

Annual Report and Financial
Statements for the year
ended 31 December 2009

4114310

Albion Technology & General VCT PLC



Contents

Page

2	Company information
3	Investment objectives and financial calendar
4	Financial summary
6	Financial highlights
7	Chairman's statement
9	Manager's report
10	The Board of Directors
11	The Manager
12	Portfolio of investments
18	Portfolio companies
21	Directors' report and enhanced business review
29	Statement of corporate governance
33	Directors' remuneration report
35	Independent auditors' report
36	Income statement
39	Balance sheet
42	Reconciliation of movement in shareholders' funds
45	Cash flow statement
48	Notes to the Financial Statements
66	Notice of Annual General Meeting

Company information

Company number	4114310
Directors	Dr N E Cross, Chairman Lt Gen Sir Edmund Burton KBE M J Hart P H Reeve
Company secretary and registered office	Albion Ventures LLP 1 King's Arms Yard London, EC2R 7AF
Manager	Albion Ventures LLP 1 King's Arms Yard London, EC2R 7AF Tel 020 7601 1850 Fax 020 7601 1875 Website www.albion-ventures.co.uk
Registrar	Capita Registrars Limited Northern House Penistone Road Fenay Bridge Huddersfield, HD8 0LA
Custodian	Capita Trust Company Limited Phoenix House 7th Floor 18 King William Street London, EC4N 7HE
Auditors	PKF (UK) LLP Farringdon Place 20 Farringdon Road London, EC1M 3AP
Taxation adviser	PricewaterhouseCoopers LLP 1 Embankment Place London, WC2N 6RH
Legal adviser	Berwin Leighton Paisner Adelaide House London Bridge London, EC4R 9HA

Albion Technology & General VCT PLC is a member of the Association of Investment Companies

Shareholder information	For help relating to dividend payments, shareholdings and share certificates please contact Capita Registrars Limited Tel 0871 664 0300 (calls cost 10p per minute plus network extras, lines are open 8 30am – 5 30pm, Mon – Fri) Email ssd@capitaregistrars.com Website www.capitaregistrars.com For enquiries relating to the performance of the Fund please contact Albion Ventures LLP Tel 020 7601 1850 Email info@albion-ventures.co.uk Website www.albion-ventures.co.uk
IFA information	Independent Financial Advisors with questions please contact Albion Ventures LLP Tel 020 7601 1850 Email info@albion-ventures.co.uk Website www.albion-ventures.co.uk

Investment objectives

Albion Technology & General VCT PLC ("the Company") is a Venture Capital Trust which raised £14.3 million in December 2000 and 2002, and raised a further £35.0 million during 2006 through the launch of a C share issue. The Company offers investors the opportunity to participate in a balanced portfolio of technology and non-technology businesses. The Company's investment portfolio is intended to be split approximately as follows:

- 40 per cent in unquoted UK technology-related companies, and
- 60 per cent in unquoted UK non-technology companies

Financial calendar

Annual General Meeting	21 June 2010
Record date for first dividend	23 April 2010
Payment of first dividend	21 May 2010
Announcement of interim results for the six months ended 30 June 2010	August 2010
Payment of second dividend subject to Board approval	September 2010

Financial summary

Ordinary shares

145.7p

Net asset value plus dividends from launch to 31 December 2009

An 8p tax free dividend per share for the year to 31 December 2009 was paid in advance on 30 December 2008

4.0p

The Board has declared a first dividend for the year to 31 December 2010 of 4p per share

92.7p

Net asset value per share as at 31 December 2009

Source: Albion Ventures LLP

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

Financial summary (continued)

C shares

81.2p

Net asset value plus dividends from launch to 31 December 2009

1.0p

Tax free dividend per share paid in the year to 31 December 2009 (a 1.5p first dividend for the year to 31 December 2009 was paid in advance on 30 December 2008)

1.5p

The Board has declared a first dividend for the year to 31 December 2010 of 1.5p per share

72.7p

Net asset value per share as at 31 December 2009

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 reinvested at the net asset value of the Company at the time the shares were quoted ex-dividend. Transaction costs are not taken into account.

Financial highlights

	Ordinary shares		C shares	
	31 December 2009 (pence per share)	31 December 2008 (pence per share)	31 December 2009 (pence per share)	31 December 2008 (pence per share)
Dividends paid	–	16.0	1.0	4.5
Revenue return	2.5	4.4	1.5	3.0
Capital return/(loss)	3.2	(16.0)	(8.1)	(11.4)
Net asset value	92.7	86.8	72.7	79.8

Total shareholder net asset value return to 31 December 2009:

	Ordinary shares 31 December 2009 (pence per share) ⁽ⁱ⁾	C shares 31 December 2009 (pence per share) ⁽ⁱ⁾
Total dividends paid during the year ended 31 December 2001 ⁽ⁱ⁾	1.0	–
31 December 2002	2.0	–
31 December 2003	1.5	–
31 December 2004	7.5	–
31 December 2005	9.0	–
31 December 2006	8.0	0.5
31 December 2007	8.0	2.5
31 December 2008	16.0	4.5
31 December 2009	–	1.0
Total dividends paid to 31 December 2009	53.0	8.5
Net asset value as at 31 December 2009	92.7	72.7
Total net asset return to 31 December 2009	145.7	81.2

The Ordinary shares' dividend of 8.0 pence per share for 2009 was paid in advance on 30 December 2008.

The C shares' first dividend for 2009 of 1.5 pence per share was also paid in advance on 30 December 2008.

In addition to the dividends paid above, the Board has declared a first dividend for the year ending 31 December 2010, of 4 pence per Ordinary share (paid out of revenue profits and realised capital gains) and 1.5 pence per C share (paid out of revenue profits) on 21 May 2010 to shareholders on the register at 23 April 2010.

Notes

- (i) Based on subscription by the first closing on 16 January 2001. Investors subscribing thereafter, up to 30 June 2001 received 0.5 pence per share.
- (ii) Excludes tax benefits upon subscription.

Chairman's statement

Introduction

The Company's results for the 12 months to 31 December 2009 show a contrasting performance for the Ordinary shares and the C shares. This is a reflection of the relative maturity of the Ordinary share portfolio, and its ability to show positive returns in a difficult year of recession in the UK, compared to the relatively immature C share portfolio which has yet to develop the robustness that is required to show growth in a recessionary environment. The Ordinary share portfolio, some of whose investments are now in excess of 8 years old, showed a positive total return of 5.7 pence per share, and an increase in net asset value to 92.7 pence. The C share portfolio, by contrast, whose average age of investment is around 2 years, showed a negative total return of 6.6 pence per share, and a fall in net asset value per share to 72.7 pence. Importantly, the C share portfolio showed a small positive return during the second half of the year.

Investment progress and prospects

Although the Ordinary share portfolio showed a reduction in investment income against the previous year of some 37%, principally as a result of falling interest rates, the investment portfolio increased in value by £793,000 (net of additions and disposals during the year). This was principally due to the strong performance of two of our older investments, Peakdale Molecular Limited and Consolidated PR Limited, both of which were made in 2001 and have shown an ability to increase profitability in a recessionary environment. This has combined with a strong uplift on the sale of your Company's residual AIM quoted stocks. Together, these helped to offset the downward valuations of other parts of the portfolio, including Evolutions Television Limited, Chichester Holdings Limited and The Charnwood Pub Company Limited.

The C share portfolio saw a decline in income against the previous year of 49% for similar reasons to the Ordinary share portfolio, but exacerbated by the higher level of cash holdings. The losses on the investment portfolio amounted to £1.8 million (net of additions and disposals during the year), of which the largest element was a provision made against Chichester Holdings Limited. Partial provisions were also made against Rostima Limited and Oxsensis Limited, while third party valuations of our asset-backed portfolio resulted in downwards valuations amongst our pub and health club investments. Nevertheless, certain investments saw a marked improvement as they began to exploit global markets through their innovative products and services, including Helveta Limited, Xceleron Limited and Blackbay Limited.

New investments totalling £1.4 million for the Ordinary shares and £2.5 million for the C shares were made in three new investee companies and 15 existing investee companies. A

variety of new investment opportunities at attractive valuations is under review, particularly in the health care sector, though the environmental sector is also likely to be an area for growth over the next period.

Risks and uncertainties

While the recession in the UK appears to have eased over the last quarter of the year, we remain cautious over the longer term outlook for the UK economy in the light of high personal, corporate and national debt levels, and this continues to be the key risk affecting the Company. Nevertheless, despite pressures on certain of our investee companies, the portfolio as a whole remains cash generative and it remains our general policy for investee companies to have no external bank borrowings. We therefore continue to believe that over the longer term, the current reductions in valuation, particularly in the C share portfolio, represent value deferred rather than value permanently lost.

A detailed analysis of the other risks and uncertainties facing the business is shown in the Directors' report and enhanced business review within this Annual Report and Financial Statements.

Discount management and share buy-backs

It remains the Board's policy to buy back shares in the market, subject to the overall constraint that such purchases are in the VCT's interests, including the maintenance of sufficient resources for investment in new and existing investee companies and the continued payment of dividends to shareholders. It is the Board's policy to maintain a narrower discount to net asset value than has been the case over the past 18 months, when the discount increased during the crisis that affected financial markets.

Results and dividends

As at 31 December 2009, the net asset value of the Ordinary shares was 92.7 pence per share, and the net asset value of the C shares was 72.7 pence per share. The revenue return before taxation for the Ordinary shares was £432,000 compared to £773,000 for the previous period and for the C shares was £544,000 compared to £1.44 million the previous year. The Company will pay a first dividend for the financial year to 31 December 2010 of 4 pence per Ordinary share and 1.5 pence per C share. Dividends will be paid on 21 May 2010 to shareholders on the register on 23 April 2010.

Chairman's statement (continued)

Outlook and prospects

As mentioned above, a number of investee companies, particularly in the technology portfolio, are beginning to show a significant degree of traction in the international markets within which they operate, indicating their longer term potential for value creation. Meanwhile, though many of the asset based investments have been written down in line with the property markets, almost all units remain profitable at the operating level. Overall, we consider that the strong performance of the Ordinary share portfolio is an indication as to the potential of the C share portfolio over the longer term as the portfolio matures. This is particularly the case in the technology portfolio where a number of companies are involved in early stage but fast-growing global markets.

Dr Neil Cross

Chairman

12 April 2010



Chairman's statement (continued)

Outlook and prospects

As mentioned above, a number of investee companies, particularly in the technology portfolio, are beginning to show a significant degree of traction in the international markets within which they operate, indicating their longer term potential for value creation. Meanwhile, though many of the asset based investments have been written down in line with the property markets, almost all units remain profitable at the operating level. Overall, we consider that the strong performance of the Ordinary share portfolio is an indication as to the potential of the C share portfolio over the longer term as the portfolio matures. This is particularly the case in the technology portfolio where a number of companies are involved in early stage but fast-growing global markets.

Dr Neil Cross

Chairman

12 April 2010

Manager's report

The sector analysis of Albion Technology & General VCT PLC's investment portfolio as at 31 December 2009 is shown below. The non-technology element of the portfolio now accounts for 56 per cent of the Ordinary shares and 40 per cent of the C shares, while the technology portfolio accounts for 26 per cent of the Ordinary shares and 30 per cent of the C shares (by valuation), with cash and liquid resources providing the balance. It is anticipated going forward that the health care segment, which currently accounts for 18 per cent of the Ordinary shares and 15 per cent of the C shares, will increase further, as will the environmental segment. Both of these sectors have the capacity for asset-backed as well as growth, investments.

Ordinary share portfolio

The following is the sector split of the Ordinary share portfolio by valuation as at 31 December 2009

Source: Albion Ventures LLP

C share portfolio

The following is the sector split of the C share portfolio by valuation as at 31 December 2009

Source: Albion Ventures LLP



New investments

During the year, the Ordinary share portfolio invested £0.82 million in three new investments and £0.58 million in fifteen existing companies. The C Share portfolio invested £1.1 million in three new investments and £1.4 million in nine existing companies. One of the new investments was Forth Photonics which is in the healthcare sector, and has a novel form of scanning for certain forms of cancers. In addition, we acquired four landmark freehold London pubs through Geronimo Inns.

Portfolio review

Certain companies in the technology portfolio have been performing strongly. A particularly good performance was seen by Blackbay Limited, whose mobile solutions for the logistics sector, including a substantial contract with the Post Office and strong international orders, have led to a sharp increase in profitability. Significant new contracts won by Helveta Limited reinforce the Company's dominant role in the traceability of tropical timber, while Xceleron Limited, which provides novel drug development services to the pharmaceutical industry, also saw strong growth and a welcome return to profitability. In the non-technology portfolio, trading at Lowcosttravelgroup Limited also showed substantial growth during the year with over one million customers over the past 12 months, while sales at Opta Sports Data Limited grew by 50 per cent. The two largest write downs in the non-technology portfolio were Chichester Holdings Limited and Evolutions Television Limited, both of whose markets have been affected by the recession. In addition, two investments were restructured with a view to allowing them to return to profitability, being Green Energy Property Services Limited (formerly Vibrant Energy Surveys Limited) and Red-M Wireless Limited.

We have also restructured some of our pub investments, resulting in an increase in income to the Company. Almost all of our pubs are now trading profitably at the operating level and, as managed sites, have a strong competitive edge over the tenanted pubs, which remain a major feature of the UK sector. Again, despite the write-downs, our health and fitness clubs are profitable at the operating level, in excellent locations and with growing membership. However, during the year, one company went into administration, being our small investment in Riverbourne Health Club Limited in Chertsey, resulting in the loss of 50 per cent of the VCT's total investment of £340,000.

We continue to work with our investee companies to ensure that they are adequately funded in this difficult financial environment, and at the same time, we are seeking to ensure that the income to the Company is maintained and, where possible, increased.

Albion Ventures LLP

Manager

12 April 2010

The Board of Directors

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

Dr Neil Cross FCIS, (65) (appointed 6 December 2000) has extensive experience in private equity and corporate governance. He was formerly an executive director of 3i Group plc from 1989 to 1996, having spent 27 years in a variety of investment and management roles, latterly in charge of the group's international operations. He has been a non-executive director of a number of listed and private companies and is presently a non-executive director of BMT Group Limited (Chairman) and Calburn Absolute Strategies SPC.

Lieutenant General Sir Edmund Burton KBE, MA, DSc, FIET, FBCS, (66) (appointed 6 December 2000) has provided advice to government departments on Information Risk and Assurance and on obtaining business benefits from technology investment. He was Deputy Chief of Defence Staff (Systems) from 1997 to 1999, with specific responsibility for developing a balanced and affordable equipment and research programme for the United Kingdom Armed Forces. His military career prior to that included three years as Commandant of the Royal Military College of Science at Shrivenham and two years as military attaché at the British Embassy in Washington. On 31 December 2003, he completed a three year appointment as Executive Chairman of the Police Information Technology Organisation. He is visiting professor at Cranfield University and Chairman of the Information Assurance Advisory Council.

Michael Hart (68) (appointed 6 December 2000) has considerable experience in the software and IT sector. He was, until October 2004, executive chairman of AFA Systems PLC, the AIM-quoted developer of treasury software for financial institutions which he founded in 1995. Prior to that, he was managing director of ACT Group PLC which he joined in 1989 after 15 years at Siemens Nixdorf.

Patrick Reeve (49) MA, ACA, (appointed 11 December 2003) qualified as a chartered accountant with Deloitte Haskins & Sells before joining Cazenove & Co where he spent three years in the corporate finance department. He joined Close Brothers Group plc in 1989, initially in the development capital subsidiary, where he was a director specialising in the financing of smaller unquoted companies. He joined the corporate finance division in 1991, where he was also a director. He established Albion Ventures LLP (formerly Close Ventures Limited) with the launch of Albion Venture Capital Trust PLC (formerly Close Brothers Venture Capital Trust PLC) in the spring of 1996. He is the Managing Partner of Albion Ventures LLP and is director of Albion Income & Growth VCT PLC, Albion Protected VCT PLC and Albion Enterprise VCT PLC, all managed by Albion Ventures LLP. He is also a director of Healthcare & Leisure Property Fund PLC, for whom Albion Ventures LLP acts as an investment adviser.

The Manager

Albion Ventures LLP, is authorised and regulated by the Financial Services Authority and is the Manager of Albion Technology & General VCT PLC. In addition to Albion Technology & General VCT PLC, it manages a further six venture capital trusts, and has currently total funds under management of approximately £200 million. Albion was awarded "VCT Manager of the Year" at the "Unquote" British Private Equity Awards 2009 and "VCT of the Year" for Albion Development VCT PLC at the 2009 Investor AllStar Awards.

The following are specifically responsible for the management and administration of the VCTs managed by Albion Ventures LLP, including Albion Technology & General VCT PLC.

Patrick Reeve, (49), MA, ACA, details included in the Board of Directors section.

