



Albion Technology & General VCT PLC

ALBIONVENTURES

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Company information

Company number	4114310
Directors	Dr N E Cross, Chairman Lt Gen Sir Edmund Burton KBE M V H Rees-Mogg P H Reeve
Manager, company secretary and registered office	Albion Ventures LLP 1 King's Arms Yard London, EC2R 7AF
Registrar	Computershare Investor Services PLC The Pavilions Bridgwater Road Bristol, BS99 6ZZ
Auditor	PKF (UK) LLP Farringdon Place 20 Farringdon Road London, EC1M 3AP
Taxation adviser	PricewaterhouseCoopers LLP 1 Embankment Place London, WC2N 6RH
Legal adviser	Bird & Bird LLP 15 Fetter Lane London, EC4A 1JP

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

Shareholder information	<p>For help relating to dividend payments, shareholdings and share certificates please contact Computershare Investor Services PLC: Tel: 0870 873 5854 (UK National Rate call, lines are open 8.30am – 5.30pm; Mon – Fri, calls may be recorded) Website: www.computershare.co.uk</p> <p>Shareholders can access holdings and valuation information regarding any of their shares held with Computershare by registering on Computershare's website.</p>
IFA information	<p>For enquiries relating to the performance of the Fund, and for IFA information please contact Albion Ventures LLP:</p> <p>Tel: 020 7601 1850 (lines are open 9.00am – 5.30pm; Mon – Fri, calls may be recorded) Email: info@albion-ventures.co.uk Website: www.albion-ventures.co.uk</p> <p>Please note that these contacts are unable to provide financial or taxation advice.</p>

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 has raised a further £3.4m under the Albion VCTs Top Up Offers since January 2011.

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.

The Investment Manager pursues a longer term investment approach, with a view to providing shareholders with a strong, predictable dividend flow combined with the prospects of capital growth. This is achieved in two ways. First, by controlling the VCT’s exposure to technology risk through ensuring that many of the companies in the non-technology portfolio have property as their major asset, with no external borrowings. Second, by balancing the investment portfolio by sector, so that those areas such as leisure and business services, which are susceptible to changes in consumer sentiment, are complemented by sectors with more predictable long term characteristics, such as healthcare and the environment.

Financial calendar

Record date for first dividend	12 April 2013
Payment of first dividend	30 April 2013
Annual General Meeting	20 June 2013
Announcement of half-yearly results for the six months ended 30 June 2013	August 2013
Payment of second dividend subject to Board approval	October 2013

Financial highlights

Ordinary shares

155.00p

Net asset value plus dividends since launch to 31 December 2012.

5.00p

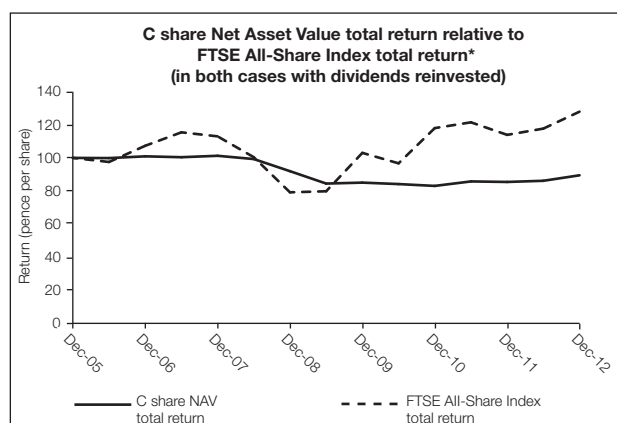
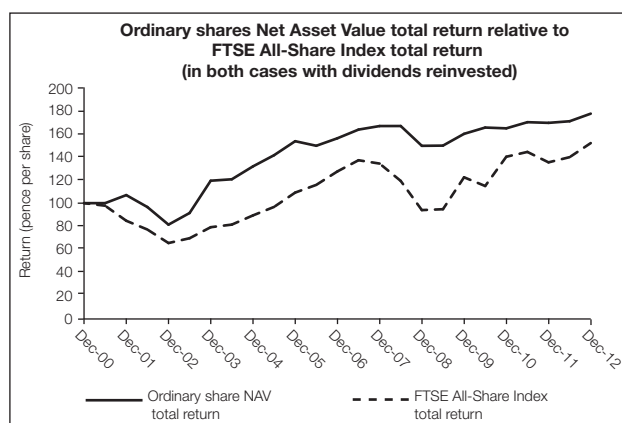
Tax free dividend per share paid in the year to 31 December 2012.

84.00p

Net asset value per share as at 31 December 2012.

2.50p

First dividend for the year to 31 December 2013 of 2.50 pence per share payable on 30 April 2013.



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 that the shares were quoted ex-dividend. Transaction costs are not taken into account.

*The C Shares converted to Ordinary shares on 31 March 2011 on the basis of their respective net asset values, with each C shareholder receiving 0.7779 Ordinary shares for each C share they owned.

Financial highlights (continued)

Ordinary shares

	31 December 2012 (pence per share)	31 December 2011 (pence per share)
Dividends paid	5.00	5.00
Revenue return	1.60	1.60
Capital return	2.10	0.60
Net asset value	84.00	85.10

Total shareholder net asset value return to 31 December 2012:		
	Ordinary shares 31 December 2012 (pence per share) ⁽ⁱ⁾	C shares 31 December 2012 (pence per share) ⁽ⁱⁱ⁾
Total dividends paid during the year ended: 31 December 2001 ⁽ⁱⁱⁱ⁾	1.00	–
31 December 2002	2.00	–
31 December 2003	1.50	–
31 December 2004	7.50	–
31 December 2005	9.00	–
31 December 2006	8.00	0.50
31 December 2007	8.00	2.50
31 December 2008 ^(iv)	16.00	4.50
31 December 2009	–	1.00
31 December 2010	8.00	3.00
31 December 2011	5.00	3.80
31 December 2012	5.00	3.90
Total dividends paid to 31 December 2012	71.00	19.20
Net asset value as at 31 December 2012	84.00	65.30
Total shareholder net asset return to 31 December 2012	155.00	84.50

In addition to the dividends paid above, the Board has declared a first dividend for the year ending 31 December 2013, of 2.50 pence per Ordinary share to be paid on 30 April 2013 to shareholders on the register at 12 April 2013.

Notes

(i) Excludes tax benefits upon subscription.

(ii) The C shares were converted into Ordinary shares on 31 March 2011, with a conversion factor of 0.7779 Ordinary shares for each C share. The net asset value per share and all dividends paid subsequent to the conversion of the C shares to the Ordinary shares are multiplied by the conversion factor of 0.7779 in respect of the C shares' return, in order to give an accurate picture of the shareholder value since launch relating to the C shares.

(iii) 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.

(iv) 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.

Chairman's statement

Introduction

The results for Albion Technology & General VCT PLC for the year to 31 December 2012, showed further improvement over 2010 and 2011, with a total return of 3.70 pence per share. We believe there should be further progress in the current year.

Investment performance and progress

The investment return benefited from the sale of our five cinema investments, which realised a return of 2.3 times cost. In addition, there were improved performances from Process Systems Enterprise, Opta Sports Data, Lowcosttravel, and an uplift in the third party professional valuation of Radnor House School. Against this there were disappointing reductions in the value of AMS Life Sciences (formerly Xceleron) following the restructuring of the company and Helveta, both of which required further finance and Prime Care Holdings.

During the year, £2.36 million was invested of which £570,000 went to build up further the portfolio of renewable energy investments.

Risks and uncertainties

The outlook for the UK and Global economies continues to be the key risk affecting your Company, neither of which are showing material growth. The task of the Manager is to allocate resources to those sectors and opportunities where growth can continue, despite the broader difficult economic climate. Importantly, however, investment risk is mitigated through a variety of processes including our policy of ensuring that the VCT has a first charge over investee companies' assets wherever possible.

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

Discount management and share buy-backs

It remains the Board's primary objective to maintain sufficient resources for investment in existing and new investee companies and for the continued payment of dividends to shareholders. Therefore, the Board's policy is to buy back shares in the market, subject to the overall constraint that such purchases are in the VCT's interest.

