836) at 31 March 2013.

17. Analysis of changes in cash during the year

	31 March 2013 £'000	31 March 2012 £'000
Opening cash balances	**5,673**	5,502
Net cash flow	**525**	171
Closing cash balances	**6,198**	5,673

18. Reconciliation of net return on ordinary activities before taxation to net cash flow from operating activities

	Year ended 31 March 2013 £'000	Year ended 31 March 2012 £'000
Revenue return on ordinary activities before taxation	**771**	571
Investment management fee charged to capital	**(526)**	(517)
Movement in accrued amortised loan stock interest	**(43)**	(39)
Decrease in debtors	**4**	9
Increase in creditors	**17**	182
Net cash flow from operating activities	**223**	206

19. Capital and financial instruments risk management

The Company's capital comprises Ordinary shares as described in note 15. The Company is permitted to buy-back its own shares for cancellation or treasury purposes, and this is described in more detail on page 20 of the Directors' report.

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

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

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

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

Investment risk

As a venture capital trust, it is the Company's specific nature to evaluate and control the investment risk of its portfolio in unquoted investments, details of which are shown on pages 10 and 11. Investment risk is the exposure of the Company to the revaluation and devaluation of investments. The main driver of investment risk is the operational and financial performance of the 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.

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

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

The maximum investment risk as at the balance sheet date is the value of the fixed and current asset investment portfolio which is £23,671,000 (2012: £22,315,000). Fixed and current asset investments form 80 per cent. of the net asset value as at 31 March 2013 (2012: 80 per cent.).

More details regarding the classification of fixed and current asset investments are shown in notes 11 and 13.

Investment price risk

Investment price risk is the risk that the fair value of future investment cash flows will fluctuate due to factors specific to an investment instrument or to a market in similar instruments. To mitigate the investment price risk for the Company as a whole, the strategy of the Company is to invest in a broad spread of industries with approximately 65 per cent. 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 10 and 11 and in the Manager's report.

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

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

The sensitivity of a 10 per cent. increase or decrease in the valuation of the fixed and current asset investments (keeping all other variables constant) would increase or decrease the net asset value and return for the year by £2,367,000 (2012: £2,232,000).

19. Capital and financial instruments risk management (continued)

Cash flow interest rate risk

It is the Company's policy to accept a degree of interest rate risk on its financial assets through the effect of interest rate changes. On the basis of the Company's analysis, it is estimated that a rise of 1.0 per cent. in all interest rates would have increased total return before tax for the year by approximately £57,000 (2012: £275,000). Furthermore, it is considered that a fall of interest rates below current levels during the year would have been very unlikely.

The weighted average interest rate applied to the Company's fixed rate assets during the year was approximately 8.7 per cent. (2012: 5.9 per cent.). The weighted average period to expected maturity for the fixed rate assets is approximately 5.4 years (2012: 6.1 years).

The Company's financial assets and liabilities, all denominated in pounds sterling, consist of the following:

	31 March 2013				31 March 2012			
	Fixed rate £'000	**Floating rate £'000**	**Non-interest bearing £'000**	**Total £'000**	Fixed rate £'000	Floating rate £'000	Non-interest bearing £'000	Total £'000
Unquoted equity	**–**	**–**	**8,243**	**8,243**	–	–	6,275	6,275
Discounted debt and convertible loan stock	**5,780**	**–**	**858**	**6,638**	6,023	–	–	6,023
Unquoted loan stock	**7,207**	**–**	**–**	**7,207**	7,913	–	472	8,385
Current asset investments	**1,553**	**–**	**30**	**1,583**	1,500	–	132	1,632
Debtors*	**–**	**–**	**43**	**43**	–	–	181	181
Cash	**5,277**	**921**	**–**	**6,198**	5,673	–	–	5,673
Current liabilities*	**–**	**–**	**(288)**	**(288)**	–	–	(238)	(238)
Total net assets	**19,817**	**921**	**8,886**	**29,624**	21,109	–	6,822	27,931

*The debtors and current liabilities do not reconcile to the Balance sheet as prepayments and tax payable are not included in 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 Company. The Company is exposed to credit risk through its debtors, contingent future receipts, investment in unquoted loan stock and through the holding of 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.