Will Fraser-Allen, (39), BA (Hons), ACA, became Deputy Managing Partner of Albion Ventures LLP in 2009. Having qualified as a chartered accountant with Cooper Lancaster Brewsters in 1996, he joined their Corporate Finance Team providing corporate finance advice to small and medium sized businesses. He joined Albion Ventures (then Close Ventures) in 2001 since when he has focused on leisure and healthcare investing.

Isabel Dolan, (45), BSc (Hons), ACA, MBA, is Operations Partner of Albion Ventures LLP having previously been Finance Director for a number of unquoted companies. From 1993-1997 she was Head of Recoveries at the Specialised Lending Services of the Royal Bank of Scotland plc and from 1997-2001 she was at 3i plc, latterly as a Portfolio Director. She joined Albion Ventures LLP (formerly Close Ventures Limited) in 2005.

Dr Andrew Elder, (39), MA, FRCS. After qualifying as a surgeon he practised for six years, specialising in neurosurgery before joining the Boston Consulting Group as a consultant in 2001, specialising in healthcare strategy. He joined Albion Ventures LLP (formerly Close Ventures Limited) in 2005.

Emil Gigov, (40), BA (Hons), ACA, qualified as a chartered accountant with KPMG in 1997 and subsequently worked in KPMG's corporate finance division working on the media, marketing and leisure sectors. He joined Albion Ventures LLP (formerly Close Ventures Limited) in 2000.

David Gudgin, (37), BSc (Hons), ACMA, after working for ICL from 1993 to 1999 where he qualified as an accountant, he joined 3i plc as an investment manager based in London and Amsterdam. In 2002 he joined Foursome Investments,

the venture capital arm of the Englehorn family, responsible for investing an evergreen fund of US\$80 million. He joined Albion Ventures LLP (formerly Close Ventures Limited) in 2004.

Michael Kaplan, (33), BA, MBA. After graduating from the University of Washington in 1999 with a BA in International Finance, he joined Marakon Associates as an Analyst. In 2000, he became the Chief Financial Officer of Widevine Technologies, a security software company based in Seattle. After graduation with his MBA from INSEAD, in 2004 he joined the Boston Consulting Group focusing on the retail and financial services industries. He joined Albion Ventures LLP (formerly Close Ventures Limited) in 2007.

Ed Lascelles, (34), BA (Hons), joined the corporate broking department of Charterhouse Securities in 1998 focusing on primary and secondary equity fundraisings. He then moved to the corporate finance department of ING Barings in 2000, retaining his focus on smaller UK companies. He joined Albion Ventures LLP (formerly Close Ventures Limited) in 2004.

Henry Stanford, (44), MA, ACA, qualified as a chartered accountant with Arthur Andersen before joining the corporate finance division of Close Brothers Group plc in 1992. He became an assistant director in 1996 and transferred to Albion Ventures LLP (formerly Close Ventures Limited) in 1998 to concentrate on VCT investment.

Robert Whitby-Smith, (35), BA (Hons), MSI, ACA, qualified as a chartered accountant with KPMG in their corporate finance division. From 2000 to early 2005 he worked in the UK corporate finance departments of Credit Suisse First Boston and subsequently ING Barings, where he was a vice president. He joined Albion Ventures LLP (formerly Close Ventures Limited) in 2005.

Marco Yu, (32), MPhil, MA, MRICS, qualified as a chartered surveyor in 2004. From 2002 to 2005, he worked 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 (formerly Close Ventures Limited) in 2007.

Portfolio of investments Ordinary shares

			As at 31 December 2009			As at 31 December 2008			
	% voting rights	% voting rights of AVL** managed companies	Cost £'000	Cumulative movement in value £'000	Total value £'000	Cost £'000	Cumulative movement in value £'000	Total value £'000	Change in value for the year*** £'000
Qualifying technology portfolio									
Xceleron Limited	7.3%	45.1%	724	133	857	648	10	658	123
Blackbay Limited	2.3%	32.9%	258	96	354	275	21	296	75
Peakdale Molecular Limited	6.0%	14.9%	427	(82)	345	427	(326)	101	244
RFI Global Services Limited	2.5%	27.3%	220	(32)	188	180	(72)	108	40
Lowcosttravelgroup Limited	2.0%	26.0%	200	(14)	186	200	(95)	105	80
Dexela Limited	2.1%	34.8%	155	3	158	155	3	158	–
Mi-Pay Limited	2.1%	38.5%	172	(37)	135	144	(30)	114	(7)
Helveta Limited	1.3%	26.6%	129	4	133	103	3	106	1
sparesFinder Limited	10.5%	14.3%	644	(520)	124	675	(611)	64	91
Mirada Medical Limited	2.7%	45.0%	90	13	103	90	1	91	12
Opta Sports Data Limited	0.5%	7.1%	110	9	119	110	6	116	3
Oxsensis Limited	1.3%	22.3%	125	(40)	85	125	–	125	(40)
Forth Photonics Limited	0.6%	12.2%	80	–	80	–	–	–	–
Point 35 Microstructures Limited	0.6%	12.2%	65	(17)	48	65	(21)	44	4
Rostima Limited	1.1%	33.8%	88	(54)	34	72	(15)	57	(41)
Red-M Wireless Limited	4.1%	41.0%	30	2	32	105	(94)	11	96
Process Systems Enterprise Limited	0.4%	15.9%	50	(26)	24	50	(16)	34	(9)
OnclickHR Plc*	0.1%	0.1%	43	(34)	9	58	(53)	5	7
Palm Tree Technology Plc	0.1%	0.7%	38	(33)	5	38	(32)	6	–
Investments exited in the period*			–	–	–	818	(544)	274	544
Total qualifying technology investments			3,648	(629)	3,019	4,338	(1,865)	2,473	1,223

* AIM quoted investments

** Albion Ventures LLP

*** as adjusted for additions and disposals during the year

Portfolio of investments ordinary shares (continued)

			As at 31 December 2009			As at 31 December 2008			
	% voting rights	% voting rights of AWL** managed companies	Cost £'000	Cumulative movement in value £'000	Total value £'000	Cost £'000	Cumulative movement in value £'000	Total value £'000	Change in value for the year*** £'000
Qualifying non-technology portfolio									
Evolutions Television Limited	10.7%	49.9%	1,942	(905)	1,037	1,530	(38)	1,492	(455)
The Q Garden Company Limited	33.3%	49.8%	2,401	(1,434)	967	2,401	(1,401)	1,000	(33)
Consolidated PR Limited	11.2%	24.5%	625	32	657	778	(158)	620	191
Peakdale Molecular Limited®	n/a	n/a	533	(16)	517	600	(6)	594	(10)
The Weybridge Club Limited	3.3%	50.0%	530	(40)	490	530	(45)	485	5
Bravo Inns II Limited	4.1%	49.6%	415	(17)	398	215	(7)	208	(10)
Geronimo Inns I Limited	4.6%	50.0%	370	20	390	–	–	–	20
Geronimo Inns II Limited	4.6%	50.0%	370	20	390	–	–	–	20
The Charnwood Pub Company Limited	1.6%	37.8%	515	(262)	253	503	(190)	313	(72)
CS (Brixton) Limited	3.9%	50.0%	165	9	174	150	16	166	(7)
Tower Bridge Health Clubs Limited	2.9%	50.0%	183	(15)	168	183	(10)	173	(5)
Prime Care Holdings Limited	3.0%	42.2%	143	8	151	100	2	102	6
Kensington Health Clubs Limited	1.1%	50.0%	256	(108)	148	256	(90)	166	(18)
CS (Greenwich) Limited	2.0%	50.0%	120	(19)	101	110	(23)	87	3
Bravo Inns Limited	1.6%	50.0%	140	(65)	75	140	(40)	100	(26)
The Dunedin Pub Company VCT Limited	2.4%	50.0%	123	(56)	67	120	(37)	83	(19)
Chichester Holdings Limited	2.3%	50.0%	150	(86)	64	150	24	174	(111)
CS (Exeter) Limited	4.0%	50.0%	65	(6)	59	60	(14)	46	7
GB Pub Company VCT Limited	3.9%	50.0%	157	(98)	59	174	(82)	92	(16)
City Screen (Liverpool) Limited	4.6%	50.0%	61	(15)	46	50	15	65	(29)
Green Energy Property Services Limited	1.6%	23.4%	42	2	44	120	(87)	33	89
Premier Leisure (Suffolk) Limited	1.4%	45.0%	110	(82)	28	110	(67)	43	(14)
CS (Norwich) Limited	1.9%	50.0%	30	(10)	20	30	(9)	21	(1)
Riverbourne Health Club Limited	1.5%	50.0%	2	–	2	30	(15)	15	15
Total qualifying non-technology investments			9,448	(3,143)	6,305	8,340	(2,262)	6,078	(470)
Total qualifying investments			13,096	(3,772)	9,324	12,678	(4,127)	8,551	753

** Albion Ventures LLP

*** as adjusted for additions and disposals during the year

(i) This part of the Peakdale investment is in loan stock secured against debtors and property and is classified as a non-technology holding

Portfolio of investments Ordinary shares (continued)

			As at 31 December 2009			As at 31 December 2008			Change in value for the year*** £'000
			Cost £'000	Cumulative movement in value £'000	Total value £'000	Cost £'000	Cumulative movement in value £'000	Total value £'000	
Non-qualifying investments									
Smiles Pub Company Limited	22.6%	100.0%	434	(80)	354	456	(77)	379	(3)
Consolidated PR Limited	1.1%	24.5%	33	46	79	33	11	44	35
Mi-Pay Limited	n/a	n/a	17	2	19	-	-	-	2
Total unquoted non-qualifying investments			484	(32)	452	489	(66)	423	34
Portfolio of non-qualifying quoted technology investments	n/a	n/a	41	(33)	8	46	(42)	4	6
Total non-qualifying investments			525	(65)	460	535	(108)	427	40

** Albion Ventures LLP

*** as adjusted for additions and disposals during the year

Portfolio of investments c shares

			As at 31 December 2009			As at 31 December 2008			
	% voting rights	% voting rights of AVL** managed companies	Cost £'000	Cumulative movement in value £'000	Total value £'000	Cost £'000	Cumulative movement in value £'000	Total value £'000	Change in value for the year** £'000
Qualifying technology portfolio									
Helveta Limited	11.1%	26.6%	1,136	38	1,174	909	26	935	13
Blackbay Limited	5.6%	32.9%	620	229	849	660	50	710	180
Mi-Pay Limited	13.0%	38.5%	1,051	(228)	823	881	(185)	696	(43)
Xceleron Limited	8.9%	45.1%	872	(101)	771	780	(243)	537	141
Dexela Limited	10.0%	34.8%	740	20	760	740	20	760	-
Point 35 Microstructures Limited	9.0%	28.1%	676	(175)	501	676	(215)	461	40
Opta Sports Data Limited	2.4%	7.1%	515	43	558	515	29	544	14
Oxsensis Limited	7.6%	22.3%	705	(226)	479	705	-	705	(226)
Rostima Limited	12.4%	33.8%	1,051	(649)	402	854	(156)	698	(493)
Forth Photonics Limited	2.8%	12.2%	340	-	340	-	-	-	-
Process Systems Enterprise Limited	4.1%	15.9%	520	(268)	252	520	(174)	346	(94)
Mirada Medical Limited	9.9%	45.0%	203	47	250	140	-	140	46
Lowcosttravelgroup Limited	2.0%	26.0%	480	(351)	129	480	(406)	74	55
RFI Global Services Limited	1.3%	27.3%	122	(15)	107	100	(40)	60	24
Total qualifying technology investments			9,031	(1,636)	7,395	7,960	(1,294)	6,666	(343)

** Albion Ventures LLP

*** as adjusted for additions and disposals during the year

Portfolio of Investments c shares (continued)

			As at 31 December 2009			As at 31 December 2008			
	% voting rights	% voting rights of AVL** managed companies	Cost £'000	Cumulative movement in value £'000	Total value £'000	Cost £'000	Cumulative movement in value £'000	Total value £'000	Change in value for the year*** £'000
Qualifying non-technology portfolio									
Kensington Health Clubs Limited	13.6%	50.0%	3,239	(1,204)	2,035	2,744	(903)	1,841	(300)
The Charnwood Pub Company Limited	10.7%	37.8%	2,279	(577)	1,702	2,241	(251)	1,990	(326)
Chichester Holdings Limited	12.9%	50.0%	1,850	(834)	1,016	1,850	209	2,059	(1,043)
Taunton Hospital Limited	18.7%	50.0%	1,000	-	1,000	1,000	7	1,007	(7)
Bravo Inns II Limited	7.4%	49.6%	840	(68)	772	785	(26)	759	(42)
The Weybridge Club Limited	3.4%	50.0%	784	(72)	712	784	(76)	708	5
Bravo Inns Limited	14.5%	50.0%	1,290	(603)	687	1,290	(366)	924	(237)
Prime Care Holdings Limited	10.6%	42.2%	500	28	528	350	6	356	22
Geronimo Inns I Limited	4.9%	50.0%	390	22	412	-	-	-	22
Geronimo Inns II Limited	4.9%	50.0%	390	22	412	-	-	-	22
Premier Leisure (Suffolk) Limited	10.9%	45.0%	890	(660)	230	890	(545)	345	(116)
The Dunedin Pub Company VCT Limited	8.0%	50.0%	409	(186)	223	400	(106)	294	(79)
Green Energy Property Services Limited	7.0%	23.4%	190	10	200	540	(388)	152	398
CS (Norwich) Limited	10.6%	50.0%	170	(56)	114	170	(52)	118	(4)
Evolutions Television Limited	0.4%	49.9%	85	(41)	44	70	(6)	64	(19)
Riverbourne Health Club Limited	15.5%	50.0%	25	-	25	310	(153)	157	153
Total qualifying non-technology investments			14,331	(4,219)	10,112	13,424	(2,650)	10,774	(1,551)
Total qualifying investments			23,362	(5,855)	17,507	21,384	(3,944)	17,440	(1,894)

** Albion Ventures LLP

*** as adjusted for additions and disposals during the year

Portfolio of investments c shares (continued)

	As at 31 December 2009			As at 31 December 2008			
	Cost £'000	Cumulative movement in value £'000	Total value £'000	Cost £'000	Cumulative movement in value £'000	Total value £'000	Change in value for the year*** £'000
Non-qualifying investments							
Mi-Pay Limited – loan stock	102	12	114	–	–	–	12
Kensington Health Clubs Limited – loan stock	–	–	–	494	–	494	–
Total non-qualifying investments	102	12	114	494	–	494	12

	As at 31 December 2009			As at 31 December 2008			
	Cost £'000	Cumulative movement in value £'000	Total value £'000	Cost £'000	Cumulative movement in value £'000	Total value £'000	Change in value for the year*** £'000
Current asset investment							
Non-qualifying investments							
FRNs exited in the year	–	–	–	10,003	(65)	9,938	65
UBS Floating Rate Note May 2011	1,000	14	1,014	–	–	–	14
Total non-qualifying investments	1,000	14	1,014	10,003	(65)	9,938	79

*** as adjusted for additions and disposals during the year

Portfolio companies

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

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. There are currently approximately 2,600 members.

	Latest audited results year to 30 September 2008 £'000	Investment information	Ordinary shares £'000	C shares £'000
Turnover	1 169	Income recognised in the year	6	76
Loss before interest	(352)	Total cost	256	3 239
Net assets	1 311	Total valuation	148	2 035
Basis of valuation	Net asset value supported by third party valuation	Voting rights	1 1%	13 6%
Website	www.thirtysixdegrees.co.uk/olympia			

Funds managed and advised by Albion Ventures LLP have invested £11,485,000 and the current total valuation is £6,959,000. Their combined equity holding in the company is 50.0 per cent.

The Charnwood Pub Company Limited

The company is a pub company which owns and operates 11 freehold public houses in central England.

	Latest audited results. year to 31 October 2008** £'000	Investment information	Ordinary shares £'000	C shares £'000
Turnover	563	Income recognised in the year	5	35
Profit before interest	28	Total cost	515	2 279
Net liabilities	(6)	Total valuation	253	1 702
Basis of valuation	Net asset value supported by third party valuation	Voting rights	1 6%	10 7%
Website	www.chnwoodpubco.co.uk			

Funds managed and advised by Albion Ventures LLP have invested £15,072,000 and the current total valuation is £7,987,000. Their combined equity holding in the company is 37.8 per cent.

** The audited results relate to the two initially acquired sites.

Xceleron Limited

Xceleron has pioneered the use of Accelerator Mass Spectrometry, the world's most sensitive analytical technique, in drug development. The company focuses on providing metabolism data in clinical and pre-clinical development.