It is now the Board's intention for such buy-backs to be in the region of a 5 per cent. discount to net asset value, so far as market conditions and liquidity permit. In order to ensure that these conditions are satisfied, the Company will limit the sum available for buy-backs for the 6 month period to 30 June 2013 to £400,000.

Results and dividends

As at 31 December 2012, the net asset value was 84.00 pence per share. The revenue return before taxation was £799,000 compared to £835,000 for the previous year.

The Company will pay a first dividend for the financial year to 31 December 2013 of 2.50 pence per Ordinary share on 30 April 2013 to shareholders on the register on 12 April 2013.

Albion VCTs Top Up Offers 2012/2013

On 19 October 2012, the Company announced the launch of the Albion VCTs Top Up Offers 2012/2013. In aggregate, the Albion VCTs will be aiming to raise approximately £15 million across six of the VCTs managed by Albion Ventures LLP, of which Albion Technology & General VCT PLC will be aiming to raise approximately £2.5 million. This builds on the success of the previous two Albion VCTs Top Up Offers, which raised £22 million, of which Albion Technology & General VCT's share was £3.1 million.

The proceeds of the Offer will be used to provide further resources to the VCT at a time when a number of attractive new investment opportunities are being seen. An Investor Guide and Offers document has been sent to shareholders and can be obtained from www.albion-ventures.co.uk.

Board changes

It is with great regret that we announced on 25 October 2012 the death of Michael Hart, who had been a director of the Company since its launch in 2000. Michael had been a constant source of wise counsel and we miss him. Modwenna Rees-Mogg joined the board in October 2012. As chief executive of Angel News, Modwenna brings a wealth of entrepreneurial experience to the Board.

Outlook and prospects

Despite the difficult outlook for the UK and Global economies, a number of our companies have real prospects for sustained growth and strong value creation. Meanwhile, we continue to rebalance our investment portfolio to provide more emphasis on areas that we see as being more resilient, in particular renewable energy, which in due course will account for up to 15 per cent. of net assets.

Dr N E Cross

Chairman

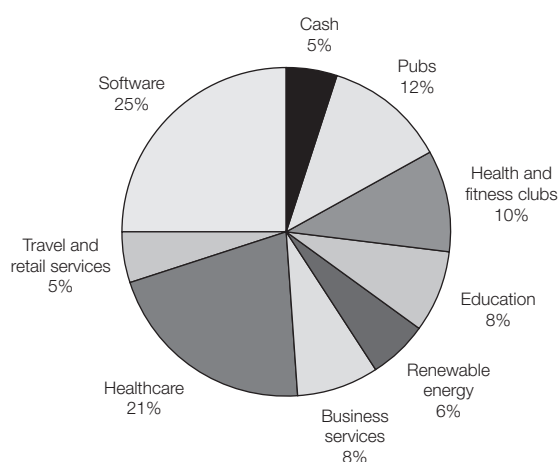
27 March 2013

Manager's Report

The sector analysis of Albion Technology & General VCT PLC's investment portfolio as at 31 December 2012 is shown below. By valuation, the "general" portfolio, including asset-based investments, now accounts for 55 per cent. of the net asset value, while the technology portfolio accounts for 41 per cent., with cash, liquid resources and other net current assets providing the balance of the portfolio.

The healthcare element of the portfolio now accounts for 21 per cent (2011: 18 per cent.), while the renewable energy portion is now 6 per cent., up from 4 per cent.

Split of portfolio by sector



Portfolio review

In the technology portfolio, Process Systems Enterprise, Mirada Medical and DySIS all showed the potential for strong further growth and uplifts in value, while Opta Sports Data showed particular growth following its win of the English Football League contract for the provision of performance data. The key reductions in value within the portfolio were, again, our investments in AMS Life Sciences (formerly Xceleron) (including realised losses on restructuring) and Helveta. The former is now trading profitably, following its restructuring, though the latter still faces difficult market conditions in the Third World countries in which it operates.

In our "general" portfolio, our five cinemas were sold at a profit, including income received, of 2.3 times the original cost of £611,000. Meanwhile, the second year of operation of Radnor House School continued the strong progress of the first year, to justify a further increase in the professional valuation.

Our renewable energy projects meanwhile are producing electricity according to plan and are becoming a strongly cash-generative part of the portfolio.

New investments

During the year £570,000 was invested in renewable energy projects, £665,000 in AMS Life Sciences in order to complete its restructuring and £364,000 to support further growth in Process Systems Enterprise, DySIS and Mi-Pay. In addition, £449,000 was invested in other existing investee companies.

Realisations

In addition to the disposal of the cinemas mentioned above, our investment in Nelson House Hospital was sold subsequent to the year end, realising 1.4 times cost and an annualised return of 21% pa.

Albion Ventures LLP

Manager

27 March 2013

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, (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 Caliburn Absolute Strategies SPC.

Lieutenant General Sir Edmund Burton KBE, MA, DSc, FIET, FBCS, (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 undertook the review of MOD's data losses in 2008 at the request of the Secretary of State. He is visiting professor at Cranfield University, chairman of the Information Assurance Advisory Council and advisor to the Telecommunications Industry Security Advisory Council.

Modwenna Rees-Mogg MA (appointed 4 October 2012). Following an early career as a corporate financier at Kleinwort Benson Limited she founded the online media and live events business AngelNews in 2003, which is focused on the early stage investment market, with a special focus on private investors. The company's activities include The VCT & EIS Investor Forum and the Great British Private Investor Summit. The company also runs the national series of Pitching for Management events where entrepreneurs can find experienced business people to join their senior management team and help them grow. She is on the advisory board of Pickering & Chatto (Publishers) Limited and is the author of "Dragons or Angels", a handbook on how to raise money from business angels and how to be a business angel investor.

Patrick Reeve MA, ACA, (appointed 11 December 2003)

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

All Directors, except for Patrick Reeve are members of the Audit Committee and Dr Neil Cross is Chairman.

All Directors, except for Patrick Reeve are members of the Nomination Committee and Dr Neil Cross is Chairman.

All Directors, except for Patrick Reeve are members of the Remuneration Committee which was set up after the year end. Modwenna Rees-Mogg is Chairman.

Lt. Gen. Sir Edmund Burton is the Senior Independent Director.

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 currently has total funds under management of approximately £230 million. Albion was awarded Investor of the Year at the Independent Healthcare Awards 2011.

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

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

Will Fraser-Allen BA (Hons), FCA, qualified as a chartered accountant with Cooper Lancaster Brewers in 1996 and then joined their corporate finance team providing corporate finance advice to small and medium sized businesses. He joined Albion Ventures in 2001 since when he has focused on leisure and healthcare investing. Will became deputy managing partner of Albion Ventures in 2009. Will has a BA in History from Southampton University.

Isabel Dolan BSc (Hons), ACA, MBA, qualified as a chartered accountant with Moore Stephens. From 1993 to 1997 she was head of recoveries at the Specialised Lending Services of the Royal Bank of Scotland plc and from 1997 to 2001 she was at 3i plc, latterly as a portfolio director. She joined Albion Ventures in 2005, having previously been finance director for a number of unquoted companies. Isabel became operations partner at Albion Ventures in 2009. She has a BSc in Biochemistry with Pharmacology from Southampton University and an MBA from London Business School.

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

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

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

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

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

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

Robert Whitby-Smith BA (Hons), FCA. After graduating in History at Reading University, Robert qualified as a chartered accountant at KPMG and subsequently worked in corporate finance at Credit Suisse First Boston and ING Barings. Since joining in 2005, Robert has assisted in the workout of three VCT portfolios (Murray VCT PLC, Murray VCT 2 PLC and Murray VCT 3 PLC now renamed Crown Place VCT PLC) formerly managed by Aberdeen Murray Johnson, and is responsible for investments in the leisure, manufacturing and technology sectors. Robert became a partner in Albion Ventures in 2009.

