Annual Report and Financial Statements for the year ended 31 March 2014

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 55 Baker Street London, W1U 7EU
Taxation adviser	PricewaterhouseCoopers LLP 1 Embankment Place London, WC2N 6RH
Legal adviser	Bird & Bird LLP 15 Fetter Lane London, EC4A 1JP

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.

Financial adviser information

For enquiries relating to the performance of the Fund and information for financial advisers please contact Albion Ventures LLP:
Tel: 020 7601 1850 (lines are open 9.00am – 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.

Investment objectives and policy

The investment objective 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 achieves this by investing up to 50 per cent. of the net funds raised in an asset-based portfolio of more stable, ungeared businesses, (the "Asset-based Portfolio"). The balance of the net funds raised, other than funds retained for liquidity purposes, are invested in a portfolio of higher growth businesses across a variety of sectors of the UK economy. These range from more stable, income producing businesses to higher risk technology companies (the "Growth Portfolio"). In neither category do portfolio companies normally have any external borrowing with a charge ranking ahead of the Company. Up to two-thirds of qualifying investments by cost 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 are held on deposit or invested in floating rate notes (in both cases with banks with a Moody's credit rating of 'A' or above).

The Company's investment portfolio is 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.

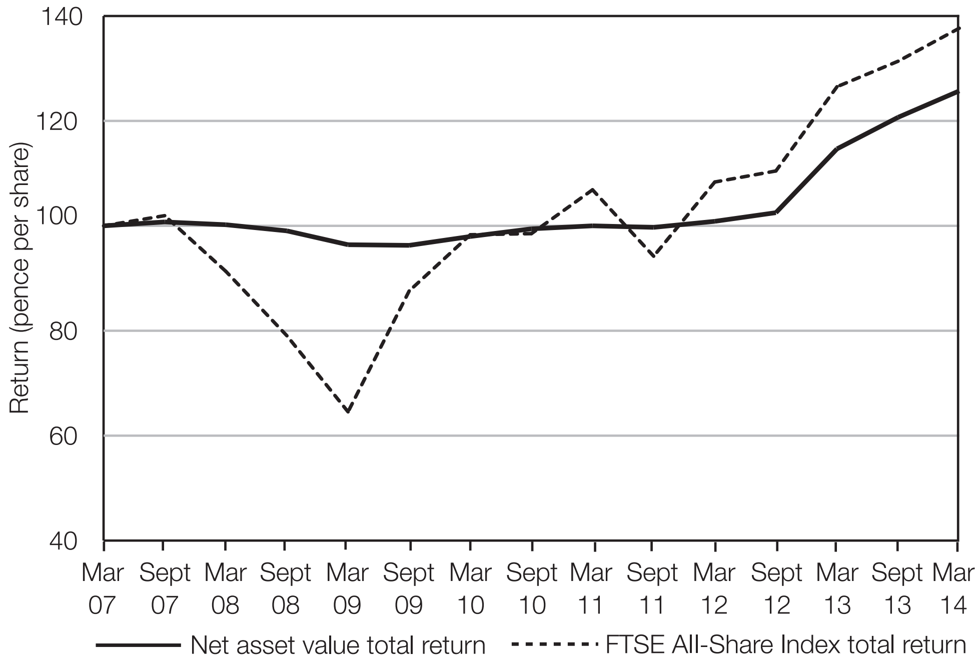
Financial calendar

Record date for first dividend	1 August 2014
Annual General Meeting	7 August 2014
Payment date for first dividend	29 August 2014
Announcement of Half-yearly results for the six months ended 30 September 2014	November 2014
Payment of second dividend (subject to Board approval)	27 February 2015

Financial highlights

9.0p	Basic and diluted total return per share as at 31 March 2014
5.0p	Total tax-free dividend per share paid during the year ended 31 March 2014 and 2.5p first tax free dividend per share declared for the year to 31 March 2015
96.90p	Net asset value per share as at 31 March 2014
115.75p	Net asset value plus dividends since launch to 31 March 2014

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 2014 (pence per share)	31 March 2013 (pence per share)
Dividends paid	**5.00**	3.50
Revenue return	**1.70**	1.80
Capital return	**7.30**	8.70
Net asset value	**96.90**	92.90

Total shareholder net asset value return to 31 March 2014:		**(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
	31 March 2014	5.00
Total dividends paid to 31 March 2014		**18.85**
Net asset value as at 31 March 2014		96.90
Total shareholder net asset return to 31 March 2014		**115.75**

In addition to the dividends summarised above, the Board has declared a first dividend for the new financial year ending 31 March 2015, of 2.50 pence per share on 29 August 2014 to shareholders on the register as at 1 August 2014.

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 paid 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
I am pleased to announce that the Company achieved further good results for the year to 31 March 2014, with a total return of 9 pence per share on top of the 10.5 pence per share for the previous year. This continues to reflect the growing maturity of the investment portfolio and the strong trading from the underlying portfolio companies.

Portfolio progress
We negotiated two exits during the period; Opta Sports Data, where we realised a return of over 2.5 times its cost of £653,000 and Prime Care Holdings, where we achieved a return of 0.55 times cost. £4.5 million was invested in unquoted companies during the year. These included £760,000 in Aridhia, a medical IT company; £880,000 in Egress, a leader in e-mail security; and £570,000 in Grapeshot, a business providing contextual analysis for the advertising technology sector. In addition, Orchard Portman Hospital merged into Taunton Hospital and an additional £172,000 was invested in the combined company.

Existing portfolio companies made good progress; pupils at Radnor House School in Twickenham increased to 316, and its third party valuation rose by £733,000. Our investments in renewable energy, across both wind and solar, also increased their third party valuations by £572,000. Mirada Medical, Masters Pharmaceuticals and Hilson Moran, grew strongly during the year. Against that, DySIS Medical was partially written down as progress in selling its cancer imaging product in the UK was slower than we hoped for. Post year end, Mi-Pay Limited merged its business with a company quoted on the Alternative Investment Market (AIM) on the London Stock Exchange. The combined business is now called Mi-Pay Group Plc and is quoted on AIM.

Risks and uncertainties
Although growth in the UK has recovered well, 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 cycles. A detailed analysis of the other risk and uncertainties facing the business is shown on page 11 and 12 of the Strategic report.

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 take place with the manager for the year can be found in note 5.

Albion VCTs Top Up Offers
During the year the Company issued 2,881,004 shares under the Company's Offer as part of the Albion VCTs Top Up Offers launched in October 2012 and in November 2013, as shown in note 15. Since the year end, a further 1,650,592 shares have been issued under the Offer, generating net proceeds of £1.58m. The proceeds of the Offers will be used to provide further resources at a time when a number of attractive new investment opportunities are being seen.

Results and dividends
As at 31 March 2014, the net asset value was 96.9 pence per share compared to 92.9 pence per share at the end of 31 March 2013. The revenue before taxation was £712,000 compared to £771,000 for the previous year. The company will pay a first dividend for the financial year to 31 March 2015 of 2.5 pence per share, in line with its policy of a 5 pence per share annual dividend. The dividend will be paid on 29 August 2014 to shareholders on the register at 1 August 2014.

Outlook and prospect
We would expect the VCT's income to increase during the year as the remaining renewable energy projects start to generate electricity. In addition, we anticipate further growth on our mature investments, while some of the newer ones, in technologies that are beginning to see strong traction, also show real promise. We look forward to the future with confidence.

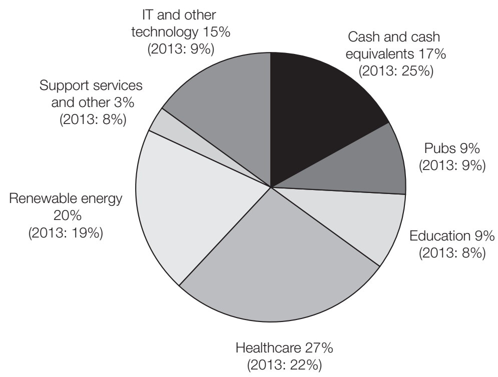
Maxwell Packe
Chairman
30 June 2014

Strategic report

Investment objective and policy
The Company's investment objective is to provide investors with a regular and predictable source of income, combined with the prospect of longer term capital growth. The Company's investment portfolio is thus structured to provide a balance between income and capital growth for the longer term through a diversified, balanced approach to investment. The Asset-based Portfolio, which accounts for up to 50 per cent. of investments, 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. In neither category do portfolio companies normally have any external borrowing with a charge ranking ahead of the Company.

Current portfolio sector allocation
The following pie chart shows the split of the portfolio valuation by industrial or commercial sector as at 31 March 2014. Details of the principal investments made by the Company are shown in the Portfolio of investments on pages 15 and 16.

Split of investment portfolio by sector



Source: Albion Ventures LLP

Direction of portfolio
The sector analysis of the VCT's investment portfolio shows that healthcare accounts for 27 per cent. of the portfolio and renewable energy investments account for 20 per cent.