	Latest audited results 17 months to 31 December 2008 £'000	Investment information	Ordinary shares £'000	C shares £'000
Turnover	6 043	Income recognised in the year	27	14
Loss before interest	(3 353)	Total cost	724	872
Net liabilities	(438)	Total valuation	857	771
Basis of valuation	Price of recent investment	Voting rights	7 3%	8 9%
Website	www.xceleron.com			

Funds managed and advised by Albion Ventures LLP have invested £4,442,000 and the current total valuation is £4,593,000. Their combined equity holding in the company is 45.1 per cent.

Portfolio companies (continued)

Helveta Limited

Helveta is a young software company, providing traceability and verification primarily to the timber industry. Implementation of Helveta's system helps eradicate illegal logging as well as improving the efficiency of the supply chain.

	Latest audited results year to 31 December 2008	Investment information	Ordinary shares	C shares
	£'000		£'000	£'000
Turnover	990	Income recognised in the year	1	9
Loss before interest	(1 667)	Total cost	129	1 136
Net assets	74	Total valuation	133	1 174
Basis of valuation	Price of recent investment	Voting rights	1.3%	11.1%
Website	www.helveta.com			

Funds managed and advised by Albion Ventures LLP have invested £3,000,000 and the current total valuation is £3,101,000. Their combined equity holding in the company is 26.6 per cent.

Blackbay Limited

The company provides enterprise mobility solutions mainly for the postal logistics and field service sectors. Despite the difficult economic environment, the company is expected to achieve 20 per cent revenue growth in the year to 31 December 2009 and to double its operating profit. Contracted revenues for future years have also grown strongly.

	Latest audited results year to 31 December 2008	Investment information	Ordinary shares	C shares
	£'000		£'000	£'000
As a small company, Blackbay only files and publishes abbreviated reports to Companies House		Income recognised in the year	35	84
Net assets	(558)	Total cost	258	620
Basis of valuation	Earnings multiple	Total valuation	354	849
Website	www.blackbay.com	Voting rights	2.3%	5.6%

Funds managed and advised by Albion Ventures LLP have invested £3,615,000 and the current total valuation is £4,934,000. Their combined equity holding in the company is 32.9 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. The club opened in May 2007 and membership is now approaching 3,000 members.

	Latest audited results year to 31 August 2008	Unaudited management accounts year to 31 August 2009	Investment information	Ordinary shares	C shares
	£'000	£'000		£'000	£'000
Turnover	1 312	1 612	Income recognised in the year	13	35
Net assets/(liabilities)	389	(286)	Total cost	530	784
Basis of valuation	Earnings multiple		Total valuation	490	712
Website	www.thewaybridgeclub.com		Voting rights	3.3%	3.4%

Funds managed and advised by Albion Ventures LLP have invested £8,334,000 and the current total valuation is £7,415,000. Their combined equity holding in the company is 50.0 per cent.

Bravo Inns II Limited

The company was formed in September 2007 and owns and operates 15 freehold pubs in the North of England.

	Latest audited results year to 31 March 2009	Investment information	Ordinary shares	C shares
	£'000		£'000	£'000
Turnover	985	Income recognised in the year	20	57
Loss before interest	(181)	Total cost	415	840
Net assets	1 016	Total valuation	398	772
Basis of valuation	Net asset value supported by third party valuation	Voting rights	4.1%	7.4%

Funds managed and advised by Albion Ventures LLP have invested £5,380,000 and the current total valuation is £5,034,000. Their combined equity holding in the company is 49.6 per cent.

Portfolio Companies (continued)

Mi-Pay Limited

Mi-Pay provides an outsourced payment processing service to mobile network operators and related customers, focusing on pre-paid top ups and money transfers

	Latest audited results year to 31 December 2008	Investment information	Ordinary shares	C shares
	£'000		£'000	£'000
Turnover	926	Income recognised in the year	4	25
Loss before interest	(1 654)	Total cost	189	1 153
Net assets	714	Total valuation	154	937
Basis of valuation	Price of recent investment	Voting rights	2.1%	13.0%
Website	www.mipay.com			

Funds managed and advised by Albion Ventures LLP have invested £3,400,000 and the current total valuation is £2,764,000. Their combined equity holding in the company is 38.5 per cent.

Evolutions Television Limited

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

	Latest audited results year to 30 June 2008	Investment information	Ordinary shares	C shares
	£'000		£'000	£'000
Turnover	9 821	Income recognised in the year	61	3
Profit before interest	704	Total cost	1 942	85
Net assets	1 328	Total valuation	1 037	44
	Net asset value supported by third party valuation of freehold property	Voting rights	10.7%	0.4%
Basis of valuation	www.evolutions.tv			
Website				

Funds managed and advised by Albion Ventures LLP have invested £7,204,000 and the current total valuation is £4,815,000. Their combined equity holding in the company is 49.9 per cent.

Chichester Holdings Limited Part of Compass Group Limited

The company is a distributor of beverages to airline, cruise and other travel industry customers.

	Latest audited results year to 30 June 2009	Investment information	Ordinary shares	C shares
	£'000		£'000	£'000
Turnover	26 435	Income recognised in the year	2	67
Profit before interest	725	Total cost	150	1 850
Net assets	3 150	Total valuation	64	1 016
Basis of valuation	Earnings multiple	Voting rights	2.3%	12.9%
Website	www.compassgroup.co.uk			

Funds managed and advised by Albion Ventures LLP have invested £4,999,000 and the current total valuation is £2,480,000. Their combined equity holding in the company is 50.0 per cent.

Net assets of an investee company where a recent third party valuation has taken place, may have a higher valuation in Albion Technology & General VCT PLC's accounts than in its own, where the investee company does not have a policy of revaluing its fixed assets.

Directors' report and enhanced business review

The Directors submit their Annual Report and the audited Financial Statements on the affairs of Albion Technology & General VCT PLC (the "Company") for the year ended 31 December 2009

BUSINESS REVIEW

Principal activity and status

The principal activity of the Company is that of a venture capital trust. It has been approved by HM Revenue & Customs ("HMRC") as a venture capital trust in accordance with Part 6 of the Income Taxes 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 December 2009 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 authorised and issued share capital, together with details of the movements in the Company's issued share capital during the year are shown in note 16.

The Company's share capital comprises Ordinary shares and C shares. Currently, Ordinary shares represent 27 per cent of the total voting rights and C shares represent 73 per cent of the total voting rights.

The Ordinary shares and C 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.

Both Ordinary shares and C shares currently rank *pari passu* for voting rights, save in respect of specific resolutions impacting their class, such as in the case of a reconstruction. Each Ordinary share and C share is entitled to one vote.

Ordinary and C shareholders are entitled to receive dividends paid out of the reserves attributable to their respective class of shares. Ordinary and C shareholders are entitled to the return on capital on winding up or other return on capital

based on the surpluses attributable to their respective class of shares.

The Articles of the Company provide for the conversion of C shares into Ordinary shares in a ratio determined by the net asset values of each class.

The Company currently operates a Dividend Reinvestment Scheme, details of which can be found on www.albion-ventures.co.uk under the 'Our Funds' section. During the year, the Company issued 38,631 new C shares under the Dividend Reinvestment Scheme, details of which can be found in note 16.

Substantial interests and shareholder profile

As at 31 December 2009 and at the date of this report, the Company is aware that JM Finn Nominees Limited had a beneficial interest of 3.3 per cent (2008: 2.4 per cent) of the issued Ordinary share capital of the Company and there have been no disclosures in accordance with Disclosure and Transparency Rule 5 made to the Company during the year ended 31 December 2009, and to the date of this report.

Ordinary shares

The table below shows the shareholder profile as at 12 April 2010, for the Company's Ordinary shares.

Number of shares held	% shareholders	% share capital
1 – 10,000	60.4	19.9
10,001 – 50,000	36.4	51.9
50,001 – 100,000	2.6	13.4
100,001 – 500,000	0.5	8.5
500,001 – 1,000,000	0.1	6.3

C shares

The table below shows the shareholder profile as at 12 April 2010, for the Company's C shares.

Number of shares held	% shareholders	% share capital
1 – 10,000	50.3	16.4
10,001 – 50,000	42.4	45.6
50,001 – 100,000	5.2	17.8
100,001 – 500,000	2.0	15.8
500,001 – 1,000,000	0.1	4.4

The Board welcomes the views of shareholders, and has actively sought shareholder opinion in the year. Questionnaires were sent to all shareholders and a 36 per cent response rate (by number of shareholders) was achieved. Of these shareholders, 78 per cent were satisfied or very satisfied with the returns on the Company, 64 per cent intended to hold their shares indefinitely, and dividend yield was ranked as the most common feature that investors were looking for in a

Directors' report and enhanced business review (continued)

Venture Capital Trust The Board wishes to thank shareholders who took part in the survey and will bear in mind the findings. The full survey results will be available to view on the Manager's website at www.albionventures.co.uk under the 'Our Funds' section.

Investment policy

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

- 40 per cent in unquoted UK technology related companies, and
- 60 per cent in unquoted UK non-technology companies

This split is subject to the availability of quality new investment opportunities arising within the UK technology and non-technology sectors.

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

The Company currently holds one AIM quoted technology investment which will be realised over time. The Company does not currently intend to make new investments in AIM quoted shares.

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 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 December 2009. The Company has complied with all tests and continues to do so.

'Qualifying holdings' for Albion Technology & General VCT PLC include shares or securities (including loans with a five year or greater maturity period) in companies which operate a 'qualifying trade' wholly or mainly in the United Kingdom. 'Qualifying trade' excludes, amongst other sectors, dealing in property or shares and securities, insurance, banking, agriculture, and operating or managing hotels or residential care homes.

Investee company gross assets must not exceed £15 million immediately prior to the investment and £16 million immediately thereafter and there is an annual investment limit of £1 million in each company.

Gearing

As defined by the Articles of Association, the Company's maximum exposure in relation to gearing is restricted to 10 per cent of the adjusted share capital and reserves. As at 31 December 2009, the Company's maximum exposure was £3,711,000 (2008: £3,964,000) and its actual short term and long term gearing at this date was £nil (2008: £nil). The Directors do not currently have any intention to utilise long term gearing.

Current portfolio sector allocation

The pie charts on page 9 of the Manager's report show the split of the portfolio valuation for Ordinary and C shares by industrial or commercial sector as at 31 December 2009. Details of the principal investments made by the Company are shown in the Portfolio of investments on page 12.

Directors' report and enhanced business review (continued)

Review of business and future changes

A detailed review of the Company's business during the year and future prospects is contained in the Chairman's statement on page 7 and Manager's report on page 9. Details of significant events which have occurred since the end of the financial year are listed in note 21. Details of related party transactions are shown in note 22.

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

Operational arrangements

The Company has delegated the investment management of the portfolio to Albion Ventures LLP, which is authorised and regulated by the Financial Services Authority. Albion Ventures LLP also provides company secretarial and other accounting and administrative support to the Company. Further details regarding the terms of engagement of the Manager are shown on page 26.

Results and dividends

	Ordinary shares £'000	C shares £'000
Net revenue return for the year ended 31 December 2009	328	526
Revenue dividend of 1.0p per share paid on 18 September 2009	–	(349)
Transferred to revenue reserve	328	177
Realised and unrealised capital profit/(loss) for the year ended 31 December 2009 transferred to reserves	409	(2,831)
Net assets as at 31 December 2009	11,902	25,210
Net asset value per share as at 31 December 2009	92.7p	72.7p

The Company paid no Ordinary share dividends (2008 16.0 pence) during the year ended 31 December 2009. The Ordinary share dividend of 8.0 pence per share for the year to 31 December 2009 was paid in advance on 30 December 2008.

The first C Share dividend of 1.5 pence per share for the year ended 31 December 2009 was paid in advance on 30 December 2008.

The Company paid a dividend of 1.0 pence per C share (2008 4.5 pence) during the year ended 31 December 2009.

As shown in the Income statement on page 37 of the Financial Statements, the Ordinary shares' investment income has decreased to £547,000 (2008 £875,000) due to the suspension of loan stock interest on some investments which have taken longer than expected to reach maturity, and the fall in LIBOR/base rates. Ordinary shares' revenue return to equity holders has fallen to £328,000 (2008 £577,000) due to the decrease in income which has been partially offset by the recovery of further historic VAT.

The Ordinary shares' capital return for the year was £409,000 (2008 loss £2,100,000). The majority of this return is due to the increase in value of the investment portfolio. The Ordinary share total return per share was 5.7 pence per share (2008 loss 11.6 pence per share).

The Balance sheet on page 40 of the Financial Statements shows that the Ordinary shares' net asset value has increased over the last year to 92.7 pence per share (2008 86.8 pence per share) which can be explained by the trading factors described above.

The C shares' investment income has decreased to £849,000 (2008 £1,727,000), due to the suspension of loan stock interest on some investments which are taking time to reach maturity, and the fall in LIBOR/base rates. The C shares' revenue return to equity holders has fallen to £526,000 (2008 £1,058,000) due to the decrease in income.

The C shares' capital return for the year was a loss of £2,831,000 (2008 loss £4,045,000). The C share loss in the year is mainly attributable to the unrealised devaluations in the Company's investment portfolio due to the current economic climate, and the capitalisation of management fees. The C share total return per share was a loss of 6.6 pence per share (2008 loss 8.4 pence per share).

The C share net asset value has decreased over the last year to 72.7 pence per share (2008 79.8 pence per share), which can be explained in part by the trading factors described and by the dividend paid.

The cash flow for the business has been positive for the year for both Ordinary and C shares.

Directors' report and enhanced business review (continued)

Key performance indicators

The graphs on pages 4 and 5 show Albion Technology & General VCT PLC's net asset value total return against the FTSE All-Share Index total return, in both instances with dividends reinvested. Details on the performance of the net asset value and return per share for the year are shown above.

The total expense ratio including the refund of historic VAT for the year to 31 December 2009 was 2.8 per cent (2008 2.2 per cent). The total expense ratio for the year to 31 December 2009, excluding the VAT refund was 3.1 per cent (2008 3.5 per cent).

The Company continues to comply with HMRC rules in order to maintain its status under Venture Capital Trust legislation as highlighted on page 22.

Share buy-backs

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

In the Directors' view, there are no other non-financial performance indicators materially relevant to the business.

Principal risks and uncertainties

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

1 Investment risk

This is the risk of investment in poor quality assets which reduces the capital and income returns to shareholders, and negatively impacts on the Company's reputation. By nature, smaller unquoted businesses, such as those that qualify for venture capital trust purposes, are more fragile than larger, long established businesses. To reduce this risk, the Board places reliance upon the skills and expertise of the Manager and its strong track record for investing in this segment of the market. In addition, the Manager operates a formal and structured investment process, which includes an Investment Committee, comprising investment professionals from the Manager and external investment professionals. The Manager also invites comments from all non-executive Directors on investments discussed at the Investment Committee meetings. Investments are actively and regularly monitored by the Manager (investment managers normally sit on investee company boards) and the Board

receives detailed reports on each investment as part of the Manager's report at quarterly board meetings.

2 Venture Capital Trust approval risk

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

To reduce this risk, the Board has appointed the Manager, who has a team with significant experience in venture capital trust management, used to operating within the requirements of the venture capital trust legislation. In addition, to provide further formal reassurance, the Board has appointed PricewaterhouseCoopers LLP as its taxation advisors. PricewaterhouseCoopers LLP report quarterly to the Board to independently confirm compliance with the venture capital trust legislation, to highlight areas of risk and to inform on changes in legislation.

3 Compliance risk

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

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

4 Internal control risk

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

The Audit Committee meets with the Manager's internal auditors, Littlejohn, at least once a year, receiving a report regarding the last formal internal audit performed on the Manager, and providing the opportunity for the Audit Committee to ask specific and

Directors' report and enhanced business review (continued)

detailed questions. During the year the Board met with the Partner at Littlejohn LLP responsible for the Albion Ventures LLP internal audit to discuss the most recent Internal Audit Report completed 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 31.

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

5 *Reliance upon third parties risk*

The Company is reliant upon the services of Albion Ventures LLP for the provision of investment management and administrative functions. There are provisions within the Management agreement for the change of Manager under certain circumstances (for more detail, see the Management agreement paragraph on page 26). In addition, the Manager has demonstrated to the Board that there is no undue reliance placed upon any one individual within Albion Ventures LLP.

6 *Financial risks*

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

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

Environment

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

Employees

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

Directors

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

	31 December 2009		31 December 2008	
	Ordinary shares	C shares	Ordinary shares	C shares
Dr Neil Cross	100,000	100,000	100,000	100,000
Lt Gen Sir Edmund Burton	27,660	31,050	27,660	31,050
Michael Hart	100,000	–	100,000	–
Patrick Reeve	153,373	200,000	153,873	200,000

There have been no changes in the holdings of the Directors between 31 December 2009 and the date of this report.

All Directors, except for Patrick Reeve, who is the Managing Partner of the Manager, are members of the Audit Committee, of which Dr Neil Cross is Chairman.

