

# Albion Venture Capital Trust PLC

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# Company information

<b>Company number</b>	3142609
<b>Directors</b>	D J Watkins MBA (Harvard), Chairman (US citizen) J M B L Kerr ACMA J Warren ACCA E Dinesen R (Danish) FSR
<b>Manager, company secretary and registered office</b>	Albion Ventures LLP 1 King's Arms Yard London, EC2R 7AF
<b>Registrar</b>	Computershare Investor Services PLC The Pavilions Bridgwater Road Bristol, BS99 6ZZ
<b>Auditor</b>	BDO LLP Farringdon Place 20 Farringdon Road London, EC1M 3AP
<b>Taxation adviser</b>	PricewaterhouseCoopers LLP 1 Embankment Place London, WC2N 6RH
<b>Legal adviser</b>	Bird & Bird LLP 15 Fetter Lane London, EC4A 1JP

Albion Venture Capital Trust PLC is a member of The Association of Investment Companies.

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**Shareholder information**

For help relating to dividend payments, shareholdings and share certificates please contact Computershare Investor Services PLC:  
Tel: 0870 873 5849 (UK National Rate call, lines are open 8.30am – 5.30pm Mon – Fri, calls may be recorded)  
Website: [www.investorcentre.co.uk](http://www.investorcentre.co.uk)

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

**IFA information**

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

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

## Investment objectives

Albion Venture Capital Trust PLC (the “Company”) is a venture capital trust which raised a total of £39.7 million through an issue of Ordinary shares in the spring of 1996 and through an issue of C shares in the following year. The C shares merged with the Ordinary shares in 2001. The Company raised a further £5.4 million under the Albion VCTs Top Up Offers since 2011. The Company merged with Albion Prime VCT PLC on 25 September 2012 (see below).

The Company’s investment strategy is to reduce the risk normally associated with investments in smaller unquoted companies whilst maintaining an attractive yield, through allowing investors the opportunity to participate in a balanced portfolio of asset-backed businesses. The Company’s investment portfolio will thus be structured to provide a balance between income and capital growth for the longer term.

This is achieved as follows:

- qualifying unquoted investments are predominantly in specially-formed companies which provide a high level of asset backing for the capital value of the investment;
- Albion Venture Capital Trust PLC invests alongside selected partners with proven experience in the sectors concerned;
- investments are normally structured as a mixture of equity and loan stock. The loan stock represents the majority of the finance provided and is secured on the assets of the investee company. Funds managed or advised by Albion Ventures LLP typically own 50 per cent. of the equity of the investee company;
- other than the loan stock issued to funds managed or advised by Albion Ventures LLP, investee companies do not normally have external borrowings.

The Company offers tax-paying investors substantial tax benefits at the time of investment, on payment of dividends and on the ultimate disposal of the investment.

## Acquisition of the assets and liabilities of Albion Prime VCT PLC

On 25 September 2012, the Company acquired the assets and liabilities of Albion Prime VCT PLC (“Prime”) in exchange for new shares in the Company (“the Merger”). On the same day Prime was placed into members’ voluntary liquidation pursuant to a scheme of reconstruction under Section 110 of the Insolvency Act 1986.

All of the assets and liabilities of Prime totalling £14,338,000 were transferred to the Company in exchange for the issue of 19,307,001 new Ordinary shares of nominal value 50 pence each in the capital of the Company at a deemed issue price of 74.2638 pence per share. Each Prime shareholder received 0.8801 shares in the Company for each Prime share that they held at the date of the Merger. The total number of shares receivable by each shareholder was rounded down to the nearest whole number of shares.

New share certificates in the Company were sent to all Albion Prime VCT PLC shareholders during October 2012.

## Financial calendar

Record date for first dividend	5 July 2013
Annual General Meeting	29 July 2013
Payment of first dividend	31 July 2013
Announcement of half-yearly results for the six months ended 30 September 2013	November 2013
Payment of second dividend subject to Board approval	December 2013

## Financial highlights

**199.0p**

Net asset value plus dividends from launch to 31 March 2013

**5.0p**

Total tax-free dividends per share paid in the year to 31 March 2013

**2.5p**

First tax free dividend per share declared for the year to 31 March 2014

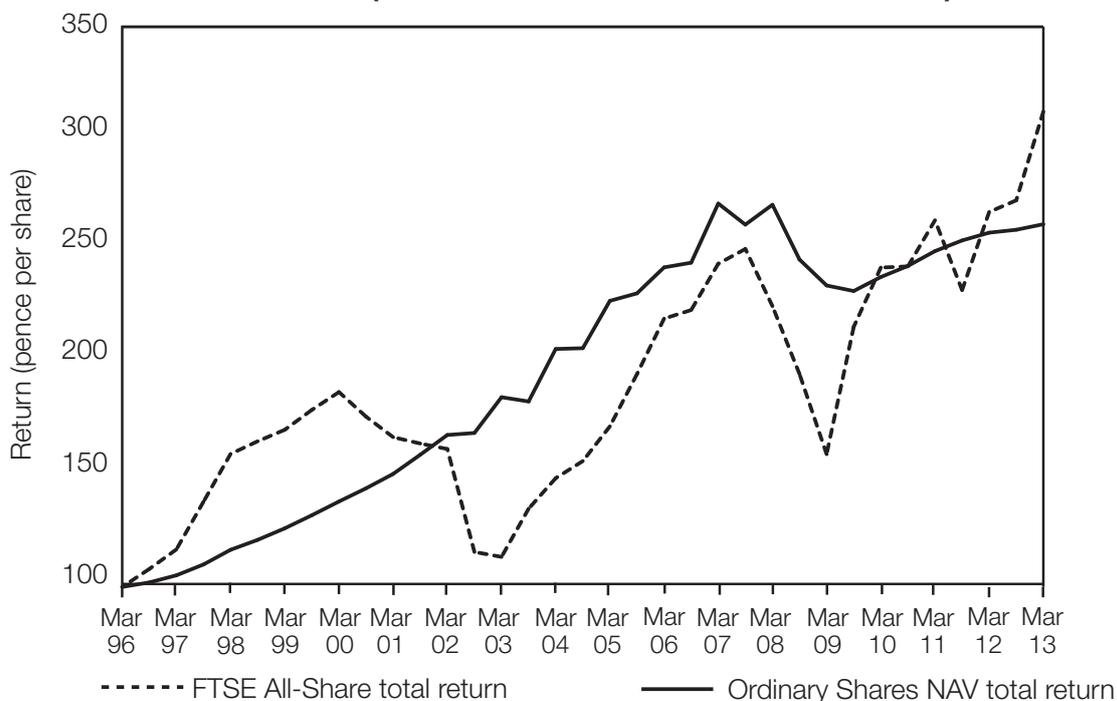
**74.2p**

Net asset value per share as at 31 March 2013

**6.3%**

Annualised return since launch (without tax relief)

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



Source: Albion Ventures LLP

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

## Financial highlights (continued)

	<b>31 March 2013</b>	<b>31 March 2012</b>
	<b>(pence per share)</b>	<b>(pence per share)</b>
Dividends paid	<b>5.00</b>	5.00
Revenue return	<b>2.00</b>	2.10
Capital return	<b>–</b>	–
Enhancement to net asset value as a result of share buybacks	<b>0.10</b>	0.40
Effect of merger	<b>(0.90)</b>	–
Net asset value	<b>74.20</b>	78.00

<b>Total shareholder net asset value return to 31 March 2013</b>	<b>Ordinary shares</b>	<b>C shares</b>
Total dividends paid during the year ended : 31 March 1997	2.00	–
31 March 1998	5.20	2.00
31 March 1999	11.05	8.75
31 March 2000	3.00	2.70
31 March 2001	8.55	4.80
31 March 2002	7.60	7.60
31 March 2003	7.70	7.70
31 March 2004	8.20	8.20
31 March 2005	9.75	9.75
31 March 2006	11.75	11.75
31 March 2007	10.00	10.00
31 March 2008	10.00	10.00
31 March 2009	10.00	10.00
31 March 2010	5.00	5.00
31 March 2011	5.00	5.00
31 March 2012	5.00	5.00
31 March 2013	5.00	5.00
<b>Total dividends paid to 31 March 2013</b>	<b>124.80</b>	<b>113.25</b>
Net asset value as at 31 March 2013	74.20	74.20
<b>Total shareholder net asset value return to 31 March 2013</b>	<b>199.00</b>	<b>187.45</b>

The financial summary above is for the Company, Albion Venture Capital Trust PLC only. Details of the financial performance of Albion Prime VCT PLC, which has been merged into the Company, can be found on page 52.

**In addition to the dividends summarised above, the Board has declared a first dividend for the year ending 31 March 2014 of 2.50 pence per share to be paid on 31 July 2013 to shareholders on the register as at 5 July 2013.**

### Notes

- Dividends paid before 5 April 1999 were paid to qualifying shareholders inclusive of the associated tax credit. The dividends for the year to 31 March 1999 were maximised in order to take advantage of this tax credit.
- A capital dividend of 2.55 pence paid in the year to 31 March 2000 enabled the Ordinary shares and the C shares to merge on an equal basis.
- All dividends paid by the Company are free of income tax. It is an H.M. Revenue & Customs requirement that dividend vouchers indicate the tax element should dividends have been subject to income tax. Investors should ignore this figure on their 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.

# Chairman's statement

## Introduction

The results for the year to 31 March 2013 are the first statutory accounts since the merger of the Company with Albion Prime VCT PLC on 25 September 2012. The results show a total return of 2.00 pence per share before dividends, compared to 2.10 pence per share for the previous year, and a net asset value of 74.20 pence per share compared to 78.00 pence per share at 31 March 2012, following the payment of tax free dividends of 5.00 pence per share for the year. The Company raised approximately £1,033,000 net of costs under the Albion VCTs Linked Top Up Offers 2011/2012 and Albion VCTs Top Up Offers 2012/2013 during the year, with a further £1,940,000 subsequent to the year end.

As a result of the merger with Albion Prime VCT PLC, the Company acquired the investments of that company which were valued at just over £14.3 million. With one minor exception, these were all in companies in which the Company already had a holding. The annual cost savings of approximately £168,000 identified at the time of the merger are expected to be achieved.

## Investment performance and progress

Over the past three years, we have been focusing on reducing our exposure to the consumer cycle, and in particular reducing our exposure to the hotel and residential development sectors. At 31 March 2010 these accounted for 59 per cent. of the combined portfolio, whereas now they have reduced to 32 per cent. through a combination of disposals totalling £8,733,000 and a reduction in the holding values of the remaining hotel assets.

As part of this programme, in March 2013 the Bear Hotel in Hungerford was sold, resulting in proceeds of £1,925,000 at the time, with a further £50,000 received following the year end. Overall the Company made a small loss on its investment (receiving total proceeds including interest of 0.9x its investment). Kew Green VCT (Stansted) made loan stock repayments of £159,000 out of cash generated from trading and further proceeds of £192,000 were received from the winding down of the residential development portfolio.

The most significant event was the highly successful disposal in December 2012 of the Company's six cinema investments as part of the sale of the City Screen group to Cineworld plc. Including loan stock repaid shortly before the disposal, the Company received a total of £6,290,000 and made an overall return of approximately 2.6x its investment.

Also, in March 2013, the Company's investment in Nelson House Hospital was sold for £856,000, generating a 1.4x return on its investment. Further proceeds of £101,000 were received from the pub portfolio and Tower Bridge Health Clubs made loan stock repayments of £100,000 out of cash generated from trading.

Meanwhile the Company, together with Albion Prime VCT PLC prior to the merger, invested or committed £0.6 million in one new and three existing investee companies. The new investment comprised a commitment of £314,000 in Dragon Hydro, which is developing a hydroelectricity scheme in Wales; while the investments in existing companies comprised £150,000 in Bravo Inns II, to assist it in expanding its successful portfolio of pubs in the North West; £94,000 in The Stanwell Hotel near Heathrow, to enable it to develop further its boutique offering; and £75,000 scheduled investment in Nelson House Hospital prior to its subsequent disposal.

Following lower than budgeted levels of profitability, the Company saw a substantial fall in the third party professional valuations of its three remaining hotel investments, as well as falls in one of its health and fitness clubs and its Midlands based pub company. However, there was a further significant rise in the value of Oakland Care Centre's Bayfield Court care home in Chingford, together with uplifts in a number of its renewable energy investments and in Radnor House School in Twickenham. Taking into account the net realised gains of just over £1 million in the year, principally from the sale of the cinema portfolio, overall net gains on investments in the year amounted to approximately £0.4 million.

Significant new investments in the pipeline include a hydroelectricity project in Scotland and a new care home in Oxfordshire. It is the Company's intention to increase its investment in the renewable energy sector from its current level of 7 per cent. to a target of 15 per cent. as the Board believes that this is a complementary area for diversification of risk combined with strong income generation. Meanwhile, despite the successful disposal of Nelson House Hospital, healthcare remains a core focus for investment.

## Board composition

On 25 September 2012, as part of the merger arrangements, Jonathan Rounce stepped down from the Board, and Ebbe Dinesen, who was a director of Albion Prime VCT PLC, was appointed in his place. We would like to thank Jonathan for his excellent contribution.

## Risks and uncertainties

We remain cautious over the short and medium term prospects for the UK economy, particularly given the continuing weakness in the Eurozone. Importantly, however, your Company remains conservatively financed with no bank borrowings having a prior charge at either corporate or investee company level. This is in addition to the policy of ensuring that the Company has a first charge over investee companies' assets.

A detailed analysis of the other risks and uncertainties facing the business is set out on pages 19 to 21 of the Directors' report.

# Chairman's statement (continued)

## Share buy-backs

It remains the Board's primary objective to maintain sufficient resources for investment in existing and new investee companies and for the continued payment of dividends to shareholders. Thereafter, it is still the Board's policy to buy back shares in the market, subject to the overall criterion that such purchases are in the Company's interest. The Company will limit the sum available for share buy-backs for the six month period to 30 September 2013 to £500,000. This compares to a total value bought in for the previous six months of £385,000. Subject to the constraints referred to above, and subject to first purchasing shares held by the market makers, the Board will target 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 transactions that took place with the Manager during the year can be found in note 5.