Looking ahead, the healthcare sector will continue to be a core area for investment, both in asset-based businesses such as psychiatric hospitals, and in medical technology. Renewable energy projects are unlikely to increase substantially, as the VCT has now reached its target of 20 per cent. of the portfolio; their main role is to provide lower risk, long term, inflation protected income flows to the VCT. The IT sector of the portfolio has grown sharply during the year as we have made a number of investments to back new technology developments, such as e-mail encryption and contextual analysis for on-line advertising. The education investment, in the form of Radnor House School, is expected to grow in time as we aim to fund further premises for growth in student numbers, subject to availability of a suitable site.

Results and dividend policy

	£'000
Net revenue return for the year ended 31 March 2014	561
Realised and unrealised capital gain for the year transferred to reserves	2,384
Dividend of 2.50 pence per share paid on 30 August 2013	(820)
Dividend of 2.50 pence per share paid on 28 February 2014	(841)
Transferred to reserves	**1,284**
Net assets as at 31 March 2014	32,056
Net asset value per share as at 31 March 2014	**96.90p**

The Company paid dividends totalling 5.00 pence per share (2013: 3.50 pence per share) during the year ended 31 March 2014. As described in the Chairman's statement, the Board has declared a first dividend of 2.50 pence per share for the year ending 31 March 2015. This dividend will be paid on 29 August 2014 to shareholders on the register as at 1 August 2014.

As shown in the Company's Income statement on page 32, investment income has decreased slightly to £1,099,000 (2013: £1,152,000) due, mainly to the disposal of Nelson House Hospital in the previous year.

The capital gain for the year of £2,384,000 (2013: £2,842,000), was mainly attributable to the upward unrealised revaluations in the Company's investment portfolio and the realised gain on the disposal of Opta Sports Data during the year.

The total return was 9.00 pence per share (2013: 10.50 pence per share). The Balance sheet on page 33 shows that the net asset value has increased over the last year to 96.90 pence per share (2013: 92.90 pence per share), as the revenue and capital returns have been in excess of the dividends paid during the year.

The cash flow for the Company has been a net outflow of £684,000 for the year (2013: inflow £525,000), reflecting dividends paid, new investments in the year and the buy-back of shares, offset by cash inflows from operations, disposal of investments and the issue of Ordinary shares under the Albion VCTs Top Up Offers.

Strategic report (continued)

Review of business and future changes

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

Companies that are particularly worth noting include Mi-Pay Limited which merged its business with a company quoted on the Alternative Investment Market (AIM) on the London Stock Exchange. The combined business is now called Mi-Pay Group Plc and is quoted on AIM; Radnor House School, which now has 316 pupils, 12 months ahead of budget, Process Systems Enterprise (computer simulation of complex industrial processes) which continues to grow at 20 per cent. per annum. and counts five out of the top six oil majors as its clients; Taunton Hospital (psychiatric hospital) which is extending to 48 beds; and Masters Pharmaceuticals (international distribution of "special" pharmaceuticals) which is achieving record growth. The only underperformance is DySIS (equipment for screening for cervical cancer) where the roll-out of its clinically excellent equipment is taking longer than anticipated.

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.

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.

Future prospects

As mentioned in the Chairman's statement, the Company has had a good year, building further on the success of the previous year. Many of our investments, particularly within the Growth Portfolio, have strong market position in growing, often international markets and these should be the main driver of shareholder returns over the years to come.

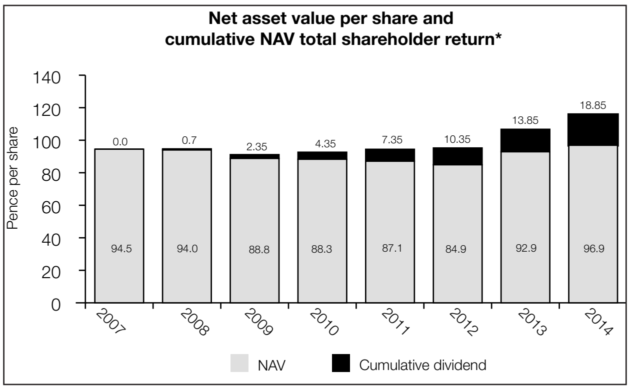
Key performance indicators

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

Net asset value total return relative to FTSE All Share Index total return

The graph on page 4 shows the Company's net asset value total return against the FTSE All-Share Index total return, with dividends reinvested. Details on the performance of the net asset value and return per share for the year are shown below.

Net asset value per share and cumulative net asset value total shareholder return

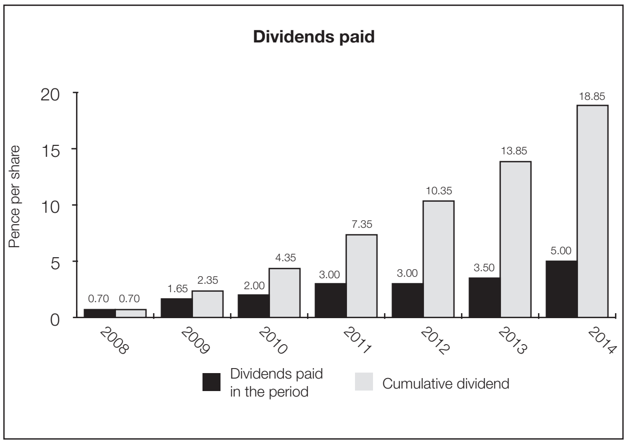


* Cumulative NAV total shareholder return is net asset value plus cumulative dividends paid since launch to date.

Net asset value per share increased by 4.3 per cent. to 96.90 pence per share for the year ended 31 March 2014.

Cumulative NAV total return to shareholders increased by 8.4 per cent. to 115.75 pence per share for the year ended 31 March 2014.

Dividend distributions



Dividends paid in respect of the year ended 31 March 2014 were 5.00 pence per share (2013: 3.50 pence per share), in line with the Board's dividend objective. The cumulative dividend paid since inception is 18.85 pence per share.

Ongoing charges

The ongoing charges ratio for the year to 31 March 2014 was 3.1 per cent. (2013: 3.1 per cent.). The ongoing charges ratio has been calculated using the Association of Investment Companies' (AIC) recommended methodology. This figure shows shareholders the total recurring annual running expenses (including investment management fees charged to capital reserve) as a percentage of the average net assets attributable to shareholders. The Directors expect the ongoing charges ratio for the year ahead to be approximately 3.0 per cent.

Maintenance of VCT qualifying status
The Company continues to comply with H.M. Revenue & Customs ("HMRC") rules in order to maintain its status under Venture Capital Trust legislation as highlighted below.

VCT Regulation
The investment policy is designed to ensure that the Company continues to qualify and is approved as a VCT by HMRC. In order to maintain its status under Venture Capital Trust legislation, a VCT must comply on a continuing basis with the provisions of Section 274 of the Income Tax Act 2007, as follows:

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

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

(3) At least 30 per cent. by HMRC value of its total qualifying holdings must have been represented throughout the year by holdings of 'eligible shares'. For funds raised after 5 April 2011 the figure is 70 per cent.;

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

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

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

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

The tests have been carried out and independently reviewed for the year ended 31 March 2014. The Company has complied with all tests and continues to do so.

'Qualifying holdings' include shares or securities (including loans with a five year or greater maturity period) in companies which operate a 'qualifying trade' wholly or mainly in the United Kingdom. 'Qualifying trade' excludes, amongst other sectors, dealing in property or shares and securities, insurance, banking and agriculture. Details of the sectors in which the Company is invested can be found in the pie chart on page 7.

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

Gearing
As defined by the Articles of Association, the Company's maximum exposure in relation to gearing is restricted to 10 per cent. of the adjusted share capital and reserves. The Directors do not currently have any intention to utilise long term gearing.

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.

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

Strategic report (continued)

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. As of 31 March 2014 the total return amounted to 115.75 pence per share which compared to the hurdle of 128.40 pence per share at that date.

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 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.

Alternative Investment Fund Managers Directive ("AIFMD")

The Board has considered the impact on your Company of the AIFMD, an EU Directive that came into force in July 2013 to regulate the Managers of Alternative Investment Funds. The Board has agreed to appoint Albion Ventures LLP as the Company's AIFM as required by the AIFMD. This will not impact on the day-to-day investment activities.

Social and community issues, employees and human rights

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

Further policies

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

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

and these are set out in the Directors' report on page 20.