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

Portfolio of investments

			As at 31 December 2012			As at 31 December 2011			
Technology portfolio	% voting rights held by Albion Technology & General VCT PLC	% voting rights held by all AVL* managed companies	Cost £'000	Cumulative movement in value £'000	Value £'000	Cost £'000	Cumulative movement in value £'000	Value £'000	Change in value for the year** £'000
Mi-Pay Limited	19.7	49.9	2,669	(788)	1,881	2,452	(789)	1,663	1
Opta Sports Data Limited	5.9	14.2	735	827	1,562	735	15	750	812
Process Systems Enterprise Limited	6.9	18.1	706	756	1,462	570	192	762	564
Blackbay Limited	8.5	34.9	941	375	1,316	941	280	1,221	95
Helveta Limited	14.1	33.4	2,365	(1,289)	1,076	2,239	(905)	1,334	(384)
Mirada Medical Limited	14.0	50.0	357	558	915	357	349	706	209
AMS Sciences Limited (<i>formerly Xceleron Limited</i>)	17.8	49.6	819	71	890	500	–	500	71
memsstar Limited	10.7	28.1	741	128	869	741	3	744	125
Rostima Holdings Limited	15.6	39.6	533	298	831	384	391	775	(93)
Lowcosttravelgroup Limited	4.0	26.0	680	94	774	680	(238)	442	332
DySIS Medical Limited	5.3	19.0	857	(152)	705	845	(379)	466	227
sparesFinder Limited	10.5	14.3	613	87	700	613	57	670	30
Oxsensis Limited	8.2	20.6	1,221	(673)	548	1,099	(474)	625	(199)
Peakdale Molecular Limited	6.0	14.9	427	9	436	427	9	436	–
Abcodia Limited	2.1	21.4	75	–	75	75	–	75	–
Palm Tree Technology Limited	0.1	0.7	38	7	45	38	7	45	–
Total technology investments			13,777	308	14,085	12,696	(1,482)	11,214	1,790

* Albion Ventures LLP

** As adjusted for additions and disposals during the year

Portfolio of investments (continued)

			As at 31 December 2012			As at 31 December 2011			
Non-technology portfolio	% voting rights held by Albion Technology & General VCT PLC	% voting rights held by all AVL* managed companies	Cost £'000	Cumulative movement in value £'000	Value £'000	Cost £'000	Cumulative movement in value £'000	Value £'000	Change in value for the year** £'000
Radnor House School (Holdings) Limited	11.1	50.0	1,930	861	2,791	1,930	565	2,495	296
Kensington Health Clubs Limited	14.7	50.0	3,494	(1,266)	2,228	3,494	(1,066)	2,428	(200)
The Charnwood Pub Company Limited	12.2	50.0	2,450	(965)	1,485	2,794	(1,000)	1,794	3
Bravo Inns II Limited	9.3	50.0	1,415	(25)	1,390	1,415	(74)	1,341	49
The Weybridge Club Limited	6.7	50.0	1,314	(169)	1,145	1,314	(178)	1,136	9
Orchard Portman Hospital Limited	16.2	50.0	1,080	(62)	1,018	1,048	2	1,050	(64)
Taunton Hospital Limited	15.8	50.0	1,000	(82)	918	1,000	(1)	999	(81)
Bravo Inns Limited	16.1	50.0	1,430	(525)	905	1,430	(548)	882	23
The Q Garden Company Limited	33.4	50.0	2,401	(1,509)	892	2,401	(1,417)	984	(92)
Nelson House Hospital Limited	6.0	50.0	584	160	744	273	–	273	160
Masters Pharmaceuticals Limited	3.7	16.9	727	14	741	727	(152)	575	166
TEG Biogas (Perth) Limited	9.4	50.0	563	41	604	563	17	580	24
The Street by Street Solar Programme Limited	4.5	50.0	451	–	451	271	–	271	–
Regenerco Renewable Energy Limited	4.7	50.0	446	–	446	376	3	379	(3)
Prime Care Holdings Limited	15.6	49.9	930	(503)	427	930	(125)	805	(378)
Consolidated PR Limited	21.7	43.4	623	(199)	424	603	(92)	511	(107)
Hilson Moran Holdings Limited	5.5	50.0	391	–	391	440	1	441	(1)
Albion Investment Properties Limited	22.6	100.0	433	(83)	350	433	(45)	388	(38)
Alto Prodotto Wind Limited	3.9	50.0	350	–	350	160	3	163	(3)
Chichester Holdings Limited	15.2	50.0	2,000	(1,652)	348	2,000	(1,473)	527	(179)
Peakdale Molecular Limited (i)	n/a	n/a	222	–	222	245	(5)	240	5
Premier Leisure (Suffolk) Limited	13.6	50.0	1,000	(784)	216	1,000	(772)	228	(12)
Tower Bridge Health Clubs Limited	2.9	50.0	134	56	190	171	36	207	20
AVESI Limited	4.3	50.0	134	–	134	54	–	54	–
The Dunedin Pub Company VCT Limited	10.4	50.0	104	(5)	99	112	(3)	109	(2)
Greenenerco Limited	1.4	50.0	50	–	50	–	–	–	–
GB Pub Company VCT Limited	3.9	50.0	99	(93)	6	161	(126)	35	(9)
Evolutions Group Limited	22.3	100.0	37	(32)	5	277	(213)	64	(4)
Total non-technology investments			25,792	(6,822)	18,970	25,622	(6,663)	18,959	(418)
Total fixed asset investments			39,569	(6,514)	33,055	38,318	(8,145)	30,173	1,372

* 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 (continued)

	As at 31 December 2012			As at 31 December 2011			
	Cost £'000	Cumulative movement in value £'000	Value £'000	Cost £'000	Cumulative movement in value £'000	Value £'000	Change in value for the year** £'000
Current asset investments							
Dexela Limited	–	65	65	–	232	232	65
Total current asset investments	–	65	65	–	232	232	65

** As adjusted for additions and disposals during the year

Total change on value on investments for the year	1,437
Realised loss in current year	(73)
Movement in loan stock accrued interest	3
Total gains on investments as per income statement	1,367

The comparative cost and valuations for 31 December 2011 do not agree to the Annual Report and Financial Statements for the year ended 31 December 2011 as the above list does not include brought forward investments that were fully disposed of in the year.

Fixed asset investment realisations during the year to 31 December 2012	Cost £'000	Opening carrying value £'000	Disposal proceeds £'000	Total realised gain/(loss) £'000	Gain/(loss) on opening value £'000
CS (Brixton) Limited	165	286	360	195	74
The Charnwood Pub Company Limited (<i>loan stock repaid</i>)	344	314	314	(30)	–
CS (Norwich) Limited	200	246	297	97	51
Xceleron Limited (<i>restructuring</i>)	501	501	155	(346)	(346)
CS (Greenwich) Limited	104	131	150	46	19
CS (Exeter) Limited	65	54	85	20	31
City Screen (Liverpool) Limited	55	45	67	12	22
Evolutions Group Limited	240	55	55	(185)	–
Hilson Moran Holdings Limited (<i>loan stock repaid</i>)	49	49	49	–	–
Evolutions Television Limited (<i>loan stock repaid</i>)	45	45	45	–	–
Tower Bridge Health Clubs Limited (<i>loan stock repaid</i>)	37	37	37	–	–
Peakdale Molecular Limited (<i>loan stock repaid</i>)	22	22	22	–	–
GB Pub Company VCT Limited (<i>loan stock repaid</i>)	61	19	19	(42)	–
Lowcosttravelgroup Limited	–	–	13	13	13
The Dunedin Pub Company VCT Limited (<i>loan stock repaid</i>)	9	9	9	–	–
Red-M Wireless Limited	30	–	–	(30)	–
Total	1,927	1,813	1,677	(250)	(136)

Current asset investment realisations during the year to 31 December 2012	Cost £'000	Opening carrying value £'000	Disposal proceeds £'000	Realised gain £'000	Gain on opening value £'000
Royal Skandia Collective Bond*	1,000	1,006	1,000	–	–
Dexela Limited	–	207	270	270	63
RFI Global Services Limited	–	25	25	25	–
Total	1,000	1,238	1,295	295	63

* The opening carrying value included £6,000 of accrued interest which was received during the year.