## Results and dividends

As at 31 March 2013, the net asset value was £41.70 million or 74.20 pence per share, compared to £28.40 million or 78.00 pence per share as at 31 March 2012, after the payment of tax-free dividends of 5.00 pence per share. The results comprised 2.00 pence per share revenue return (2012: 2.10 pence per share) and a flat capital return after taking into account capitalised expenses (2012: also flat). The revenue return before taxation was £1,114,000 compared to £933,000 for the year to 31 March 2012. The Company will pay a first dividend of 2.50 pence per share on 31 July 2013 to those shareholders on the share register on 5 July 2013, which is in line with the Company's current objective of paying dividends of 5.00 pence per share annually.

## Outlook and prospects

While the outlook for the UK economy remains subdued, trading within the majority of our investee companies has been relatively resilient. Following the successful disposals in the year to 31 March 2013, the Company is now focusing on making new investments, particularly in the renewable energy and healthcare sectors.

## David Watkins

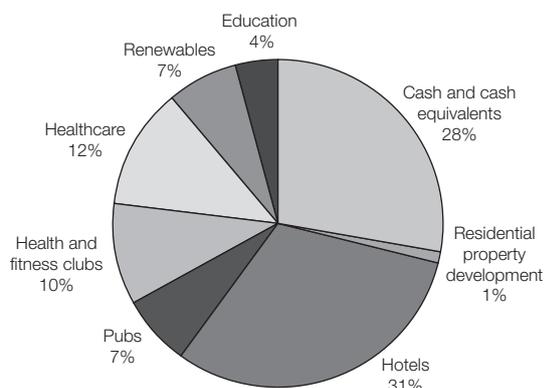
Chairman

25 June 2013

# Manager's report

## Investment portfolio

Following the merger of the Company with Albion Prime VCT PLC on 25 September 2012 and the subsequent disposals of the cinema portfolio in December 2012 and The Bear Hotel in Hungerford and Nelson House Hospital in March 2013, the sector split of the portfolio by valuation as at 31 March 2013 is shown below:



Source: Albion Ventures LLP

## Investment activity

In December 2012 the Company sold its six cinema investments, comprising the Cambridge Arts Picturehouse, the Picturehouse at FACT in Liverpool, the Greenwich Picturehouse, the Ritzy in Brixton, the Exeter Picturehouse and Cinema City in Norwich, a portfolio which the Company had built up and developed in conjunction with City Screen Limited over a 13 year period since 1999. The cinemas were sold as part of the sale of the City Screen group to Cineworld plc which intends to keep the Picturehouse cinemas as a separate division in its business. The Company received net proceeds of £5,702,000 from the sale, in addition to which £588,000 loan stock had been repaid shortly beforehand, giving total proceeds of £6,290,000 compared to a combined holding value in the Company's and Albion Prime VCT's accounts at 31 March 2012 of £5,258,000. Taking into account loan stock, other income and loan stock repayments over the course of the investment, the two VCTs received a combined total return of £11,139,000, compared to cost of £3,932,000.

In March 2013, in accordance with the Company's strategy of reducing its hotel portfolio, the Bear Hotel in Hungerford was sold to Greene King, resulting in proceeds of £1,925,000 at the time and a further £50,000 following the year end. The combined holding value in the Company's and Albion Prime VCT's accounts at 31 March 2012 was £2,111,000. Taking into account loan stock income over the course of the investment, the two VCTs received a combined total return of £3,014,000, compared to cost of £3,255,000. Following this disposal and the successful sale of the Bell Hotel in Sandwich in 2011, and in part due to the reduction

in valuations of the remaining hotel assets, hotels have reduced from 52 per cent. of the combined portfolio at 31 March 2010 to 31 per cent. at 31 March 2013.

Also in March 2013, the Company's investment in Nelson House Hospital, which had opened in April 2012, was sold to Care UK for £856,000 compared to cost of £698,000. Taking into account loan stock income, the total combined return was £917,000 and the Company also benefited from the surrender of some tax losses.

Also disposed of during the year were Wickenhall Mill VCT's residential development site, an investment inherited from Albion Prime VCT, resulting in proceeds of £60,000; and GB Pub Company VCT's final pub, resulting in the return of £12,000.

Meanwhile the Company, together with Albion Prime VCT PLC prior to the merger, committed a total investment of £314,000 in Dragon Hydro, which is developing a hydroelectricity scheme in Wales, continuing the theme of building up the Company's renewable energy portfolio. In addition, follow-on investments were made of £150,000 in Bravo Inns II, to assist it in expanding its successful portfolio of pubs in the North West; £94,000 in The Stanwell Hotel near Heathrow, to enable it to develop further its boutique offering; and a £75,000 scheduled investment in Nelson House Hospital prior to its subsequent disposal. Significant new investments in the pipeline include a hydroelectricity project in Scotland and a new care home in Oxfordshire.

## Investment portfolio review

In the hotel portfolio, the Holiday Inn Express at Stansted Airport was adversely affected by a poor Olympic period and the opening of new competition nearby, which resulted in a reduction in the independent valuation. Nevertheless, it repaid £159,000 loan stock to the Company and £87,000 to Albion Prime VCT PLC during the year. It is expected that the hotel's performance will start to improve as passenger numbers increase following the sale of the airport by BAA to Manchester Airport Group at the end of February 2013. The Crown Hotel in Harrogate marginally increased its revenues over the year, but the business mix and cost pressures led to a reduced operating profit, resulting in a decline in valuation. The Stanwell Hotel near Heathrow's Terminal 5 continued to improve its product, and operating profit is gradually increasing, although at a much slower pace than hoped for and it also saw a lower valuation.

In the healthcare sector, Oakland Care Centre's Bayfield Court care home in Chingford, which opened in October 2011, reached full occupancy during the year and this led to a substantial uplift in valuation. The psychiatric hospital near

## Manager's report (continued)

Taunton operated by Orchard Portman is now also nearing capacity and this will gradually expand into the care home on the same site operated by its sister company Taunton Hospital.

In the health and fitness portfolio, the 37° health and fitness club near Tower Bridge continued to trade strongly and repaid £100,000 loan stock to the Company, as well as £21,000 to Albion Prime VCT PLC prior to the merger, and this enjoyed a pleasing uplift in valuation. Membership also grew over the year at both the Weybridge Club and the 37° health and fitness club at Kensington Olympia. There was a slight increase in the independent valuation of the Weybridge Club, but a lower valuation was attributed to the 37° health and fitness club at Kensington Olympia.

In the pub portfolio, The Charnwood Pub Company repaid £84,000 loan stock following the sale of one of its pubs and now operates 10 food-led pubs in central England, but saw declines in the independent valuation of its remaining units. Bravo Inns and Bravo Inns II continued to grow their wet-led estate in the North-West and now operate 31 units, which saw a small increase in valuation.

In the renewable energy sector, the Company now has seven investments, in solar, wind, anaerobic digestion and hydroelectricity companies. The three solar companies, The

Street by Street Solar Programme, Regenerco Renewable Energy and AVESI have now installed photovoltaic panels on over 1,500 residential buildings in the Thames Valley and Cambridgeshire as well as 7 commercial premises. Alto Prodotto Wind has successfully erected two single unit wind turbines on industrial sites in Wales and is intending to install a third, while Greenenerco is also installing a wind turbine in Wales. TEG Biogas (Perth) operates an anaerobic digestion plant in Scotland, converting food waste to energy; and construction is under way on Dragon Hydro's hydroelectricity scheme in Wales. The more mature investments were revalued and saw a combined uplift of £0.3 million.

Radnor House School in Twickenham is now in its second year of operation with over 250 pupils, up from 140 when it opened and enjoys a strong reputation with good growth prospects. As a result it was again valued upwards. Meanwhile G&K Smart Developments VCT returned £132,000 to the Company following the sale of two of the five houses it is constructing at Pudsey in Yorkshire.

### **Albion Ventures LLP**

Manager

25 June 2013

# The Board of Directors

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

## **David Watkins MBA (Harvard), Chairman**

From 1972 until 1991, David Watkins worked for Goldman Sachs, where he was head of Euromarkets Syndication and Head of European Real Estate. He subsequently joined Mountleigh Group PLC where he worked as a director on the restructuring of the business prior to the Group being placed into administration. Until late 1995, he worked at Baring Securities Limited as Head of Equity Capital Markets – London, before leaving ultimately to become Chief Financial Officer and one of the principal shareholders of his current company, The Distinguished Programs Group LLC, an insurance distribution and underwriting group. From 1986 to 1990 he was a member of the Council of the London Stock Exchange. David Watkins became a Director of the Company on 9 February 1996.

## **John Kerr ACMA**

John Kerr has worked as a venture capitalist and also in manufacturing and service industries. He held a number of finance and general management posts in the UK and USA, before joining SUMIT Equity Ventures, an independent Midlands based venture capital company, where he was managing director from 1985 to 1992. He then became chief executive of Price & Pierce Limited, which acted as the UK agent for overseas producers of forestry products, before leaving in 1997 to become finance director of Ambion Brick, a building materials company bought out from Ibstock PLC. After retiring in 2002, he now works as a consultant. He is an external member of the Albion Ventures LLP investment committee. John Kerr became a Director of the Company on 9 February 1996.

## **Jeff Warren ACCA**

Jeff Warren has 30 years' financial management experience, including high level corporate governance and regulatory environment experience. He held the post of CFO of Bristol & West Building Society from 1992. Following the acquisition of Bristol & West by Bank of Ireland, he was appointed CEO of Bristol & West PLC in 1999, and subsequently also took responsibility for the Bank of Ireland UK Branch network. In 2003 he moved to take on a role at Group level in Dublin, as group chief development officer, reporting to the Bank of Ireland CEO. In 2004 he returned to the UK to develop a career as a non-executive director. Jeff Warren became a Director of the Company on 2 October 2007.

## **Ebbe Dinesen R (Danish) FSR**

Ebbe Dinesen qualified as a chartered accountant in Denmark before working in senior positions in Danish industry. In 1985 he came to the United Kingdom and became CEO of Carlsberg UK in 1987. He later became CEO of Carlsberg-Tetley PLC (now Carlsberg UK) and became executive chairman of the company in 2001. He stepped down in 2006. He was chairman of the British Brewers from 2002 to 2006. Ebbe Dinesen was Danish vice-consul for The Midlands from 1987 to 2006. In 2000 he was knighted by the Queen of Denmark. Ebbe Dinesen became a Director of the Company on 26 September 2012.

All Directors are members of the Audit Committee and John Kerr is Chairman.

All Directors are members of the Nomination Committee and David Watkins is Chairman.

All Directors are members of the Remuneration Committee which was set up after the year end. Jeff Warren is Chairman.

# The Manager

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

The following are specifically responsible for the management and administration of the VCTs managed by Albion Ventures LLP, including Albion Venture Capital Trust PLC:

**Patrick Reeve, MA, ACA**, qualified as a chartered accountant with PwC before joining Cazenove & Co where he spent three years in the corporate finance department. He joined Close Brothers Group plc in 1989, working in both the development capital and corporate finance divisions before establishing Albion Ventures LLP (formerly Close Ventures Limited) in 1996. He is the managing partner of Albion Ventures LLP and is director of Albion Technology & General VCT PLC, Albion Income & Growth VCT PLC and Albion Enterprise VCT PLC, all managed by Albion Ventures LLP. He is also a director of UCL Business PLC, the technology transfer arm of University College London, and is on the Council of the BVCA.

**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 LLP in 2001 since when he has focused on leisure and healthcare investing. Will became deputy managing partner of Albion Ventures LLP in 2009. He has a BA in History from Southampton University.

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

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

**Emil Gigov, BA (Hons), FCA**, graduated from the European Business School, London, with a BA (Hons) Degree in European Business Administration in 1994. He then joined KPMG in their financial services division and qualified as a chartered accountant in 1997. Following this he transferred to KPMG Corporate Finance where he specialised in the leisure, media and marketing services sectors acting on acquisitions, disposals and fundraising mandates. He joined Albion Ventures LLP 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 LLP 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 LLP in 2005 and became a partner in 2009. David has a BSc in Economics from Warwick University.

**Ed Lascelles, BA (Hons)**, joined Albion Ventures LLP in 2004. Ed began by advising quoted UK companies on IPOs, takeovers and other corporate transactions, first with Charterhouse Securities and then ING Barings. Companies ranged in value from £10 million to £1 billion, across the healthcare and technology sectors among others. After moving to Albion Ventures LLP in 2004, Ed started investing in the technology, healthcare, financial and business service 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**, joined Albion Ventures LLP as an investment manager in October 2011 and primarily focuses on Albion's healthcare investments, alongside Andrew Elder. He initially practiced as a radiologist, before spending 3 years at Bain & Company. In 2006 he joined 3i plc working for their Healthcare Venture Capital arm leading investments in biotechnology, pharmaceuticals and medical technology. Most recently he has worked for General Electric UK, where he was responsible for mergers and acquisitions in the medical technology and healthcare IT sectors. He holds a degree in medicine from Ludwig-Maximilians University, Munich and an MBA from INSEAD.

**Henry Stanford, MA, ACA**, qualified as a chartered accountant with Arthur Andersen before joining the corporate finance department of Close Brothers Group in 1992, becoming an assistant director in 1996. He moved to Albion Ventures LLP in 1998, where he has focused principally on hotel, cinema and other leisure investments. Henry became a partner in Albion Ventures LLP 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 three VCT portfolios (Murray VCT PLC, Murray VCT 2 PLC and Murray VCT 3 PLC now renamed Crown Place VCT PLC), formerly managed by Aberdeen Murray Johnson, and is responsible for investments in the leisure, manufacturing and technology sectors. Robert became a partner in Albion Ventures LLP in 2009.