Strategic report (continued)

Risk management

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

Risk	Possible consequence	Risk management
Economic risk	Changes in economic conditions, including, for example, interest rates, rates of inflation, industry conditions, competition, political and diplomatic events and other factors could substantially and adversely affect the Company's prospects in a number of ways.	To reduce this risk, in addition to investing equity in portfolio companies, the Company often invests in secured loan stock and has a policy of not normally permitting any external bank borrowings within portfolio companies. Additionally, the Manager has been rebalancing the sector exposure of the portfolio with a view to reducing reliance on consumer led sectors.
Investment risk	This is the risk of investment in poor quality assets which reduces the capital and income returns to shareholders, and negatively impacts on the Company's reputation. By nature, smaller unquoted businesses, such as those that qualify for venture capital trust purposes, are more fragile than larger, long established businesses.	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.
Valuation risk	The Company's investment valuation methodology is reliant on the accuracy and completeness of information that is issued by portfolio companies. In particular, the Directors may not be aware of or take into account certain events or circumstances which occur after the information issued by such companies is reported.	As described in note 2 of the Financial Statements, the unquoted investments; are valued in accordance with the International Private Equity and Venture Capital Valuation Guidelines. These guidelines set out recommendations, intended to represent current best practice on the valuation of venture capital investments. These investments are valued on the basis of forward looking estimates and judgments about the business itself, its market and the environment in which it operates, together with the state of the mergers and acquisitions market, stock market conditions and other factors. In making these judgments the valuation takes into account all known material facts up to the date of approval of the Financial Statements by the Board. Asset-based investments are underpinned by independent third party professional valuations.
VCT 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, which has a team with significant experience in venture capital trust management, used to operating within the requirements of the venture capital trust legislation. In addition, to provide further formal reassurance, the Board has appointed PricewaterhouseCoopers LLP as its taxation adviser. PricewaterhouseCoopers LLP reports quarterly to the Board to independently confirm compliance with the venture capital trust legislation, to highlight areas of risk and to inform on changes in legislation. Each investment in a new portfolio company is also pre-cleared with H.M. Revenue & Customs.

Strategic report (continued)

Risk	Possible consequence	Risk management
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 or advising quoted businesses. In addition, the Board and the Manager receive regular updates on new regulation from its auditor, lawyers and other professional bodies.
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, PKF Littlejohn LLP, when required, receiving a report regarding the last formal internal audit performed on the Manager, and providing the opportunity for the Audit Committee to ask specific and detailed questions. Patrick Reeve on behalf of the Chairman of the Audit Committee, met with the internal audit Partner of PKF Littlejohn LLP in January 2014 to discuss the most recent Internal Audit Report on the Manager. The Manager has a comprehensive business continuity plan in place in the event that operational continuity is threatened. Measures are in place to mitigate information risk in order to ensure the integrity, availability and confidentiality of information used within the business.
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 9). In addition, the Manager has demonstrated to the Board that there is no undue reliance placed upon any one individual within Albion Ventures LLP.
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.

This Strategic report of the Company for the year ended 31 March 2014 has been prepared in accordance with the requirements of section 414A of the Companies Act 2006 (the "Act"). The purpose of this report is to provide shareholders with sufficient information to enable them to assess the extent to which the Directors have performed their duty to promote the success of the Company in accordance with section 172 of the Act.

On behalf of the Board,

Maxwell Packe
Chairman
30 June 2014

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 an adviser to Silicon Valley Bank. He was a consultant to Merrill Lynch until November 2008. He is chairman of the Governing Boards of Certification International Limited and Global Resources Investment Trust. 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 chairman of the Nuclear Liabilities Financing Assurance Board. She was formerly the chairman of the Nuclear Liabilities Fund and was 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 Deloitte, Haskins & Sells before joining Cazenove & Co where he spent three years in the corporate finance department. He joined Close Brothers Group in 1989, working in both the development capital and corporate finance divisions before founding the venture capital division in 1996. He led the buy-out of this business from Close Brothers in 2009, and re-named it Albion Ventures LLP. He is the managing partner of Albion Ventures LLP, is a director of Albion Development VCT PLC and Albion Technology & General VCT PLC, which are managed by Albion Ventures LLP, and is chief executive officer of Albion Community Power PLC. He read modern languages at Oxford University. He is a Member of Council of the BVCA and is a member of the Audit Committee of the University College London. He is also a director of UCL Business, the university technology transfer arm.

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 and 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 five venture capital trusts, and currently has total funds under management of approximately £245 million.

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

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

Dr Andrew Elder, MA, FRCS, 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 joined Albion Ventures in 2005 and became a partner in 2009. He has an MA plus Bachelors of Medicine and Surgery from Cambridge University and is a fellow of the Royal College of Surgeons (England).

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

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

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

Ed Lascelles, BA (Hons), began by advising quoted UK companies on IPOs, takeovers and other corporate transactions, first with Charterhouse Securities and then ING Barings. Companies ranged in valued 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 a partner in 2009 and is responsible for a number of Albion's technology investments. He graduated from University College London with a first class degree in Philosophy.

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

Henry Stanford, MA, ACA, qualified as a chartered accountant with Arthur Andersen before joining the corporate finance department of Close Brothers Group in 1992, becoming an assistant director in 1996. He moved to Albion Ventures in 1998, where he has been responsible for much of the asset based portfolio. Henry became a partner of Albion Ventures in 2009. He holds an MA degree in Classics from Oxford University.

Robert Whitby-Smith, BA (Hons), MSI, FCA. After graduating in History at Reading University, Robert qualified as a chartered accountant at KPMG and subsequently worked in corporate finance at Credit Suisse First Boston and ING Barings. Since joining in 2005, Robert has assisted in the workout of portfolios formerly managed by other fund managers (now named Crown Place VCT PLC and Kings Arms Yard VCT PLC) and is responsible for investments primarily in the advanced manufacturing and technology sectors. Robert became a partner in Albion Ventures in 2009.

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

Portfolio of investments

The following is a summary of fixed asset investments as at 31 March 2014:

			As at 31 March 2014			As at 31 March 2013			
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**	**1,364**	**3,064**	1,700	784	2,484	**733**
Taunton Hospital Limited	13.1	50.0	**1,862**	**422**	**2,284**	1,690	91	1,781	**332**
Bravo Inns II Limited	13.1	50.0	**2,150**	**64**	**2,214**	1,972	21	1,993	**44**
Greenenerco Limited	28.6	50.0	**1,000**	**362**	**1,362**	1,000	–	1,000	**362**
Alto Prodotto Wind Limited	11.1	50.0	**1,000**	**345**	**1,345**	1,000	277	1,277	**68**
Regenerco Renewable Energy Limited	12.5	50.0	**1,195**	**103**	**1,298**	1,195	69	1,264	**34**
The Street by Street Solar Programme Limited	8.6	50.0	**894**	**220**	**1,114**	860	128	988	**92**
TEG Biogas (Perth) Limited	16.4	50.0	**986**	**112**	**1,098**	986	108	1,094	**4**
Bravo Inns Limited	8.4	50.0	**741**	**(263)**	**478**	750	(264)	486	**1**
AVESI Limited	5.5	50.0	**172**	**12**	**184**	172	–	172	**12**
The Charnwood Pub Company Limited	1.2	50.0	**257**	**(126)**	**131**	257	(126)	131	**1**
Total asset-based investments			**11,957**	**2,615**	**14,572**	**11,582**	**1,088**	**12,670**	**1,683**
Growth investments									
Mirada Medical Limited	15.0	45.0	**511**	**1,146**	**1,657**	389	707	1,096	**439**
Masters Pharmaceuticals Limited	7.7	20.8	**1,070**	**375**	**1,445**	1,238	85	1,323	**307**
DySIS Medical Limited	10.7	28.8	**1,221**	**(218)**	**1,003**	1,174	149	1,323	**(367)**
Process Systems Enterprise Limited	3.9	19.8	**366**	**566**	**932**	366	514	880	**52**
Mi-Pay Limited	9.4	49.4	**1,413**	**(497)**	**916**	1,345	(390)	955	**(107)**
Egress Software Technologies Limited	9.0	15.9	**880**	**–**	**880**	–	–	–	**–**
Hilson Moran Holdings Limited	10.0	50.0	**450**	**377**	**827**	680	115	795	**317**
Relayware Limited	3.5	11.6	**761**	**36**	**797**	–	–	–	**35**
Aridhia Informatics Limited	2.3	6.7	**760**	**14**	**774**	–	–	–	**14**
Grapeshot Limited	5.1	12.8	**570**	**–**	**570**	–	–	–	**–**
memsstar Limited	5.6	28.6	**384**	**175**	**559**	384	44	428	**130**
Proveca Limited	6.1	33.7	**289**	**23**	**312**	108	3	111	**19**
Abcodia Limited	6.4	21.4	**285**	**1**	**286**	225	–	225	**1**
Cisiv Limited	2.7	9.1	**297**	**(18)**	**279**	–	–	–	**(18)**
Silent Herdsman Holdings Limited	5.6	18.9	**248**	**–**	**248**	–	–	–	**–**
Oxsensis Limited	3.8	20.6	**559**	**(314)**	**245**	559	(308)	251	**(6)**
MyMeds&Me Limited	3.6	20.0	**180**	**12**	**192**	180	2	182	**10**
Lowcosttravelgroup Limited	1.0	26.1	**270**	**(124)**	**146**	270	(82)	188	**(42)**
Sandcroft Avenue Limited	1.3	4.0	**80**	**–**	**80**	–	–	–	**–**
Total growth investments			**10,594**	**1,554**	**12,148**	**6,918**	**839**	**7,757**	**784**
Total fixed asset investments			**22,551**	**4,169**	**26,720**	**18,500**	**1,927**	**20,427**	**2,467**

* 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 2014:

	As at 31 March 2014			As at 31 March 2013			
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**
Contingent future receipts on disposal of fixed asset investments	**30**	**13**	**43**	30	–	30	**13**
Total current asset investments	**30**	**13**	**43**	**30**	**–**	**30**	**13**

* As adjusted for additions and disposals during the year

Total change in value of investments for the year	**2,480**
Realised gains in current year	263
Movement in loan stock accrued interest	90
Total gains on investments as per Income statement	**2,833**

The comparative cost and valuations for 31 March 2013 do not agree to the Annual Report and Financial Statements for the year ended 31 March 2013 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 2014:

Fixed asset realisations	**Cost £'000**	**Opening carrying value £'000**	**Disposal proceeds £'000**	**Total realised gain/(loss) £'000**	**Gain/(loss) on opening value £'000**
Opta Sports Data Limited	653	1,176	1,481	828	305
Prime Care Holdings Limited	1,016	485	438	(578)	(47)
Hilson Moran Holdings Limited *(loan stock repayment and redemption premium)*	230	285	288	58	3
Masters Pharmaceuticals Limited *(loan stock repayment and redemption premium)*	168	186	188	20	2
Radnor House School (Holdings) Limited *(redemption premium repaid)*	–	152	152	152	–
Bravo Inns Limited *(loan stock repayment)*	9	9	9	–	–
Total fixed asset realisations	**2,076**	**2,293**	**2,556**	**480**	**263**

The following is a summary of current asset realisations in the year to 31 March 2014:

Current asset realisations	**Cost £'000**	**Opening carrying value £'000**	**Disposal proceeds £'000**	**Total realised gain £'000**	**Gain on opening value £'000**
Close Brothers Bank Limited fixed term deposit 12 March 2014	1,553	1,553	1,553	–	–
Total current asset realisations	**1,553**	**1,553**	**1,553**	**–**	**–**

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 2013 £'000	**Investment information**	**£'000**
Turnover	3,602	Income recognised in the year	103
EBITDA	1,105	Total cost	1,700
Profit before tax	168	Loan stock valuation	1,463
Net liabilities	(156)	Equity valuation	1,601
Basis of valuation:	Net asset value supported by third party valuation	Voting rights	9.8 per cent.

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

Bravo Inns II Limited

The company was formed in September 2007 and owns and operates 26 freehold pubs in the north of England. The pubs are trading well with considerable demand for the value offering.

Website: www.bravoinns.com

	Abbreviated audited results: year to 31 March 2013 £'000	**Investment information**	**£'000**
Turnover	4,871	Income recognised in the year	173
EBITDA	654	Total cost	2,150
Loss before tax	(378)	Loan stock valuation	1,458
Net assets	2,678	Equity valuation	756
Basis of valuation	Net asset value supported by third party valuation	Voting rights	13.1 per cent.

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

Taunton Hospital Limited

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

	Audited results: year to 30 April 2013 £'000	**Investment information**	**£'000**
Turnover	1,270	Income recognised in the year	45
EBITDA	41	Total cost	1,862
Loss before tax	(129)	Loan stock valuation	1,137
Net assets	434	Equity valuation	1,147
Basis of valuation	Net asset value supported by third party valuation	Voting rights	13.1 per cent.

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

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

	Abbreviated audited results: year to 31 December 2012 £'000	**Investment information**	**£'000**
Turnover	3,029	Income recognised in the year	17
EBITDA	(7)	Total cost	511
Loss before tax	(123)	Loan stock valuation	352
Net liabilities	(18)	Equity valuation	1,305
Basis of valuation	Revenue multiple	Voting rights	15.0 per cent.

Other funds managed and advised by Albion Ventures LLP have invested in this company and have a combined equity holding of 45.0 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	46
EBITDA	470	Total cost	1,070
Loss before tax	(138)	Loan stock valuation	761
Net assets	371	Equity valuation	684
Basis of valuation	Earnings multiple	Voting rights	7.7 per cent.

Other funds managed and advised by Albion Ventures LLP have invested in this company and have a combined equity holding of 20.8 per cent.

Portfolio companies (continued)

Greenenerco Limited

		Audited results: year to 31 March 2013 £'000	Investment information	£'000
Turnover		36	Income recognised in the year	79
EBITDA		37	Total cost	1,000
Profit before tax		10	Loan stock valuation	1,000
Net assets		479	Equity valuation	362
Basis of valuation	Net asset value supported by third party valuation		Voting rights	28.6 per cent.

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

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

		Abbreviated audited results: year to 31 March 2013 £'000	Investment information	£'000
Turnover		1	Income recognised in the year	110
EBITDA		(18)	Total cost	1,000
Loss before tax		(106)	Loan stock valuation	1,000
Net assets		1,295	Equity valuation	345
Basis of valuation	Net asset value supported by third party valuation		Voting rights	11.1 per cent.

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

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

		Abbreviated audited results: year to 30 November 2012 £'000	Investment information	£'000
Turnover		382	Income recognised in the year	55
EBITDA		248	Total cost	1,195
Loss before tax		(300)	Loan stock valuation	1,195
Net assets		1,073	Equity valuation	103
Basis of valuation	Net asset value supported by third party valuation		Voting rights	12.5 per cent.

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

The Street by Street Solar Programme Limited

The company installs, owns and operates domestic photovoltaic systems on homes in England.

		Abbreviated audited results: year to 30 November 2012 £'000	Investment information	£'000
Turnover		495	Income recognised in the year	82
EBITDA		678	Total cost	894
Loss before tax		(370)	Loan stock valuation	894
Net assets		1,031	Equity valuation	220
Basis of valuation	Net asset value supported by third party valuation		Voting rights	8.6 per cent.

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

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

		Abbreviated audited results: year to 31 December 2012 £'000	Investment information	£'000
Turnover		697	Income recognised in the year	105
EBITDA		181	Total cost	986
Loss before tax		(616)	Loan stock valuation	709
Net liabilities		(177)	Equity valuation	389
Basis of valuation	Net asset value supported by third party valuation		Voting rights	16.4 per cent.

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

Net assets of 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 the Company for the year ended 31 March 2014.

BUSINESS REVIEW

Principal activity and status

The principal activity of the Company is that of a venture capital trust. It has been approved by H.M. Revenue & Customs ("HMRC") as a venture capital trust in accordance with 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 2014 is subject to review should there be any subsequent enquiry under corporation tax self-assessment.

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

Under current tax legislation, shares in the Company provide tax-free capital growth and income distribution, in addition to the income tax relief some investors would have obtained when they invested in the original share offers.

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.

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.

Issue and buy-back of Ordinary shares

During the year the Company issued a total of 3,059,247 Ordinary shares, of which 2,881,004 Ordinary shares were issued under the Albion VCTs Top Up Offers; and 178,243 Ordinary shares were issued under the Dividend Reinvestment Scheme. The Company is currently engaged in the Albion VCTs Prospectus Top Up Offers 2013/2014 for which a prospectus has been published, copies of which are available on the Company's website at www.albion-ventures.co.uk.

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

Substantial interests and shareholder profile

As at 31 March 2014 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 2014, and up to the date of this report.

Results and dividends

Detailed information on the results and dividends for the year ended 31 March 2014 can be found in the Strategic report on page 7.

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, share 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 Strategic report and this Directors' report.

Post balance sheet events

Details of events that have occurred since 31 March 2014 are shown in note 21.

Principal risks and uncertainties

A summary of the principal risks faced by the Company is set out on pages 11 to 12 of the Strategic report.

Environment

The management and administration of Albion Enterprise VCT PLC is undertaken by the Manager. Albion Ventures LLP

Directors' report (continued)

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.

Global greenhouse gas emissions

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

Anti-bribery policy

The VCT has adopted a zero tolerance approach to bribery, and will not tolerate bribery under any circumstances in any transaction the Company is involved in.

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

Diversity

The Board currently consists of three male directors and one female director. The Board's policy on the recruitment of new Directors is to attract a range of backgrounds, skills and experience and to ensure that appointments are made on the grounds of merit against clear and objective criteria and bear in mind gender and other diversity within the Board.

More details on the Directors can be found in the Board of Directors section on page 13.

The Manager has an equal opportunities policy and currently employees 12 men and 10 women working at 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 in the Directors' remuneration report on page 28.

No Director has a service contract with the Company.

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.

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, Lord St. John of Bletso, 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.

Advising ordinary retail investors

The Company currently conducts its affairs so that its shares can be recommended by financial intermediates to ordinary retail investors in accordance with the FCA's rules in relation to non-mainstream investment products and intends to continue to do so for the foreseeable future. The FCA's restrictions which apply to non-mainstream investment products do not apply to the Company's shares because they are shares in a VCT which, for the purposes of the new rules relating to non-mainstream investment products, are excluded securities and may be promoted to ordinary retail investors without restriction.

Investment and co-investment

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

Auditor

The Audit Committee annually reviews and evaluates the standard and quality of service provided by the Auditor, as well as value for money in the provision of these services. A resolution to re-appoint BDO LLP will be put to the Annual General Meeting.