Portfolio companies

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

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

Radnor House School (Holdings) Limited

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



Audited results: year to 31 August 2012

	£'000
Turnover	1,947
EBITDA	(79)
Loss before tax	(957)
Net liabilities	(225)
Basis of valuation:	Net asset value supported by third party valuation

Investment information	£'000
Income recognised in the year	52
Total cost	1,930
Total equity valuation	1,055
Total loan stock valuation	1,736
Voting rights	11.1 per cent.

Website: www.radnorhouse.org

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

Kensington Health Clubs Limited

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



Audited results: year to 30 September 2011

	£'000
Turnover	2,073
EBITDA	679
Loss before tax	(817)
Net assets	322
Basis of valuation:	Net asset value supported by third party valuation

Investment information	£'000
Income recognised in the year	199
Total cost	3,494
Total equity valuation	–
Total loan stock valuation	2,228
Voting rights	14.7 per cent.

Website: www.thirtysevendegrees.co.uk/olympia

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

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.



Audited results: year to 31 December 2011

	£'000
Turnover	2,402
EBITDA	(2,681)
Loss before tax	(2,781)
Net assets	877
Basis of valuation:	Revenue Multiple

Investment information	£'000
Income recognised in the year	–
Total cost	2,669
Total equity valuation	401
Total loan stock valuation	1,480
Voting rights	19.7 per cent.

Website: www.mi-pay.com

Other funds managed and advised by Albion Ventures LLP have invested in this company and have a combined equity holding of 49.9 per cent.

Opta Sports Data Limited

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



Audited results: year to 30 June 2012

	£'000
Turnover	10,805
EBITDA	901
Profit before tax	345
Net assets	1,852
Basis of valuation:	Earnings Multiple

Investment information	£'000
Income recognised in the year	26
Total cost	735
Total equity valuation	419
Total loan stock valuation	1,143
Voting rights	5.9 per cent.

Website: www.optasports.com

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

The Charnwood Pub Company Limited

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



Audited results: year to 31 March 2012

	£'000
Turnover	4,178
EBITDA	718
Loss before tax	(316)
Net liabilities	(1,458)
Basis of valuation:	Net asset value supported by third party valuation

Investment information	£'000
Income recognised in the year	102
Total cost	2,450
Total equity valuation	–
Total loan stock valuation	1,485
Voting rights	12.2 per cent.

Website: www.chnwoodpubco.co.uk

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

Portfolio companies (continued)

Process Systems Enterprise Limited

The company is the leading supplier of Advanced Process Modelling software and model-based engineering and innovation services to the process industries.



Audited results:
year to 31 December 2011

	£'000	Investment information	£'000
Turnover	6,869	Income recognised in the year	3
EBITDA	(247)	Total cost	706
Loss before tax	(265)	Total equity valuation	1,462
Net assets	1,149	Total loan stock valuation	–
Basis of valuation:	Revenue Multiple	Voting rights	6.9 per cent.

Website: www.psenderprise.com

Other funds managed and advised by Albion Ventures LLP have invested in this company and have a combined equity holding of 18.1 per cent.

Bravo Inns II Limited

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



Audited results:
year to 31 March 2012

	£'000	Investment information	£'000
Turnover	4,425	Income recognised in the year	110
EBITDA	695	Total cost	1,415
Loss before tax	(230)	Total equity valuation	427
Net assets	2,278	Total loan stock valuation	963
Basis of valuation:	Net asset value supported by third party valuation	Voting rights	9.3 per cent.

Website: www.bravoinsns.com

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

Blackbay Limited

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



Audited results:
year to 31 December 2011

	£'000	Investment information	£'000
Turnover	7,809	Income recognised in the year	51
EBITDA	604	Total cost	941
Profit before tax	2	Total equity valuation	585
Net liabilities	(1,490)	Total loan stock valuation	731
Basis of valuation:	Revenue Multiple	Voting rights	8.5 per cent.

Website: www.blackbay.com

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

The Weybridge Club Limited

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



Audited results:
13 months to 30 September 2011

	£'000	Investment information	£'000
Turnover	1,969	Income recognised in the year	53
EBITDA	544	Total cost	1,314
Loss before tax	(839)	Total equity valuation	24
Net liabilities	(2,205)	Total loan stock valuation	1,121
Basis of valuation:	Net asset value supported by third party valuation	Voting rights	6.7 per cent.

Website: www.theweybridgeclub.com

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

Helveta Limited

Helveta is a 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.



Audited results:
year to 31 December 2011

	£'000	Investment information	£'000
Turnover	2,710	Income recognised in the year	–
EBITDA	(3,944)	Total cost	2,365
Loss before tax	(4,089)	Total equity valuation	233
Net assets	444	Total loan stock valuation	843
Basis of valuation:	Revenue Multiple	Voting rights	14.1 per cent.

Website: www.helveta.com

Other funds managed and advised by Albion Ventures LLP have invested in this company and have a combined equity holding of 33.4 per cent.

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

Directors' report

The Directors submit their Annual Report and the audited Financial Statements on the affairs of Albion Technology & General VCT PLC (the "Company") for the year ended 31 December 2012.

BUSINESS REVIEW

Principal activity and status

The principal activity of the Company is that of a venture capital trust. It has been approved by H.M. Revenue & Customs ("HMRC") as a venture capital trust in accordance with Part 6 of the Income Tax Act 2007 and, in the opinion of the Directors, the Company has conducted its affairs so as to enable it to continue to obtain such approval. Approval for the year ended 31 December 2012 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 15. The Ordinary shares are designed for individuals who are professionally advised private investors, seeking, over the long term, investment exposure to a diversified portfolio of unquoted investments. The investments are spread over a number of sectors, to produce a regular and predictable source of income, combined with the prospect of longer term capital growth.

During the year the Company issued 1,757,316 Ordinary shares under the Albion VCTs Linked Top Up Offers 2011/2012 launched in November 2011. The Offers closed on 31 May 2012.

On 19 October 2012 the Company announced the launch of the Albion VCTs Top Up Offers 2012/2013. In aggregate, the Albion VCTs will be aiming to raise up to £15 million across six of the VCTs managed by Albion Ventures LLP, of which Albion Technology & General VCT PLC will be aiming to raise approximately £2.5 million. The maximum amount raised by each of the Albion VCTs will be 10 per cent. of its issued share capital (over any one 12 month period, and including any shares issued under Dividend Reinvestment Schemes) or €5 million, being the amount that they may issue under the Prospectus Rules without the publication of a full prospectus.

During the year the Company issued 323,593 Ordinary shares under this Offer.

The proceeds of the Offer will be used to provide further resources to the Company at a time when a number of attractive new investment opportunities are being seen. An Investor Guide and Offers document has been sent to shareholders.

All Ordinary shares (except for treasury shares, which have no right to dividend and no voting rights) rank pari passu for voting rights, and each Ordinary share is entitled to one vote. The Directors are not aware of any restrictions on the transfer of shares or on voting rights.

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

The Company currently operates a Dividend Reinvestment Scheme, details of which can be found on www.albion-ventures.co.uk under the 'Our Funds' section. During the year, the Company issued 236,311 new Ordinary shares under the Dividend Reinvestment Scheme, details of which can be found in note 15.

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

Shareholders approved the reduction of share capital by reducing the nominal value of Ordinary shares from 50 pence to 1 penny per Ordinary share and the cancellation of the Company's deferred share and share premium and capital redemption reserves at the General Meeting on 22 June 2012. The High Court approved this restructuring on 11 July 2012, and the nominal value of the share capital of the Company is now 1 penny per share. The restructuring has increased the reserves available to the Company for the payment of dividends, the buy-back of shares and for other corporate purposes. New share certificates will not be issued following these changes and existing certificates will remain valid.

Substantial interests and shareholder profile

As at 31 December 2012 and at 25 March 2013, the Company was not aware of any shareholder who had a beneficial interest exceeding 3 per cent. of voting rights. There have been no disclosures in accordance with Disclosure and Transparency Rule 5 made to the Company during the year ended 31 December 2012, and up to the date of this report.