Patrick Reeve, as Managing Partner of Albion Ventures LLP is deemed to have an interest in the Management Agreement and management performance incentive to which the Company is party.

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

Further details regarding Directors' remuneration are shown on page 33.

Directors' indemnity

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

Re-election of Directors

Directors' retirement and re-election is subject to the Articles of Association and the Combined Code on Corporate Governance. At the forthcoming Annual General Meeting, Neil Cross, Edmund Burton and Michael Hart, having served

Directors' report and enhanced business review (continued)

as Directors for longer than nine years, will retire and offer themselves for re-election. Patrick Reeve is not considered to be independent as he is the Managing Partner of the Manager, Albion Ventures LLP, and will therefore also retire and offer himself for re-election at the forthcoming Annual General Meeting.

Change of name

The Company changed its name from Close Technology & General VCT PLC to Albion Technology & General VCT PLC as approved by a General Meeting held on 25 March 2009.

Management agreement

Following the buy-out of Close Ventures Limited, the Management agreement was novated to Albion Ventures LLP on 23 January 2009. Under this agreement, the Manager also provides secretarial and administrative services to the Company. The Management agreement can be terminated by either party on 12 months' notice. The Management agreement is subject to earlier termination in the event of certain breaches or on the insolvency of either party. The Manager is paid an annual fee equal to 2.5 per cent of the net asset value of the Company, payable quarterly in arrears. Total annual expenses, including the management fee, are limited to 3.5 per cent of the net asset value.

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

Management performance incentive

In order to provide the Manager with an incentive to maximise the return to investors, the Company has entered into a Management performance incentive arrangement with the Manager. Under the incentive arrangement, if the net asset value per share at the end of a financial period, when added to the aggregate dividends per share (both revenue and capital) paid to that date, exceeds £1 increased at the rate of 8 per cent per annum since the Company's commencement of trading, then the Manager will be entitled to an incentive fee equal to 20 per cent of such excess. The calculation is made separately for each class of share. In the event that the performance of the Company falls short of the target in any period, such shortfall must be made up in future periods before the Manager is entitled to any incentive in respect of such future periods. The fee, if applicable, will be payable annually. No performance fee has arisen during the year (2008: £19,000) as a result of the reclaim of historic VAT

Evaluation of the manager

The Board has evaluated the performance of the Manager based on the returns generated by the Company, the continuing achievement of the 70 per cent investment

requirement for Venture Capital Trust status, the long term prospects of current investments, a review of the Management agreement and the services provided therein, and benchmarking the performance of the Manager to other service providers. The Board believes that it is in the interests of shareholders as a whole, and of the Company, to continue the appointment of the Manager for the forthcoming year.

Valuation of investments

As described in note 2 of the Financial Statements, the unquoted equity investments held by the Company are valued at fair value through profit or loss in accordance with the International Private Equity and Venture Capital Valuation Guidelines. These guidelines set out recommendations, intended to represent current best practice on the valuation of venture capital investments. Unquoted investments are valued on the basis of forward looking estimates and judgements about the business itself, its market and the environment in which it operates, together with the state of the mergers and acquisitions market, stock market conditions and other factors. In making these judgements the valuation takes into account all known material facts up to the date of approval of the Financial Statements by the Board. Unquoted loan stock is valued at amortised cost.

Investment and co-investment

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

Auditors

The current auditors, PKF (UK) LLP, have indicated their willingness to continue as auditors to Albion Technology & General VCT PLC. A resolution to re-appoint PKF (UK) LLP as auditors will be proposed at the Annual General Meeting on 21 June 2010.

Supplier payment policy

The Company's policy is to pay all supplier invoices within 30 days of the invoice date, or as otherwise agreed. There were no overdue trade creditors at 31 December 2009 (2008: Nil).

Annual General Meeting

The Annual General Meeting will be held at the City of London Club, 19 Old Broad Street, London EC2N 1DS at 11.30 a.m. on 21 June 2010. 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.

Directors' report and enhanced business review (continued)

in law and will not be counted in the proportion of the votes for and against the resolution. Summary of proxies lodged at the Annual General Meeting will be published at www.albion-ventures.co.uk within the 'Our Funds' section by clicking on Albion Technology & General VCT PLC.

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

Power to allot shares

Ordinary resolution number 9 will request the authority to allot up to an aggregate nominal amount of £641,697 representing approximately 10 per cent of the issued Ordinary share capital (excluding treasury shares) and an aggregate nominal amount of £1,733,122 representing approximately 10 per cent of the issued C share capital (excluding treasury shares) of the Company as at 12 April 2010.

The Directors do not currently have any intention to allot shares, with the exception of the Dividend Reinvestment Scheme and reissuing treasury shares where it is in the Company's interest to do so. The Company currently holds 868,094 Ordinary treasury shares representing 6.3 per cent of the total Ordinary share capital in issue and 995,032 C treasury shares representing 2.8 per cent of the total C share capital in issue as at 31 December 2009.

This resolution replaces the authority given to the Directors at the Annual General Meeting in 2008. 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 the earlier.

Dis-application of pre-emption rights

Special resolution number 10 will request 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 £1,187,410 of the nominal value of the share capital representing 5 per cent of the issued Ordinary share and C share capital of the Company (less treasury shares) as at the date of this report. The authority sought at the Annual General Meeting will expire 18 months from the date this resolution is passed or at the conclusion of the next Annual General Meeting of the Company, whichever is the earlier. Members will note that this resolution also applies to treasury shares.

Purchase of own shares

Special resolution number 11 will request the authority to purchase approximately 14.99 per cent of the Company's issued Ordinary share capital and issued C share capital at, or between, the minimum and maximum prices specified in resolution 11.

The authority sought at the Annual General Meeting will expire 18 months from the date this resolution is passed or at the conclusion of the next Annual General Meeting of the Company, whichever is the earlier. Shares bought back under this authority may be cancelled and up to 10 per cent of shares in issue 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 2009 authority, which was in similar terms. During the financial year under review, the Company purchased 137,457 Ordinary shares of 50 pence each for treasury at an aggregate consideration of £95,000 (including stamp duty) representing 1 per cent of the issued Ordinary share capital and 956,236 C shares of 50 pence each for treasury at an aggregate consideration of £534,000 (including stamp duty) representing 2.7 per cent of the issued C share capital, as at 31 December 2009.

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. These powers are intended to permit Directors to sell treasury shares at a price not less than that at which they were purchased.

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.

Statement of Directors' responsibilities for the preparation of Company Financial Statements

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

Directors' report and enhanced business review (continued)

also responsible for ensuring that the Annual Report includes information required by the Listing Rules of the Financial Services Authority

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

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the Financial Statements,
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of the Financial Statements and other information included in annual reports may differ from legislation in other jurisdictions.

The Directors confirm, to the best of their knowledge that

- the Financial Statements, which have been prepared in accordance with UK Generally Accepted Accounting Practice, give a true and fair view of the assets, liabilities, financial position and loss of the Company, and
- the Management report included within the Chairman's statement, Manager's report and Director's report and enhanced business review, includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that it faces.

The names and functions of all the Directors are stated on page 2.

Disclosure of information to auditors

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

- so far as each of the Directors are aware, there is no relevant audit information of which the Company's auditors are unaware, and
- each of the Directors has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This disclosure is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

By Order of the Board

Albion Ventures LLP
Company Secretary

1 King's Arms Yard
London, EC2R 7AF

12 April 2010

Statement of corporate governance

Background

The Financial Services Authority requires all listed companies to disclose how they have applied the principles and complied with the provisions of the Combined Code issued by the Financial Reporting Council ("FRC") in July 2003 ("the Code") and updated in June 2006 and June 2008

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

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

The Company has complied with the recommendations of the AIC Code and the relevant provisions of Section 1 of the Combined Code, except as set out below

Application of the Principles of the Code

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

Board of Directors

The Board consists solely of non-executive directors. 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

Dr Neil Cross is the Chairman. Mr Michael Hart and Lt Gen Sir Edmund Burton are considered independent directors. Lt Gen Sir Edmund Burton is the Senior Independent Director. Mr Patrick Reeve is not considered an independent Director as he is the Managing Partner of Albion Ventures LLP, the Manager

Dr Neil Cross, Mr Michael Hart and Lt Gen Sir Edmund Burton have all 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 consider that a Director's length of service reduces

his ability to act independently of the Manager. Mr Patrick Reeve is also subject to annual re-election as he is not considered to be an independent Director

The Directors have a range of business and financial skills which are relevant to the Company, these are described in the Board of Directors section of this Report, on page 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 access to secretarial advice and compliance services by the Manager, who is responsible for ensuring that Board procedures are followed and applicable procedures complied with. All Directors are able to take independent professional advice in furtherance of their duties if necessary. In accordance with the Combined Code, the Company has in place Directors' & Officers' Liability Insurance

The Board met five times during 2009 as part of its regular programme of Board meetings. All of the Directors attended each meeting. A sub-committee of the Board comprising Neil Cross and Patrick Reeve met once during the year to allot shares issued under the Dividend Reinvestment Scheme

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

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

- the consideration and approval of future developments or changes to the investment policy, including risk and asset allocation,
- consideration of corporate strategy,
- application of the principles of the Combined Code, corporate governance and internal control,
- review of sub-committee recommendations, including the recommendation to shareholders for the appointment and remuneration of Auditors,
- approval of the appropriate dividend to be paid to shareholders,
- the appointment, evaluation, removal and remuneration of the Manager,

Statement of corporate governance (continued)

- 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 Board believes that it has the right balance of independence, skills, experience and knowledge for the effective governance of the Company. The Board considers any skills gaps in existence and takes action to remedy this where necessary.

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

In light of the structured performance evaluation, Dr Neil Cross, Mr Michael Hart, Lt Gen Sir Edmund Burton and Mr Patrick Reeve, all of whom are subject to re-election at the forthcoming Annual General Meeting, are considered to be effective directors to demonstrate strong commitment to the role, and the Board believes it to be in the best interest of the Company to appoint these Directors at the forthcoming Annual General Meeting.

Remuneration Committee

Since the Company has no executive directors, the detailed Directors' Remuneration disclosure requirements set out in Listing Rules 12.43A (a), 12.43A (b) and 12.43A (c) as they relate to Combined Code Provisions B.1 to B.2, B.1.1 to B.1.6, and B.2.1 to B.2.4 are not relevant.

Audit Committee

The Audit Committee consists of all Directors excluding Mr Patrick Reeve. Dr Neil Cross is Chairman of the Audit Committee. In accordance with the Code, the members of the Audit Committee have recent and relevant financial experience. The Committee met twice during the year ended 31 December 2009, all members attended.

Written terms of reference have been constituted for the Audit Committee, these are as follows:

- providing an overview of the Company's accounting policies and financial reporting,
- considering and reviewing the effectiveness of the Company's internal controls and risk management systems,
- monitoring the integrity of the Financial Statements of the Company and any formal announcements relating to the Company's financial performance, reviewing significant financial reporting judgements contained in them,
- meeting the Company's external Auditors annually, approving their appointment, re-appointment, remuneration, terms of engagement and providing an ongoing review of Auditor independence and objectivity,
- monitoring and reviewing the external Auditor's independence and objectivity and the effectiveness of the audit process,
- developing and implementing a policy for the supply of non-audit services by the external Auditors,
- meeting external auditors at least once a year without the presence of the Manager,
- meeting with the internal auditors of the Manager when appropriate,
- ensuring that all Directors of the Company and staff of the Manager feel able to raise issues of serious concern with the Chairman of the Audit Committee, and that these issues, where raised, are subject to proportionate and independent investigation, and appropriate action,
- reporting to the Board, identifying any matters in respect of which action or improvement is needed and recommending appropriate steps to be taken, and
- undertaking the duties of the Engagement Committee, and reviewing the performance of the Manager and all matters arising under the Management Agreement.

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

- formally reviewing the final Annual Report and Financial Statements, the Half-yearly Report, the Interim Management Statements and the associated announcements, with particular focus on the main areas requiring judgement and on critical accounting policies,
- reviewing the effectiveness of the internal controls system and examination of the Internal Controls Report produced by the Manager,
- meeting with the partner in charge of Albion Ventures LLP internal audit at Littlejohn LLP,

Statement of corporate governance (continued)

- meeting with the external auditors and reviewing their findings, and
- reviewing the performance of the Manager and making recommendations regarding their re-appointment to the Board

Nomination Committee

The Nomination Committee consists of all Directors, save Patrick Reeve, with Dr Neil Cross as Chairman. The terms of reference of the Nomination Committee are to evaluate the balance of skills, experience and time commitment of the current Board members and make recommendations to the Board as and when a particular appointment arises. The Nomination Committee did not meet during 2009 and will meet when it is appropriate for it to do so.

It is the policy of the Company that all of the Directors are nominated for re-election every three years. 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. The next re-election is at the Annual General Meeting on 21 June 2010. The terms and conditions of Directors' appointment are available for inspection at the Annual General Meeting.

Internal control

In accordance with principle C 2 of the Combined Code, the Board has an established process for identifying, evaluating and managing the significant risks faced by the Company. This process has been in place throughout the year and continues to be subject to regular review by the Board in accordance with the Internal Control Guidance for Directors in the Combined Code published in September 1999 and updated in 2005 (the "Turnbull guidance"). The Board is responsible for the Company's system of internal control and for reviewing its effectiveness. However, such a system is designed to manage, rather than eliminate the risks of failure to achieve the Company's business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board's monitoring covers all controls, including financial, operational and compliance controls, and risk management. The Board receives each year from the Manager a formal report, which details the steps taken to monitor the areas of risk, including those that are not directly the responsibility of the Manager, and which reports the details of any known internal control failures. Steps are, and continue to be taken to embed the system of internal control and risk management into the operations and culture of the Company and its key suppliers, and to deal with areas of improvement which come to the Manager's and the Board's attention.

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

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

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

During the year, as the Board has delegated the investment management and administration to Albion Ventures LLP, the Board feels that it is not necessary to have its own internal audit function. Instead, the Board had access to Littlejohn LLP, which, as Internal Auditor for Albion Ventures LLP undertakes periodic examination of the business processes and controls environment at Albion Ventures LLP, and ensures that any recommendations to implement improvements in controls are carried out. Littlejohn report formally to the Albion Technology & General VCT PLC Board 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 Going Concern and Liquidity Risk Guidance for Directors of UK Companies 2009 issued by Financial Reporting Council, the Board has assessed the Company's operation as a going concern. The Company has significant cash and liquid resources, its portfolio of investments is well diversified in terms of sector, and the major cash outflows of the Company (namely investments, buy-backs and dividends) are within the Company's control. Accordingly, after making diligent enquiries the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for

Statement of corporate governance (continued)

the foreseeable future. For this reason, the Directors have adopted the going concern basis in preparing the accounts.

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

Conflicts of interest

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

Capital structure and Articles of Association

Details regarding the Company's capital structure, substantial interests and Directors' powers to buy and issue shares are detailed in full on pages 21 and 27 respectively of the Directors' report and enhanced business review. The Company is not party to any significant agreements that may take effect, alter or terminate upon a change of control of the Company following a takeover bid.

Any amendments to the Company's Articles of Association are by way of a special resolution subject to ratification by shareholders.

Relationships with shareholders

The Company's Annual General Meeting on 21 June 2010 will be used as an opportunity to communicate with investors. The Board, including the Chairman of the Audit Committee, will be available to answer questions at the Annual General Meeting.

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

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

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

Any enquiries relating to shareholdings and share certificates or changes to personal details can be directed to Capita Registrars Limited.

Tel 0871 664 0300

Calls cost 10p per minute plus network extras (lines are open 8.30am – 5.30pm, Mon – Fri)

Email ssd@capitaregistrars.com

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

Tel 020 7601 1850

Calls may be recorded.

Email info@albion-ventures.co.uk

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

Statement of compliance

With the exception of the requirement to have a Remuneration Committee, the Directors consider that the Company has complied throughout the year ended 31 December 2009 with all the relevant provisions set out in Section 1 of the Code, and with the AIC Code of Corporate Governance. The Company continues to comply with the Code as at the date of this report.

Directors' remuneration report

Introduction

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

UNAUDITED INFORMATION

Remuneration Committee

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

Source: Albion Ventures LLP

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 £75,000 per annum, amendment to this is by way of a special resolution subject to ratification by shareholders.

Source: Albion Ventures LLP

Performance graph

The graphs that follow show Albion Technology & General VCT PLC's Ordinary and C shares 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.

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.

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

The Company's Articles of Association provide for the resignation and, if approved, re-election of the Directors every three years at the Annual General Meeting. At the forthcoming Annual General Meeting Dr Neil Cross, Mr Michael Hart, Patrick Reeve and Lt Gen Sir Edmund Burton will retire and be proposed for re-election.