Annual General Meeting

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

Directors' report (continued)

7 August 2014. The notice of the Annual General Meeting is at the end of this document.

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

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 8 will request the authority for the Directors to allot up to an aggregate nominal amount of £76,790 representing approximately 20 per cent. of the issued Ordinary share capital of the Company as at the date of this Report.

The Directors current intention is to allot shares, under the Dividend Reinvestment Scheme, any 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 3,674,000 treasury shares representing 9.60 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 in 2013. The authority sought at the forthcoming Annual General Meeting will expire 18 months from the date that this resolution is passed or at the conclusion of the next Annual General Meeting of the Company, whichever is earlier.

Dis-application of pre-emption rights
Special resolution number 9 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 £76,790 of the nominal value of the share capital representing 20 per cent. of the issued Ordinary share capital of the Company as at the date of this Report.

This resolution replaces the authority given to the Directors at the Annual General Meeting in 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.

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

Purchase of own shares
Special resolution number 10 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 10.

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

This resolution would renew the 2013 authority, which was on similar terms.

During the financial year under review, the Company purchased 1,757,000 Ordinary shares for treasury at an aggregate consideration of £1,501,000 including stamp duty and 91,000 Ordinary shares for cancellation at an aggregate consideration of £81,000, representing 5 per cent. of the issued share capital of the Company as at 31 March 2014.

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.

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 11 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 at.

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.

Directors' report (continued)

Directors' responsibilities
The Directors are responsible for preparing the Strategic report, 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 judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the Financial Statements;
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business; and
- prepare a Strategic report, a Director's report and Director's remuneration report which comply with the requirements of the Companies Act 2006.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions 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 Directors responsibility extends to the ongoing integrity of the Financial Statements contained therein.

Directors' responsibilities pursuant to Disclosure and Transparency Rule 4 of the UK Listing Authority
The Directors confirm, to the best of their knowledge:

- 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.

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 s418 of the Companies Act 2006.

By Order of the Board

Albion Ventures LLP

Company Secretary

1 King's Arms Yard
London, EC2R 7AF
30 June 2014

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 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 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 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. Lord St. John of Bletso is 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. Lord St. John of Blesto will also retire and offer himself for re-election.

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 13. 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 Board meetings. All of the Directors attended each meeting. 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 Top Up Offers. A sub-committee of the Board also met during the year to approve the terms and contents of the Offers documents under the Albion VCTs Top Up Offers 2013/2014, Albion VCTs Prospectus Top Up Offers 2013/2014 and to allot Shares under the Offers.

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 appointment, evaluation, removal and remuneration of the Manager;

Statement of corporate governance (continued)

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

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

Committees' and Directors' performance evaluation
Performance of the Board and the Directors is assessed on the following 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, Lord St. John of Bletso 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
Lady Balfour of Burleigh is Chairman of the Remuneration Committee and all of the Directors are members of this Committee except Patrick Reeve. The Committee held one formal meeting during the year which was fully attended by all the members of the Committee.

The terms of reference for the Remuneration Committee can be found on the Company's website at www.albion-ventures.co.uk within the 'Our Funds' section by clicking on 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 2014; 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 on Albion Enterprise VCT PLC.

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

- formally reviewing the 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 judgment and on critical accounting policies;
- reviewing the effectiveness of the internal controls system and examination of the Internal Controls Report produced by the Manager;
- meeting with the external Auditor and reviewing their findings;
- highlighting the key risks and specific issues relating to the Financial Statements including the reasonableness of valuations, compliance with accounting standards and UK law, corporate governance and listing and

Statement of corporate governance (continued)

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.

Financial Statements

The Audit Committee has initial responsibility for reviewing the Financial Statements and reporting on any significant issues that arise in relation to the audit of the Financial Statements as outlined below. Such issues were discussed with the external Auditor at the audit planning meeting and at the completion of the audit of the Financial Statements. No major conflicts arose between the Audit Committee and the external Auditor in respect of their work during the period.

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

The valuation of the Company's investments

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

Revenue recognition

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

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

Relationship with the External Auditor

The Committee reviews the performance and continued suitability of the Company's external Auditor on an annual basis. They assess the external Auditor's independence, qualification, extent of relevant experience, 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 2014, 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. Based on the assurance obtained, the Committee has recommended to the Board that a resolution to re-appoint BDO LLP 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.

The Board's policy on the recruitment of new Directors is to attract a range of backgrounds, skills and experience and to

Statement of corporate governance (continued)

ensure that appointments are made on the grounds of merit against clear and objective criteria and bear in mind gender and other diversity within the Board.

The Nomination Committee did not meet during the year.

Terms of reference for the Nomination Committee can be found on the Company's website at www.albion-ventures.co.uk within the 'Our Funds' section by clicking on Albion Enterprise VCT PLC.

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 those that are not directly the responsibility of the Manager, and which reports the details of any known internal control failures. Steps continue to be taken to embed the system of internal control and risk management into the operations and culture of the Company and its key suppliers, and to deal with areas of improvement which come to the Manager's and the 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 undertaken annually;
- reviews of valuations are carried out by the Managing Partner and reviews of financial reports are carried out by the Finance Director of Albion Ventures LLP;
- bank and stock reconciliations are carried out monthly by the Manager in accordance with FCA requirements;
- all published financial reports are reviewed by Albion Ventures LLP Compliance department;
- the Board reviews financial information; and
- a separate Audit Committee of the Board reviews published financial information.

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

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 19 to 21 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 7 August 2014 will be used as an opportunity to communicate with investors.

Statement of corporate governance (continued)

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.

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 information for financial advisers please contact Albion Ventures LLP:

Tel: 020 7601 1850 (lines are open 9.00 am – 5.30 pm; Mon-Fri; calls may be recorded)
Email: info@albion-ventures.co.uk
Website: www.albion-ventures.co.uk

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

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

Statement of compliance

The Directors consider that the Company has complied throughout the year ended 31 March 2014 with all the relevant provisions set out in the Code issued in September 2012, and with the AIC Code of Corporate Governance. The Company continues to comply with the Code as at the date of this report.

By Order of the Board

Maxwell Packe
Chairman
30 June 2014

Directors' remuneration report

Introduction

This report is submitted in accordance with Section 420 of the Companies Act 2006 and describes how the Board has applied the principles relating to the Directors' remuneration.

Ordinary resolutions will be proposed at the Annual General Meeting of the Company to be held on 7 August 2014 for the approval of the Directors' Remuneration Policy and the Annual Remuneration Report as set out below.

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

Annual statement from the Chairman of the Remuneration Committee

The Remuneration Committee comprises all of the Directors, excluding Patrick Reeve, with Lady Balfour of Burleigh as Chairman.

Directors' salaries have not increased since 2007. The Remuneration Committee met once during the year to review Directors responsibilities and salaries against the market and concluded that the current level of remuneration was appropriate.

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.

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

The maximum 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.

Assuming this policy is approved by Shareholders at the forthcoming Annual General Meeting, it is intended that this policy will continue for the year ended 31 March 2015 and subsequent years. An ordinary resolution to approve the Directors' Remuneration Policy will be put to shareholders at least once every three years.

The Company's Articles of Association provide for the resignation and, if approved, re-election of the Directors every three years at the Annual General Meeting. 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 Lord St. John of Bletso and Patrick Reeve will retire and be proposed for re-election.

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

Shareholders' views in respect of Directors' remuneration are regarded highly and the Board encourages Shareholders' to attend its Annual General Meeting in order to communicate their thoughts, which it takes into account where appropriate when formulating its policy. At the last Annual General Meeting, 94 per cent. of shareholders voted for the resolution approving the Directors' Remuneration Report which shows significant Shareholder support.

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 2014 Numer of Shares	31 March 2013 Number of Shares
Maxwell Packe	**260,116**	131,775
Lady Balfour of Burleigh	**26,548**	23,126
Lord St. John of Bletso	**20,700**	20,700
Patrick Reeve	**61,938**	58,733
	369,302	234,334

Partners and staff of Albion Ventures LLP hold a total of 142,511 shares in the Company as at 31 March 2014.

Immediate family of Maxwell Packe was issued with a further 16,243 shares under the Albion VCTs Prospectus Top Up Offers 2013/2014 on 5 April 2014.

Annual report on remuneration

The remuneration of individual Directors' is determined by the Remuneration Committee within the framework set by the Board. The Committee comprises all Directors, except Patrick Reeve, and is chaired by Lady Balfour of Burleigh. The Committee meets at least once a year and met once during

Directors' remuneration report (continued)

the year under review with full attendance from all of its members.

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

Directors' remuneration
The following items have been audited.