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

# Portfolio of investments

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

Portfolio company	% voting rights held by Albion Venture Capital Trust PLC	% voting rights held by all AVL* managed companies	As at 31 March 2013			As at 31 March 2012			Change in value for the year £'000***
			Accounting cost** £'000	Cumulative movement in value £'000	Value £'000	Cost £'000	Cumulative movement in value £'000	Value £'000	
<b>Hotels</b>									
Kew Green VCT (Stansted) Limited	45.2	50.0	6,723	1,034	7,757	3,985	1,874	5,859	(840)
The Crown Hotel Harrogate Limited	24.1	50.0	4,245	(1,233)	3,012	3,100	(990)	2,110	(243)
The Stanwell Hotel Limited	39.2	50.0	4,614	(2,335)	2,279	3,496	(1,747)	1,749	(588)
<b>Total investment in the hotel sector</b>			<b>15,582</b>	<b>(2,534)</b>	<b>13,048</b>	<b>10,581</b>	<b>(863)</b>	<b>9,718</b>	<b>(1,671)</b>
<b>Healthcare</b>									
Oakland Care Centre Limited	31.6	50.0	2,998	1,176	4,174	1,835	458	2,293	717
Taunton Hospital Limited	7.6	50.0	478	27	505	380	1	381	24
Orchard Portman Hospital Limited	4.4	50.0	297	20	317	140	-	140	19
<b>Total investment in the healthcare sector</b>			<b>3,773</b>	<b>1,223</b>	<b>4,996</b>	<b>2,355</b>	<b>459</b>	<b>2,814</b>	<b>760</b>
<b>Health and fitness clubs</b>									
The Weybridge Club Limited	14.3	50.0	2,136	(208)	1,928	1,330	(229)	1,101	21
Kensington Health Clubs Limited	9.8	50.0	1,889	(535)	1,354	1,124	(359)	765	(176)
Tower Bridge Health Clubs Limited	8.4	50.0	403	172	575	308	75	383	97
<b>Total investment in the health and fitness club sector</b>			<b>4,428</b>	<b>(571)</b>	<b>3,857</b>	<b>2,762</b>	<b>(513)</b>	<b>2,249</b>	<b>(58)</b>
<b>Pubs</b>									
The Charnwood Pub Company Limited	14.8	50.0	3,532	(1,897)	1,635	2,945	(1,803)	1,142	(163)
Bravo Inns II Limited	6.3	50.0	935	7	942	575	(2)	573	9
Bravo Inns Limited	7.6	50.0	596	(155)	441	450	(166)	284	11
The Dunedin Pub Company VCT Limited	8.3	50.0	80	(3)	77	45	(1)	44	(2)
<b>Total investment in the pub sector</b>			<b>5,143</b>	<b>(2,048)</b>	<b>3,095</b>	<b>4,015</b>	<b>(1,972)</b>	<b>2,043</b>	<b>(145)</b>
<b>Environmental and renewables</b>									
Alto Prodotto Wind Limited	7.4	50.0	670	187	857	432	-	432	186
The Street by Street Solar Programme Limited	6.5	50.0	650	94	744	379	5	384	89
Regenerco Renewable Energy Limited	4.5	50.0	427	24	451	248	1	249	21
TEG Biogas (Perth) Limited	4.9	50.0	306	21	327	214	3	217	18
AVESI Limited	7.4	50.0	230	-	230	160	-	160	-
Dragon Hydro Limited	7.3	50.0	141	1	142	-	-	-	-
Greenerco Limited	3.9	50.0	135	-	135	90	-	90	-
<b>Total investment in the environmental and renewables sector</b>			<b>2,559</b>	<b>327</b>	<b>2,886</b>	<b>1,523</b>	<b>9</b>	<b>1,532</b>	<b>314</b>
<b>Education</b>									
Radnor House School (Holdings) Limited	7.1	50.0	1,381	426	1,807	801	242	1,043	184
<b>Total investment in the education sector</b>			<b>1,381</b>	<b>426</b>	<b>1,807</b>	<b>801</b>	<b>242</b>	<b>1,043</b>	<b>184</b>
<b>Residential property development</b>									
G&K Smart Developments VCT Limited	42.9	50.0	1,488	(1,144)	344	1,620	(1,144)	476	-
<b>Total investment in the residential property development sector</b>			<b>1,488</b>	<b>(1,144)</b>	<b>344</b>	<b>1,620</b>	<b>(1,144)</b>	<b>476</b>	<b>-</b>
<b>Cinemas and other leisure</b>									
Premier Leisure (Suffolk) Limited	10.5	50.0	468	(303)	165	380	(295)	85	(8)
<b>Total investment in the cinema and other leisure sector</b>			<b>468</b>	<b>(303)</b>	<b>165</b>	<b>380</b>	<b>(295)</b>	<b>85</b>	<b>(8)</b>
<b>Total fixed asset investments</b>			<b>34,821</b>	<b>(4,623)</b>	<b>30,198</b>	<b>24,037</b>	<b>(4,077)</b>	<b>19,960</b>	<b>(624)</b>

\* Albion Ventures LLP

\*\* Amounts shown as accounting cost represent the acquisition cost in the case of investments originally made by the Company and/or the fair value attributed to the investments acquired from Albion Prime VCT PLC on the Merger on 25 September 2012, plus any subsequent acquisition costs, as reduced for changes in value since acquisition.

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

## Portfolio of investments (continued)

	As at 31 March 2013			As at 31 March 2012			Change in value for the year*** £'000
	Accounting cost £'000	Cumulative movement in value £'000	Value £'000	Cost £'000	Cumulative movement in value £'000	Value £'000	
<b>Current asset investments</b>							
Contingent future receipts on disposal of fixed asset investments	50	–	50	–	–	–	–
<b>Total current asset investments</b>	<b>50</b>	<b>–</b>	<b>50</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>

<b>Total change on value on investments for the year</b>	(624)
Realised gain in current year	1,078
Movement in loan stock accrued interest	(70)
<b>Total gains on investments as per Income statement</b>	<b>384</b>

Fixed asset investment realisations during the year to 31 March 2013	Accounting cost* £'000	Opening carrying value** £'000	Disposal proceeds £'000	Total realised gain/(loss) £'000	Gain/(loss) on opening value £'000
City Screen (Cambridge) Limited	485	2,215	2,592	2,107	377
CS (Greenwich) Limited	1,450	1,708	1,920	470	212
City Screen (Liverpool) Limited	452	409	594	142	185
CS (Brixton) Limited	498	705	875	377	170
Nelson House Hospital Limited	698	699	856	158	157
CS (Exeter) Limited	152	138	205	53	68
CS (Norwich) Limited	75	88	104	29	16
The Charnwood Pub Company ( <i>loan stock repaid</i> )	153	84	84	(69)	–
The Dunedin Pub Company VCT Limited ( <i>loan stock repaid</i> )	5	5	5	–	–
G&K Smart Developments VCT Limited ( <i>loan stock repaid</i> )	132	132	132	–	–
Kew Green VCT (Stansted) Limited ( <i>loan stock repaid</i> )	159	159	159	–	–
Tower Bridge Health Clubs Limited ( <i>loan stock repaid</i> )	99	100	100	1	–
Wickenhall Mill Limited	60	60	60	–	–
GB Pub Company VCT Limited	220	33	12	(208)	(22)
The Bear Hungerford Limited	2,827	2,060	1,925	(902)	(135)
<b>Total</b>	<b>7,465</b>	<b>8,595</b>	<b>9,623</b>	<b>2,158</b>	<b>1,028</b>

\* The cost includes the original cost from Albion Venture Capital Trust PLC and the carried over value on merger from Albion Prime VCT PLC as at 25 September 2012.

\*\* The opening carrying value includes the opening value from Albion Venture Capital Trust PLC and the carried over value on merger from Albion Prime VCT PLC as at 25 September 2012.

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

## Portfolio companies

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

For the purpose of the valuation process, the latest company financial information is used. The accounting information disclosed below is the latest as filed at Companies House.

### Kew Green VCT (Stansted) Limited

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



#### Audited results: year to 31 August 2012

	£'000	Investment information	£'000	
Turnover	4,564	Income recognised in the year	350	
EBITDA	939	Total cost	6,723	
Profit before tax	145	Total equity valuation	4,034	
Net assets	4,404	Total loan stock valuation	3,723	
Basis of valuation:	Net asset value supported by third party valuation		Voting rights	45.2 per cent.
Website:	www.expressstanstedairport.co.uk			

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.

### Oakland Care Centre Limited

The company has acquired a freehold site on which it has developed a new, purpose built care home catering for the needs of up to 45 residents.



#### Audited results: year to 30 September 2012

	£'000	Investment information	£'000	
Turnover	817	Income recognised in the year	182	
EBITDA	(104)	Total cost	2,998	
Loss before tax	(672)	Total equity valuation	2,100	
Net assets	757	Total loan stock valuation	2,074	
Basis of valuation:	Net asset value supported by third party valuation		Voting rights	31.6 per cent.
Website:	www.bayfieldcourt.co.uk			

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

### The Crown Hotel Harrogate Limited

The company acquired the historic 114 bedroom Crown Hotel in Harrogate, Yorkshire in November 2005. A substantial refurbishment was carried out and the hotel is once again recognised as one of the leading hotels in Harrogate.



#### Audited results: year to 31 March 2012

	£'000	Investment information	£'000	
Turnover	2,626	Income recognised in the year	102	
EBITDA	442	Total cost	4,245	
Loss before tax	(881)	Total equity valuation	-	
Net liabilities	(4,767)	Total loan stock valuation	3,012	
Basis of valuation:	Net asset value supported by third party valuation		Voting rights	24.1 per cent.
Website:	www.crownhotelharrogate.com			

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 Stanwell Hotel Limited

The company acquired the 19 bedroom Stanwell Hall Hotel near Heathrow in August 2007. Planning consent was subsequently obtained to extend the hotel to 52 bedrooms and the hotel re-opened at the end of April 2010.



#### Audited results: year to 31 August 2012

	£'000	Investment information	£'000	
Turnover	1,075	Income recognised in the year	-	
EBITDA	(127)	Total cost	4,614	
Loss before tax	(1,002)	Total equity valuation	-	
Net liabilities	(3,797)	Total loan stock valuation	2,279	
Basis of valuation:	Net asset value supported by third party valuation		Voting rights	39.2 per cent.
Website:	www.thestanwell.com			

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

### The Weybridge Club Limited

The company owns a 30 acre freehold site near to the centre of Weybridge, Surrey, which has been developed into a premium health and fitness club.



#### Audited results: year to 30 September 2012

	£'000	Investment information	£'000	
Turnover	1,848	Income recognised in the year	89	
EBITDA	471	Total cost	2,136	
Loss before tax	(997)	Total equity valuation	79	
Net liabilities	(3,289)	Total loan stock valuation	1,849	
Basis of valuation:	Net asset value supported by third party valuation		Voting rights	14.3 per cent.
Website:	www.theweybridgeclub.com			

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

## Portfolio companies (continued)

### Radnor House School (Holdings) Limited

Radnor House is London's new co-educational independent day school in Twickenham, which opened in September 2011. It is located in historic buildings on the banks of the River Thames in South West London. In its first Ofsted inspection the school was graded Outstanding in all categories, placing it in the top 0.5% of all schools in the UK inspected by Ofsted.



#### Audited results: year to 31 August 2012

	£'000	Investment information	£'000	
Turnover	1,947	Income recognised in the year	31	
EBITDA	(79)	Total cost	1,381	
Loss before tax	(957)	Total equity valuation	675	
Net liabilities	(225)	Total loan stock valuation	1,132	
Basis of valuation:	Net asset value supported by third party valuation		Voting rights	7.1 per cent.
Website:	www.radnorhouse.org			

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

### The Charnwood Pub Company Limited

The company is a pub company which owns and operates 10 freehold public houses in central England.



#### Audited results: 31 March 2012

	£'000	Investment information	£'000	
Turnover	4,178	Income recognised in the year	84	
EBITDA	718	Total cost	3,532	
Loss before tax	(316)	Total equity valuation	-	
Net liabilities	(1,458)	Total loan stock valuation	1,635	
Basis of valuation:	Net asset value supported by third party valuation		Voting rights	14.8 per cent.
Website:	www.charnwoodpubco.co.uk			

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

### Kensington Health Clubs Limited

This company has developed a 29,000 square foot health and fitness club on a 999 year lease in West London which opened in December 2007.



#### Audited results: year to 30 September 2012

	£'000	Investment information	£'000	
Turnover	2,020	Income recognised in the year	97	
EBITDA	565	Total cost	1,889	
Loss before tax	(863)	Total equity valuation	-	
Net liabilities	(541)	Total loan stock valuation	1,354	
Basis of valuation:	Net asset value supported by third party valuation		Voting rights	9.8 per cent.
Website:	www.thirtysevendegrees.co.uk			

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

### Bravo Inns II Limited

The company was formed in September 2007 and owns and operates 23 freehold pubs in the north of England. The pubs are trading well with considerable demand for the value offering.



#### Audited results: year to 31 March 2012

	£'000	Investment information	£'000	
Turnover	4,425	Income recognised in the year	61	
EBITDA	695	Total cost	935	
Loss before tax	(230)	Total equity valuation	297	
Net assets	2,278	Total loan stock valuation	645	
Basis of valuation:	Net asset value supported by third party valuation		Voting rights	6.3 per cent.
Website:	www.bravoinsns.com			

Other funds managed 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.



#### Audited results: year to 31 March 2012

	£'000	Investment information	£'000	
Turnover	-	Income recognised in the year	29	
EBITDA	(3)	Total cost	670	
Loss before tax	(100)	Total equity valuation	184	
Net assets	1,402	Total loan stock valuation	673	
Basis of valuation:	Net asset value supported by third party valuation		Voting rights	7.4 per cent.
Website:	www.infinite-energy.org.uk			

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

Net assets of investee companies where a recent third party valuation has taken place, may have a higher valuation in Albion Venture Capital Trust PLC's accounts than in their own, if investee companies do not have a policy of revaluing their fixed assets.

# Directors' report

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

## **BUSINESS REVIEW**

### **Principal activity and status**

The principal activity of the Company is that of a venture capital trust. It has been approved by H.M. Revenue & Customs ("HMRC") as a venture capital trust in accordance with Part 6 of the Income Tax Act 2007 and in the opinion of the Directors, the Company has conducted its affairs so as to enable it to continue to obtain such approval. Approval for the year ended 31 March 2013 is subject to review should there be any subsequent enquiry under corporation tax self assessment.

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

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

### **Capital structure**

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

The Company's share capital comprises only 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.

During the year, the Company issued 880,884 Ordinary shares under the Albion VCTs Linked Top Up Offers 2011/2012 launched in November 2011. The Offer closed on 31 May 2012.