Directors' remuneration report (continued)

AUDITED INFORMATION

Directors' remuneration

The following items have been audited

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

	2009 Fees £'000	2008 Fees £'000
Dr Neil Cross	17.5	17.5
Michael Hart	17.5	17.5
Lt Gen Sir Edmund Burton	17.5	17.5
Albion Ventures LLP (for Patrick Reeve's services)	17.5	17.5
	70.0	70.0

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

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

In addition to Directors' remuneration, the Company pays an annual premium in respect of Directors' & Officers' Liability Insurance of £11,000 (2008 £12,000)

By Order of the Board

Albion Ventures LLP
Company Secretary



1 King's Arms Yard
London, EC2R 7AF

12 April 2010

Independent Auditors' report to the Members of Albion Technology & General VCT PLC

We have audited the Financial Statements of Albion Technology & General VCT Plc for the year ended 31 December 2009 which comprise the Income statement, the Balance sheet, the Reconciliation of movement in shareholders' funds, the Cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditors

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

Scope of the audit

An audit involves obtaining evidence about the amounts and disclosures in the Financial Statements sufficient to give reasonable assurance that the Financial Statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the Directors, and the overall presentation of the Financial Statements.

Opinion on Financial Statements

In our opinion the Financial Statements

- give a true and fair view of the state of the Company's affairs as at 31 December 2009 and of its loss 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 Corporate governance statement in compliance with rules 7.2.5 and 7.2.6 in the Disclosure Rules and Transparency Rules sourcebook issued by the Financial Services Authority (information about internal control and risk management systems in relation to financial reporting processes and about share capital structures) is consistent with the Financial Statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following

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

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

Under the Listing Rules we are required to review

- the Directors' statement, set out on pages 31 and 32, in relation to going concern, and
- the part of the Corporate governance statement relating to the Company's compliance with the nine provisions of the June 2008 Combined Code specified for our review.

PKF (UK) LLP

Rosemary Clarke

(Senior statutory auditor)

for and on behalf of PKF (UK) LLP, Statutory auditors
London, UK

12 April 2010

Income statement

		Combined Year ended 31 December 2009			Combined Year ended 31 December 2008		
	Note	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Losses on investments	3	–	(1,979)	(1,979)	–	(5,801)	(5,801)
Investment income	4	1,396	–	1,396	2,602	–	2,602
Investment management fees	5	(233)	(698)	(931)	(304)	(912)	(1,216)
Recovery of VAT	6	23	68	91	144	431	575
Other expenses	7	(210)	–	(210)	(233)	–	(233)
Return/(loss) on ordinary activities before tax		976	(2,609)	(1,633)	2,209	(6,282)	(4,073)
Tax (charge)/credit on ordinary activities	9	(122)	187	65	(574)	137	(437)
Return/(loss) attributable to shareholders		854	(2,422)	(1,568)	1,635	(6,145)	(4,510)

The accompanying notes on pages 48 to 65 form an integral part of these Financial Statements

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

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

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

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

Income statement (non-statutory analysis)

		Ordinary shares Year ended 31 December 2009			Ordinary shares Year ended 31 December 2008		
	Note	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains/(losses) on investments	3	-	502	502	-	(2,029)	(2,029)
Investment income	4	547	-	547	875	-	875
Investment management fees	5	(72)	(215)	(287)	(94)	(281)	(375)
Recovery of VAT	6	23	68	91	61	182	243
Other expenses	7	(66)	-	(66)	(69)	-	(69)
Return/(loss) on ordinary activities before tax		432	355	787	773	(2,128)	(1,355)
Tax (charge)/credit on ordinary activities	9	(104)	54	(50)	(196)	28	(168)
Return/(loss) attributable to shareholders		328	409	737	577	(2,100)	(1,523)
Basic and diluted return/(loss) per share (pence)*	11	2.5	3.2	5.7	4.4	(16.0)	(11.6)

* excluding treasury shares

Income statement (non-statutory analysis)

	Note	C shares Year ended 31 December 2009			C shares Year ended 31 December 2008		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Losses on investments	3	–	(2,481)	(2,481)	–	(3,772)	(3,772)
Investment income	4	849	–	849	1,727	–	1,727
Investment management fees	5	(161)	(483)	(644)	(210)	(631)	(841)
Recovery of VAT		–	–	–	83	249	332
Other expenses	7	(144)	–	(144)	(164)	–	(164)
Return/(loss) on ordinary activities before tax		544	(2,964)	(2,420)	1,436	(4,154)	(2,718)
Tax (charge)/credit on ordinary activities	9	(18)	133	115	(378)	109	(269)
Return/(loss) attributable to shareholders		526	(2,831)	(2,305)	1,058	(4,045)	(2,987)
Basic and diluted return/(loss) per share (pence)*	11	1.5	(8.1)	(6.6)	3.0	(11.4)	(8.4)

* excluding treasury shares

Balance sheet

		Combined 31 December 2009 £'000	Combined 31 December 2008 £'000
	Note		
Fixed asset investments			
Qualifying		26,819	25,710
Non-qualifying		566	918
AIM		20	284
Total fixed asset investments	12	27,405	26,912
Current assets			
Trade and other debtors	14	319	1,525
Current asset investment	14	1,014	9,938
Cash at bank and in hand		8,749	1,859
		10,082	13,322
Creditors amounts falling due within one year	15	(375)	(599)
Net current assets		9,707	12,723
Net assets		37,112	39,635
Capital and reserves			
Called up share capital		24,680	24,660
Share premium		259	256
Capital redemption reserve		400	400
Unrealised capital reserve		(10,083)	(9,176)
Special reserve		21,327	21,327
Own treasury shares reserve		(1,372)	(743)
Realised capital reserve		845	2,360
Revenue reserve		1,056	551
Total equity shareholders' funds		37,112	39,635

* excluding treasury shares

The accompanying notes on pages 48 to 65 form an integral part of these Financial Statements

These financial statements were approved by the Board of Directors, and authorised for issue on 12 April 2010 and were signed on its behalf by

Dr Neil Cross
Chairman

Company number 4114310

Balance sheet

		Combined 31 December 2009 £'000	Combined 31 December 2008 £'000
	Note		
Fixed asset investments			
Qualifying		26,819	25,710
Non-qualifying		566	918
AIM		20	284
Total fixed asset investments	12	27,405	26,912
Current assets			
Trade and other debtors	14	319	1,525
Current asset investment	14	1,014	9,938
Cash at bank and in hand		8,749	1,859
		10,082	13,322
Creditors' amounts falling due within one year	15	(375)	(599)
Net current assets		9,707	12,723
Net assets		37,112	39,635
Capital and reserves			
Called up share capital		24,680	24,660
Share premium		259	256
Capital redemption reserve		400	400
Unrealised capital reserve		(10,083)	(9,176)
Special reserve		21,327	21,327
Own treasury shares reserve		(1,372)	(743)
Realised capital reserve		845	2,360
Revenue reserve		1,056	551
Total equity shareholders' funds		37,112	39,635

* excluding treasury shares

The accompanying notes on pages 48 to 65 form an integral part of these Financial Statements

These financial statements were approved by the Board of Directors, and authorised for issue on 12 April 2010 and were signed on its behalf by



Dr Neil Cross
Chairman

Company number 4114310

Balance sheet (non-statutory analysis)

		Ordinary shares 31 December 2009 £'000	Ordinary shares 31 December 2008 £'000
	Note		
Fixed asset investments			
Qualifying		9,312	8,270
Non-qualifying		452	424
AIM		20	284
Total fixed asset investments	12	<u>9,784</u>	<u>8,978</u>
Current assets			
Trade and other debtors	14	60	714
Cash at bank and in hand	18	<u>2,168</u>	<u>1,647</u>
		2,228	2,361
Creditors amounts falling due within one year	15	<u>(110)</u>	<u>(79)</u>
Net current assets		<u>2,118</u>	<u>2,282</u>
Net assets		<u>11,902</u>	<u>11,260</u>
Capital and reserves			
Called up share capital	16	6,851	6,851
Share premium		215	215
Capital redemption reserve		400	400
Unrealised capital reserve		(3,930)	(4,747)
Special reserve		5,554	5,554
Own treasury shares reserve		(808)	(713)
Realised capital reserve		2,913	3,321
Revenue reserve		<u>707</u>	<u>379</u>
Total equity shareholders' funds		<u>11,902</u>	<u>11,260</u>
Basic and diluted net asset value per share (pence)*	17	<u>92.7</u>	86.8

* excluding treasury shares

The accompanying notes on pages 48 to 65 form an integral part of these Financial Statements

Balance Sheet (non-statutory analysis)

		C shares 31 December 2009 £'000	C shares 31 December 2008 £'000
Fixed asset investments			
Qualifying		17,507	17,440
Non-qualifying		114	494
Total fixed asset investments	12	<u>17,621</u>	<u>17,934</u>
Current assets			
Trade and other debtors	14	259	811
Current asset investment	14	1,014	9,938
Cash at bank and in hand	18	6,581	212
		<u>7,854</u>	<u>10,961</u>
Creditors: amounts falling due within one year	15	<u>(265)</u>	<u>(520)</u>
Net current assets		<u>7,589</u>	<u>10,441</u>
Net assets		<u>25,210</u>	<u>28,375</u>
Capital and reserves			
Called up share capital	16	17,829	17,809
Share premium		44	41
Unrealised capital reserve		(6,153)	(4,429)
Special reserve		15,773	15,773
Own treasury shares reserve		(564)	(30)
Realised capital reserve		(2,068)	(961)
Revenue reserve		349	172
Total equity shareholders' funds		<u>25,210</u>	<u>28,375</u>
Basic and diluted net asset value per share (pence)*	17	<u>72.7</u>	<u>79.8</u>

* excluding treasury shares

The accompanying notes on pages 48 to 65 form an integral part of these Financial Statements

Reconciliation of movement in shareholders' funds

Combined

	Called-up share capital £'000	Share premium £'000	Capital redemption reserve £'000	Unrealised capital reserve* £'000	Special reserve* £'000	Own treasury share reserve* £'000	Realised capital reserve* £'000	Revenue reserve* £'000	Total £'000
As at 1 January 2009	24,660	256	400	(9,176)	21,327	(743)	2,360	551	39,635
Net realised gains on investments in the year	-	-	-	-	-	-	282	-	282
Unrealised losses on investments	-	-	-	(2,261)	-	-	-	-	(2,261)
Transfer of previously unrealised losses on sale of investments	-	-	-	1,354	-	-	(1,354)	-	-
Capitalised investment management fee	-	-	-	-	-	-	(698)	-	(698)
Capitalised recoverable VAT	-	-	-	-	-	-	68	-	68
Tax on capitalised management fees	-	-	-	-	-	-	187	-	187
Purchase of own treasury shares	-	-	-	-	-	(629)	-	-	(629)
Issue of equity (net of costs)	20	3	-	-	-	-	-	-	23
Revenue return attributable to shareholders	-	-	-	-	-	-	-	854	854
Dividends paid	-	-	-	-	-	-	-	(349)	(349)
As at 31 December 2009	24,680	259	400	(10,083)	21,327	(1,372)	845	1,056	37,112

As at 1 January 2008	24,535	165	400	(2,692)	21,322	(282)	3,322	1,298	48,068
Net realised gains on investments in the year	-	-	-	-	-	-	434	-	434
Unrealised losses on investments	-	-	-	(6,235)	-	-	-	-	(6,235)
Transfer of previously unrealised gains on sale of investments	-	-	-	(249)	-	-	249	-	-
Capitalised investment management fee	-	-	-	-	-	-	(912)	-	(912)
Capitalised recoverable VAT	-	-	-	-	-	-	431	-	431
Tax on capitalised management fees	-	-	-	-	-	-	137	-	137
Release of previous cost accrual	-	-	-	-	5	-	-	-	5
Purchase of own treasury shares	-	-	-	-	-	(461)	-	-	(461)
Issue of equity (net of costs)	125	91	-	-	-	-	-	-	216
Revenue return attributable to shareholders	-	-	-	-	-	-	-	1,635	1,635
Dividends paid	-	-	-	-	-	-	(1,301)	(2,382)	(3,683)
As at 31 December 2008	24,660	256	400	(9,176)	21,327	(743)	2,360	551	39,635

* Included within these reserves is an amount of £11,773,000 (2008 £14,319,000) which is considered distributable. The Special reserve has been treated as distributable in determining the amounts available for distribution.

Reconciliation of movement in shareholders' funds

Ordinary shares (non-statutory analysis)

	Called-up share capital £'000	Share premium £'000	Capital redemption reserve £'000	Unrealised capital reserve* £'000	Special reserve* £'000	Own treasury share reserve* £'000	Realised capital reserve* £'000	Revenue reserve* £'000	Total £'000
As at 1 January 2009	6,851	215	400	(4,747)	5,554	(713)	3,321	379	11,260
Net realised gains on investments in the year	-	-	-	-	-	-	431	-	431
Unrealised gains on investments	-	-	-	71	-	-	-	-	71
Transfer of previously unrealised losses on sale of investments	-	-	-	746	-	-	(746)	-	-
Capitalised investment management fee	-	-	-	-	-	-	(215)	-	(215)
Capitalised recoverable VAT	-	-	-	-	-	-	68	-	68
Tax on capitalised management fees	-	-	-	-	-	-	54	-	54
Purchase of own treasury shares	-	-	-	-	-	(95)	-	-	(95)
Revenue return attributable to shareholders	-	-	-	-	-	-	-	328	328
As at 31 December 2009	6,851	215	400	(3,930)	5,554	(808)	2,913	707	11,902

As at 1 January 2008	6,795	165	400	(2,092)	5,554	(282)	4,067	586	15,193
Net realised gains on investments in the year	-	-	-	-	-	-	405	-	405
Unrealised losses on investments	-	-	-	(2,434)	-	-	-	-	(2,434)
Transfer of previously unrealised gains on sale of investments	-	-	-	(221)	-	-	221	-	-
Capitalised investment management fee	-	-	-	-	-	-	(281)	-	(281)
Capitalised recoverable VAT	-	-	-	-	-	-	182	-	182
Tax on capitalised management fees	-	-	-	-	-	-	28	-	28
Purchase of own treasury shares	-	-	-	-	-	(431)	-	-	(431)
Issue of equity (net of costs)	56	50	-	-	-	-	-	-	106
Revenue return attributable to shareholders	-	-	-	-	-	-	-	577	577
Dividends paid	-	-	-	-	-	-	(1,301)	(784)	(2,085)
As at 31 December 2008	6,851	215	400	(4,747)	5,554	(713)	3,321	379	11,260

* Included within these reserves is an amount of £4,436,000 (2008 £3,794,000) which is considered distributable. The Special reserve has been treated as distributable in determining the amounts available for distribution.

Reconciliation of movement in shareholders' funds

C shares (non-statutory analysis)

	Called-up share capital £'000	Share premium £'000	Unrealised capital reserve* £'000	Special reserve* £'000	Own treasury share reserve* £'000	Realised capital reserve* £'000	Revenue reserve* £'000	Total £'000
As at 1 January 2009	17,809	41	(4,429)	15,773	(30)	(961)	172	28,375
Net realised losses on investments in the year	-	-	-	-	-	(149)	-	(149)
Unrealised losses on investments	-	-	(2,332)	-	-	-	-	(2,332)
Transfer of previously unrealised losses on sale of investments	-	-	608	-	-	(608)	-	-
Capitalised investment management fee	-	-	-	-	-	(483)	-	(483)
Tax on capitalised management fees	-	-	-	-	-	133	-	133
Purchase of own treasury shares	-	-	-	-	(534)	-	-	(534)
Issue of equity (net of costs)	20	3	-	-	-	-	-	23
Revenue return attributable to shareholders	-	-	-	-	-	-	526	526
Dividends paid	-	-	-	-	-	-	(349)	(349)
As at 31 December 2009	17,829	44	(6,153)	15,773	(564)	(2,068)	349	25,210

As at 1 January 2008	17,740	-	(600)	15,768	-	(745)	712	32,875
Net realised gains on investments in the year	-	-	-	-	-	29	-	29
Unrealised losses on investments	-	-	(3,801)	-	-	-	-	(3,801)
Transfer of previously unrealised gains on sale of investments	-	-	(28)	-	-	28	-	-
Capitalised investment management fee	-	-	-	-	-	(631)	-	(631)
Capitalised recoverable VAT	-	-	-	-	-	249	-	249
Tax on capitalised management fees	-	-	-	-	-	109	-	109
Release of previous cost accrual	-	-	-	5	-	-	-	5
Purchase of own treasury shares	-	-	-	-	(30)	-	-	(30)
Issue of equity (net of costs)	69	41	-	-	-	-	-	110
Revenue return attributable to shareholders	-	-	-	-	-	-	1,058	1,058
Dividends paid	-	-	-	-	-	-	(1,598)	(1,598)
As at 31 December 2008	17,809	41	(4,429)	15,773	(30)	(961)	172	28,375

* Included within these reserves is an amount of £7,337,000 (2008 £10,525,000) which is considered distributable. The Special reserve has been treated as distributable in determining the amounts available for distribution.