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

The Company's total gross credit risk as at 31 March 2013 was limited to £13,845,000 (2012: £14,408,000) of unquoted loan stock instruments (all of which are secured on the assets of the portfolio company), £6,198,000 (2012: £5,673,000) of cash deposits with banks, £1,553,000 of term deposits (2012: £1,500,000) and £30,000 of contingent future receipts (2012: £132,000).

As at the balance sheet date, the cash held by the Company is held with the Lloyds TSB Bank plc, Scottish Widows Bank plc (part of Lloyds TSB Bank plc), Barclays Bank Plc, National Westminster Bank plc, Close Brothers Limited and UBS Wealth Management (part of UBS AG). Credit risk on cash transactions is mitigated by transacting with counterparties that are regulated entities subject to regulatory supervision, with Moody's credit ratings of at least 'A' or equivalent as assigned by international credit-rating agencies.

The Company has an informal policy of limiting counterparty banking and floating rate note exposure to a maximum of 20 per cent. of net asset value for any one counterparty.

The credit profile of unquoted loan stock is described under liquidity risk on page 45.

Notes to the Financial Statements (continued)

19. Capital and financial instruments risk management (continued)

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

	31 March 2013			31 March 2012		
	Cost	**Impairment**	**Carrying value**	Cost	Impairment	Carrying value
	£'000	**£'000**	**£'000**	£'000	£'000	£'000
Impaired loan stock	**1,911**	**(624)**	**1,287**	1,950	(365)	1,585

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.

Liquidity risk

Liquid assets are held as cash on current account, cash on deposit or short term money market account. Under the terms of its Articles, the Company has the ability to borrow up to 10 per cent. of its adjusted share capital and reserves, which amounts to £2,960,000 (2012: £2,796,000) as at 31 March 2013.

The Company has no committed borrowing facilities as at 31 March 2013 (2012: £nil) and had cash balances of £6,198,000 (2012: £5,673,000), which are considered to be readily realisable within the timescales required to make cash available for investment. The main cash outflows are for new investments, share buy-backs and dividend payments, which are within the control of the Company. The Manager formally reviews the cash requirements of the Company on a monthly basis, and the Board on a quarterly basis as part of its review of management accounts and forecasts. All the Company's financial liabilities are short term in nature and total £322,000 as at 31 March 2013 (2012: £238,000).

The carrying value of loan stock investments held at amortised cost and at fair value through profit or loss at 31 March 2013 as analysed by expected maturity dates is as follows:

Redemption date	**Fully performing £'000**	**Past due £'000**	**Impaired £'000**	**Total £'000**
Less than one year	**700**	**950**	**188**	**1,838**
1-2 years	**623**	**810**	**866**	**2,299**
2-3 years	**2,439**	**1,705**	**48**	**4,192**
3-5 years	**2,020**	**65**	**185**	**2,270**
+5 years	**3,074**	**172**	**–**	**3,246**
Total	**8,856**	**3,702**	**1,287**	**13,845**

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

Loan stock categorised as past due includes:

- Loan stock with a carrying value of £1,384,000 which has interest past due for less than 12 months yielded 11.4 per cent. on cost;
- Loan stock with a carrying value of £1,172,000 which has interest past due between 2 and 3 years in renewable energy companies who are building up interest yield as installation of units are completed. Typically these loan stocks yield in excess of 9 per cent. once installed.
- Loan stock with a value of £1,146,000 which has interest overdue of 13 months.

Notes to the Financial Statements (continued)

The carrying value of loan stock investments held at amortised cost at 31 March 2012 as analysed by expected maturity dates was as follows:

Redemption date	Fully performing £'000	Past due £'000	Impaired £'000	Total £'000
Less than one year	425	204	473	1,102
1-2 years	646	672	287	1,605
2-3 years	348	661	661	1,670
3-5 years	3,726	2,863	164	6,753
+5 years	–	3,278	–	3,278
Total	5,145	7,678	1,585	14,408

In view of the factors identified above, the Board considers that the Company is subject to low liquidity risk.