On 19 October 2012, the company announced the launch of the Albion VCTs Top Up Offers 2012/2013. During the year the Company issued 471,957 Ordinary shares under this Offer (details are shown in note 16). Since the year end the Company issued 2,604,211 Ordinary shares as part of this offer (details are shown in note 22). This Offer closed on 12 June 2013.

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

The Company currently operates a Dividend Reinvestment Scheme, details of which can be found on [www.albion-ventures.co.uk](http://www.albion-ventures.co.uk) under the 'Our Funds' section. During the year the Company issued 190,689 new Ordinary shares under the Dividend Reinvestment Scheme, details of which can be found in note 16.

All shares rank *pari passu* for dividend and voting rights and each share is entitled to one vote. The Directors are not aware of any restrictions on the transfer of shares or on voting rights.

Details of all share allotments can be found in note 16.

### **Acquisition of the assets and liabilities of Albion**

#### **Prime VCT PLC**

On 25 September 2012, the Company acquired the assets and liabilities of Albion Prime VCT PLC ("Prime") in exchange for new shares in the Company ("the Merger"). On the same day Prime was placed into members' voluntary liquidation pursuant to a scheme of reconstruction under Section 110 of the Insolvency Act 1986.

All of the assets and liabilities of Prime totalling £14,338,000 were transferred to the Company in exchange for the issue of 19,307,001 new Ordinary shares of nominal value 50 pence each in the capital of the Company at a deemed issue price of 74.2638 pence per share. Each Prime shareholder received 0.8801 shares in the Company for each Prime share that they held at the date of the Merger. The total number of shares receivable by each shareholder was rounded down to the nearest whole number of shares. Further details of the acquisition can be found in note 10.

New share certificates in the Company were sent to all Albion Prime VCT PLC shareholders during October 2012.

### **Reduction in share capital and cancellation of share premium and capital redemption reserve**

Shareholders approved the reduction of share capital by reducing the nominal value of Ordinary shares from 50 pence to 1 penny per Ordinary share and the cancellation of the Company's share premium and capital redemption reserves at the General Meeting on 17 September 2012. The High Court approved this restructuring on 30 January 2013, and the nominal value of the share capital of the Company is now 1 penny per share. The restructuring has increased the reserves available to the Company for the payment of dividends, the buy-back of shares and for other corporate purposes. New share certificates have not been issued following these changes and existing certificates will remain valid.

# Directors' report (continued)

## Substantial interests and shareholder profile

As at the date of this report, the Company was aware that J M Finn Nominees had a beneficial interest of 3.35 per cent. (2012: 5.59 per cent.) of the issued share capital. There have been no disclosures in accordance with Disclosure and Transparency Rule 5 made to the Company during the year ended 31 March 2013, and to the date of this report.

The table below shows the shareholder profile (excluding treasury shares) as at 25 June 2013 for the Company's Ordinary shares:

Number of shares held	% shareholders	% share capital
1 – 10,000	60.6	15.4
10,001 – 50,000	32.5	38.0
50,001 – 100,000	4.9	18.2
100,001 – 500,000	1.8	17.2
500,001+	0.2	11.2

As at 31 March 2013 and at the date of this report, the Company had a total of 3,028 shareholders.

## Investment policy

The Company's investment strategy is to reduce the risk normally associated with investments in smaller, unquoted companies whilst maintaining an attractive yield, through allowing investors the opportunity to participate in a balanced portfolio of asset-backed businesses. The Company's investment portfolio will thus be structured to provide a balance between income and capital growth for the longer term.

This is achieved as follows:

- qualifying unquoted investments are predominantly in specially-formed companies which provide a high level of asset backing for the capital value of the investment;
- the Company invests alongside selected partners with proven experience in the sectors concerned;
- investments are normally structured as a mixture of equity and loan stock. The loan stock represents the majority of the finance provided and is secured on the assets of the investee company. Funds managed or advised by Albion Ventures LLP typically own 50 per cent. of the equity of the investee company; and
- other than the loan stock issued to funds managed or advised by Albion Ventures LLP, investee companies do not normally have external borrowings.

## Venture Capital Trust status

In addition to the investment policy described above, the HMRC rules drive the Company's investment allocation and risk

diversification policies. In order to maintain status under Venture Capital Trust legislation, the following tests must be met:

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

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

'Qualifying holdings' for Albion Venture Capital Trust PLC include shares or securities (including loans with a five year or greater maturity period) in companies which operate a 'qualifying trade' wholly or mainly in the United Kingdom. 'Qualifying trade' excludes, amongst other sectors, dealing in shares and securities, insurance, banking and agriculture.

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

## Gearing

As defined by the Articles of Association, the Company's maximum exposure in relation to gearing is restricted to

## Directors' report (continued)

10 per cent. of the adjusted share capital and reserves. As at 31 March 2013, the Company's maximum permitted exposure was £4,168,000 (2012: £2,839,000) and its actual short term and long term gearing at this date was £nil (2012: £nil). The Directors do not currently have any intention to utilise long term gearing.

### Current portfolio sector allocation

The pie chart on page 8 of the Manager's report shows the split of the portfolio valuation by industrial or commercial sector as at 31 March 2013. Details of the principal investments made by the Company are shown in the Portfolio of investments on pages 12 and 13.

### Review of business and future changes

A detailed review of the Company's business during the year and future prospects is contained in the Chairman's statement on pages 6 and 7 and Manager's report on pages 8 and 9. Details of significant events which have occurred since the end of the financial year are listed in note 22. Details of transactions with the Manager are shown in note 5.

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

### Operational arrangements

The Company has delegated the investment management of the portfolio to Albion Ventures LLP, which is authorised and regulated by the Financial Conduct Authority. Albion Ventures LLP also provides company secretarial and other accounting and administrative support to the Company. Further details regarding the terms of engagement of the Manager are shown on page 21.

### Results and dividends

	£'000
Net revenue return for the year ended 31 March 2013	931
Revenue dividend of 2.50p per share paid on 31 July 2012	(928)
Revenue dividend of 2.50p per share paid on 31 December 2012	(1,404)
Unclaimed dividends returned to the Company	33
<b>Transferred from other distributable reserve</b>	<b>(1,368)</b>
<b>Realised and unrealised capital loss for the year transferred from reserves</b>	<b>(1)</b>
Net assets as at 31 March 2013	41,681
Net asset value per share as at 31 March 2013 (pence)	<b>74.20</b>

The Company paid dividends of 5.00 pence per share (2012: 5.00 pence per share) during the year ended 31 March 2013.

During the year, unclaimed dividends older than twelve years of £33,000 (2012: £14,000) were returned to the Company in accordance with the terms of the Articles of Association.

As described in the Chairman's statement, the Board has declared a first dividend of 2.50 pence per share. This dividend will be paid on 31 July 2013 to shareholders on the register as at 5 July 2013.

As shown in the Income statement on page 32 of the Financial Statements, investment income has increased to £1,563,000 (2012: £1,314,000) due to higher loan stock income and higher interest paid on cash deposits, in part as a result of the merger with Albion Prime VCT PLC. Management fees and expenses during the year have increased due to the merger with Albion Prime VCT PLC on 25 September 2012. As a result the revenue return to equity holders has increased to £931,000 (2012: £745,000) or 2.00 pence per share (2012: 2.10 pence per share).

The capital gain on investments for the year was £384,000 (2012: £310,000) however this was offset by management fees charged to capital net of the related taxation impact.

The total return per share was a profit of 2.00 pence per share (2012: 2.10 pence per share).

The Balance sheet on page 33 shows that the net asset value per share has decreased over the last year to 74.20 pence per share (2012: 78.00 pence per share),

## Directors' report (continued)

primarily reflecting the payment of 5.00 pence per share dividend during the year and the impact of the merger of 0.90 pence detailed in note 10, partially offset by the net return for the year of 2.00 pence.

The cash flow for the Company has been a net inflow of £8,940,000 for the year (2012: outflow £15,000), reflecting cash inflows from operations, fixed asset disposals, cash acquired from Albion Prime VCT PLC and the issue of Ordinary shares under the Albion VCTs Top Up Offers, offset by dividends paid, new investments in the year and the purchase of shares for treasury.

### Share buy-backs

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

### Key performance indicators

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

The graph on page 4 shows Albion Venture Capital Trust PLC's net asset value total return against the FTSE All-Share Index total return, in both instances with dividends reinvested, since first allotment. Details on the performance of the net asset value and return per share for the year are shown above.

The ongoing charges ratio for the year to 31 March 2013 was 2.50 per cent. (2012: 2.80 per cent.).

The Company continues to comply with HMRC rules in order to maintain its status under Venture Capital Trust legislation as highlighted on page 17.

### Principal risks and uncertainties

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

#### 1. Economic risk

Changes in economic conditions, 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 permitting any external bank borrowings within portfolio

companies. Additionally, the Manager has been rebalancing the sector exposure of the portfolio with a view to reducing reliance on consumer led sectors.

#### 2. Investment risk

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

The success of investments in certain sectors is also subject to regulatory risk, such as those affecting companies involved in UK renewable energy.

To reduce this risk, the Board places reliance upon the skills and expertise of the Manager and its strong track record for investing in this segment of the market. In addition, the Manager operates a formal and structured investment process, which includes an Investment Committee, comprising investment professionals from the Manager and at least one external investment professional. The Manager also invites, and takes account of, comments from non-executive Directors of the Company on investments discussed at the Investment Committee meetings. Investments are actively and regularly monitored by the Manager (investment managers normally sit on investee company boards) and the Board receives detailed reports on each investment as part of the Manager's report at quarterly board meetings. It is the policy of the Company for portfolio companies to not normally have external borrowings.

The Board and the Manager closely monitor regulatory changes within the sectors invested in.

#### 3. Valuation risk

The Company's investment valuation method is reliant on the accuracy and completeness of information that is issued by portfolio companies. In particular, the Directors may not be aware of or take into account certain events or circumstances which occur after the information issued by such companies is reported.

As described in note 2 of the Financial Statements, the unquoted equity investments, convertible loan stock and debt issued at a discount held by the Company are designated at fair value through profit or loss and valued in accordance with the

## Directors' report (continued)

International Private Equity and Venture Capital Valuation Guidelines. These guidelines set out recommendations, intended to represent current best practice on the valuation of venture capital investments. These investments are valued on the basis of forward looking estimates and judgements about the business itself, its market and the environment in which it operates, together with the state of the mergers and acquisitions market, stock market conditions and other factors. In making these judgements the valuation takes into account all known material facts up to the date of approval of the Financial Statements by the Board. All other unquoted loan stock is measured at amortised cost.

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

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

To reduce this risk, the Board has appointed the Manager, 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 advisers. PricewaterhouseCoopers LLP report quarterly to the Board to independently confirm compliance with the venture capital trust legislation, to highlight areas of risk and to inform on changes in legislation.

### 5. *Compliance risk*

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

Board members and the Manager have experience of operating at senior levels within quoted businesses. In addition, the Board and the Manager receive

regular updates on new regulation from its auditor, lawyers and other professional bodies.

### 6. *Internal control risk*

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

The Audit Committee meets with the Manager's Internal Auditor, Littlejohn LLP, when required, receiving a report regarding the last formal internal audit performed on the Manager, and providing the opportunity for the Audit Committee to ask specific and detailed questions. John Kerr, as Audit Committee Chairman, met with the internal audit Partner of Littlejohn LLP in February 2013 to discuss the most recent Internal Audit Report on the Manager. The Manager has a comprehensive business continuity plan in place in the event that operational continuity is threatened. Further details regarding the Board's management and review of the Company's internal controls through the implementation of the Turnbull guidance are detailed on page 28.

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

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

The Company is reliant upon the services of Albion Ventures LLP for the provision of investment management and administrative functions. There are provisions within the management agreement for the change of Manager under certain circumstances (for more detail, see the management agreement paragraph on page 21). In addition, the Manager has demonstrated to the Board that there is no undue reliance placed upon any one individual within Albion Ventures LLP.

### 8. *Financial risks*

By its nature, as a venture capital trust, the Company is exposed to investment risk (which comprises investment price risk and cash flow interest rate risk), credit risk and liquidity risk. The Company's policies for managing these risks and its financial instruments are outlined in full in note 20 to the Financial Statements.

## Directors' report (continued)

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

### Environment

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

### Employees

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

### Directors

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

	<b>31 March 2013 (Number of shares)</b>	<b>31 March 2012 (Number of shares)</b>
D J Watkins	<b>10,000</b>	10,000
J M B L Kerr	<b>13,109</b>	13,109
J Warren	<b>20,000</b>	20,000
J N Rounce (until 25 September 2012)	<b>n/a</b>	6,637
E Dinesen (appointed 26 September 2012)	<b>16,520</b>	n/a

There have been no changes in the holdings of the Directors between 31 March 2013 and the date of this report.

In addition, Partners and staff of Albion Ventures LLP hold a total of 150,789 shares in the Company as at 31 March 2013.

No Director has a service contract with the Company.

All Directors are members of the Audit Committee, of which John Kerr is Chairman.

Further details regarding the Directors' remuneration are shown on page 30.

### 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, David Watkins and John Kerr will retire and offer themselves for re-election as both have been Directors of the Company for more than nine years. The Board does not consider that the length of service reduces their ability to act independently of the Manager. As Ebbe Dinesen has been appointed since the last Annual General Meeting he will resign and be subject to election at the forthcoming Annual General Meeting.

### Management agreement

Under the 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 1.9 per cent. of the net asset value of the Company (2.0 per cent. prior to the merger on 25 September 2012 with Albion Prime VCT PLC), and an annual secretarial and administrative fee of £44,883 (2012: £43,528) increased annually by RPI. These fees are payable quarterly in arrears. Total annual normal 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 investee company, of approximately 2 per cent. on each investment made and any applicable monitoring fees.

### Management performance incentive

In order to provide the Manager with an incentive to maximise the return to investors, the Company has entered into a management performance incentive arrangement with the Manager. Under the incentive arrangement, the Company will pay an incentive fee to the Manager of an amount equal to 8 per cent. of the excess total return above 5 per cent. per annum, paid out annually in cash as an addition to the management fee. Any shortfall of the target return will be carried forward into subsequent periods and the incentive fee

## Directors' report (continued)

will only be paid once all previous and current target returns have been met. For the year to 31 March 2013, no incentive fee became due to the Manager (2012: £nil).