Directors' report (continued)

The shareholder profile of the Company (excluding treasury shares), as at 25 March 2013 is as follows:

Number of shares held	% shareholders	% of class
1 – 10,000	66.9	23.8
10,001 – 50,000	29.5	47.2
50,001 – 100,000	2.6	13.4
100,001 – 500,000	0.9	14.4
500,001 – 1,000,000	0.1	1.2

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 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 good quality new investment opportunities arising within the UK technology and non-technology sectors.

In neither of the categories listed above would portfolio 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 portfolio company's assets.

The Investment Manager pursues a longer term investment approach, with a view to providing shareholders with a strong, predictable dividend flow, combined with the prospects of capital growth. This is achieved in two ways. First, controlling the VCT's exposure to technology risk by ensuring that many of the companies in the non-technology portfolio have property as their major asset, with no external borrowings. Second, by balancing the investment portfolio by sector, so that those areas such as leisure and business services, which are susceptible to changes in consumer sentiment, are complemented by sectors with more predictable long term characteristics, such as healthcare and the environment.

Venture capital trust status

In addition to the investment policy described above, HMRC rules drive the Company's investment allocation and risk diversification policies. In order to maintain its 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'. For funds raised after 5 April 2011 the figure is 70 per cent.;
- (4) At no time in the year must the Company's holdings in any one company (other than another VCT) have exceeded 15 per cent. by HMRC value of its investments;
- (5) The Company must not have retained greater than 15 per cent. of its income earned in the year from shares and securities;
- (6) Eligible shares must comprise at least 10 per cent. by HMRC value of the total of the shares and securities that the Company holds in any one portfolio company; and
- (7) The Company's shares, throughout the year, must have been listed in the Official List of the Stock Exchange.

These tests drive a spread of investment risk through disallowing holdings of more than 15 per cent. in any portfolio company. The tests have been carried out and independently reviewed for the year ended 31 December 2012. 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 and agriculture. Details of the sectors in which the Company is invested can be found in the pie chart on page 7 of the Manager's report.

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

Gearing

As defined by the Articles of Association, the Company's maximum exposure in relation to gearing is restricted to 10 per cent. of the adjusted share capital and reserves. As at 31 December 2012, the Company's maximum possible

Directors' report (continued)

exposure was £3,343,000 (2011: £3,254,000) and its actual short term and long term gearing at this date was £nil (2011: £nil). The Directors do not currently have any intention to utilise long term gearing.

Current portfolio sector allocation

The pie chart on page 7 of the Manager's report shows the split of the portfolio valuation by industrial or commercial sector as at 31 December 2012. Details of the principal investments made by the Company are shown in the Portfolio of investments on pages 10 to 12.

Review of business and future changes

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

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

Operational arrangements

The Company has delegated the investment management of the portfolio to Albion Ventures LLP, which is authorised and regulated by the Financial 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 20.

Results and dividends

	Ordinary shares £'000
Net revenue return for the year ended 31 December 2012	638
Revenue dividend of 2.5 pence per share paid on 30 April 2012	(1,018)
Revenue dividend of 2.5 pence per share paid on 31 October 2012	(1,015)
Transferred from other distributable reserve	(1,395)
Realised and unrealised capital gain for the year transferred to reserves	880
Net assets as at 31 December 2012	34,459
Net asset value per share as at 31 December 2012	84.00

The Company paid dividends of 5.00 pence per Ordinary share (2011: 5.00 pence per Ordinary share) during the year ended 31 December 2012 and, as shown in the Chairman's statement, the Board has declared a first dividend for the year ending 31 December 2013, of 2.50 pence per Ordinary share to be paid on 30 April 2013 to shareholders on the register at 12 April 2013.

As shown in the Income statement on page 31 of the Financial Statements, investment income has decreased slightly to £1,224,000 (2011: £1,257,000). The revenue return to equity holders has decreased to £638,000 (2011: £651,000) as a result of the slightly lower investment income.

The capital return for the year increased to £880,000 (2011: £212,000). This is mainly attributable to the upward unrealised revaluations in the Company's investment portfolio, offset by realised losses on disposal of investments and management fees charged to capital. The total return was 3.70 pence per share (2011: 2.20 pence per share). There was a small uplift to Net Asset Value per share of 0.20 pence as a result of the buying back of shares at a discount to Net Asset Value.

The Balance sheet on page 32 of the Financial Statements shows that the net asset value has decreased over the last year to 84.00 pence per share (2011: 85.10 pence per share), primarily reflecting the payment of 5.00 pence per share dividend during the year, offset by the 3.70 pence per share total return.

The cash flow for the business has been positive for the year due to the issue of share capital, disposal of investments and net cash inflow from operations, offset by dividends paid, share buy-backs and new investments made.

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 6 of the Chairman's statement.

Key performance indicators

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

The graphs on page 4 shows 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.

Directors' report (continued)

The ongoing charges ratio for the year to 31 December 2012 was 3.1 per cent. (2011: 3.1 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 16.

Principal risks and uncertainties

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

1. *Economic risk*

Changes in economic conditions, including, for example, interest rates, rates of inflation, industry conditions, competition, political and diplomatic events and other factors could substantially and adversely affect the Company's prospects in a number of ways.

To reduce this risk, in addition to investing equity in portfolio companies, the Company often invests in secured loan stock and has a policy of not normally permitting any external bank borrowings within portfolio companies. Additionally, the Manager has been rebalancing the sector exposure of the portfolio with a view to reducing reliance on consumer led sectors.

2. *Investment risk*

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

To reduce this risk, the Board places reliance upon the skills and expertise of the Manager and its strong track record for investing in this segment of the market. In addition, the Manager operates a formal and structured investment process, which includes an Investment Committee, comprising investment professionals from the Manager and at least one external investment professional. The Manager also invites and takes account of comments from non-executive Directors of the Company on investments discussed at the Investment Committee meetings. Investments are actively and regularly monitored by the Manager (investment managers normally sit on portfolio company boards) and the Board receives detailed reports on each investment as part of the Manager's report at quarterly board meetings. It is the policy of the

Company for portfolio companies to not normally have external borrowings.

3. *Valuation risk*

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

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

4. *Venture Capital Trust approval risk*

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

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

Directors' report (continued)

5. *Compliance risk*

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

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

6. *Internal control risk*

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

The Audit Committee meets with the Manager's Internal Auditor, Littlejohn LLP, when required, receiving a report regarding the last formal internal audit performed on the Manager, and providing the opportunity for the Audit Committee to ask specific and detailed questions. Modwenna Rees-Mogg, as a member of the Audit Committee, met with the internal audit Partner of Littlejohn LLP in February 2013 to discuss the most recent Internal Audit Report on the Manager. The Manager has a comprehensive business continuity plan in place in the event that operational continuity is threatened. Further details regarding the Board's management and review of the Company's internal controls through the implementation of the Turnbull guidance are detailed on page 25.

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

7. *Reliance upon third parties risk*

The Company is reliant upon the services of Albion Ventures LLP for the provision of investment management and administrative functions. There are provisions within the management agreement for the change of Manager under certain circumstances (for further detail, see the management agreement paragraph on page 20). In addition, the Manager has demonstrated to the Board that there is no undue reliance placed upon any one individual within Albion Ventures LLP.

8. *Financial risks*

By its nature, as a venture capital trust, the Company is exposed to investment risk (which comprises investment price risk and cash flow interest rate risk), credit risk and liquidity risk. The Company's policies for managing these risks and its financial instruments are outlined in full in note 19 to the Financial Statements.

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

Environment

The management and administration of Albion 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 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 2012	31 December 2011
Dr. Neil Cross	177,790	177,790
Lt. Gen Sir Edmund Burton	54,027	51,813
Michael Hart (until 24 October 2012)	n/a	100,000
Modwenna Rees-Mogg (appointed 4 October 2012)	–	n/a
Patrick Reeve	346,911	328,031

There have been no changes in the holdings of the Directors between 31 December 2012 and the date of this Report.

Partners and staff of Albion Ventures LLP (excluding Patrick Reeve's holding shown above) hold 164,675 shares in the Company.

No Director has a service contract with the Company.

Directors' report (continued)

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

Further details regarding Directors' remuneration are shown on pages 28 and 29.

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/her in relation to the performance of his/her duties as a Director of the Company. A copy of each Deed of Indemnity entered into by the Company for each Director is available at the registered office of the Company.