Cash flow statement

Combined

		Year ended 31 December 2009 £'000	Year ended 31 December 2008 £'000
	Note		
Operating activities			
Investment income received		1,449	1,905
Deposit interest received		92	523
Dividend income received		68	63
Investment management fees paid		(726)	(1,603)
Recovery of VAT		714	-
Other cash payments		(196)	(228)
Interclass account movement		341	(338)
Net cash inflow from operating activities	19	1,742	322
Taxation			
UK corporation tax paid		(339)	(597)
Capital expenditure and financial investments			
Purchase of fixed asset investments		(3,668)	(9,771)
Disposal of fixed asset investments		1,109	2,552
Net cash (outflow) from investing activities		(2,559)	(7,219)
Management of liquid resources			
Purchase of current asset investment		(1,000)	-
Disposal of current asset investments		10,001	4,996
Net cash inflow from liquid resources		9,001	4,996
Equity dividends paid (net of cost of shares issued under the dividend reinvestment scheme)	10	(326)	(3,467)
Net cash inflow/(outflow) before financing		7,519	(5,965)
Financing			
Purchase of own shares	16	(629)	(461)
Net cash outflow from financing		(629)	(461)
Cash inflow/(outflow) in the year	18	6,890	(6,426)

Cash flow statement

Ordinary shares (non-statutory analysis)

		Year ended 31 December 2009 £'000	Year ended 31 December 2008 £'000
	Note		
Operating activities			
Investment income received		497	679
Deposit interest received		29	201
Dividend income received		11	10
Investment management fees paid		(229)	(501)
Recovery of VAT		368	-
Other cash payments		(59)	(59)
Interclass account movement		355	(254)
Net cash inflow from operating activities	19	972	76
Taxation			
UK corporation tax paid		(122)	(199)
Capital expenditure and financial investments			
Purchase of fixed asset investments		(1,285)	(2,084)
Disposal of fixed asset investments		1,051	2,208
Net cash (outflow)/inflow from investing activities		(234)	124
Equity dividends paid (net of cost of shares issued under the dividend reinvestment scheme)	10	-	(1,979)
Net cash inflow/(outflow) before financing		616	(1,978)
Financing			
Purchase of own shares	16	(95)	(431)
Net cash outflow from financing		(95)	(431)
Cash inflow/(outflow) in the year	18	521	(2,409)

Cash flow statement

C shares (non-statutory analysis)

		Year ended 31 December 2009 £'000	Year ended 31 December 2008 £'000
	Note		
Operating activities			
Investment income received		952	1,226
Deposit interest received		63	322
Dividend income received		57	53
Investment management fees paid		(497)	(1,102)
Recovery of VAT		346	–
Other cash payments		(137)	(169)
Interclass account movement		(14)	(84)
Net cash inflow from operating activities	19	770	246
Taxation			
UK corporation tax paid		(217)	(398)
Capital expenditure and financial investments			
Purchase of fixed asset investments		(2,383)	(7,687)
Disposal of fixed asset investments		58	344
Net cash (outflow) from investing activities		(2,325)	(7,343)
Management of liquid resources			
Purchase of current asset investment		(1,000)	–
Disposal of current asset investments		10,001	4,996
Net cash inflow from liquid resources		9,001	4,996
Equity dividends paid (net of cost of shares issued under the dividend reinvestment scheme)		(326)	(1,488)
Net cash inflow/(outflow) before financing		6,903	(3,987)
Financing			
Purchase of own shares	16	(534)	(30)
Net cash (outflow)/inflow from financing		(534)	(30)
Cash inflow/(outflow) in the year	18	6,369	(4,017)

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" issued by the Association of Investment Companies ("AIC SORP") in January 2009. Accounting policies have been applied consistently in current and prior periods.

2 Accounting policies

Investments

Quoted and unquoted equity investments

In accordance with FRS 26 "Financial Instruments Recognition and Measurement", quoted and unquoted equity investments are designated as fair value through profit or loss. Investments listed on recognised exchanges are valued at the closing bid prices at the end of the accounting period. Unquoted investments' fair value is determined by the Directors in accordance with the September 2009 revisions to the International Private Equity and Venture Capital Valuation Guidelines (IPEVCV guidelines). The revised September 2009 IPEVCV guidelines have not had a material impact on the portfolio.

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

Unquoted loan stock

Unquoted loan stock is classified as loans and receivables in accordance with FRS 26 and carried at amortised cost using the Effective Interest Rate method less impairment. Movements in respect of capital provisions are reflected in the capital column of the Income statement and are reflected in the realised capital reserve following sale, or in the unrealised capital reserve on revaluation.

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

Warrants, convertibles and unquoted equity derived instruments

Warrants, convertibles and unquoted equity derived instruments are only valued if their exercise or contractual conversion terms would allow them to be exercised or converted as at the balance sheet date, and if there is additional value to the Company in exercising or converting as at the balance sheet date. Otherwise these instruments are held at nil value. The valuation techniques used are those used for the underlying equity investment.

Floating rate notes

In accordance with FRS 26 floating rate notes are designated as fair value through profit or loss and are valued at market bid price at the balance sheet date. Floating rate notes are classified as current asset investments as they are investments held for the short term.

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

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

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

It is not the Company's policy to exercise control or significant influence over investee companies. Therefore in accordance with the exemptions under FRS 9 "Associates and joint ventures", those undertakings in which the Company holds more than 20 per cent of the equity are not regarded as associated undertakings.

Investment income

Quoted and 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.

Floating rate note income

Floating rate note income is recognised on an accrual basis using the interest rate applicable to the floating rate note at that time. Floating rate notes are classified as current asset investments as they are investments held for the short term.

Investment management fees and other expenses

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

- 75 per cent of management fees are allocated to the capital account to the extent that these relate to an enhancement in the value of the investments and in line with the Board's expectation that over the long term 75 per cent of the Company's investment returns will be in the form of capital gains, and
- expenses which are incidental to the purchase or disposal of an investment are charged through the Realised capital reserve.

Notes to the Financial Statements (continued)

2 Accounting policies (continued)

Under the terms of the Management agreement, total expenses including management fees and excluding performance fees will not exceed 3.5 per cent of net asset value of the Company at the 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 specific nature of taxation of venture capital trusts means that it is unlikely that any deferred tax will arise. The Directors have considered the requirements of FRS 19 and do not believe that any provision should be made.

Reserves

Share premium account

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

Capital redemption reserve

This reserve accounts for amounts by which the issued share capital is diminished through the repurchase and cancellation of the Company's own shares.

Unrealised capital reserves

Increases and decreases in the valuation of investments held at the year end against cost, are included in this reserve.

Special reserve

The cancellation of the share premium account has created a special reserve that can be used to fund market purchases and subsequent cancellation of own shares, to cover gross realised losses, and for other distributable purposes.

Own treasury shares reserve

This reserve accounts for amounts by which the distributable reserves of the Company are diminished through the repurchase of the Company's own shares for treasury.

Realised capital reserve

The following are disclosed in this reserve:

- gains and losses compared to cost on the realisation of investments,

- expenses, together with the related taxation effect, charged in accordance with the above policies, and

- dividends paid to equity holders

Dividends

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

C shares

Until such time that C shares are converted into Ordinary shares, all investments and returns attributable to this class of share will be separately identifiable from the existing Ordinary shares. All residual expenses will be allocated on the basis of total funds raised for each class of share.

Notes to the Financial Statements (continued)

3 (Losses)/gains on investments

	Year ended 31 December 2009			Year ended 31 December 2008		
	Ordinary shares £'000	C shares £'000	Total £'000	Ordinary shares £'000	C shares £'000	Total £'000
Unrealised gains/(losses) on fixed asset investments held at fair value through profit or loss account	660	(1,072)	(412)	(1,727)	(3,467)	(5,194)
Unrealised impairments on fixed asset investments held at amortised cost	(589)	(1,274)	(1,863)	(707)	(298)	(1,005)
Unrealised gains/(losses) on fixed asset investments	71	(2,346)	(2,275)	(2,434)	(3,765)	(6,199)
Unrealised gains/(losses) on current asset investments held at fair value through profit or loss account	-	14	14	-	(36)	(36)
Unrealised gains/(losses) sub-total	71	(2,332)	(2,261)	(2,434)	(3,801)	(6,235)
Realised gains/(losses) on fixed asset investments held at fair value through profit or loss account	447	(97)	(42)	172	26	198
Realised (losses)/gains on fixed asset investments held at amortised cost	(16)	(115)	326	233	-	233
Realised gains/(losses) on current asset investments held at fair value through profit or loss account	-	63	(2)	-	3	3
Realised gains/(losses) sub-total	431	(149)	282	405	29	434
Total	502	(2,481)	(1,979)	(2,029)	(3,772)	(5,801)

The prior year analysis has been re-presented to reflect a separate transfer between reserves for accumulated unrealised gains or losses that had taken place in previous periods, relating to investments sold during the current period

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

4 Investment income

	Year ended 31 December 2009			Year ended 31 December 2008		
	Ordinary shares £'000	C shares £'000	Total £'000	Ordinary shares £'000	C shares £'000	Total £'000
Income recognised on investments held at fair value through profit or loss						
Dividend income	11	57	68	10	53	63
Management fees received from equity investments	-	-	-	9	3	12
Floating rate note interest	-	114	114	-	609	609
Bank deposit interest	29	60	89	191	307	498
	40	231	271	210	972	1,182
Income recognised on investments held at amortised cost						
Return on loan stock investments	507	618	1,125	665	755	1,420
	547	849	1,396	875	1,727	2,602

Interest income earned on impaired investments at 31 December 2009 for Ordinary shares amounted to £217,000 (2008 £137,000) and for C shares amounted to £258,000 (2008 £8,000). These investments are all held at amortised cost

Notes to the Financial Statements (continued)

5 Investment management fees

	Year ended 31 December 2009			Year ended 31 December 2008		
	Ordinary shares £'000	C shares £'000	Total £'000	Ordinary shares £'000	C shares £'000	Total £'000
Investment management fee charged to revenue	72	161	233	94	210	304
Investment management fee charged to capital	215	483	698	281	631	912
	<u>287</u>	<u>644</u>	<u>931</u>	<u>375</u>	<u>841</u>	<u>1,216</u>

Further details of the Management agreement under which the investment management fee is paid are given in the Directors' report and enhanced business review on page 26. A management fee of £2,000 (2008 £46,000) generated through the recovery of historic VAT has been net off against the VAT recovery amount in the Income statement.

6 Recovery of Value Added Tax

HMRC issued a business briefing on 24 July 2008 which permitted the recovery of historic VAT that had been charged on management fees, and which made these fees exempt from VAT with effect from 1 October 2008.

The Manager, Albion Ventures LLP has made a further claim for the historic VAT that Albion Technology & General VCT PLC has paid on management fees. The Company has received a historic VAT repayment of £91,000 (2008 £243,000) net of management fees of £2,000 (2008 £32,000) associated with this recovery for Ordinary shares (before the deduction of tax). This amount has been recognised as a separate item in the Income statement, allocated between revenue and capital return in the same proportion as that which the original VAT has been charged. An additional tax charge of £25,000 for Ordinary shares (2008 £72,000) is payable on this recovery of historic VAT and this is reflected in the tax charge shown in the Income statement.

There were no further sums recovered for C shares during the year. In the year ended 31 December 2008, £332,000 of historic VAT was repaid net of management fees of £14,000.

7 Other expenses

	Year ended 31 December 2009			Year ended 31 December 2008		
	Ordinary shares £'000	C shares £'000	Total £'000	Ordinary shares £'000	C shares £'000	Total £'000
Directors' fees (including VAT and NIC)	22	55	77	22	56	78
Other administrative expenses	30	57	87	36	75	111
Tax services	6	14	20	5	14	19
Auditors' remuneration for statutory audit services	8	18	26	6	19	25
	<u>66</u>	<u>144</u>	<u>210</u>	<u>69</u>	<u>164</u>	<u>233</u>

8 Directors' fees

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

	Year ended 31 December 2009			Year ended 31 December 2008		
	Ordinary shares £'000	C shares £'000	Total £'000	Ordinary shares £'000	C shares £'000	Total £'000
Directors' fees	20	50	70	20	50	70
National insurance and/or VAT	2	5	7	2	6	8
	<u>22</u>	<u>55</u>	<u>77</u>	<u>22</u>	<u>56</u>	<u>78</u>

Further information regarding Directors' remuneration can be found on the Directors' remuneration report on pages 33 and 34.

Notes to the Financial Statements (continued)

9 Tax charge/(credit) on ordinary activities

Ordinary shares

	Year ended 31 December 2009			Year ended 31 December 2008		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
UK corporation tax in respect of current year	113	(54)	59	217	(28)	189
UK corporation tax in respect of prior year	(9)	–	(9)	(21)	–	(21)
Total	104	(54)	50	196	(28)	168

Factors affecting the tax charge

	Year ended 31 December 2009 £'000	Year ended 31 December 2008 £'000
Return/(loss) on ordinary activities before taxation	787	(1,355)
Tax on profit at the standard rate	220	(386)
Factors affecting the charge		
Non-taxable profits	(141)	579
Non-taxable income	(2)	(4)
Consortium relief in respect of prior years	(9)	(21)
Marginal relief	(18)	–
	50	168

C shares

	Year ended 31 December 2009			Year ended 31 December 2008		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
UK corporation tax in respect of current year	139	(133)	6	394	(109)	285
UK corporation tax in respect of prior year	(121)	–	(121)	(16)	–	(16)
Total	18	(133)	(115)	378	(109)	269

Factors affecting the tax charge

	Year ended 31 December 2009 £'000	Year ended 31 December 2008 £'000
Loss on ordinary activities before taxation	(2,420)	(2,718)
Tax on profit at the standard rate	(678)	(774)
Factors affecting the charge		
Non-taxable losses	704	1,075
Non-taxable income	(16)	(16)
Consortium relief in respect of prior years	(121)	(16)
Marginal relief	(4)	–
	(115)	269

Notes to the Financial Statements (continued)

9 Tax charge/(credit) on ordinary activities (continued)

The tax charge for the year shown in the Income statement is lower than the standard rate of corporation tax in the UK of 28 per cent (2008 28.5 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.

10 Dividends

Ordinary shares

	Year ended 31 December 2009			Year ended 31 December 2008		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Dividend of 4 Op (2 Op capital and 2 Op revenue) per share paid on 30 May 2008	-	-	-	263	263	526
Dividend of 4 Op (2 Op capital and 2 Op revenue) per share paid on 3 October 2008	-	-	-	262	262	524
Dividend of 8 Op (6 Op capital and 2 Op revenue) per share paid on 30 December 2008	-	-	-	259	776	1,035
	<u>-</u>	<u>-</u>	<u>-</u>	<u>784</u>	<u>1,301</u>	<u>2,085</u>

Shareholders are reminded that the Ordinary share dividend of 8p for the year to 31 December 2009 was paid in advance on 30 December 2008.

The Board has declared a first dividend for the year ending 31 December 2010 of 4 pence per Ordinary share. This dividend will be paid on 21 May 2010 to shareholders on the register as at 23 April 2010. The total dividend will be approximately £513,000.

C shares

	Year ended 31 December 2009			Year ended 31 December 2008		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Revenue dividend of 1 Op per share paid on 18 September 2009	349	-	349	-	-	-
Revenue dividend of 1.5p per share paid on 30 May 2008	-	-	-	532	-	532
Revenue dividend of 1.5p per share paid on 3 October 2008	-	-	-	533	-	533
Revenue dividend of 1.5p per share paid on 30 December 2008	-	-	-	533	-	533
	<u>349</u>	<u>-</u>	<u>349</u>	<u>1,598</u>	<u>-</u>	<u>1,598</u>

Shareholders are reminded that the first C share dividend of 1.5p for the year to 31 December 2009 was paid in advance on 30 December 2008.

In addition to the dividends summarised above, the Board has declared a first dividend for the year ending 31 December 2010 of 1.5 pence per C share. This dividend will be paid on 21 May 2010 to shareholders on the register as at 23 April 2010. The total dividend will be approximately £520,000.