No further performance fee will become due until the hurdle rate comprising net asset value, plus dividends, has been reached.

### Evaluation of the Manager

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

### Investment and co-investment

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

### Auditor

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

PKF (UK) LLP has deposited with the Company a statement of the circumstances connected with its resignation. A copy of this statement is available at [www.albion-ventures.co.uk/ourfunds](http://www.albion-ventures.co.uk/ourfunds) Albion Venture Capital Trust PLC under the Financial Reports and Circulars section and was sent to shareholders as required by section 520(2) of the Companies Act 2006.

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

### Supplier payment policy

The Company's policy is to pay all supplier invoices within 30 days of the invoice date, or as otherwise agreed. As at 31 March 2013, trade creditors totalled £40,000 (2012: £31,000). The creditor days as at 31 March 2013 were 15 days (2012: 14 day).

### Annual General Meeting

The Annual General Meeting will be held at the City of London Club, 19 Old Broad Street, London EC2N 1DS at 11:00 am on 29 July 2013. The notice of the Annual General Meeting is at the end of this document.

The proxy form enclosed with this Annual Report and Financial Statements permits shareholders to disclose votes 'for', 'against', and 'withheld'. A 'vote withheld' is not a vote in law and will not be counted in the proportion of the votes for and against the resolution. A summary of proxies lodged at the Annual General Meeting will be published at [www.albion-ventures.co.uk](http://www.albion-ventures.co.uk) within the 'Our Funds' section by clicking on Albion Venture Capital Trust 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 to allot up to an aggregate nominal amount of £62,922 representing approximately 10 per cent. of the issued Ordinary share capital of the Company as at the date of this report.

The Directors do not currently have any intention to allot shares, with the exceptions of the Dividend Reinvestment Scheme, any Albion VCTs Top Up Offers and reissuing treasury shares where it is in the Company's interest to do so. The Company currently holds 4,152,440 Ordinary treasury shares representing 6.9 per cent. of the total Ordinary share capital in issue as at 31 March 2013.

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

### 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 £62,922 of the nominal value of the share capital representing 10 per cent. of the issued Ordinary share capital of the Company as at the date of this Report.

## Directors' report (continued)

This resolution replaces the authority given to the Directors at the Annual General Meeting in 2012. The authority sought at the forthcoming Annual General Meeting will expire 18 months from the date this resolution is passed or at the conclusion of the next Annual General Meeting of the Company, whichever is earlier. Members should note that this resolution also relates to treasury shares.

### Purchase of own shares

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

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

This resolution would renew the 2012 authority, which was on similar terms. During the financial year under review, the Company purchased 1,073,067 Ordinary shares for treasury at an aggregate consideration of £720,000 including stamp duty representing 1.8 per cent. of the issued share capital of the Company as at 31 March 2013.

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

### Recommendation

Your Board believes that the passing of the resolutions above is 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' responsibilities

The Directors are responsible for preparing the Directors' report, the Directors' remuneration report and the Financial Statements in accordance with applicable law and regulations.

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

In preparing these Financial Statements the Directors are required to:

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

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

### Website publication

The Directors are responsible for ensuring the Annual Report and the Financial Statements are made available on a website. Financial Statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of Financial Statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors responsibility also extends to the ongoing integrity of the Financial Statements contained therein.

# Directors' report (continued)

## Directors' responsibilities pursuant to DTR 4

The Directors confirm, to the best of their knowledge:

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

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

## Disclosure of information to the Auditor

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

- So far as each of the Directors are aware, there is no relevant audit information of which the Company's Auditor is unaware; and
- each of the Directors has taken all the steps that he ought to have taken as a Director to make himself 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  
25 June 2013

# Statement of corporate governance

## Background

The Financial Conduct Authority requires all listed companies to disclose how they have applied the principles and complied with the provisions of the UK Corporate Governance Code (the "Code") issued by the Financial Reporting Council ("FRC") in May 2010. Since the year end, the Company has adopted the revised Code issued in September 2012.

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

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

The Company has complied with the recommendations of the AIC Code and the relevant provisions of section 1 of the UK Corporate Governance Code, except as set out below.

## Application of the Principles of the Code

The Board attaches importance to matters set out in the Code and applies its principles. However, as a venture capital trust 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.

David Watkins is the Chairman and Jeff Warren is the Senior Independent Director.

David Watkins is the chairman of the company and is considered to be independent. Ebbe Dinesen, Jeff Warren and John Kerr are also considered to be independent. John Kerr is an external member of the Investment Committee of Albion Ventures LLP.

David Watkins and John Kerr have both been Directors of the Company for more than nine years and, in accordance with the recommendations of the AIC code, are subject to annual re-election. 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 ability to act independently of the Manager.

As Ebbe Dinesen has been appointed since the last Annual General Meeting, he will resign and be subject to election at the forthcoming Annual General Meeting. The Board believes that his background and skills, which include four years on the Board of Albion Prime VCT PLC, will prove to be a valuable addition to the Board.

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 10. Directors are provided with key information on the Company's activities, including regulatory and statutory requirements, and internal controls, by the Manager. The Board has direct access to secretarial advice and compliance services by the Manager, who is responsible for ensuring that Board procedures are followed and applicable procedures complied with. All Directors are able to take independent professional advice in furtherance of their duties if necessary. In accordance with the UK Corporate Governance Code, the Company has in place Directors' & Officers' Liability Insurance.

The Directors have considered diversity in relation to the composition of the Board and have considered that its membership is diverse in relation to its experience and balance of skills. Further details on the policy regarding the recruitment of new directors can be found in the Nomination Committee section on page 27.

The Board met five 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 2012/2013 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

# Statement of corporate governance (continued)

reserved for it and the agreement between the Company and its Manager sets out the matters over which the Manager has authority and limits beyond which Board approval must be sought.

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

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

## Committees' and Directors' performance evaluation

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

- 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 sector 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.

Directors' retirement and re-election is subject to the Articles of Association and the AIC Code. Directors are subject to re-election every three years and Directors who have served longer than nine years and non-independent Directors, to re-election every year.

In light of the structured performance evaluation, David Watkins, John Kerr and Ebbe Dinesen, all of whom are subject to election or re-election at the forthcoming Annual General Meeting, are considered to be effective Directors who demonstrate strong commitment to the role. The Board believes it to be in the best interest of the Company to appoint/re-elect these Directors at the forthcoming Annual General Meeting.

## Remuneration Committee

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

Directors' salaries have not been increased since 2008. However, in accordance with the provisions of the UK Corporate Governance Code 2012, a Remuneration Committee has been formed after the year end. Jeff Warren is Chairman and all of the Directors are members of this Committee. The Committee will meet when it believes a review of Directors responsibilities and of salaries against the market is required.

The terms of reference for the Remuneration Committee can be found on the Company's website at [www.albion-ventures.co.uk](http://www.albion-ventures.co.uk) within the 'Our Funds' section by clicking on Albion Venture Capital Trust PLC.

## Audit Committee

The Audit Committee consists of all Directors. John Kerr is Chairman of the Audit Committee. In accordance with the Code, all members of the Audit Committee have recent and relevant financial experience and therefore it is considered appropriate for the whole Board to be part of the Audit Committee. The Committee met twice during the year ended 31 March 2013; 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](http://www.albion-ventures.co.uk) within the 'Our Funds' section by clicking on Albion Venture Capital Trust PLC.

# Statement of corporate governance (continued)

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 judgement and on critical accounting policies;
- reviewing the effectiveness of the internal controls system and examination of the Internal Controls Report produced by the Manager;
- meeting with the external Auditor and reviewing their findings;
- highlighting specific issues relating to the Financial Statements including the reasonableness of valuations, compliance with accounting standards and UK law, corporate governance and listing and disclosure rules as well as going concern. These issues were addressed through detailed review, discussion and challenge by the Board of these matters, as well as by reference to underlying technical information;
- advising the Board on whether the Annual Report and Financial Statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy;
- reviewing the performance of the Manager and making recommendations regarding their re-appointment to the Board; and
- (after the year end) reporting to the Board on how it has discharged its responsibilities.

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

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

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

In order to form a view of the effectiveness of the external audit process, the Committee took into account information from the Manager regarding the audit process, the formal documentation issued to the Audit Committee and the Board by the external Auditor regarding the external audit for the year ended 31 March 2013, and assessments made by individual Directors.

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

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

## Nomination Committee

The Nomination Committee consists of all Directors, with David Watkins as Chairman.

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 bearing in mind diversity within the Board.

The composition of the Board was reviewed at the time of the merger with Albion Prime VCT PLC on 25 September 2012. It was decided to invite Ebbe Dinesen to be a Director of the Company, taking into consideration his experience as a non-executive director of Albion Prime VCT PLC prior to the merger. The Board considered that the use of an external search consultancy was not necessary, given that the Board had direct access to information regarding candidates in the market with VCT board experience.

Terms of reference for the Nomination Committee can be found on the Company's website at [www.albion-ventures.co.uk](http://www.albion-ventures.co.uk) within the 'Our Funds' section by clicking on Albion Venture Capital Trust PLC.

# Statement of corporate governance (continued)

## Internal control

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

The Board, 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-backed 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 Operations Partner 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 Littlejohn LLP, which, as internal Auditor for Albion Ventures LLP, undertakes periodic examination of the business processes and controls environment at Albion Ventures LLP, and ensures that any recommendations to implement improvements in controls are carried out. Littlejohn LLP report formally to the Board of Albion Venture Capital Trust PLC on an annual basis. The Board will continue to monitor its system of internal control in order to provide assurance that it operates as intended.

## Going concern

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

The Board’s assessment of liquidity risk and details of the Company’s policies for managing its capital and financial risks are shown in note 20. The Company’s business activities, together with details of its performance are shown in the Directors’ report.

## Conflicts of interest

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

## Capital structure and Articles of Association

Details regarding the Company’s capital structure, substantial interests and Directors’ powers to buy and issue shares are detailed in full on pages 16, 17 and 22 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.

# Statement of corporate governance (continued)

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 29 July 2013 will be used as an opportunity to communicate with investors. The Board, including the Chairman of the Audit Committee, will be available to answer questions at the Annual General Meeting.

At the Annual General Meeting, the level of proxies lodged on each resolution, the balance for and against the resolution, and the number of votes withheld, are announced after the resolution has been voted on by a show of hands.

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

Shareholders are able to access the latest information on the Company via the Albion Ventures LLP website [www.albion-ventures.co.uk](http://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 5849 (UK National Rate call, lines are open 8.30am – 5.30pm; Mon – Fri, calls may be recorded)

Website: [www.investorcentre.co.uk](http://www.investorcentre.co.uk)

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

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

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

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

Website: [www.albion-ventures.co.uk](http://www.albion-ventures.co.uk)

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

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

## Statement of compliance

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

## David Watkins

Chairman

25 June 2013

# Directors' remuneration report

## Introduction

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

## UNAUDITED INFORMATION

### Remuneration Committee

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

### Directors' remuneration policy

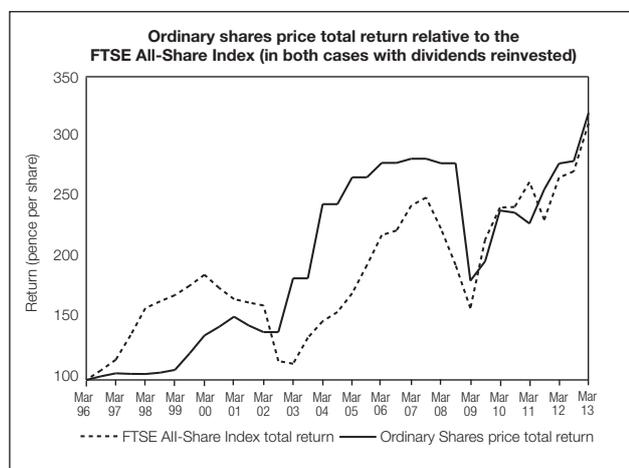
The Company's policy is that fees payable to non-executive Directors should reflect their expertise, responsibilities and time spent on Company matters. In determining the level of non-executive remuneration, market equivalents are considered in comparison to the overall activities and size of the Company.

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

### Performance graph

The graph that follows shows Albion Venture Capital Trust PLC's share price total return against 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.



Source: Albion Ventures LLP

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

## Service contracts

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

The Company's Articles of Association provide for the resignation and, if approved, re-election of the Directors every three years at the Annual General Meeting. 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 only non-independent Directors are also subject to annual re-election. At the forthcoming Annual General Meeting David Watkins, John Kerr and Ebbe Dinesen will retire and be proposed for election or re-election.

## AUDITED INFORMATION

### Directors' remuneration

The following items have been audited.

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

	2013 £'000	2012 £'000
D J Watkins	20	20
J M B L Kerr	20	20
E Dinesen (appointed 26 September 2012)	10	–
J Warren	20	20
J N Rounce (resigned 25 September 2012)	10	20
	80	80

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

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

In addition to Directors' remuneration, the Company pays an annual premium in respect of Directors' & Officers' Liability Insurance of £9,063 (2012: £10,070).

By Order of the Board

**Albion Ventures LLP**  
Company Secretary

1 King's Arms Yard  
London, EC2R 7AF  
25 June 2013

# Independent Auditor's report to the Members of Albion Venture Capital Trust PLC

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

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

## Respective responsibilities of Directors and Auditors

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

## Scope of the audit of the financial statements

A description of the scope of an audit of Financial Statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

## Opinion on Financial Statements

In our opinion the Financial Statements:

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

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

In our opinion:

- the part of the Directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006;
- the information given in the Directors' report for the financial year for which the Financial Statements are prepared is consistent with the Financial Statements; and
- the information given in the Statement of corporate governance on pages 25 to 29 of the Annual Report with respect to internal control and risk management systems in relation to financial reporting processes and about share capital structures is consistent with the Financial Statements.

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

We have nothing to report in respect of the following:

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

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

Under the Listing Rules we are required to review:

- the Directors' statement, set out on page 28, in relation to going concern; and
- the part of the Statement of corporate governance relating to the Company's compliance with the nine provisions of the UK Corporate Governance Code specified for our review; and
- certain elements of the report to the shareholders by the Board on Directors' remuneration.