Re-election of Directors

Directors' retirement and re-election is subject to the Articles of Association and the UK Corporate Governance Code. At the forthcoming Annual General Meeting, Neil Cross and Edmund Burton having served 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. As Modwenna Rees-Mogg has been appointed since the last Annual General Meeting, she will resign and be subject to election at the forthcoming Annual General Meeting.

Management agreement

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

In line with common practice, the Manager is also entitled to an arrangement fee, payable by each portfolio company, of approximately 2 per cent. of 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. 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 (2011: £nil).

Evaluation of the Manager

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

Investment and co-investment

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

Auditor

In 2007 the Audit Committee undertook a tendering exercise for provision of audit services. As a result of this process, PKF (UK) LLP was appointed as Auditor with effect from 2008. The Audit Committee annually reviews and evaluates the standard and quality of service provided by the Auditor, as well as value for money in the provision of these services. The Auditor, PKF (UK) LLP, have announced that they are merging their business with BDO LLP. A resolution to appoint BDO LLP will be put to the Annual General Meeting.

Supplier payment policy

The Company's policy is to pay all supplier invoices within 30 days of the invoice date, or as otherwise agreed. As at 31 December 2012, trade creditors totalled £6,000 (2011:

Directors' report (continued)

£1,000). Creditor days at 31 December 2012 were 2 days (2011: 1 day).

Annual General Meeting

The Annual General Meeting will be held at the City of London Club, 19 Old Broad Street, London EC2N 1DS at 11.00 am on 20 June 2013. The notice of the Annual General Meeting is at the end of this document.

The proxy form enclosed with this Annual Report and Financial Statements permits shareholders to disclose votes 'for', 'against', and 'withheld'. A 'vote withheld' is not a vote in law and will not be counted in the proportion of the votes for and against the resolution. Summary of proxies lodged at the Annual General Meeting will be published at www.albion-ventures.co.uk within the 'Our Funds' section by clicking on Albion 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 £45,366 representing approximately 10 per cent. of the issued Ordinary share capital of the Company as at the date of this Report.

The Directors do not currently have any intention to allot shares, with the exceptions of the Dividend Reinvestment Scheme, any Albion VCTs Top Up Offers and the reissuance of treasury shares where it is in the Company's interest to do so. The Company currently holds 4,341,070 treasury shares representing 9.6 per cent. of the total Ordinary share capital in issue as at 31 December 2012.

This resolution replaces the authority given to the Directors at the General Meeting on 22 June 2012. The authority sought at the forthcoming Annual General Meeting will expire 18 months from the date that this resolution is passed, or at the conclusion of the next Annual General Meeting of the Company, whichever is earlier.

Dis-application of pre-emption rights

Special resolution number 10 will request the authority for the Directors to allot equity securities for cash without first being required to offer such securities to existing members. This will include the sale on a non pre-emptive basis of any shares the Company holds in treasury for cash. The authority relates to a maximum aggregate of £45,366 of the nominal value of the

share capital representing 10 per cent. of the issued Ordinary share capital of the Company as at the date of this Report.

This resolution replaces the authority given to the Directors at the General Meeting on 22 June 2012. The authority sought at the forthcoming Annual General Meeting will expire 18 months from the date that this resolution is passed or at the conclusion of the next Annual General Meeting of the Company, whichever is earlier. Members should note that this resolution also relates to treasury shares.

Purchase of own shares

Special resolution number 11 will request the authority to purchase approximately 14.99 per cent. of the Company's issued Ordinary share capital at, or between, the minimum and maximum prices specified in resolution 11. Shares bought back under this authority may be cancelled and up to 10 per cent. may be held in treasury.

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

This resolution would renew the 2012 authority, which was on similar terms. During the financial year under review, the Company purchased 650,070 Ordinary shares to be held in treasury and 75,936 Ordinary shares for cancellation, at an aggregate consideration of £502,000 including stamp duty.

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

Treasury shares

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

Special resolution number 12 will request the authority to permit Directors to sell treasury shares at the higher of the prevailing current share price and the price bought in at.

Recommendation

The Board believes that the passing of the resolutions above is in the best interests of the Company and its shareholders as a whole, and unanimously recommends that you vote in favour of these resolutions, as the Directors intend to do in

Directors' report (continued)

respect of their own beneficial shareholdings of 578,728 shares.

Statement of Directors' responsibilities

The Directors are responsible for preparing the Directors' report, the Directors' remuneration report and the Financial Statements in accordance with applicable law and regulations. They are 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 judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the Financial Statements; and
- 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, to disclose with reasonable accuracy at any time the financial position of the Company and to 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 profit or loss of the Company; and
- the Management report, included within the Chairman's statement, Manager's report and Director's report, includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that it faces.

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

Disclosure of information to auditor

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

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

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

By Order of the Board

Albion Ventures LLP

Company Secretary

1 King's Arms Yard
London, EC2R 7AF
27 March 2013

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 UK Corporate Governance Code (the “Code”) issued by the Financial Reporting Council (“FRC”) in May 2010. Since the year end, the Company has adopted the revised Code issued in September 2012.

The Board of Albion 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 UK Corporate Governance 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 UK Corporate Governance Code), will provide better information to shareholders than reporting under the Code alone.

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

Application of the Principles of the Code

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

Board of Directors

The Board consists solely of non-executive Directors. Since all Directors are non-executive and day-to-day management responsibilities are sub-contracted to the Manager, the Company does not have a Chief Executive Officer.

Dr. Neil Cross is the Chairman, and he, Lt. Gen. Sir Edmund Burton and Modwenna Rees-Mogg, are considered independent Directors. Lt. Gen. Sir Edmund Burton is the Senior Independent Director. Patrick Reeve is not considered an independent Director as he is the managing partner of Albion Ventures LLP, the Manager.

Dr. Neil Cross and Lt. Gen. Sir Edmund Burton have both been Directors of the Company for more than nine years and,

in accordance with the recommendations of the AIC code, are subject to annual re-election. The Board does not have a policy of limiting the tenure of any Director as the Board does not consider that a Director's length of service reduces his ability to act independently of the Manager. Patrick Reeve is also subject to annual re-election, as he is not considered to be an independent Director.

As Modwenna Rees-Mogg has been appointed since the last Annual General Meeting, she will resign and be subject to election at the forthcoming Annual General Meeting. The Board believes that her background and skills, which include four years on the board of Albion Prime VCT PLC, will prove to be a valuable addition to the Board.

Michael Hart sadly died on 24 October 2012.

The Directors have a range of business and financial skills which are relevant to the Company; these are described in the Board of Directors section of this Report, on page 8. Directors are provided with key information on the Company's activities, including regulatory and statutory requirements, and internal controls, by the Manager. The Board has access to secretarial advice and compliance services by the Manager, who is responsible for ensuring that Board procedures are followed and applicable procedures complied with. All Directors are able to take independent professional advice in furtherance of their duties if necessary. In accordance with the UK Corporate Governance Code, the Company has in place Directors' & Officers' Liability Insurance.

The Directors have considered diversity in relation to the composition of the Board and have concluded that its membership is diverse in relation to gender, experience and balance of skills. Further details on the recruitment of new directors can be found in the Nomination Committee section on page 25.

The Board met four times during 2012 as part of its regular programme of quarterly Board meetings. All of the Directors attended each meeting, except Michael Hart and Modwenna Rees-Mogg who attended two meetings each. A sub-committee of the Board comprising at least two Directors met during the year to allot shares issued under the Dividend Reinvestment Scheme and the Albion VCTs Linked Top Up Offers 2011/2012. A sub-committee of the Board also met during the year to approve the terms and contents of the Offers documents under the Albion VCTs Top Up Offers 2012/2013, and to allot shares under the Offers.

The Chairman ensures that all Directors receive, in a timely manner, all relevant management, regulatory and financial

Statement of corporate governance (continued)

information. The Board receives and considers reports regularly from the Manager and other key advisers, with ad hoc reports and information supplied to the Board as required. The Board has a formal schedule of matters reserved for it and the agreement between the Company and its Manager sets out the matters over which the Manager has authority and limits beyond which Board approval must be sought.