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

	Year ended 31 March 2014 £'000	Year ended 31 March 2013 £'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

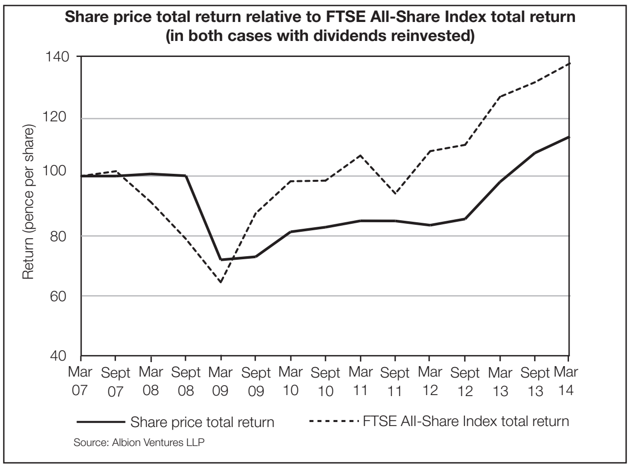
The Company does not confer any share options, long term incentives or retirement benefits to any Director, nor does it make a contribution to any pension scheme on behalf of the Directors.

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 (2013: £9,540).

Performance graph
The graph below shows the Company'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.

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

By Order of the Board

Albion Ventures LLP
Company Secretary

1 King's Arms Yard
London, EC2R 7AF
30 June 2014

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 2014 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).

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 2014 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.

Our assessment of risks of material misstatement and our audit approach to these risks
We identified the following risks that we consider to have had the greatest impact on our audit strategy and scope:

- The assessment of the carrying value of investments, particularly unquoted investments.

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

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

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

- Revenue recognition

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

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

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

The Audit Committee's consideration of these matters is set out on page 25.

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

Respective responsibilities of directors and auditor
As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

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

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

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

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

We determined materiality for the financial statements as a whole to be £530,000. In determining this, we based our assessment on a percentage of fixed asset investments held at fair value which reflects the underlying level of precision within the valuation of the investment portfolio and the range of reasonably possible alternative valuations that could be expected to apply to the unquoted investments. On the basis of our risk assessment, together with our assessment of the company's control environment, our judgment was that performance materiality for the financial statements should be approximately 75% of materiality for the financial statements as a whole, namely £400,000. Our objective in adopting this approach is to ensure that total detected and undetected audit differences do not exceed our materiality of £530,000 for the financial statements as a whole.

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

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £5,000, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

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

- the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006;
- the information given in the strategic report and directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the information given in the corporate governance statement set out on pages 23 to 27 of the annual report with respect to internal control and risk management systems in relation to financial reporting processes and about share capital structures is consistent with the financial statements.

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

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

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

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements and the part of the directors' remuneration report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- a corporate governance statement has not been prepared by the company.

Under the Listing Rules we are required to review:

- the directors' statement, set out on page 19 in relation to going concern; and
- the part of the corporate governance statement relating to the company's compliance with the nine provisions of the UK Corporate Governance Code specified for our review;

We have nothing to report in respect of these matters.

Rhodri Whitlock (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
London
United Kingdom
30 June 2014

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

Income statement

		Year ended 31 March 2014			Year ended 31 March 2013		
	Note	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains on investments	3	–	2,833	2,833	–	3,224	3,224
Investment income	4	1,099	–	1,099	1,152	–	1,152
Investment management fees	5	(194)	(580)	(774)	(175)	(526)	(701)
Other expenses	6	(193)	–	(193)	(206)	–	(206)
Return on ordinary activities before tax		712	2,253	2,965	771	2,698	3,469
Tax (charge)/credit on ordinary activities	8	(151)	131	(20)	(178)	144	(34)
Return attributable to shareholders		561	2,384	2,945	593	2,842	3,435
Basic and diluted return per share (pence)*	10	1.70	7.30	9.00	1.80	8.70	10.50

* excluding treasury shares

The accompanying notes on pages 36 to 49 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 on ordinary activities before tax and the historical profit 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 2014 £'000	31 March 2013 £'000
Fixed asset investments	11	**26,720**	22,088
Current assets			
Trade and other debtors	13	**122**	52
Current asset investments	13	**43**	1,583
Cash at bank and in hand	17	**5,514**	6,198
		5,679	7,833
Creditors: amounts falling due within one year	14	**(343)**	(322)
Net current assets		**5,336**	7,511
Net assets		**32,056**	29,599
Capital and reserves			
Called up share capital	15	**367**	345
Share premium		**3,015**	290
Capital redemption reserve		**104**	97
Unrealised capital reserve		**4,164**	1,810
Realised capital reserve		**72**	(536)
Other distributable reserve		**24,334**	27,593
Total equity shareholders' funds		**32,056**	29,599
Basic and diluted net asset value per share (pence)*	16	**96.90**	92.90

* excluding treasury shares

The accompanying notes on pages 36 to 49 form an integral part of these Financial Statements.

These Financial Statements were approved by the Board of Directors, and were authorised for issue on 30 June 2014 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 2013	**345**	**290**	**97**	**1,810**	**(536)**	**27,593**	**29,599**
Return for the period	–	–	–	2,570	(186)	561	2,945
Transfer of previously unrealised gains on sale of investments	–	–	–	(216)	216	–	–
Issue of share capital	30	2,725	–	–	–	–	2,755
Purchase of shares for cancellation	(1)	–	1	–	–	(81)	(81)
Purchase of shares for treasury	–	–	–	–	–	(1,501)	(1,501)
Cancellation of treasury shares	(6)	–	6	–	–	–	–
Dividends paid	–	–	–	–	–	(1,661)	(1,661)
Transfer from other distributable reserve	–	–	–	–	578	(578)	–
As at 31 March 2014	**367**	**3,015**	**104**	**4,164**	**72**	**24,334**	**32,056**

	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

* Included within the aggregate of these reserves is an amount of £24,406,000 (2013: £27,057,000) 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.

A transfer of £578,000 (2013: £3,000) representing gross realised losses on disposal of investments during the year to 31 March 2014, has been made from the other distributable reserve to the realised capital reserve.

Cash flow statement

	Note	Year ended 31 March 2014 £'000	Year ended 31 March 2013 £'000
Operating activities			
Dividend income received		**32**	–
Loan stock income received		**1,028**	988
Deposit interest received		**135**	126
Investment management fees paid		**(759)**	(691)
Other cash payments		**(197)**	(200)
Net cash flow from operating activities	18	**239**	223
Taxation			
UK corporation tax		**(36)**	80
Capital expenditure and financial investments			
Purchase of fixed asset investments		**(4,406)**	(700)
Disposal of fixed asset investments		**2,455**	2,572
Disposal of current asset investments		**–**	203
Net cash flow from investing activities		**(1,951)**	2,075
Equity dividends paid (net of cost of shares issued under the Dividend Reinvestment Scheme)		**(1,496)**	(1,037)
Management of liquid resources			
Purchase of current asset investments		**–**	(1,553)
Disposal of current asset investments		**1,553**	1,500
Net cash flow from management of liquid resources		**1,553**	(53)
Net cash flow before financing		**(1,691)**	1,288
Financing			
Issue of ordinary share capital (net of issue costs)		**2,589**	944
Purchase of own shares (including costs)		**(1,582)**	(1,707)
Net cash flow from financing		**1,007**	(763)
Cash flow in the year	17	**(684)**	525

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.

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"). Fair value is determined by the Directors in accordance with the 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 movements 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.

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. In these circumstances the investment is accounted for according to FRS 26 "Financial instruments Recognition and Measurement" and measured at fair value through profit and loss.

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.

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.

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

Notes to the Financial Statements (continued)

2. Accounting policies (continued)

Taxation (continued)

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.

The directors have considered the requirements of FRS 19 and do not believe that any provision for deferred tax should be made.

Reserves

Share premium account
This reserve accounts for the difference between the price paid for shares and the nominal value of the shares, less issue costs and transfers to the 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, or permanent diminutions in value;
- expenses, together with the related taxation effect, charged in accordance with the above policies; and
- dividends paid to equity holders.

Other distributable reserve
This reserve accounts for movements from the revenue column of the 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 by the Company are accounted for in the period in which the dividend is declared.

Notes to the Financial Statements (continued)

3. Gains on investments

	Year ended 31 March 2014 £'000	Year ended 31 March 2013 £'000
Unrealised gains on fixed asset investments held at fair value through profit or loss	**2,463**	2,798
Unrealised reversals of impairments/(impairments) on fixed asset investments held at amortised cost	**94**	(88)
Unrealised gains on fixed asset investments sub-total	**2,557**	2,710
Unrealised gains on current asset investments held at fair value through profit or loss	**13**	30
Unrealised gains sub-total	**2,570**	2,740
Realised gains on fixed asset investments held at fair value through profit or loss	**405**	490
Realised losses on fixed asset investments held at amortised cost	**(142)**	–
Realised gains on fixed asset investments sub-total	**263**	490
Realised losses on current asset investments held at fair value through profit or loss	**–**	(6)
Realised gains sub-total	**263**	484
	2,833	3,224

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

4. Investment income

	Year ended 31 March 2014 £'000	Year ended 31 March 2013 £'000
Income recognised on investments held at fair value through profit or loss		
Dividend income	**40**	–
Interest on convertible bonds and debt issued at a discount	**370**	340
	410	340
Income recognised on investments held at amortised cost		
Return on loan stock investments	**569**	690
Bank deposit interest	**120**	122
	689	812
	1,099	1,152

Interest income earned on impaired investments at 31 March 2014 amounted to £48,000 (2013: £45,000). 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 2014 £'000	Year ended 31 March 2013 £'000
Investment management fee charged to revenue	**194**	175
Investment management fee charged to capital	**580**	526
	774	701

Further details of the Management agreement under which the investment management fee is paid are given in the Strategic report on page 9.