Notes to the Financial Statements (continued)

11 Basic and diluted return per share Ordinary shares

	Year ended 31 December 2009			Year ended 31 December 2008		
	Revenue	Capital	Total	Revenue	Capital	Total
The return per share has been based on the following figures						
Return/(loss) attributable to equity shares (£'000)	328	409	737	577	(2,100)	(1,523)
Weighted average shares in issue (excluding treasury shares)	12,911,888	12,911,888	12,911,888	13,128,893	13,128,893	13,128,893
Return/(loss) attributable per equity share (pence)	2.5	3.2	5.7	4.4	(16.0)	(11.6)

The weighted average number of shares is calculated excluding treasury shares of 868,094 (2008: 730,637)

C shares

	Year ended 31 December 2009			Year ended 31 December 2008		
	Revenue	Capital	Total	Revenue	Capital	Total
The return per share has been based on the following figures						
Return/(loss) attributable to equity shares (£'000)	526	(2,831)	(2,305)	1,058	(4,045)	(2,987)
Weighted average shares in issue (excluding treasury shares)	35,130,628	35,130,628	35,130,628	35,505,045	35,505,045	35,505,045
Return/(loss) attributable per equity share (pence)	1.5	(8.1)	(6.6)	3.0	(11.4)	(8.4)

The weighted average number of shares is calculated excluding treasury shares of 995,032 (2008: 38,796)

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.

12 Fixed asset investments

	31 December 2009			31 December 2008		
	Ordinary shares	C shares	Total	Ordinary shares	C shares	Total
Qualifying investments	9,312	17,507	26,819	8,270	17,440	25,710
Non-qualifying investments	452	114	566	424	494	918
AIM instruments	20	-	20	284	-	284
	9,784	17,621	27,405	8,978	17,934	26,912

The classification of investments by nature of instruments is as follows:

	31 December 2009			31 December 2008		
	Ordinary shares £'000	C shares £'000	Total £'000	Ordinary shares £'000	C shares £'000	Total £'000
Unquoted equity	2,935	6,024	8,959	1,839	5,640	7,479
Quoted equity	20	-	20	284	-	284
Unquoted equity derived instruments	-	-	-	16	88	104
Unquoted loan stock	6,810	11,597	18,407	6,822	11,996	18,818
Warrants and convertibles	19	-	19	17	210	227
	9,784	17,621	27,405	8,978	17,934	26,912

Notes to the Financial Statements (continued)

12 Fixed asset investments (continued) Ordinary shares

	Qualifying investments £'000	Non-qualifying investments £'000	AIM investments £'000	Total £'000
Opening valuation as at 1 January 2009	8,270	424	284	8,978
Purchases at cost	1,391	17	–	1,408
Disposal proceeds	(315)	(23)	(738)	(1,076)
Realised (losses)/gains	(37)	–	462	425
Movement in loan stock accrued income	(10)	–	–	(10)
Unrealised gains	13	34	12	59
Closing valuation as at 31 December 2009	9,312	452	20	9,784
Movement in loan stock accrued income				
Opening accumulated movement in loan stock accrued income	512	–	–	512
Transfer of unrealised gain to loan stock accrued income	68	–	–	68
Movement in loan stock capitalised accrued income	(412)	–	–	(412)
Movement in loan stock accrued income	(10)	–	–	(10)
Closing accumulated movement in loan stock accrued income	158	–	–	158
Movement in unrealised losses				
Opening accumulated unrealised losses	(4 044)	(66)	(637)	(4,747)
Transfer of unrealised gain to loan stock accrued income	(68)	–	–	(68)
Transfer of previously unrealised losses to realised reserve on disposal of investments	202	–	544	746
Movement in unrealised gains	13	34	12	59
Closing accumulated unrealised losses	(3,897)	(32)	(81)	(4,010)
Historic cost basis				
Opening book cost	11,802	490	921	13 213
Movement in loan stock capitalised income	412	–	–	412
Purchases at cost	1,391	17	–	1 408
Sales at cost	(554)	(23)	(820)	(1 397)
Closing book cost	13,051	484	101	13,636

Fixed asset investments held at fair value through the profit or loss account total £2 974,000 (2008 £2,156,000). Investments held at amortised cost total £6,810,000 (2008 £6,822 000). There has been no re-designation of fixed asset investments during the year.

The purchases of £1,285,000 per the Cash flow statement do not agree to the purchases at cost above of £1 408,000 due to a £80,000 investment in Forth Photonics Limited which had been a settlement debtor as at 31 December 2008 and the £43,000 added to the cost of Red-M Wireless Limited and Green Energy Property Services Limited as a result of restructuring in the portfolio.

There were four disposals of AIM investments in the year (proceeds totalled £738,000) and one partial disposal of loan stock during the year of £153,000 from Consolidated PR Limited.

Notes to the Financial Statements (continued)

12. Fixed asset investments (continued) C shares

	Qualifying investments £'000	Non-qualifying investments £'000	Total £'000
Opening valuation as at 1 January 2009	17,440	494	17,934
Transfer of non-qualifying investment to qualifying	494	(494)	-
Purchases at cost	2,394	102	2,496
Disposal proceeds	(171)	-	(171)
Realised losses	(212)	-	(212)
Movement in loan stock accrued income	(149)	-	(149)
Unrealised (losses)/gains	(2,289)	12	(2,277)
Closing valuation as at 31 December 2009	17,507	114	17,621
Movement in loan stock accrued income			
Opening accumulated movement in loan stock accrued income	420	-	420
Transfer of unrealised gain to loan stock accrued income	39	-	39
Movement in loan stock capitalised accrued income	(15)	-	(15)
Movement in loan stock accrued income	(149)	-	(149)
Closing accumulated movement in loan stock accrued income	295	-	295
Movement in unrealised (losses)/gains			
Opening accumulated unrealised losses	(4,364)	-	(4,364)
Transfer of previously unrealised losses to realised reserve on disposal of investments	543	-	543
Transfer of unrealised gain to loan stock accrued income	(39)	-	(39)
Movement in unrealised (losses)/gains	(2,289)	12	(2,277)
Closing accumulated unrealised (losses)/gains	(6,149)	12	(6,137)
Historic cost basis			
Opening book cost	21,384	494	21,878
Capitalised loan stock interest	15	-	15
Transfer of non-qualifying investment to qualifying	494	(494)	-
Purchases at cost	2,394	102	2,496
Sales at cost	(926)	-	(926)
Closing book cost	23,361	102	23,463

Fixed asset investments held at fair value through the profit or loss account total £6,024,000 (2008 £5,938,000). Investments held at amortised cost total £11,597,000 (2008 £11,996,000). There has been no re-designation of fixed asset investments during the year.

In September 2009, Albion Technology & General VCT PLC exchanged its shareholdings in Welland Inns VCT Limited (formerly Clear Pub Company VCT Limited), Novello Pub Limited and Pelican Inn Limited for a shareholding in Charnwood Pub Company Limited. The reorganisation resulted in the pubs being managed by a single management team.

Fixed asset investment class valuation methodologies

Quoted equity investments are valued at market bid price as at the balance sheet date.

Unquoted loan stock investments are valued on an amortised cost basis. Loan stock in the Ordinary share portfolio using a fixed interest rate total £6,747,000 (2008 £6,723,000) and in the C share portfolio total £9,698,000 (2008 £10,363,000).

Loan stock in the Ordinary share portfolio valued using a floating rate total £63,000 (2008 £99,000) and C share portfolio valued using a floating rate total £1,899,000 (2008 £1,633,000).

The Directors believe that the carrying value of loan stock, valued using 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.

Notes to the Financial Statements (continued)

12 Fixed asset investments (continued)

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

The Ordinary shares' investments are categorised in accordance with FRS 29 as follows

	31 December 2009 £'000	Level 1 £'000	Level 2 £'000	Level 3 £'000
Financial assets at fair value through profit or loss				
AIM quoted equity	20	20	-	-
Unquoted equity	2,954	-	-	2,954
	<u>2,974</u>	<u>20</u>	<u>-</u>	<u>2,954</u>

The C shares' investments are categorised in accordance with FRS 29 as follows

	31 December 2009 £'000	Level 1 £'000	Level 2 £'000	Level 3 £'000
Financial assets at fair value through profit or loss				
Floating rate notes (current asset investment)	1,014	1,014	-	-
Unquoted equity	6,024	-	-	6,024
	<u>7,038</u>	<u>1,014</u>	<u>-</u>	<u>6,024</u>

The Ordinary shares and C shares unquoted equity investments and warrants and convertibles valued at fair value through profit or loss had the following movements in the year to 31 December 2009

	Ordinary shares £'000	C shares £'000
Opening balance	1,871	5,938
Additions	520	1,265
Disposals	(22)	(97)
Unrealised gains/(losses) on equity investments	585	(1,082)
Closing balance	<u>2,954</u>	<u>6,024</u>

Unquoted equity investments and warrants and convertibles are valued in accordance with the IPEVCV guidelines as follows

	31 December 2009			31 December 2008		
Investment methodology	Ordinary shares £'000	C shares £'000	Total £'000	Ordinary shares £'000	C shares £'000	Total £'000
Cost reviewed for impairment	188	1,132	1,320	358	1,929	2,287
Net asset value supported by third party valuation	562	548	1,110	287	770	1,057
Price of recent investment	880	3,360	4,240	663	2,425	3,088
Earnings multiple	1,324	984	2,308	564	814	1,378
	<u>2,954</u>	<u>6,024</u>	<u>8,978</u>	<u>1,872</u>	<u>5,938</u>	<u>7,810</u>

Notes to the Financial Statements (continued)

12. Fixed asset investments (continued)

The Ordinary shares portfolio had the following movements between valuation methodologies between 31 December 2008 and 31 December 2009

	Value as at 31 December 2009	
Change in valuation methodology (2008 to 2009)	£'000	Explanatory note
Cost reviewed for impairment to recent investment price	205	Most recent price
Cost reviewed for impairment to earnings multiple	23	Earnings are now being generated
Price of recent investment to earnings multiple	54	Earnings are now being generated

The C shares portfolio had the following movements between valuation methodologies between 31 December 2008 and 31 December 2009

	Value as at 31 December 2009	
Change in valuation methodology (2008 to 2009)	£'000	Explanatory note
Cost reviewed for impairment to recent investment price	925	Most recent price
Cost reviewed for impairment to earnings multiple	13	Earnings are now being generated
Price of recent investment to earnings multiple	255	Earnings are now being generated

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

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 48% of the equity investments (by valuation) in the Ordinary shares portfolio and 63% of the equity investment (by valuation) in the C share portfolio is based on third-party evidence, the Directors do not believe that changes to reasonable possible alternative assumptions for the valuation of the portfolio 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 December 2009 as described below.

Company	Country of incorporation	Principal activity	% class and share type	% total voting rights
Xceleron Limited	Great Britain	Bio-analytical services	26.0% A Ordinary	16.2%
Evolutions Television Limited	Great Britain	Television and post production	27.0% A Ordinary	11.1%
The Q Garden Company Limited	Great Britain	Garden centre operator	67.0% A Ordinary	33.3%
Consolidated PR Limited	Great Britain	Public relations agency	50.0% A Ordinary	12.3%
Smiles Pub Company Limited	Great Britain	Owner of residential property	22.6% A Ordinary	22.6%
Blackbay Limited	Great Britain	Mobile data solutions	24.2% A Ordinary	7.9%
Prime Care Holdings Limited	Great Britain	Domiciliary care services	32.1% A Ordinary	13.6%

As permitted by FRS 9, the investments listed above are held as part of an investment portfolio, and their value to the Company is as part of a portfolio of investments. Therefore these investments are not considered to be associated undertakings.

Notes to the Financial Statements (continued)

14 Current assets include the following

	31 December 2009			31 December 2008		
	Ordinary shares £'000	C shares £'000	Total £'000	Ordinary shares £'000	C shares £'000	Total £'000
Trade and other debtors						
Prepayments and accrued income	25	12	37	2	115	117
Interclass debtor	-	-	-	355	-	355
UK corporation taxable receivable	35	247	282	-	-	-
Other debtors	-	-	-	357	696	1,053
	<u>60</u>	<u>259</u>	<u>319</u>	<u>714</u>	<u>811</u>	<u>1,525</u>

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

	31 December 2009			31 December 2008		
	Ordinary shares £'000	C shares £'000	Total £'000	Ordinary shares £'000	C shares £'000	Total £'000
Current asset investments						
The Royal Bank of Scotland FRN January 2009	-	-	-	-	4,984	4,984
Rabobank FRN July 2010	-	-	-	-	4,954	4,954
UBS FRN May 2011	-	1,014	1,014	-	-	-
	<u>-</u>	<u>1,014</u>	<u>1,014</u>	<u>-</u>	<u>9,938</u>	<u>9,938</u>

The investment in the UBS floating rate note represents money held for investment. The floating rate note can be converted to cash within five working days.

15 Creditors, amounts falling due within one year

	31 December 2009			31 December 2008		
	Ordinary shares £'000	C shares £'000	Total £'000	Ordinary shares £'000	C shares £'000	Total £'000
UK corporation tax payable	-	-	-	42	88	130
Interclass creditor	-	-	-	-	355	355
Accruals and deferred income	102	200	302	37	49	86
Other creditors	8	65	73	-	28	28
	<u>110</u>	<u>265</u>	<u>375</u>	<u>79</u>	<u>520</u>	<u>599</u>

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

16 Called up share capital

	31 December 2009 £'000	31 December 2008 £'000
Authorised		
70,000,000 Ordinary shares of 50p each (2008: 70,000,000)	35,000	35,000
40,000,000 C shares of 50p each (2008: 40,000,000)	20,000	20,000
	<u>55,000</u>	<u>55,000</u>
Allotted, called up and fully paid		
13,702,045 Ordinary shares of 50p each (2008: 13,702,045)	6,851	6,851
35,657,472 C shares of 50p each (2008: 35,618,841)	17,829	17,809
	<u>24,680</u>	<u>24,660</u>

Shares in issue

12,833,951 Ordinary shares of 50p each (net of treasury shares) (2008: 12,971,408)
34,662,440 C shares of 50p each (net of treasury shares) (2008: 35,580,045)

Notes to the Financial Statements (continued)

16 Called up share capital (continued)

Shares in issue

The Company purchased 137,457 Ordinary shares (2008 457,164) to be held in treasury at a cost of £95,000 (2008 £431,000) and 956,236 C shares (2008 38,796) at a cost of £534,000 (2008 £30,000) to be held in treasury and representing 1.1 per cent and 2.7 per cent respectively of the shares in issue (excluding treasury shares) as at 1 January 2009. The shares purchased for treasury were funded from the Ordinary shares and C shares Own treasury shares reserve.

The Company holds a total of 868,094 Ordinary shares and 995,032 C shares in treasury, representing 6.7 per cent and 2.9 per cent respectively of the Ordinary and C shares in issue (excluding treasury shares) as at 31 December 2009.

Under the terms of the Dividend Reinvestment Scheme Circular dated 18 April 2008, the following C shares, with nominal value of 50 pence, were allotted at a price of 72.3 pence per share during the year.

Date of C share allotment	Number of C shares allotted	Aggregate nominal value of C shares £'000	Consideration received £'000	Opening market price per share on allotment date (pence per share)
18 September 2009	38,631	19	28	50.5

17 Basic and diluted net asset value per share

	31 December 2009		31 December 2008	
	Ordinary shares (pence per share)	C shares (pence per share)	Ordinary shares (pence per share)	C shares (pence per share)
Basic and diluted net asset values per share	92.7	72.7	86.8	79.8

The basic and diluted net asset values per share at the year end are calculated in accordance with the Articles of Association and are based upon total shares in issue less the treasury shares of 12,833,951 Ordinary shares (2008 12,971,408) and 34,662,440 C shares (2008 35,580,045) in issue at 31 December 2009.

18 Analysis of changes in cash during the year

	Year ended 31 December 2009			Year ended 31 December 2008		
	Ordinary shares £'000	C shares £'000	Total £'000	Ordinary shares £'000	C shares £'000	Total £'000
Opening cash balances	1,647	212	1,859	4,056	4,229	8,285
Net cash inflow	521	6,369	6,890	(2,409)	(4,017)	(6,426)
Closing cash balances	2,168	6,581	8,749	1,647	212	1,859

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

	Year ended 31 December 2009			Year ended 31 December 2008		
	Ordinary shares £'000	C shares £'000	Total £'000	Ordinary shares £'000	C shares £'000	Total £'000
Revenue return on ordinary activities before taxation	432	544	976	773	1,436	2,209
Investment management fee charged to capital	(215)	(483)	(698)	(281)	(631)	(912)
Recoverable VAT capitalised	68	-	68	182	249	431
Movement in accrued amortised loan stock interest	5	81	86	3	(130)	(127)
Decrease/(increase) in debtors	254	461	715	(238)	(335)	(573)
Increase/(decrease) in creditors	73	182	255	(109)	(259)	(368)
Interclass account movement	355	(15)	340	(254)	(84)	(338)
Net cash inflow from operating activities	972	770	1,742	76	246	322

The interclass account movement is different between classes due to payments made on behalf of the C share fund by the Ordinary share fund in respect of investments made immediately prior to the previous year end.

Notes to the Financial Statements (continued)

20 Capital and financial instruments risk management

The Company's capital comprises Ordinary shares and C 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 27 of the Directors' report and enhanced business review.