Fair values of financial assets and financial liabilities
All the Company's financial assets and liabilities as at 31 March 2013 are stated at fair value as determined by the Directors, with the exception of loans and receivables included within investments, cash balances, debtors and creditors, which are carried at amortised cost, in accordance with FRS 26. The Directors believe that the current carrying value of loan stock is not materially different to the fair value. There are no financial liabilities other than creditors. The Company's financial liabilities are all non-interest bearing. It is the Directors' opinion that the book value of the financial liabilities is not materially different to the fair value and all are payable within one year.

20. Commitments and contingencies
As at 31 March 2013, the Company had the following financial commitments in respect of investments:

- Proveca Limited, £362,000;
- MyMeds&Me Limited, £180,000;
- DySIS Medical Limited, £46,000;
- Mi-Pay Limited, £36,000.

21. Post balance sheet events
Since 31 March 2013, the Company has had the following post balance sheet events:

- April 2013: DySIS Medical Limited investment of £46,000;
- June 2013: Proveca Limited investment of £181,000.

The following Ordinary shares were allotted under the Albion VCTs Top Up Offers 2012/2013 since the year end:

Date of allotment	**Number of shares allotted**	**Aggregate nominal value of shares £'000**	**Issue price (pence per share)**	**Net consideration received £'000**	**Opening market price on allotment date (pence per share)**
5 April 2013	1,492,828	15	89.90	1,302	82.25
12 June 2013	387,756	4	89.90	338	82.00
	1,880,584	19		1,640	

The Offer closed on 12 June 2013.

22. Related party transactions
There are no related party transactions or balances requiring disclosure.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Albion Enterprise VCT PLC (the "Company") will be held at the City of London Club, 19 Old Broad Street, London EC2N 1DS on 14 August 2013 at 11.00am 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 Company's accounts and the reports of the Directors and Auditor for the year ended 31 March 2013.

2. To approve the Directors' remuneration report for the year ended 31 March 2013.

3. To re-elect Mr Maxwell Packe as a Director of the Company.

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

5. To appoint BDO LLP as Auditor of the Company to hold office from conclusion of the meeting to the conclusion of the next meeting at which the accounts are to be laid.

6. To authorise the Directors to agree the Auditor's remuneration.

Special Business

7. That the Directors be generally and unconditionally authorised in accordance with section 551 of the Companies Act 2006 (the "Act") to allot Ordinary shares of nominal value 1 penny per share in the Company up to an aggregate nominal amount of £36,339 (which comprises 10 per cent. of the Company's Ordinary shares) 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.

8. That, subject to the authority and conditional on the passing of resolution number 7, the Directors be empowered, pursuant to section 570 of the Act, to allot equity securities (within the meaning of section 560 of the Act) for cash pursuant to the authority conferred by resolution number 7 as if section 561(1) of the Act did not apply to any such allotment, provided that this power shall be limited to the allotment of equity securities:

   (a) in connection with an offer of such securities by way of rights issue;

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

   (c) otherwise than pursuant to sub-paragraphs (a) to (b) above, up to an aggregate nominal amount of £36,339 (equal to 10 per cent. of the Ordinary share capital).

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

   This power applies in relation to a sale of treasury shares as if all references in this resolution to an allotment included any such sale and in the first paragraph of the resolution the words "pursuant to the authority conferred by resolution number 7" were omitted in relation to such a sale.

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

Notice of Annual General Meeting (continued)

9. That, the Company be generally and unconditionally authorised to make market purchases (within the meaning of section 693(4) of the Act) of Ordinary shares of 1 penny each in the capital of the Company ("Ordinary shares"), on such terms as the Directors think fit, and where such shares are held as treasury shares, the Company may use them for the purposes set out in section 727 of the Act, provided that:

   (a) the maximum aggregate number of shares hereby authorised to be purchased is 14.99 per cent. of the issued Ordinary share capital of the Company as at the date of the passing of this resolution;

   (b) the minimum price which may be paid for a share shall be 1 penny (exclusive of expenses);

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

   (d) unless previously varied, revoked or renewed, the authority hereby conferred shall expire 18 months from the date that this resolution is passed or, if earlier, at the conclusion of the Annual General Meeting of the Company to be held after the passing of this resolution, save that the Company may, at any time prior to such expiry, enter into a contract or contracts to purchase shares under such authority which would or might be completed or executed wholly or partly after the expiration of such authority and may make a purchase of shares pursuant to any such contract or contracts as if the authority conferred hereby had not expired.