During the year, services of a total value of £774,000 (2013: £701,000) 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 £200,000 (2013: £185,000).

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 (2013: £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 (2013: £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 2014, fees of £169,000 attributable to the investments of the Company were received pursuant to these arrangements (2013: £87,000).

During the year the Company raised new funds through the Albion VCTs Top Up Offers 2012/2013 and the Albion VCTs Top Up Offers 2013/2014 as described in note 15. The total cost of the issue of shares was 3.0 per cent. of the sums subscribed. Of these costs, an amount of £4,492 (2013: £3,854) 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 2014 £'000	Year ended 31 March 2013 £'000
Directors' fees and associated costs (inclusive of NIC and VAT)	**84**	83
Auditor's remuneration for statutory audit services (exclusive of VAT)	**24**	23
Other administrative expenses	**85**	100
	193	206

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 2014 £'000	Year ended 31 March 2013 £'000
Directors' fees	**74**	74
National insurance and/or VAT	**8**	8
Expenses	**2**	1
	84	83

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 pages 28 and 29.

Notes to the Financial Statements (continued)

8. Tax (charge)/credit on ordinary activities

	Year ended 31 March 2014			Year ended 31 March 2013		
	Revenue £'000	**Capital £'000**	**Total £'000**	Revenue £'000	Capital £'000	Total £'000
UK corporation tax in respect of the current year	**(149)**	**131**	**(18)**	(178)	144	(34)
UK corporation tax in respect of prior year	**(2)**	**–**	**(2)**	–	–	–
	(151)	**131**	**(20)**	(178)	144	(34)

	Year ended 31 March 2014 £'000	Year ended 31 March 2013 £'000
Return on ordinary activities before tax	**2,965**	3,469
Tax charge on profit at the standard companies rate of 23% (2013: 24%)	**(682)**	(833)
Factors affecting the charge:		
Non-taxable gains	**652**	774
Utilisation of losses	**–**	18
Income not taxable	**8**	–
Marginal relief	**4**	7
Prior year under accrual	**(2)**	–
	(20)	(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 23 per cent. (2013: 24 per cent.). The differences are explained above.

Notes

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

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

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

9. Dividends

	Year ended 31 March 2014 £'000	Year ended 31 March 2013 £'000
Dividend of 1.75p per share paid on 31 August 2012	**–**	571
Dividend of 1.75p per share paid on 28 February 2013	**–**	561
Dividend of 2.50p per share paid on 30 August 2013	**820**	–
Dividend of 2.50p per share paid on 28 February 2014	**841**	–
	1,661	1,132

In addition to the dividends summarised above, the Board has declared a first dividend for the year ending 31 March 2015 of 2.50 pence per share. This dividend will be paid on 29 August 2014 to shareholders on the register as at 1 August 2014. The total dividend will be approximately £868,000.

Notes to the Financial Statements (continued)

10. Basic and diluted return per share

	Year ended 31 March 2014			Year ended 31 March 2013		
	Revenue	**Capital**	**Total**	Revenue	Capital	Total
The return per share has been based on the following figures:						
Return attributable to equity shares (£'000)	**561**	**2,384**	**2,945**	593	2,842	3,435
Weighted average shares in issue (excluding treasury shares)		**32,920,511**			32,642,931	
Return attributable per equity share (pence)	**1.70**	**7.30**	**9.00**	1.80	8.70	10.50

There are no convertible instruments, derivatives or contingent share agreements in issue for the Company, 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 3,674,000 (2013: 2,599,255)

11. Fixed asset investments

	31 March 2014 £'000	31 March 2013 £'000
Investments held at fair value through profit or loss		
Unquoted equity investments	**13,246**	8,243
Unquoted debt issued at a discount and convertible bonds	**6,829**	6,638
	20,075	14,881
Investments held at amortised cost		
Unquoted loan stock investments	**6,645**	7,207
	26,720	22,088

	31 March 2014 £'000	31 March 2013 £'000
Opening valuation	**22,088**	20,683
Purchases at cost	**4,458**	734
Disposal proceeds	**(2,556)**	(2,572)
Realised gains	**263**	490
Movement in loan stock revenue accrued income	**(90)**	43
Unrealised gains	**2,557**	2,710
Closing valuation	**26,720**	22,088
Movement in loan stock revenue accrued income		
Opening accumulated movement in loan stock revenue accrued income	**139**	96
Movement in loan stock revenue accrued income	**(90)**	43
Closing accumulated movement in loan stock revenue accrued income	**49**	139
Movement in unrealised gains		
Opening accumulated unrealised gains/(losses)	**1,780**	(909)
Movement in unrealised gains	**2,557**	2,710
Transfer of previously unrealised gains to realised reserve on disposal of investments	**(216)**	(21)
Closing accumulated unrealised gains	**4,120**	1,780
Historic cost basis		
Opening book cost	**20,169**	21,496
Purchases at cost	**4,458**	734
Sales at cost	**(2,076)**	(2,061)
Closing book cost	**22,551**	20,169

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.

Notes to the Financial Statements (continued)

11. Fixed asset investments (continued)

The Directors believe that the carrying value of loan stock measured at amortised cost is not materially different to fair value. The Company does not hold any assets as the result of the enforcement of security during the 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 2014 £'000**	31 March 2013 £'000
Net asset value supported by third party	**9,196**	6,087
Cost and price of recent investment (reviewed for impairment)	**5,665**	1,941
Revenue multiple	**3,070**	2,667
Earnings multiple	**1,228**	2,863
Agreed new investment price	**916**	1,323
	20,075	14,881

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 2013 and 31 March 2014:

Change in valuation methodology (2013 to 2014)	Value as at 31 March 2014 £'000	Explanatory note
Cost reviewed for impairment to net asset value supported by third party	**1,362**	Independent third party valuation carried out
Revenue multiple to agreed new investment price	**916**	Price of latest agreed external investment round

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 2014.

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 2014 which are valued at fair value through profit or loss, are valued according to Level 3 methods (2013: 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 2014:

	31 March 2014			31 March 2013		
	Equity £'000	**Discounted debt and convertible loan stock £'000**	**Total £'000**	Equity £'000	Discounted debt and convertible loan stock £'000	Total £'000
Opening balance	**8,243**	**6,638**	**14,881**	6,275	6,023	12,298
Purchases at cost	**2,917**	**1,350**	**4,267**	176	398	574
Disposal proceeds	**(437)**	**(1,430)**	**(1,867)**	(1,191)	(96)	(1,287)
Realised gain	**221**	**302**	**523**	484	6	490
Debt/equity swap	**58**	**(58)**	**–**	107	(107)	–
Movement in loan stock revenue accrued income	**–**	**(33)**	**(33)**	–	8	8
Unrealised gain	**2,244**	**60**	**2,304**	2,392	406	2,798
Closing balance	**13,246**	**6,829**	**20,075**	8,243	6,638	14,881

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 79 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 £420,000 or a decrease in the valuation of investments by £530,000.

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 2014 as described below:

Company	**Country of origin**	**Principal activity**	**% class and share type**	**% total voting rights**
Greenenerco Limited	United Kingdom	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 2014 £'000	31 March 2013 £'000
Prepayments and accrued income	**13**	28
Other debtors	**109**	24
	122	52

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

Current asset investments	31 March 2014 £'000	31 March 2013 £'000
Contingent future receipts from the disposal of fixed asset investments	**43**	30
Close Brothers Bank Limited fixed term deposit	**–**	1,553
	43	1,583

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 2014 £'000	31 March 2013 £'000
Trade creditors	**10**	9
Accruals and deferred income	**254**	245
UK corporation tax payable	**18**	34
Other creditors	**61**	34
	343	322

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

15. Called up share capital

	31 March 2014 £'000	31 March 2013 £'000
Allotted, called up and fully paid		
36,744,386 Ordinary shares of 1 penny each (2013: 34,458,394)	**367**	345

Voting rights

33,070,386 shares of 1 penny each (net of treasury shares) (2013: 31,859,139).

The Company purchased 1,757,000 shares (2013: 2,182,666) to be held in treasury at a cost of £1,501,000 (2013: £1,610,000) representing 5 per cent. of the shares in issue (excluding treasury shares) as at 31 March 2014.

The Company purchased 91,000 shares (2013: 137,063) for cancellation at a cost £81,000 (2013: £97,000).

The Company cancelled 682,255 shares (2013: 56,421) held in treasury at a weighted average cost of 78.20 pence per share, leaving a balance of 3,674,000 shares (2013: 2,599,255) in treasury representing 9.99 per cent. (2013: 7.5 per cent.) of the shares in issue as at 31 March 2014.