## Rhodri Whitlock (senior statutory auditor)

For and on behalf of BDO LLP, statutory auditor  
London  
United Kingdom  
25 June 2013

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

# Income statement

	Note	Year ended 31 March 2013			Year ended 31 March 2012		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains on investments	3	-	384	384	-	310	310
Investment income	4	1,563	-	1,563	1,314	-	1,314
Investment management fees	5	(171)	(514)	(685)	(143)	(428)	(571)
Other expenses	6	(278)	-	(278)	(238)	-	(238)
<b>Return/(loss) on ordinary activities before tax</b>		<b>1,114</b>	<b>(130)</b>	<b>984</b>	933	(118)	815
Tax (charge)/credit on ordinary activities	8	(183)	129	(54)	(188)	118	(70)
<b>Return/(loss) attributable to shareholders</b>		<b>931</b>	<b>(1)</b>	<b>930</b>	745	-	745
<b>Basic and diluted return per share (pence)*</b>	11	<b>2.00</b>	-	<b>2.00</b>	2.10	-	2.10

\* excluding treasury shares

The accompanying notes on pages 36 to 48 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 the continuing operations of the Company, including the returns on the assets and activities of Albion Prime VCT PLC after they were acquired by the company on 25 September 2012.

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

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

# Balance sheet

	Note	31 March 2013 £'000	31 March 2012 £'000
<b>Fixed asset investments</b>	12	<b>30,198</b>	25,945
<b>Current assets</b>			
Trade and other debtors	14	<b>24</b>	10
Current asset investments	14	<b>50</b>	–
Cash at bank and in hand	18	<b>11,896</b>	2,956
		<b>11,970</b>	2,966
<b>Creditors: amounts falling due within one year</b>	15	<b>(487)</b>	(525)
<b>Net current assets</b>		<b>11,483</b>	2,441
<b>Net assets</b>		<b>41,681</b>	28,386
<b>Capital and reserves</b>			
Called up share capital	16	<b>603</b>	19,733
Share premium		<b>8</b>	1,005
Capital redemption reserve		–	1,914
Unrealised capital reserve		<b>(4,890)</b>	(3,067)
Realised capital reserve		<b>11,909</b>	10,087
Other distributable reserve		<b>34,051</b>	(1,286)
<b>Total equity shareholders' funds</b>		<b>41,681</b>	28,386
<b>Basic and diluted net asset value per share (pence)*</b>	17	<b>74.20</b>	78.00

\* excluding treasury shares

The accompanying notes on pages 36 to 48 form an integral part of these Financial Statements.

These Financial Statements were approved by the Board of Directors and authorised for issue on 25 June 2013, and were signed on its behalf by

**David Watkins**

Chairman

**Company number: 3142609**

## Reconciliation of movements in shareholders' funds

	Called-up share capital £'000	Share premium £'000	Capital redemption reserve £'000	Unrealised capital reserve* £'0000	Realised capital reserve* £'000	Other distributable reserve* £'000	Total £'000
<b>As at 1 April 2012</b>	19,733	1,005	1,914	(3,067)	10,087	(1,286)	28,386
(Loss)/return for the year	–	–	–	(694)	693	931	930
Transfer of previously unrealised gains on disposal of investments	–	–	–	(1,129)	1,129	–	–
Purchase of treasury shares	–	–	–	–	–	(720)	(720)
Issue of equity (net of costs)	772	383	–	–	–	–	1,155
Reduction in share capital and cancellation of capital redemption and share premium reserves**	(29,556)	(5,955)	(1,914)	–	–	37,425	–
Shares issued to acquire net assets of Albion Prime VCT PLC (net of merger costs) ***	9,654	4,575	–	–	–	–	14,229
Net dividends paid (note 9)	–	–	–	–	–	(2,299)	(2,299)
<b>As at 31 March 2013</b>	<b>603</b>	<b>8</b>	<b>–</b>	<b>(4,890)</b>	<b>11,909</b>	<b>34,051</b>	<b>41,681</b>

<b>As at 1 April 2011</b>	18,886	538	1,914	(3,871)	10,891	403	28,761
(Loss)/return for the year	–	–	–	(13)	13	745	745
Transfer of previously unrealised losses on disposal of investment	–	–	–	817	(817)	–	–
Purchase of treasury shares	–	–	–	–	–	(663)	(663)
Issue of equity (net of costs)	847	467	–	–	–	–	1,314
Net dividends paid (note 9)	–	–	–	–	–	(1,771)	(1,771)
<b>As at 31 March 2012</b>	<b>19,733</b>	<b>1,005</b>	<b>1,914</b>	<b>(3,067)</b>	<b>10,087</b>	<b>(1,286)</b>	<b>28,386</b>

\* Included within the aggregate of these reserves is an amount of £41,070,000 (2012: £5,734,000) which is considered distributable.

\*\* The reduction in the nominal value of shares from 50 pence to 1 penny, the cancellation of capital redemption and share premium reserves (as approved by shareholders at the General Meeting held on 17 September 2012 and by order of the Court dated 30 January 2013) has increased the value of the other distributable reserve.

\*\*\*The assets and liabilities transferred through the acquisition of Albion Prime VCT PLC are shown in note 10. In addition, £109,000 of the merger costs attributable to Albion Venture Capital Trust PLC has been deducted from the share premium account in so far as they relate to the issue of new shares.

The special reserve, treasury share reserve and the revenue reserve have been combined in the Balance sheet to form a single reserve named other distributable reserve for both the current and prior year. The Directors consider that the combination of these reserves enhances the clarity of financial reporting. More details regarding treasury shares can be found in note 16.

# Cash flow statement

	Note	Year ended 31 March 2013 £'000	Year ended 31 March 2012 £'000
<b>Operating activities</b>			
Loan stock income received		1,416	1,244
Deposit interest received		66	37
Investment management fees paid		(629)	(571)
Other cash payments		(281)	(261)
<b>Net cash flow from operating activities</b>	19	<u>572</u>	<u>449</u>
<b>Taxation</b>			
UK corporation tax (paid)/received		(161)	205
<b>Capital expenditure and financial investments</b>			
Purchase of fixed asset investments		(420)	(2,618)
Disposal of fixed asset investments		9,624	3,000
<b>Net cash flow from investing activities</b>		<u>9,204</u>	<u>382</u>
<b>Equity dividends paid</b>			
(net of costs of issuing shares under the Dividend Reinvestment Scheme and unclaimed dividends)		(2,210)	(1,635)
<b>Net cash flow before financing</b>		<u>7,405</u>	<u>(599)</u>
<b>Financing</b>			
Cash acquired from Albion Prime VCT PLC	10	1,450	-
Cost of Merger (paid on behalf of the Company and Albion Prime VCT PLC)		(253)	-
Purchase of treasury shares	16	(695)	(663)
Issue of share capital (net of costs)		1,033	1,247
<b>Net cash flow from financing</b>		<u>1,535</u>	<u>584</u>
<b>Cash flow in the year</b>	18	<u>8,940</u>	<u>(15)</u>

# Notes to the Financial Statements

## 1. Accounting convention

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

## 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 and gains and losses arising on the disposal of investments are reflected in the capital column of the Income statement in accordance with the AIC SORP. Realised gains or losses on the sale of investments will be reflected in the realised capital reserve, and unrealised gains or losses arising from the revaluation of investments will be reflected in the unrealised capital reserve.

*Unquoted equity derived instruments*

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 stock (excluding convertible bonds and debt issued at a discount) are classified as loans and receivables as permitted by FRS 26 and measured at amortised cost using the Effective Interest Rate method (“EIR”) less impairment. Movements in the amortised cost relating to interest income are reflected in the revenue column of the Income statement, and hence are reflected in the 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 impairment from revaluations of the fair value of the security.

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

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

Dividend income is not recognised as part of the fair value movement of an investment, but is recognised separately as investment income through the 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.

*Current asset investments*

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

### Acquisition of assets and liabilities from Albion Prime VCT PLC

On 25 September 2012 the Company acquired the assets and liabilities of Albion Prime VCT PLC, the transaction being accounted for as an asset acquisition. The income and costs for the period up to 24 September 2012 and the comparable period for last year reflect the activities of the Company before the acquisition and after that date reflect those of the Company as enlarged by the acquisition. Further information is contained in Note 10 on page 40.

### 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 and in line with the Board’s expectation that over the long term 75 per cent. of the Company’s investment returns will be in the form of capital gains; and

# Notes to the Financial Statements (continued)

## 2. Accounting policies (continued)

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

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

### Performance incentive fee

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

### Taxation

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

The 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;
- expenses, together with the related taxation effect, charged in accordance with the above policies; and
- dividends paid to equity holders.

### Other distributable reserve

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

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

## Dividends

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

# Notes to the Financial Statements (continued)

## 3. Gains on investments

	Year ended 31 March 2013 £'000	Year ended 31 March 2012 £'000
Unrealised gains on fixed asset investments held at fair value through profit or loss	293	782
Impairments on fixed asset investments held at amortised cost	(987)	(795)
<b>Unrealised losses sub-total</b>	<b>(694)</b>	<b>(13)</b>
Realised gains on fixed asset investments held at fair value through profit or loss	1,133	283
Realised (losses)/gains on fixed asset investments held at amortised cost	(105)	40
<b>Realised gains on fixed asset investments sub-total</b>	<b>1,028</b>	<b>323</b>
Realised gains on current asset investments held at fair value through profit or loss	50	–
<b>Realised gains sub-total</b>	<b>1,078</b>	<b>323</b>
	<b>384</b>	<b>310</b>

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

## 4. Investment income

	Year ended 31 March 2013 £'000	Year ended 31 March 2012 £'000
<b>Income recognised on investments held at fair value through profit or loss</b>		
Income from convertible bonds and discounted debt	112	22
	112	22
<b>Income recognised on investments held at amortised cost</b>		
Return on loan stock investments	1,379	1,250
Bank deposit interest	72	42
	1,451	1,292
	1,563	1,314

Interest income earned on impaired investments at 31 March 2013 amounted to £311,000 (2012: £323,000). These investments are all held at amortised cost.

## 5. Investment management fees

	Year ended 31 March 2013 £'000	Year ended 31 March 2012 £'000
Investment management fee charged to revenue	171	143
Investment management fee charged to capital	514	428
	685	571

Further details of the Management agreement under which the investment management fee is paid are given in the Directors' report on page 21.

During the year, services of a total value of £730,000 (2012: £615,000), were purchased by the Company from Albion Ventures LLP; this includes £685,000 (2012: £571,000) of investment management fee and £45,000 (2012: £44,000) administration fee. At the financial year end, the amount due to Albion Ventures LLP in respect of these services disclosed within accruals and deferred income was £201,000 (2012: £142,000).

Albion Ventures LLP is, from time to time, eligible to receive transaction fees and Directors' fees from portfolio companies. During the year ended 31 March 2013, fees of £87,000 attributable to the investments of the Company were received pursuant to these arrangements (2012: £109,000).

Albion Ventures LLP, the Manager, holds 2,534 Ordinary shares as a result of fractional entitlements arising from the merger of Albion Prime VCT PLC into Albion Venture Capital Trust PLC on 25 September 2012. These shares will be sold and the proceeds retained for the benefit of the Company.

## Notes to the Financial Statements (continued)

### 5. Investment management fees (continued)

During the year the Company raised new funds through the Albion VCTs Linked Top Up Offers 2011/2012 and the Albion VCTs Top Up Offers 2012/2013 as described in note 16. The total cost of the issue of shares on 19 December 2012 was 5.5 per cent. of the sums subscribed. Of these costs, an amount of £3,854 (2012: £4,456) was paid to the Manager, Albion Ventures LLP in respect of receiving agent services. There were no sums outstanding in respect of receiving agent services at the year end.

### 6. Other expenses

	Year ended 31 March 2013 £'000	Year ended 31 March 2012 £'000
Directors' fees (including NIC)	87	87
Secretarial and administration fee	45	44
Other administrative expenses	105	68
Tax services	15	16
Auditor's remuneration for statutory audit services (exc. VAT)	26	23
	<u>278</u>	<u>238</u>

### 7. Directors' fees

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

	Year ended 31 March 2013 £'000	Year ended 31 March 2012 £'000
Directors' fees	80	80
National insurance	7	7
	<u>87</u>	<u>87</u>

Further information regarding Directors' remuneration can be found in the Directors' remuneration report on page 30.

### 8. Tax (charge)/credit on ordinary activities

	Year ended 31 March 2013			Year ended 31 March 2012		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
UK corporation tax in respect of current year	(264)	129	(135)	(234)	118	(116)
UK corporation tax in respect of prior year	81	-	81	46	-	46
	<u>(183)</u>	<u>129</u>	<u>(54)</u>	<u>(188)</u>	<u>118</u>	<u>(70)</u>

#### Factors affecting the tax charge:

	Year ended 31 March 2013 £'000	Year ended 31 March 2012 £'000
Return on ordinary activities before taxation	984	815
Tax on profit at the standard rate of 24% (2012:26%)	(236)	(212)
Factors affecting the charge:		
Non-taxable gains	92	81
Consortium relief in respect of prior years	81	46
Marginal relief	9	15
	<u>(54)</u>	<u>(70)</u>

The tax charge for the year shown in the Income statement is lower than the standard rate of corporation tax in the UK of 24 per cent. (2012: 26 per cent.). The differences are explained above.

Consortium relief is recognised in the accounts in the period in which the claim is submitted to HMRC and is shown as tax in respect of prior year.

#### Notes

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

# Notes to the Financial Statements (continued)

## 9. Dividends

	Year ended 31 March 2013 £'000	Year ended 31 March 2012 £'000
First dividend paid on 29 July 2011 – 2.50 pence per share	–	897
Second dividend paid on 30 December 2011 – 2.50 pence per share	–	888
First dividend paid 31 July 2012 – 2.50 pence per share	928	–
Second dividend paid 31 December 2012 – 2.50 pence per share	1,404	–
Unclaimed dividends	(33)	(14)
	<b>2,299</b>	<b>1,771</b>

In addition to the dividends summarised above, the Board has declared a first dividend for the year ending 31 March 2014 of 2.50 pence per share. This dividend will be paid on 31 July 2013 to shareholders on the register as at 5 July 2013. The total dividend will be approximately £1,400,000

During the year, unclaimed dividends older than twelve years of £33,000 (2012: £14,000) were returned to the Company in accordance with the terms of the Articles of Association.