   Under section 724-732 of the Act, Ordinary shares purchased by the Company out of distributable profits can be held as treasury shares, which may then be cancelled or sold for cash. The authority sought by this special resolution number 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 at.

By order of the board

Albion Ventures LLP
Company Secretary
Registered office
1 King's Arms Yard
London, EC2R 7AF
27 June 2013

Registered in England and Wales with number 05990732

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 AGM. 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 Pavilions, Bridgwater Road, Bristol BS99 6ZZ; or
   - going to www.investorcentre.co.uk 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 11.00am on 12 August 2013.

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 11.00am on 12 August 2013 (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 11.00am on 12 August 2013. 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 under the "Our Funds" section.

7. Any member attending the meeting has the right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the meeting but no such answer need be given if (a) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information, (b) the answer has already been given on a website

Notice of Annual General Meeting (continued)

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. Copies of contracts of service and letters of appointment between the Directors and the Company will be available for inspection at the Registered Office of the Company during normal business hours from the date of this Notice until the conclusion of the meeting, and at the place of the meeting for at least 15 minutes prior to the meeting until its conclusion. In addition, a copy of the Articles of Association will be available for inspection at the Company's registered office from the date of the Notice until the conclusion of the meeting, and at the place of the meeting for at least 15 minutes prior to the meeting until its conclusion.

9. Under section 527 of the Act members meeting the threshold requirements set out in that section have the right to require the Company to publish on a website a statement setting out any matter relating to: (i) the audit of the Company's accounts (including the Auditor's report and the conduct of the audit) that are to be laid before the AGM: or (ii) any circumstances connected with an Auditor of the Company ceasing to hold office since the previous meeting at which the annual accounts and reports were laid in accordance with section 437 of the Act. The Company may not require the members requesting any such website publication to pay its expenses in complying with section 527 and 528 of the Act. Where the Company is required to place a statement on a website under section 527 of the Act, it must forward the statement to the Company's Auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the AGM includes any statement that the Company has been required under section 527 of the Act to publish on a website.

10. Members satisfying the thresholds in Section 338 of the Companies Act 2006 may require the Company to give, to members of the Company entitled to receive notice of the AGM, notice of a resolution which those members intend to move (and which may properly be moved) at the AGM. A resolution may properly be moved at the AGM unless (i) it would, if passed, be ineffective (whether by reason of any inconsistency with any enactment of the Company's constitution or otherwise); (ii) it is defamatory of any person; or (iii) it is frivolous or vexatious. The business which may be dealt with at the AGM includes a resolution circulated pursuant to this right. A request made pursuant to this right may be in hard copy or electronic form, must identify the resolution of which notice is to be given, must be authenticated by the person(s) making it and must be received by the Company not later than 6 weeks before the date of the AGM.

11. Members satisfying the thresholds in Section 388A of the Companies Act 2006 may request the Company to include in the business to be dealt with at the AGM any matter (other than a proposed resolution) which may properly be included in the business at the AGM.

    A matter may properly be included in the business at the AGM unless (i) it is defamatory of any person or (ii) it is frivolous or vexatious. A request made pursuant to this right may be in hard copy or electronic form, must identify the matter to be included in the business, must be accompanied by a statement setting out the grounds for the request, must be authenticated by the person(s) making it and must be received by the Company not later than 6 weeks before the date of the AGM.

12. As at 24 June 2013 being the latest practicable date prior to the publication of this Notice, the Company's issued share capital consists of 36,338,978 Ordinary shares with a nominal value of 1 penny each. The Company also holds 2,599,255 Ordinary shares in treasury. Therefore, the total voting rights in the Company as at 24 June 2013 are 33,739,723.

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