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 2014:

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)
30 August 2013	88,706	1	90.40	78	88.00
28 February 2014	89,537	1	95.50	83	88.00
	178,243	2		161	

During the year the following Ordinary shares were allotted under the terms of the Albion VCTs Top Up Offers 2012/2013 and the Albion VCTs Top Up Offers 2013/2014:

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 2013	1,492,828	15	89.90	1,302	82.25
12 June 2013	387,756	4	89.90	338	82.00
31 January 2014	526,343	5	97.90	501	88.00
31 January 2014	458,518	4	97.40	438	88.00
31 January 2014	15,559	–	96.40	15	88.00
	2,881,004	28		2,594	

16. Basic and diluted net asset value per share

	31 March 2014 (pence per share)	31 March 2013 (pence per share)
Basic and diluted net asset value per share	**96.90**	92.90

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 33,070,386 Ordinary shares (2013: 31,859,139) at 31 March 2014.

17. Analysis of changes in cash during the year

	31 March 2014 £'000	31 March 2013 £'000
Opening cash balances	**6,198**	5,673
Net cash flow	**(684)**	525
Closing cash balances	**5,514**	6,198

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

	Year ended 31 March 2014 £'000	Year ended 31 March 2013 £'000
Revenue return on ordinary activities before taxation	**712**	771
Investment management fee charged to capital	**(580)**	(526)
Movement in accrued amortised loan stock interest	**90**	(43)
Decrease in debtors	**6**	4
Increase in creditors	**11**	17
Net cash flow from operating activities	**239**	223

Notes to the Financial Statements (continued)

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 6 of the Chairman's statement.

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 15 and 16. 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 £26,763,000 (2013: £23,671,000). Fixed and current asset investments form 83 per cent. of the net asset value as at 31 March 2014 (2013: 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 15 and 16.

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 £2,676,000 (2013: £2,367,000).

Notes to the Financial Statements (continued)

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 £59,000 (2013: £57,000). 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 8.2 per cent. (2013: 8.7 per cent.). The weighted average period to expected maturity for the fixed rate assets is approximately 7.5 years (2013: 5.4 years).

The Company's financial assets and liabilities as at 31 March 2014, all denominated in pounds sterling, consist of the following:

	31 March 2014				31 March 2013			
	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	**–**	**–**	**13,246**	**13,246**	–	–	8,243	8,243
Discounted debt and convertible loan stock	**5,612**	**–**	**1,217**	**6,829**	5,780	–	858	6,638
Unquoted loan stock	**6,645**	**–**	**–**	**6,645**	7,207	–	–	7,207
Current asset investments	**–**	**–**	**43**	**43**	1,553	–	30	1,583
Debtors*	**–**	**–**	**112**	**112**	–	–	43	43
Cash	**–**	**5,514**	**–**	**5,514**	5,277	921	–	6,198
Current liabilities*	**–**	**–**	**(325)**	**(325)**	–	–	(288)	(288)
Total net assets	**12,257**	**5,514**	**14,293**	**32,064**	19,817	921	8,886	29,624

*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 2014 was limited to £13,474,000 (2013: £13,845,000) of unquoted loan stock instruments (all of which are secured on the assets of the portfolio company), £5,514,000 (2013: £6,198,000) of cash deposits with banks, £nil of term deposits (2013: £1,553,000) and £43,000 of contingent future receipts (2013: £30,000).

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

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 below.

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 at 31 March 2014 and 31 March 2013 are as follows:

	31 March 2014			31 March 2013		
	Cost £'000	**Impairment £'000**	**Carrying value £'000**	Cost £'000	Impairment £'000	Carrying value £'000
Impaired loan stock	**915**	**(305)**	**610**	1,911	(624)	1,287

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 £3,119,000 (2013: £2,960,000) as at 31 March 2014.

The Company has no committed borrowing facilities as at 31 March 2014 (2013: £nil) and had cash balances of £5,514,000 (2013: £6,198,000), 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 £343,000 as at 31 March 2014 (2013: £322,000).

The carrying value of loan stock investments held at amortised cost and at fair value through profit or loss at 31 March 2014 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	**486**	**445**	**131**	**1,062**
1-2 years	**4,151**	**–**	**479**	**4,630**
2-3 years	**700**	**26**	**–**	**726**
3-5 years	**2,255**	**121**	**–**	**2,376**
Greater than 5 years	**2,819**	**1,861**	**–**	**4,680**
Total	**10,411**	**2,453**	**610**	**13,474**

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 £121,000 has interest overdue for 4 months, yielded 4.36 per cent. on cost;
- Loan stock with a carrying value of £1,137,000 had loan stock interest past due of 12 months (through not paying all of its contractual interest). This investment has yielded 6.81 per cent. on cost during the year;
- Loan stock with a carrying value of £1,195,000 had loan stock interest reduced for the last 12 months, yielded 6.87 per cent. on cost.

The carrying value of loan stock investments held at amortised cost at 31 March 2013 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	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
Greater than 5 years	3,074	172	–	3,246
Total	8,856	3,702	1,287	13,845

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

Notes to the Financial Statements (continued)

Fair values of financial assets and financial liabilities

All the Company's financial assets and liabilities as at 31 March 2014 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 2014, the Company had the following financial commitments in respect of investments:

- Relayware Limited; £304,000
- Proveca Limited; £181,000
- MyMeds&Me Limited; £144,000
- DySIS Medical Limited; £46,000

21. Post balance sheet events

Since 31 March 2014 the Company has had the following post balance sheet events:

- Investment of £171,600 in Taunton Hospital Limited
- Investment of £36,000 in MyMeds&Me Limited
- Investment of £32,800 in DySIS Medical Limited
- On 29 April 2014 Mi-Pay Limited merged its business with a company quoted on the Alternative Investment Market (AIM) on the London Stock Exchange. The combined business is now called Mi-Pay Group Plc and is quoted on AIM.

Shares issued under the Albion VCTs Top Up Offers 2013/2014

Date of allotment	Number of shares allotted	Aggregate nominal value of shares £'000	Net consideration received £'000	Issue price (pence per share)	Opening market price per share on allotment date (pence per share)
5 April 2014	432,079	4	412	98.50	90.00
5 April 2014	13,833	-	13	98.00	90.00
5 April 2014	12,772	-	13	97.50	90.00
	458,684	4	438		

Shares issued under the Albion VCTs Prospectus Top Up Offers 2013/2014

Date of allotment	Number of shares allotted	Aggregate nominal value of shares £'000	Net consideration received £'000	Issue price (pence per share)	Opening market price per share on allotment date (pence per share)
5 April 2014	1,191,908	12	1,139	98.50	90.00

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 7 August 2014 at 11.00am for the following purposes:

To consider and, if thought fit, to pass the following resolutions, of which numbers 1 to 8 will be proposed as ordinary resolutions and numbers 9 to 11 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 2014.

2. To approve the Directors' remuneration policy for the year ended 31 March 2014.

3. To approve the Directors' remuneration report for the year ended 31 March 2014.

4. To re-elect Lord St. John of Bletso as a Director of the Company.

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

6. To re-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.

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

Special Business

8. 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 £76,790 (which comprises 20 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.

9. That, subject to the authority and conditional on the passing of resolution number 8, 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 8 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 £76,790 (equal to 20 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 8" 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)

10. 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 10 is intended to apply equally to shares to be held by the Company as treasury shares in accordance with the Regulations.

11. 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
30 June 2014

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 5 August 2014.

   In accordance with good governance practice, the Company is offering shareholders use of an online service, offered by the Company's registrar, Computershare Investor Services, at www.investorcentre.co.uk. Shareholders can use this service to vote or appoint a proxy online. The same voting deadline of 11.00 am on 5 August 2014 applies as if you were using your Personalised Voting Form to vote or appoint a proxy by post to vote for you. Shareholders will need to use the unique personal identification Investor Code that is printed in their Form of Proxy. Shareholders should not show this information to anyone unless they wish to give proxy instructions on their behalf.

2. Any person to whom this Notice is sent who is a person nominated under section 146 of the Companies Act 2006 ('the Act') to enjoy information rights (a "Nominated Person") may, under an agreement between him or her and the member by whom he or she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the AGM. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he or she may, under any such agreement, have a right to give instructions to the member as to the exercise of voting rights. The statement of rights of members in relation to the appointment of proxies in note 1 above does not apply to Nominated Persons. The rights described in that note can only be exercised by members of the Company.

3. To be entitled to attend and vote at the AGM (and for the purpose of the determination by the Company of the votes they may cast), members must be registered in the register of members of the Company at 11.00am on 5 August 2014 (or, in the event of any adjournment, on the date which is two days before the time of the adjourned meeting). Changes to the register of members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.

4. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for this AGM and any adjournment(s) by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

   In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK and Ireland Limited's specifications, and must contain the information required for such instruction, as described in the CREST Manual (available via www.euroclear.com/CREST). The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent by 11.00am on 5 August 2014. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Application Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

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

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

5. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.

Notice of Annual General Meeting (continued)

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 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 27 June 2014 being the latest practicable date prior to the publication of this Notice, the Company's issued share capital consists of 38,394,978 Ordinary shares with a nominal value of 1 penny each. The Company also holds 3,674,000 Ordinary shares in treasury. Therefore, the total voting rights in the Company as at 27 June 2014 are 34,720,978.

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