## 10. Acquisition of the assets and liabilities of Albion Prime VCT PLC

On 25 September 2012, the following assets and liabilities of Albion Prime VCT PLC (“Prime”) were transferred to the Company in exchange for the issue to Prime shareholders of 19,307,001 shares in the Company, at an issue price of 74.2638 pence per share:

	£'000
Fixed asset investments	13,123
Debtors	16
Cash at bank and in hand	1,450
Creditors	(162)
Merger costs	(89)
	<b>14,338</b>

Shareholders should note that under accounting standards, the calculation of the net asset value per share uses the total shares in issue (less treasury shares), whereas the calculation of the total return uses the weighted average shares in issue during the period. Due to the amount of shares issued during the year as a result of the merger with Albion Prime VCT PLC, the difference between the total shares in issue (less treasury shares) and the weighted average share in issue during the period has resulted in the total return per share being higher than if the shares in issue (less treasury shares) had been applied to the movement in the Balance sheet since merger. This difference in the number of shares for each respective calculation will converge over time.

On 25 September 2012, Prime was placed into members’ voluntary liquidation pursuant to a scheme of reconstruction under section 110 of the Insolvency Act 1986.

The net asset values (“NAVs”) per share of each fund used for the purposes of conversion at the calculation date of 24 September 2012 were 74.2638 pence per share and 65.3663 pence per share for the Company and Prime respectively. The conversion ratio for each Prime share was 0.8801 Albion Venture Capital Trust PLC share for each Prime share.

New share certificates were sent to all Prime shareholders during October 2012.

## 11. Basic and diluted return per share

	Year ended 31 March 2013			Year ended 31 March 2012		
	Revenue	Capital	Total	Revenue	Capital	Total
The return per share has been based on the following figures:						
Return/(loss) attributable to equity shares (£'000)	931	(1)	930	745	–	745
Weighted average shares in issue (excluding treasury shares)		46,973,203			35,974,300	
Return attributable per equity share (pence)	<b>2.00</b>	–	<b>2.00</b>	2.10	–	2.10

The weighted average number of shares is calculated excluding treasury shares of 4,152,440 (2012: 3,079,373).

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

# Notes to the Financial Statements (continued)

## 12. Fixed asset investments

	31 March 2013 £'000	31 March 2012 £'000
<b>Investments held at fair value through profit or loss</b>		
Unquoted equity	8,489	8,490
Unquoted debt issued at a discount and convertible bonds	2,231	1,315
	<u>10,720</u>	<u>9,805</u>
<b>Investments held at amortised cost</b>		
Unquoted loan stock	19,478	16,140
	<u>30,198</u>	<u>25,945</u>
		<b>£'000</b>
<b>Opening valuation</b>		25,945
Purchases at cost		13,472
Disposal proceeds		(9,623)
Realised gains		1,028
Movement in loan stock accrued income		70
Unrealised losses		(694)
<b>Closing valuation</b>		<u>30,198</u>
<b>Movement in loan stock accrued income</b>		
Opening accumulated movement in loan stock accrued income		198
Movement in loan stock accrued income		70
<b>Closing accumulated movement in loan stock accrued income</b>		<u>268</u>
<b>Movement in unrealised losses</b>		
Opening accumulated unrealised losses		(3,067)
Transfer of previously unrealised gains to realised reserve on disposal of investments		(1,129)
Movement in unrealised losses		(694)
<b>Closing accumulated unrealised losses</b>		<u>(4,890)</u>
<b>Historic cost basis</b>		
Opening book cost		28,814
Purchases at cost		13,472
Sales at cost		(7,464)
<b>Closing book cost</b>		<u>34,821</u>

Fixed asset investments held at fair value through profit or loss total £10,720,000 (2012: £9,805,000). Investments held at amortised cost total £19,478,000 (2012: £16,140,000).

The amounts shown for the purchase of fixed assets included in the cash flow statement differ from the amount shown above due to the addition of fixed asset investments carried over from the portfolio of Albion Prime VCT PLC of £13,123,000. Further details of the acquisition can be found in note 10.

Unquoted loan stock investments (excluding debt issued at a discount) are measured at amortised cost. Loan stocks using a fixed interest rate total £19,478,000 (2012: £16,076,000). Loan stocks with a floating rate of interest are nil (2012: £64,000).

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.

Unquoted equity investments and convertible and discounted debts are valued in accordance with the IPEVCV guidelines as follows:

	31 March 2013 £'000	31 March 2012 £'000
<b>Valuation methodology</b>		
Cost (reviewed for impairment)	506	1,909
Net asset value supported by independent desktop reviews	–	23
Net asset value supported by third party valuation	10,214	7,873
	<u>10,720</u>	<u>9,805</u>

# Notes to the Financial Statements (continued)

## 12. Fixed asset investments (continued)

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

Change in valuation methodology (2012 to 2013)	Value as at 31 March 2013 £000	Explanatory note
Cost and price of recent investment to net asset value	910	More recent information available

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

The amended FRS 29 'Financial Instruments: Disclosures' requires the Company to disclose the valuation methods applied to its investments measured at fair value through profit or loss in a fair value hierarchy according to the following definitions:

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

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

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

	31 March 2013 Convertible and discounted			31 March 2012 Convertible and discounted		
	Equity £'000	bonds £'000	Total £'000	Equity £'000	bonds £'000	Total £'000
<b>Opening balance</b>	<b>8,490</b>	<b>1,315</b>	<b>9,805</b>	8,231	119	8,350
Additions	3,187	913	4,100	720	797	1,517
Disposal proceeds	(4,662)	–	(4,662)	(1,127)	–	(1,127)
Realised gains	1,184	–	1,184	283	–	283
Unrealised gains	290	3	293	383	399	782
<b>Closing balance</b>	<b>8,489</b>	<b>2,231</b>	<b>10,720</b>	8,490	1,315	9,805

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

FRS 29 requires the Directors to consider the impact of changing one or more of the inputs used as part of the valuation process to reasonable possible alternative assumptions. After due consideration and noting that the valuation methodology applied to 100 per cent. of the equity investments (by valuation) is based on cost or independent third party market information, the Directors do not believe that changes to reasonable possible alternative assumptions for the valuation of the portfolio as a whole would lead to a significant change in the fair value of the portfolio.

## 13. Significant interests

The principal activity of the Company is to select and hold a portfolio of investments in unquoted securities. Although the Company, through the Manager, will, in some cases, be represented on the board of the investee company, it will not take a controlling interest or become involved in the management. The size and structure of the companies with unquoted securities may result in certain holdings in the portfolio representing a participating interest without there being any partnership, joint venture or management consortium agreement. The Company has interests of greater than 20 per cent. of the nominal value of any class of the allotted shares in the investee companies as at 31 March 2013 as described below:

Company	Country of incorporation	Principal activity	% class and voting rights
G&K Smart Developments VCT Limited	Great Britain	Residential property developer	42.9% Ordinary shares
Kew Green VCT (Stansted) Limited	Great Britain	Hotel owner and operator	45.2% Ordinary shares
The Stanwell Hotel Limited	Great Britain	Hotel owner and operator	39.2% Ordinary shares
Oakland Care Centre Limited	Great Britain	Care home	31.6% Ordinary shares
The Crown Hotel Harrogate Limited	Great Britain	Hotel owner and operator	24.1% Ordinary shares

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

# Notes to the Financial Statements (continued)

## 14. Current assets

	<b>31 March 2013</b>	31 March 2012
	<b>£'000</b>	£'000
<b>Trade and other debtors</b>		
Prepayments and accrued income	24	10
	<u>24</u>	<u>10</u>

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

	<b>31 March 2013</b>	31 March 2012
	<b>£'000</b>	£'000
<b>Current asset investments</b>		
Contingent future receipts from the disposal of fixed asset investments	50	–
	<u>50</u>	<u>–</u>

The fair value hierarchy applied to contingent future receipts on disposal of fixed asset investments is Level 3.

## 15. Creditors: amounts falling due within one year

	<b>31 March 2013</b>	31 March 2012
	<b>£'000</b>	£'000
Trade creditors	40	31
UK Corporation tax payable	100	175
Accruals and deferred income	347	319
	<u>487</u>	<u>525</u>

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

## 16. Called up share capital

	<b>31 March 2013</b>	31 March 2012
	<b>£'000</b>	£'000
<b>Allotted, called up and fully paid</b>		
60,317,650 Ordinary shares of 1p each (2012: 39,467,119 Ordinary shares of 50p each)	603	19,733

### Voting rights

56,165,210 Ordinary shares of 1p each (net of treasury shares) (2012: 36,387,746 Ordinary shares of 50p each)

Following the Annual General Meeting on 17 September 2012 the Company obtained authority to reduce the nominal value of its shares from 50 pence to one penny and to cancel its share premium and capital redemption reserve. This was approved by the Court on 30 January 2013. The restructuring increased the distributable reserves available to the Company for the payment of dividends, the buy-back of shares, and for other corporate purposes. The effects of these transactions were to reduce the ordinary share capital by £29,556,000, the share premium reserve by £5,955,000, the capital redemption reserve by £1,914,000 and increase the other distributable reserve by £37,425,000.

The Company purchased 1,073,067 Ordinary shares (2012: 1,036,100) to be held in treasury at a cost of £720,000 (2012: £663,000) representing 1.8 per cent of the shares in issue (excluding treasury shares) as at 31 March 2013. The shares purchased for treasury were funded from other distributable reserve.

The Company holds a total of 4,152,440 shares (2012: 3,079,373) in treasury, representing 6.9 per cent. of the issued Ordinary share capital as at 31 March 2013.

The Company issued 19,307,001 Ordinary shares to former shareholders of Albion Prime VCT PLC, at an issue price of 74.2638p, as part of the merger explained in note 10.

# Notes to the Financial Statements (continued)

## 16. Called up share capital (continued)

Under the terms of the Dividend Reinvestment Scheme Circular dated 10 July 2008, the following Ordinary shares were allotted during the year:

Date of Allotment	Number of shares allotted	Aggregate nominal value of shares £'000	Net consideration received £'000	Issue price including issue cost (pence per share)	Opening market price per share on allotment date (pence per share)
31 July 2012	81,242	41	50	75.50	67.00
31 December 2012	109,447	55	72	73.50	74.00
	<u>190,689</u>	<u>96</u>	<u>122</u>		

During the year the following Ordinary shares were allotted under the Albion VCT's Linked Top Up Offers 2011/2012 and the Albion VCT's Top Up Offers 2012/2013:

Date of Allotment	Number of shares allotted	Aggregate nominal value of shares £'000	Net consideration received £'000	Issue price including issue cost (pence per share)	Opening market price per share on allotment date (pence per share)
5 April 2012	791,924	396	621	83.80	66.00
31 May 2012	88,960	44	71	83.80	63.00
19 December 2012	471,957	236	341	77.80	74.00
	<u>1,352,841</u>	<u>676</u>	<u>1,033</u>		

## 17. Basic and diluted net asset values per share

	31 March 2013	31 March 2012
Basic and diluted net asset values per share (pence)	<u>74.20</u>	<u>78.00</u>

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 56,165,210 Ordinary shares (2012: 36,387,746).

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

## 18. Analysis of changes in cash during the year

	Year ended 31 March 2013 £'000	Year ended 31 March 2012 £'000
Opening cash balances	2,956	2,971
Net cash flow	<u>8,940</u>	<u>(15)</u>
<b>Closing cash balances</b>	<u><b>11,896</b></u>	<u>2,956</u>

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

	Year ended 31 March 2013 £'000	Year ended 31 March 2012 £'000
Revenue return on ordinary activities before taxation	1,114	933
Investment management fee charged to capital	(514)	(428)
Movement in accrued amortised loan stock interest	(70)	(38)
Increase in debtors	(13)	(1)
Increase/(decrease) in creditors	55	(17)
<b>Net cash flow from operating activities</b>	<u><b>572</b></u>	<u>449</u>

## 20. Capital and financial instruments risk management

The Company's capital comprises Ordinary shares as described in note 16. The Company is permitted to buy-back its own shares for cancellation or treasury purposes, and this is described in more detail on page 7 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 assets investments, cash balances and short term debtors and creditors which arise from its operations. The main

# Notes to the Financial Statements (continued)

## 20. Capital and financial instruments risk management (continued)

purpose of these financial instruments is to generate cashflow and revenue and capital appreciation for the Company's operations. The Company has no gearing or other financial liabilities apart from short term creditors. The Company does not use any derivatives for the management of its balance sheet.

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

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

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

### Investment risk

As a venture capital trust, it is the Company's specific nature to evaluate and control the investment risk of its portfolio in unquoted investments, details of which are shown on pages 12 and 13. Investment risk is the exposure of the Company to the revaluation and devaluation of investments. The main driver of investment risk is the operational and financial performance of the investee company and the dynamics of market quoted comparators. The Manager receives management accounts from investee companies, and members of the investment management team often sit on the boards of unquoted investee companies; this enables the close identification, monitoring and management of investment risk.

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

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

The maximum investment risk as at the balance sheet date is the value of the fixed investment portfolio which is £30,198,000 (2012: £25,945,000). Fixed asset investments form 72.5 per cent. of the net asset value as at 31 March 2013 (2012: 91.4 per cent.).

More details regarding the classification of fixed asset investments are shown in note 12.

### Investment price risk

Investment price risk is the risk that the fair value of future investment cash flows will fluctuate due to factors specific to an investment instrument or to a market in similar instruments. To mitigate the investment price risk for the Company as a whole, the strategy of the Company is to invest in a broad spread of industries with approximately two-thirds of the unquoted investments comprising debt securities, which, owing to the structure of their yield and the fact that they are usually secured, have a lower level of price volatility than equity. Details of the industries in which investments have been made are contained in the Portfolio of investments section on pages 12 and 13 and in the Manager's report.

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

As required under FRS 29 "Financial Instruments: Disclosures", the Board is required to illustrate by way of a sensitivity analysis the degree of exposure to market risk. The Board considers that the value of the fixed 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 £3,025,000 (2012: £2,595,000).