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

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

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

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

Investment risk

As a venture capital trust, it is the Company's specific nature to evaluate and control the investment risk of its portfolio in unquoted and in quoted investments, details of which are shown on pages 12 to 17. 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 reviews investment risk (which includes market price risk), both at the time of initial investment and at quarterly Board meetings.

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

The maximum investment risk as at the balance sheet date is the value of the fixed and current asset investment portfolio which is £9,784,000 (2008: £8,978,000) for Ordinary shares and £18,635,000 for the C shares (2008: £27,872,000). Fixed and current asset investments form 82 per cent of the Ordinary shares' net asset value as at 31 December 2009 (2008: 80 per cent) and 74 per cent of the C shares' net asset value as at 31 December 2009 (2008: 98 per cent).

More details regarding the classification of fixed and current asset investments are shown in notes 12 and 14.

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 to 17 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 IPEV/CV Guidelines.

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

The sensitivity of a 10 per cent increase or decrease in the valuation of the fixed and current asset investments (keeping all other variables constant) would increase or decrease the net asset value and return for the year of Ordinary shares by £978,000 (2008: £898,000) and for C shares by £1,864,000 (2008: £2,787,000).

Notes to the Financial Statements (continued)

20 Capital and financial instruments risk management (continued)

Cash flow interest rate risk

It is the Company's policy to accept a degree of interest rate risk on its financial assets through the effect of interest rate changes. On the basis of the Company's analysis, it is estimated that a rise of one percentage point in all interest rates would have increased total return before tax for the year by approximately £29,000 for the Ordinary shares (2008 £59,000) and £112,000 for the C shares (2008 £199,000). Furthermore, it is considered that a fall of interest rates below current levels during the year would be very unlikely.

The weighted average interest rate applied to the Company's fixed rate assets during the year was approximately 7.3 per cent (2008 7.4 per cent) for the Ordinary shares and 5.0 per cent for the C shares (2008 8.3 per cent). The weighted average period to maturity for the fixed rate assets is approximately 2.9 years for the Ordinary shares and approximately 3.0 years for the C shares (2008 2.8 years for the Ordinary shares and 3.8 years for C shares).

The Company's financial assets and liabilities as at 31 December 2009, all denominated in pounds sterling, consist of the following:

Ordinary shares

	31 December 2009				31 December 2008			
	Fixed rate	Floating rate	Non-interest bearing	Total	Fixed rate	Floating rate	Non-interest bearing	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Unquoted equity	-	-	2,954	2,954	-	-	1,872	1,872
Quoted equity	-	-	20	20	-	-	284	284
Unquoted loan stock	6,729	63	18	6,810	6,713	99	10	6,822
Debtors	-	-	60	60	-	-	714	714
Current liabilities	-	-	(110)	(110)	-	-	(79)	(79)
Cash	1,949	219	-	2,168	-	1,647	-	1,647
Total net assets	8,678	282	2,942	11,902	6,713	1,746	2,801	11,260

C shares

	31 December 2009				31 December 2008			
	Fixed rate	Floating rate	Non-interest bearing	Total	Fixed rate	Floating rate	Non-interest bearing	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Unquoted equity	-	-	6,024	6,024	-	-	5,938	5,938
Unquoted loan stock	9,688	1,899	10	11,597	10,363	1,633	-	11,996
Floating rate notes	-	1,014	-	1,014	-	9,938	-	9,938
Debtors	-	-	259	259	-	-	811	811
Current liabilities	-	-	(265)	(265)	-	-	(520)	(520)
Cash	6,502	79	-	6,581	-	212	-	212
Total net assets	16,190	2,992	6,028	25,210	10,363	11,783	6,229	28,375

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 floating rate notes and cash on deposit with banks.

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

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

The Company's total gross credit risk for Ordinary shares at 31 December 2009 was limited to £6,810,000 (2008 £6,822,000) of unquoted loan stock instruments and £2,168,000 (2008 £1,647,000) cash deposits with banks.

Notes to the Financial Statements (continued)

20 Capital and financial instruments risk management (continued)

The cost impairment and carrying value of impaired loan stocks in the Ordinary share portfolio held at amortised cost at 31 December 2009 and 31 December 2008 are as follows

	31 December 2009			31 December 2008		
	Cost £'000	Impairment £'000	Carrying value £'000	Cost £'000	Impairment £'000	Carrying value £'000
Impaired loan stock	4,859	(1,879)	2,980	3,004	(1,293)	1,711

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 deem the security value to be the carrying value

The Company's total gross credit risk for C shares at 31 December 2009 is limited to £11,597,000 (2008 £11,996,000) of unquoted loan stock instruments £1,014,000 (2008 £9,938,000) of floating rate notes and £6,581,000 (2008 £212,000) cash deposits with banks

The cost impairment and carrying value of impaired loan stocks in the C share portfolio held at amortised cost at 31 December 2009 and 31 December 2008 are as follows

	31 December 2009			31 December 2008		
	Cost £'000	Impairment £'000	Carrying value £'000	Cost £'000	Impairment £'000	Carrying value £'000
Impaired loan stock	4,751	(1,203)	3,548	860	(298)	562

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 deem 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 HSBC plc, Scottish Widows, Standard Life, UBS Wealth Management and BNP Paribas Securities Services Custody Bank Limited. Credit risk on cash transactions is mitigated by transacting with counterparties that are regulated entities subject to regulatory supervision with Moody's credit ratings of at least 'A' or equivalent as assigned by international credit-rating agencies

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

As at the year end the Company held one floating rate notes with UBS £1,014,000 (2008 two floating rate notes totalling £9,938,000)

Liquidity risk

Liquid assets are held as cash on current account, cash on deposit or short term money market account and as floating rate notes. 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 £1,190,000 for Ordinary shares (2008 £1,126,000) and £2,521,000 for C shares (2008 £2,838,000) as at 31 December 2009

The Company has no committed borrowing facilities as at 31 December 2009 (2008 £nil). Ordinary shares had cash balances of £2,168,000 (2008 £1,647,000) and C share cash balances were £6,581,000 (2008 £212,000) together with £1,014,000 (2008 £9,938,000) invested in one floating rate note, which is considered to be readily realisable within the timescales required to make cash available for investment. The main cash outflows are for new investments, share buy-backs and dividend payments, which are within the control of the Company. The Manager formally reviews the cash requirements of the Company on a monthly basis and the Board on a quarterly basis as part of its review of management accounts and forecasts. All the Company's financial liabilities are short term in nature and total £110,000 for the Ordinary shares (2008 £79,000) and £265,000 for the C shares (2008 £520,000) at 31 December 2008

The UBS floating rate note matures in less than two years on 20 May 2011

Notes to the Financial Statements (continued)

20 Capital and financial instruments risk management (continued)

Ordinary shares

The carrying value of loan stock investments held at amortised cost at 31 December 2009 as analysed by expected maturity dates is as follows

Redemption date	Fully performing loan stock £'000	Renegotiated loan stock £'000	Impaired loan stock £'000	Total £'000
Less than one year	80	238	96	414
1-2 years	476	520	529	1,525
2-3 years	221	446	1,116	1,783
3-5 years	1,606	242	1,240	3,088
Total	2,383	1,446	2,981	6,810

The carrying value of loan stock investments held at amortised cost at 31 December 2008 as analysed by expected maturity dates is as follows

Redemption date	Fully performing loan stock £ 000	Renegotiated loan stock £'000	Impaired loan stock £'000	Total £ 000
Less than one year	137	–	178	315
1-2 years	1,261	443	627	2,331
2-3 years	692	82	271	1,045
3-5 years	2,026	470	635	3,131
Total	4,116	995	1,711	6,822

Loan stock investments disclosed above as renegotiated would otherwise have been disclosed as past due

C shares

The carrying value of loan stock investments held at amortised cost at 31 December 2009 as analysed by expected maturity dates is as follows

Redemption date	Fully performing loan stock £'000	Renegotiated loan stock £'000	Impaired loan stock £'000	Total £'000
Less than one year	–	114	–	114
1-2 years	1,115	41	45	1,201
2-3 years	1,234	226	2,494	3,954
3-5 years	4,123	1,196	1,009	6,328
Total	6,472	1,577	3,548	11,597

The carrying value of loan stock investments held at amortised cost at 31 December 2008 as analysed by expected maturity dates is as follows

Redemption date	Fully performing loan stock £'000	Renegotiated loan stock £ 000	Impaired loan stock £'000	Total £'000
Less than one year	–	–	–	–
1-2 years	–	–	–	–
2-3 years	761	486	60	1,307
3-5 years	4,969	5,218	502	10,689
Total	5,730	5,704	562	11,996

Loan stock investments disclosed above as renegotiated would otherwise have been disclosed as past due

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

Notes to the Financial Statements (continued)

20 Capital and financial instruments risk management (continued)

Fair values of financial assets and financial liabilities

All the Company's financial assets and liabilities as at 31 December 2009 are stated at fair value as determined by the Directors, with the exception of loans and receivables included within investments which are carried at amortised cost, in accordance with FRS 26. The Directors believe that the current carrying value of loan stock is not materially different to the fair value. There are no financial liabilities other than creditors. The Company's financial liabilities are all non-interest bearing. It is the Directors' opinion that the book value of the financial liabilities is not materially different to the fair value and all are payable within one year.

21 Post balance sheet events

Since 31 December 2009 the Company has had the following post balance sheet events:

- Investment in Mi-Pay Limited of £30,552 (Ordinary shares) and £186,390 (C shares) in February 2010,
- Disposal (Ordinary shares) of equity holding in OneClickHR Plc for £21,000 in February 2010. Carrying value at 31 December 2009 was £20,000, generating an uplift of £1,000,
- Investment (Ordinary shares) in GB Pub Company VCT Limited of £1,752 in February 2010,
- Investment in Forth Photonics Limited of £53,333 (Ordinary shares) and £226,667 (C shares) in March 2010,
- Investment in Oxsensis Limited of £40,460 (Ordinary shares) and £228,218 (C shares) in March 2010,
- Investment in Prime Care Holdings of £47,774 (Ordinary shares) and £168,241 (C shares) in March 2010,
- Investment in Orchard Portman Hospital Limited of £201,233 (Ordinary shares) and £347,965 (C shares) in March 2010,
- Investment in Rostima Limited of £4,545 (Ordinary shares) and £54,546 (C shares) in March 2010.

22 Related party transactions

The Manager, Albion Ventures LLP, is considered to be a related party by virtue of the fact that Patrick Reeve, a Director of the Company, is also a Partner of the Manager. The Manager is party to a Management agreement from the Company (details disclosed on page 26 of this report). During the year, services of a total value of £931,000 (2008: £1,216,000) were purchased by the Company from Albion Ventures LLP. At the financial year end, the amount due to Albion Ventures LLP disclosed as other creditors was £221,000 (2008: £12,000).

Albion Ventures LLP has reclaimed VAT from HMRC as described in note 6. A sum of £91,000 for Ordinary shares and £nil for C shares (2008: £243,000 for Ordinary shares and £332,000 for C shares) has been recognised in the Income Statement for the year reflecting a gross receipt of £93,000 (2008: £631,000 for both share classes), less a creditor for £2,000 (2008: £46,000 for both share classes) in respect of related historic fees to be paid to Albion Ventures LLP.

Patrick Reeve is the Managing Partner of the Manager, Albion Ventures LLP. During the year, the Company was charged by Albion Ventures LLP £20,000 (including VAT) in respect of his services as a Director (2008: £20,000). At the year end, the amount due to Albion Ventures LLP in respect of these services disclosed as accruals and deferred income was £5,000 (2008: £nil).

Buy-backs of shares for Treasury during the year were transacted through Winterflood Securities Limited, a subsidiary of Close Brothers Group plc, which, up to 23 January 2009, was the ultimate parent company of the Manager. Details of buy-backs during the year can be found in note 16.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Albion Technology & General VCT PLC (the "Company") will be held at the City of London Club, 19 Old Broad Street, London EC2N 1DS on 21 June 2010 at 11 30 am for the following purposes

To consider and, if thought fit, to pass the following resolutions, of which numbers 1 to 9 will be proposed as ordinary resolutions and numbers 10 – 11 as special resolutions

Ordinary Business

- 1 To receive and adopt the Company's accounts for the year ended 31 December 2009 together with the report of the Directors and Auditors
- 2 To approve the Directors' remuneration report for the year ended 31 December 2009
- 3 To re-elect Dr Neil Cross as a Director of the Company
- 4 To re-elect Lt Gen Sir Edmund Burton as a Director of the Company
- 5 To re-elect Mr Michael Hart as a Director of the Company
- 6 To re-elect Mr Patrick Reeve as a Director of the Company
- 7 To re-appoint PKF (UK) LLP as Auditors of the Company to hold office from conclusion of the meeting to the conclusion of the next meeting at which the accounts are to be laid
- 8 To authorise the Directors to agree the Auditors' remuneration

Special Business

- 9 That, in substitution for any existing authorities granted pursuant to section 80 of the Companies Act 1985, the Directors be generally and unconditionally authorised in accordance with section 551 of the Companies Act 2006 (the "Act") to allot shares in the Company up to a maximum aggregate nominal amount of £641,697 for Ordinary shares and £1,733,122 for C shares, such authority shall expire on the earlier of 21 December 2011 or the conclusion of the next Annual General Meeting 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
- 10 That, subject to and conditional on the passing of resolution number 9, in substitution for any existing authorities granted pursuant to section 95 of the Companies Act 1985, the Directors be empowered, pursuant to section 570 of the Act, to allot equity securities (within the meaning of section 560 of the Act) for cash pursuant to the authority conferred by resolution number 9 as if section 561(1) of the Act did not apply to any such allotment, provided that this power shall be limited to the allotment of equity securities
 - (a) in connection with an offer of such securities by way of rights issue,
 - (b) in connection with any Dividend Reinvestment Scheme introduced and operated by the Company, and
 - (c) otherwise than pursuant to paragraphs (a) to (c) above, up to an aggregate nominal amount of £320,849 for Ordinary shares and £866,561 for C shares,

and shall expire on the earlier of 21 December 2011 or at the conclusion of the next Annual General Meeting 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

Notice of Annual General Meeting (continued)

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

This power applies in relation to a sale of shares which is an allotment of equity securities by virtue of section 560(2)(b) of the Act as if in the first paragraph of the resolution the words "pursuant to the authority conferred by resolution number 9" were omitted

- 11 That, the Company be generally and unconditionally authorised to make market purchases (within the meaning of Section 693(4) of the Act) of Ordinary shares of 50 pence each in the capital of the Company ("Ordinary shares"), on such terms as the Directors think fit, and where such shares are held as treasury shares, the Company may use them for the purposes set out in section 727 of the Act, provided that
- (a) the maximum number of Ordinary shares hereby authorised to be purchased is 1,923,809 Ordinary shares and 5,195,900 C shares, an amount equal to 14.99 per cent of the shares in issue (less treasury shares),
 - (b) the minimum price, exclusive of any expenses, which may be paid for an share is 50 pence (less treasury shares),
 - (c) the maximum price, exclusive of any expenses, which may be paid for each Ordinary or C 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 eighteen 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 or C 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 and C 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 12 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

By order of the Board

Albion Ventures LLP
Company Secretary

Registered office
1 King's Arms Yard
London,
EC2R 7AF

12 April 2010

Registered in England and Wales with number 4114310

Notice of Annual General Meeting (continued)

Notes

- 1 Members entitled to attend, speak and vote at the Annual General Meeting ("AGM") may appoint a proxy or proxies (who need not be a member of the Company) to exercise these rights in their place at the meeting. A member may appoint more than one proxy provided that each proxy is appointed to exercise the rights attached to different shares. Proxies may only be appointed by completing and returning the Form of Proxy enclosed with this Notice to Capita Registrars, PXS, 34 Beckenham Road, Beckenham, BR3 4TU.

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 12 noon on 19 June 2010.

In accordance with good governance practice, the Company is offering shareholders use of an online service, offered by the Company's registrar, Capita Registrars, at www.capitashareportal.com. Shareholders can use this service to vote or appoint a proxy online. The same voting deadline of 12 noon on 19 June 2010 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 12 noon on 19 June 2010 (or, in the event of any adjournment, on the date which is two days before the time of the adjourned meeting). Changes to the register of members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.
- 4 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 Report and Financial Statements 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 meeting, as required by section 311A of the Act, is available from www.albion-ventures.co.uk, Our Funds, Albion Technology & General VCT PLC.
- 8 Any member attending the meeting has the right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the meeting but no such answer need be given if (a) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information, (b) the answer has already been given on a website in the form of an answer to a question or (c) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.
- 9 As at 12 April 2010 (being the latest practicable date prior to the publication of this Notice), the Company's issued share capital consists of 13,702,045 Ordinary shares and 35,657,472 C shares. The Company holds 868,094 Ordinary shares and 995,032 C shares in treasury. Therefore, the total voting rights in the Company as at 12 April 2010 are 47,496,391.