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

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

Committees' and Directors' performance evaluation

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

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

The evaluation process has identified that the Board works well together and has the right balance of skills, experience, independence and knowledge of the Company amongst the

Directors. Diversity within the Board is achieved through the appointment of directors with different sector backgrounds and skills and it is noted that one of the four Directors on the Board is female.

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, Lt. Gen. Sir Edmund Burton, Modwenna Rees-Mogg and Patrick Reeve, all of whom are subject to election or re-election at the forthcoming Annual General Meeting, are considered to be effective Directors who demonstrate strong commitment to the role, 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 Board consists solely of four non-executive directors, a Remuneration Committee has not been considered necessary during the year.

Directors' salaries have not been increased since 2006. However, in accordance with the provisions of the UK Corporate Governance Code 2012, a Remuneration Committee has been formed after the year end. Modwenna Rees-Mogg is chairman and all of the Directors except Patrick Reeve are members of this Committee. The Committee will meet when it believes a review of Directors responsibilities and of salaries against the market is required.

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

Audit Committee

The Audit Committee consists of all Directors excluding Patrick Reeve. Dr. Neil Cross has been appointed Chairman of the Audit Committee. The Directors acknowledge that the Company does not comply with the Code in its recommendation that the chairman of a company may not chair the Audit Committee, but have deemed it appropriate that Neil is Chairman of both the Audit Committee and the Board of the Company as a result of the depth of his experience in this area. In accordance with the Code, all members of the Audit Committee have recent and relevant financial experience. The Committee met twice during the year ended 31 December 2012; Dr. Neil Cross, Michael Hart and Lt. Gen. Sir Edmund Burton all attended both meetings.

Statement of corporate governance (continued)

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

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

- formally reviewing the final Annual Report and Financial Statements, the Half-yearly Report, the Interim Management Statements and the associated announcements, with particular focus on the main areas requiring judgement and on critical accounting policies;
- reviewing the effectiveness of the internal controls system and examination of the Internal Controls Report produced by the Manager;
- meeting with the external Auditor and reviewing their findings;
- highlighting specific issues relating to the Financial Statements including the reasonableness of valuations, compliance with accounting standards and UK law, corporate governance and listing and disclosure rules as well as going concern. These issues were addressed through detailed review, discussion and challenge by the Board of these matters, as well as by reference to underlying technical information;
- advising the Board on whether the Annual Report and Financial Statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy; and
- reviewing the performance of the Manager and making recommendations regarding their re-appointment to the Board.

The Committee reviews the performance and continued suitability of the Company's external Auditor on an annual basis. They assess the external Auditor's independence, qualification, extent of relevant experience, effectiveness of audit procedures as well as the robustness of their quality assurance procedures. In advance of each audit, the Committee obtains confirmation from the external Auditor that they are independent and of the level of non-audit fees earned by them and their affiliates. There were no non-audit fees charged to the Company during the year, and the £3,000 charged in 2011 related to the merger of Ordinary shares with C shares.

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

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

In order to form a view of the effectiveness of the external audit process, the Committee took into account information from the Manager regarding the audit process, the formal documentation issued to the Audit Committee and the Board by the external Auditor regarding the external audit for the year ended 31 December 2012, and assessments made by individual Directors.

As part of its annual review procedures, the Committee has obtained sufficient assurance from their own evaluation and the audit feedback documentation. The Auditor, PKF (UK) LLP, have announced that they are merging with BDO LLP. Based on the assurance obtained, the Committee has recommended to the Board that a resolution to appoint BDO LLP be proposed at the Annual General Meeting.

Nomination Committee

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

The Board is mindful of the need for the progressive refreshing of the Board. As part of this process, the Board undertook a search, using its own contacts, for a new Director during the year. The Board considered that the use of an external search consultancy was not necessary, given that the Board had direct access to information regarding candidates in the market with VCT board experience. The Board considered a short list of candidates, and following interviews, confirmed the appointment of Modwenna Rees-Mogg as a new Director on 4 October 2012.

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

Internal control

In accordance with the UK Corporate Governance Code, the Board has an established process for identifying, evaluating and managing the significant risks faced by the Company. This process has been in place throughout the year and continues to be subject to regular review by the Board in accordance with the Internal Control Guidance for Directors

Statement of corporate governance (continued)

in the UK Corporate Governance Code published in September 1999 and updated in 2005 (the “Turnbull guidance”). The Board is responsible for the Company’s system of internal control and for reviewing its effectiveness. However, acknowledging that such a system is designed to manage, rather than eliminate, the risks of failure to achieve the Company’s business objectives, such controls can only provide reasonable and not absolute assurance against material misstatement or loss.

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

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

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

- segregation of duties between the preparation of valuations and recording in accounting records;
- independent valuations of the majority of the asset-backed investments within the portfolio undertaken annually;
- reviews of valuations are carried out by the Managing Partner and reviews of financial reports are carried out by the Operations Partner of Albion Ventures LLP;
- bank and stock reconciliations are carried out monthly by the Manager in accordance with 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 LLP report formally to the Albion Technology & General VCT PLC Board on an annual basis. The Board and the Audit Committee will continue to monitor its system of internal control in order to provide assurance that it operates as intended.

Going concern

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

The Board’s assessment of liquidity risk and details of the Company’s policies for managing its capital and financial risks are shown in note 19. The Company’s business activities, together with details of its performance are shown in this Directors’ report.

Conflicts of interest

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

Capital structure and Articles of Association

Details regarding the Company’s capital structure, substantial interests and Directors’ powers to buy and issue shares are detailed in full on pages 15, 16 and 21 respectively of the Directors’ report. The Company is not party to any significant agreements that may take effect, alter or terminate upon a change of control of the Company following a takeover bid.

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

Statement of corporate governance (continued)

Relationships with shareholders

The Company's Annual General Meeting on 20 June 2013 will be used as an opportunity to communicate with investors. The Board, including the Chairman of the Audit Committee, will be available to answer questions at the Annual General Meeting.

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

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

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

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

Tel: 0870 873 5854 (UK National Rate call, lines are open 8.30am – 5.30pm; Mon – Fri; calls may be recorded)

Website: www.computershare.co.uk

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

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

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

Email: info@albion-ventures.co.uk

Website: www.albion-ventures.co.uk

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

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

Statement of compliance

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

Dr N E Cross

Chairman

27 March 2013

Directors' remuneration report

Introduction

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

UNAUDITED INFORMATION

Remuneration Committee

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

Directors' remuneration policy

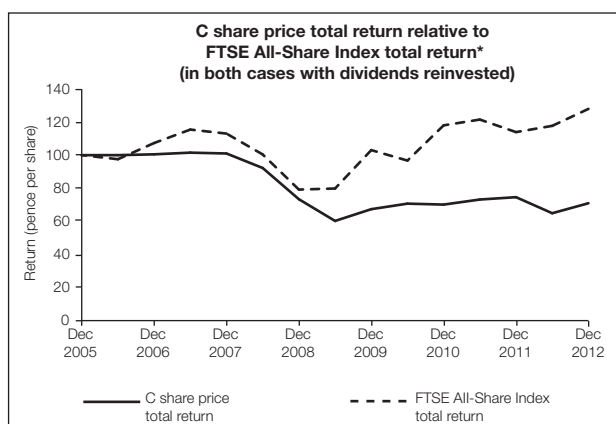
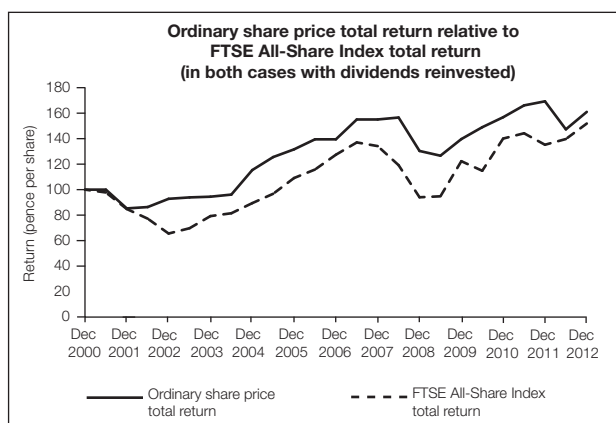
The Company's policy is that fees payable to non-executive Directors should reflect their expertise, responsibilities and time spent on Company matters. In determining the level of non-executive remuneration, market equivalents are considered in comparison to the overall activities and size of the Company.