### Cash flow interest rate risk

It is the Company's policy to accept a degree of interest rate risk on its financial assets through the effect of interest rate changes. On the basis of the Company's analysis, it is estimated that a rise of one percentage point in all interest rates would have increased total return before tax for the year by approximately £55,000 (2012: £24,000). 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 6.30 per cent. (2012: 6.40 per cent.). The weighted average period to maturity for the fixed rate assets is approximately 3.16 years (2012: 2.60 years).

## Notes to the Financial Statements (continued)

### 20. Capital and financial instruments risk management (continued)

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

	31 March 2013				31 March 2012			
	Fixed	Floating	Non-	Total	Fixed	Floating	Non-	Total
	rate	rate	interest		rate	rate	interest	
£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Unquoted equity	-	-	8,489	8,489	-	-	8,490	8,490
Convertible and discounted bonds	1,866	-	365	2,231	-	-	1,315	1,315
Unquoted loan stock	19,478	-	-	19,478	16,076	64	-	16,140
Current asset investments	-	-	50	50	-	-	-	-
Debtors *	-	-	20	20	-	-	8	8
Current liabilities*	-	-	(387)	(387)	-	-	(350)	(350)
Cash	11,217	679	-	11,896	1,479	1,477	-	2,956
<b>Total net assets</b>	<b>32,561</b>	<b>679</b>	<b>8,537</b>	<b>41,777</b>	<b>17,555</b>	<b>1,541</b>	<b>9,463</b>	<b>28,559</b>

\* 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, investment in unquoted loan stock, and through the holding of cash on deposit with banks.

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

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

The Company's total gross credit risk as at 31 March 2013 was limited to £21,709,000 (2012: £17,455,000) of unquoted loan stock instruments (all of which is secured on the assets of the investee company), £11,896,000 cash deposits with banks (2012: £2,956,000) £50,000 current asset investments (2012: nil) and £24,000 debtors (2012: £10,000).

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

The cost, impairment and carrying value of impaired loan stocks held at amortised cost at 31 March 2013 and 31 March 2012 are as follows:

	31 March 2013			31 March 2012		
	Cost	Impairment	Carrying value	Cost	Impairment	Carrying value
	£'000	£'000	£'000	£'000	£'000	£'000
Impaired loan stock	11,907	(3,021)	8,886	9,104	(2,345)	6,759

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

As at the balance sheet date, the cash held by the Company is held with the Royal Bank of Scotland plc, Lloyds TSB Bank plc, Scottish Widows Bank plc (part of Lloyds Banking Group), 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 prudential supervision, with high credit ratings 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.

# Notes to the Financial Statements (continued)

## 20. Capital and financial instruments risk management (continued)

### Liquidity risk

Liquid assets are held as cash on current, deposit or short term money market accounts. Under the terms of its Articles, the Company has the ability to borrow up to 10 per cent. of its adjusted capital and reserves of the latest published audited balance sheet, which amounts to £4,168,000 as at 31 March 2013 (2012: £2,842,000).

The Company has no committed borrowing facilities as at 31 March 2013 (2012: £nil) and had cash balances of £11,896,000 (2012: £2,956,000). The main cash outflows are for new investments, buy-back of shares and dividend payments, which are within the control of the Company. The Manager formally reviews the cash requirements of the Company on a monthly basis, and the Board on a quarterly basis as part of its review of management accounts and forecasts. All the Company's financial liabilities are short term in nature and total £487,000 for the year to 31 March 2013 (2012: £490,000).

The carrying value of loan stock investments at 31 March 2013 as analysed at each year end by expected maturity dates is as follows:

Redemption date	Fully performing £'000	Impaired £'000	Past due £'000	Total £'000
Less than one year	355	–	471	826
1-2 years	109	2,241	3,846	6,196
2-3 years	2,345	–	296	2,641
3-5 years	1,904	6,645	2,164	10,713
Greater than 5 years	1,103	–	230	1,333
<b>Total</b>	<b>5,816</b>	<b>8,886</b>	<b>7,007</b>	<b>21,709</b>

Loan stock categorised as past due includes:

- Loan stock with a carrying value of £4,049,000 had loan stock interest past due for less than 12 months (through not paying all of its contractual interest). This investment has yielded 11.6 per cent. on cost during the year;
- Loan stock with a carrying value of £529,000 which has interest overdue for 12 months yielded nil on cost;
- Loan stock with a carrying value of £365,000 which has interest overdue for 2 years and less than 3 years yielded nil on cost;
- Loan stock with a carrying value of £1,926,000 had capital past due greater than 3 years and less than 5 years. This investment has yielded 5 per cent. on cost during the year;
- Loan stock with a carrying value of £138,000 had capital past due greater than 5 years. This investment has yielded nil on cost during the year.

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

Redemption date	Fully performing £'000	Impaired £'000	Past due £'000	Total £'000
Less than one year	1,326	788	–	2,114
1-2 years	2,782	4,041	1,797	8,620
2-3 years	249	1,623	701	2,573
3-5 years	2,777	307	781	3,865
Greater than 5 years	–	–	283	283
<b>Total</b>	<b>7,134</b>	<b>6,759</b>	<b>3,562</b>	<b>17,455</b>

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

### Fair values of financial assets and financial liabilities

All the Company's financial assets and liabilities as at 31 March 2013 are stated at fair value as determined by the Directors, with the exception of loans and receivables included within investments, cash, debtors and creditors which are carried at amortised cost, as permitted by 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.

# Notes to the Financial Statements (continued)

## 21. Commitments and contingencies

The company had the following financial commitment in respect of the following investment:

- Dragon Hydro Limited, £173,000

There are no contingent liabilities or guarantees given by the Company as at 31 March 2013 (31 March 2012: nil).

## 22. Post balance sheet events

Since 31 March 2013 the Company has had the following post balance sheet events:

- Investment of £25,000 in Bravo Inns II Limited
- Investment of £85,000 in Dragon Hydro Limited
- Investment of £63,000 in The Stanwell Hotel Limited
- The following Ordinary shares of nominal value 1 penny per share were allotted under the Albion VCTs Top Up Offers 2012/2013:

<b>Date of Allotment</b>	<b>Number of shares allotted</b>	<b>Aggregate nominal value of shares £'000</b>	<b>Net consideration received £'000</b>	<b>Issue price including issue cost (pence per share)</b>	<b>Opening market price per share on allotment date (pence per share)</b>
5 April 2013	2,505,191	25	1,866	76.80	69.00
12 June 2013	99,020	1	74	76.80	67.50

## 23. 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 Venture Capital Trust PLC (the “Company”) will be held at the City of London Club, 19 Old Broad Street, London, EC2N 1DS on 29 July 2013 at 11:00 am 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 for the year ended 31 March 2013 together with the report of the Directors and Auditor.
2. To approve the Directors’ remuneration report for the year ended 31 March 2013.
3. To re-elect David Watkins as a Director of the Company.
4. To re-elect John Kerr as a Director of the Company.
5. To elect Ebbe Dinesen as a Director of the Company.
6. To appoint BDO LLP as Auditor of the Company in accordance with Section 489 of the Companies Act 2006, until the conclusion of the next general meeting of the Company at which audited accounts are to be laid.
7. To authorise the Directors to agree the Auditor’s 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 shares of nominal value 1 penny per share in the Company up to an aggregate nominal amount of £62,922 representing 10 per cent. of the total Ordinary share capital, provided that this authority shall expire 18 months from the date that this resolution is passed, or at the conclusion of the next Annual General Meeting, whichever is earlier, but so that the Company may, before the expiry of such period, make an offer or agreement which would or might require shares to be allotted after the expiry of such period and the Directors may allot shares pursuant to such an offer or agreement as if the authority had not expired.
9. That, subject to 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) in connection with any Dividend Reinvestment Scheme introduced and operated by the Company;
  - (c) in connection with a top up offer outside of the Prospectus Rules; and
  - (d) otherwise than pursuant to paragraphs (a) to (c) above, up to an aggregate nominal amount of £62,822 for Ordinary shares.

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

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

## Notice of Annual General Meeting (continued)

This power applies in relation to a sale of shares which is an allotment of equity securities by virtue of section 560(2)(b) of the Act as if in the first paragraph of the resolution the words “subject and conditional on the passing of resolution number 8” were omitted.

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 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 Ordinary shares hereby authorised to be purchased is 14.99 per cent. of the Ordinary shares in issue as at the date of the passing of this resolution;
  - (b) the minimum price, exclusive of any expenses, which may be paid for an Ordinary share is 1 penny;
  - (c) the maximum price, exclusive of any expenses, which may be paid for each Ordinary share is an amount equal to the higher of (a) 105 per cent. of the average of the middle market quotations for an Ordinary share, as derived from the London Stock Exchange Daily Official List, for the five business days immediately preceding the day on which the Ordinary share is purchased; and (b) the amount stipulated by Article 5(1) of the Buy-back and Stabilisation Regulation 2003;
  - (d) the authority hereby conferred shall, unless previously revoked or varied, expire at the end of the next Annual General Meeting, or 18 months from the date of the passing of the resolution, whichever is earlier; and
  - (e) the Company may make a contract or contracts to purchase Ordinary shares under this authority before the expiry of the authority which will or may be executed wholly or partly after the expiry of the authority, and may make a purchase of shares in pursuance of any such contract or contracts.

Under the Companies (Acquisition of Own Shares) (Treasury Shares) Regulations 2003 (the “Regulations”), Ordinary shares purchased by the Company out of distributable profits can be held as treasury shares, which may then be cancelled or sold for cash. The authority sought by this special resolution number 10 is intended to apply equally to shares to be held by the Company as treasury shares in accordance with the Regulations. These powers are intended to permit Directors to sell treasury shares at a price not less than that at which they were purchased.

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

BY ORDER OF THE BOARD

### **Albion Ventures LLP**

Company Secretary

Registered office

1 King's Arms Yard London, EC2R 7AF

Registered in England and Wales with number 3142609

25 June 2013

# Notice of Annual General Meeting (continued)

## Notes

1. Members entitled to attend, speak and vote at the Annual General Meeting ("AGM") may appoint a proxy or proxies (who need not be a member of the Company) to exercise these rights in their place at the meeting. A member may appoint more than one proxy, provided that each proxy is appointed to exercise the rights attached to different shares. Proxies may only be appointed by:
  - completing and returning the Form of Proxy enclosed with this Notice to Computershare Investor Services PLC, The Pavilion, Bridgwater Road, Bristol, BS99 6ZZ;
  - going to [www.investorcentre.co.uk](http://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 11.00 am on 25 July 2013, being 2 working days before the AGM.

**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](http://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 25 July 2013 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 11.00 am on 25 July 2013 (or, in the event of any adjournment, on the date which is two working days before the time of the adjourned meeting). Changes to the register of members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.
4. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.
5. Copies of contracts of service and letters of appointment between the Directors and the Company will be available for inspection at the Registered Office of the Company during normal business hours from the date of this Notice until the conclusion of the meeting, and at the place of the meeting for at least 15 minutes prior to the meeting until its conclusion. In addition, a copy of the Articles of Association will be available for inspection at the Company's Registered Office from the date of this Notice until the conclusion of the meeting, and at the place of the meeting for at least 15 minutes prior to the meeting until its conclusion.
6. Under section 527 of the Act members meeting the threshold requirements set out in that section have the right to require the Company to publish on a website a statement setting out any matter relating to: (i) the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the AGM; or (ii) any circumstances connected with an auditor of the Company ceasing to hold office since the previous meeting at which the annual accounts and reports were laid in accordance with section 437 of the Act. The Company may not require the members requesting any such website publication to pay its expenses in complying with sections 527 or 528 of the Act. Where the Company is required to place a statement on a website under section 527 of the Act, it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the AGM includes any statement that the Company has been required under section 527 of the Act to publish on a website.
7. A copy of this Notice, and other information regarding the AGM, as required by section 311A of the Act, is available from [www.albion-ventures.co.uk](http://www.albion-ventures.co.uk), Our Funds, Albion Venture Capital Trust PLC.
8. Any member attending the AGM 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 AGM 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 AGM that the question be answered.
9. As at 25 June 2013 (being the latest practicable date prior to the publication of this Notice), the Company's issued share capital consists of 62,921,861 Ordinary shares. The Company holds 4,152,440 Ordinary shares in treasury. Therefore, the total voting rights in the Company as at 25 June 2013 are 58,769,421.

# Dividend history for Albion Prime VCT PLC now merged with Albion Venture Capital Trust PLC

		Proforma <sup>(i)</sup> Albion Prime VCT PLC (pence per share)
<b>Total shareholder net asset value return to 31 March 2013</b>		
Total dividends paid during the period ended	31 March 1998	1.10
	31 March 1999(ii)	6.40
	31 March 2000	1.50
	31 March 2001	4.25
	31 March 2002	2.75
	31 March 2003	2.00
	31 March 2004	1.25
	31 March 2005	2.20
	31 March 2006	4.50
	31 March 2007	4.00
	31 March 2008	5.00
	31 March 2009	4.50
	31 March 2010	2.00
	31 March 2011	3.00
	31 March 2012	3.00
	31 March 2013	3.70
		<hr/>
<b>Total dividends paid to 31 March 2013</b>		<b>51.15</b>
Proforma net asset value as at 31 March 2013		65.30
		<hr/>
<b>Total proforma shareholder net asset value return to 31 March 2013</b>		<b>116.45</b>

## Notes

- (i) The proforma shareholder returns presented above are based on the dividends paid to shareholders before the merger and the pro-rata net asset value per share and pro-rata dividends per share paid to 31 March 2013. Albion Prime VCT PLC was merged with Albion Venture Capital Trust PLC on 25 September 2012. This pro-forma is based upon 0.8801 Albion Venture Capital Trust PLC shares for every Albion Prime VCT PLC share which merged with Albion Venture Capital Trust PLC on 25 September 2012.
- (ii) Dividends paid before 5 April 1999 were paid to qualifying shareholders inclusive of the associated tax credit. The dividends for the year to 31 March 1999 were maximised in order to take advantage of this tax credit.
- (iii) The above table excludes the tax benefits investors received upon subscription for shares in the Company.

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