The maximum level of non-executive Directors' remuneration is fixed by the Company's Articles of Association, not to exceed £75,000 per annum; amendment to this is by way of a special resolution subject to ratification by shareholders.

Performance graph

The graphs that follow show Albion Technology & General VCT PLC's Ordinary and C share price total return against the FTSE All-Share Index total return, in both instances with dividends reinvested, since launch. The Directors consider the FTSE All-Share Index to be the most appropriate benchmark for the Company. Investors should, however, be reminded that shares in VCTs generally trade at a discount to the actual net asset value of the Company.

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



Source: Albion Ventures LLP

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

*The C shares converted to Ordinary shares on 31 March 2011 on the basis of their respective net asset values, with each C shareholder receiving 0.7779 Ordinary shares for each C share they owned.

Service contracts

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

The Company's Articles of Association provide for the resignation and, if approved, re-election of the Directors every three years at the Annual General Meeting. In accordance with the recommendations of the AIC Code, Directors who have served the Company for longer than nine years are subject to annual re-election, and any non-independent Directors are also subject to annual re-election. At the forthcoming Annual General Meeting Dr. Neil Cross, Lt. Gen. Sir Edmund Burton, Modwenna Rees-Mogg and Patrick Reeve will retire and be proposed for election or 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:

	31 December 2012 £'000	31 December 2011 £'000
Dr. Neil Cross	17.5	17.5
Lt. Gen. Sir Edmund Burton	17.5	17.5
Michael Hart	14.6	17.5
Modwenna Rees-Mogg	4.4	–
Albion Ventures LLP (for Patrick Reeve's services)	16.0	17.5
	<hr/> 70.0 <hr/>	<hr/> 70.0 <hr/>

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 paid an annual premium in respect of Directors' & Officers' Liability Insurance of £10,300 (2011: £10,300).

By Order of the Board

Albion Ventures LLP

Company Secretary
1 King's Arms Yard
London, EC2R 7AF
27 March 2013

Independent Auditor's 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 2012 which comprise the Income statement, the Balance sheet, the Reconciliation of movements in shareholders' funds, the Cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of Directors and auditor

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

Scope of the audit of the Financial Statements

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. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited Financial Statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 2012 and of its return for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

- the part of the Directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006;
- the information given in the Directors' report for the financial year for which the Financial Statements are prepared is consistent with the Financial Statements; and
- the information given in the Statement of corporate governance on pages 23 to 27 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; or
- a corporate governance statement has not been prepared by the Company.

Under the Listing Rules we are required to review:

- the Directors' statement, set out on page 26, in relation to going concern; and
- the part of the Statement of corporate governance relating to the Company's compliance with the nine provisions of the UK Corporate Governance Code specified for our review; and
- certain elements of the report to the shareholders by the Board on Directors' remuneration.

Rhodri Whitlock (Senior statutory auditor)

for and on behalf of PKF (UK) LLP, Statutory auditor
London, UK
27 March 2013

Income statement

		Year ended 31 December 2012			Year ended 31 December 2011		
	Note	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains on investments	3	–	1,367	1,367	–	687	687
Investment income	4	1,224	–	1,224	1,257	–	1,257
Investment management fees	5	(215)	(644)	(859)	(216)	(647)	(863)
Other expenses	6	(210)	–	(210)	(206)	–	(206)
Return on ordinary activities before tax		799	723	1,522	835	40	875
Tax (charge)/credit on ordinary activities	8	(161)	157	(4)	(184)	172	(12)
Return attributable to shareholders		638	880	1,518	651	212	863
Basic and diluted return per share (pence)*	10	1.60	2.10	3.70	1.60	0.60	2.20

*excluding treasury shares

The accompanying notes on pages 35 to 48 form an integral part of these Financial Statements.

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

All revenue and capital items in the above statement derive from 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 profit on ordinary activities before tax and the historical profit is due to the fair value movements on investments. As a result a note on historical cost profit and losses has not been prepared.

Balance sheet

	Note	31 December 2012 £'000	31 December 2011 £'000
Fixed asset investments	11	33,055	30,980
Current assets			
Trade and other debtors	13	21	195
Current asset investments	13	65	1,238
Cash at bank and in hand	17	1,656	1,447
		1,742	2,880
Creditors: amounts falling due within one year	14	(338)	(313)
Net current assets		1,404	2,567
Net assets		34,459	33,547
Capital and reserves			
Called up share capital	15	454	21,862
Share premium		346	959
Capital redemption reserve		6	4,473
Unrealised capital reserve		(6,678)	(8,001)
Realised capital reserve		9,435	9,246
Other distributable reserve		30,896	5,008
Total equity shareholders' funds		34,459	33,547
Basic and diluted net asset value per share (pence)*	16	84.00	85.10

*excluding treasury shares

The accompanying notes on pages 35 to 48 form an integral part of these Financial Statements.

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

Dr N E Cross

Chairman

Company number: 4114310

Reconciliation of movements in shareholders' funds

	Called-up share capital £'000	Share premium £'000	Capital redemption reserve £'000	Unrealised capital reserve* £'000	Realised capital reserve* £'000	Other distributable reserve* £'000	Total £'000
As at 1 January 2012	21,862	959	4,473	(8,001)	9,246	5,008	33,547
Return/(loss) for the period	-	-	-	1,440	(560)	638	1,518
Transfer of previously unrealised losses on sale of investments	-	-	-	(117)	117	-	-
Purchase of shares for cancellation	(1)	-	1	-	-	(49)	(49)
Purchase of own shares for treasury	-	-	-	-	-	(453)	(453)
Cancellation of treasury shares	(54)	-	54	-	-	-	-
Issue of deferred share**	4,073	-	(4,073)	-	-	-	-
Reduction in share capital and cancellation of deferred share, capital redemption and share premium reserves**	(26,369)	(1,598)	(449)	-	-	28,416	-
Issue of equity (net of costs)	943	986	-	-	-	-	1,929
Transfer from other distributable reserve to realised capital reserve***	-	-	-	-	632	(632)	-
Dividends paid	-	-	-	-	-	(2,033)	(2,033)
As at 31 December 2012	454	346	6	(6,678)	9,435	30,896	34,459

As at 1 January 2011	24,772	294	400	(9,312)	4,278	13,659	34,091
Return/(loss) for the period	-	-	-	259	(47)	651	863
Transfer of previously unrealised losses on sale of investments	-	-	-	1,052	(1,052)	-	-
Transfer on conversion of C Shares	(4,073)	-	4,073	-	-	-	-
Purchase of own shares for treasury	-	-	-	-	-	(1,251)	(1,251)
Issue of equity (net of costs)	1,163	665	-	-	-	-	1,828
Transfer from other distributable reserve to realised capital reserve***	-	-	-	-	6,067	(6,067)	-
Dividends paid	-	-	-	-	-	(1,985)	(1,985)
As at 31 December 2011	21,862	959	4,473	(8,001)	9,246	5,008	33,547

* Included within these reserves is an amount of £33,653,000 (2011: £6,253,000) which is considered distributable.

** The reduction in the nominal value of shares from 50 pence to 1 penny, the cancellation of the deferred share, capital redemption and share premium reserves (as approved by shareholders at the General Meeting held on 22 June 2012 and by order of the Court dated 11 July 2012) has increased the value of the other distributable reserve.

*** A transfer of £632,000 representing gross realised losses on disposal of investments during the year ended 31 December 2012 (2011: £1,676,000 gross realised losses and £4,391,000 historical capital dividends paid) has been made from the other distributable reserve to the realised capital reserve.

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

Cash flow statement

		Year ended 31 December 2012 £'000	Year ended 31 December 2011 £'000
	Note		
Operating activities			
Loan stock income received		1,225	1,355
Deposit interest received		19	42
Dividend income received		–	14
Investment management fees paid		(847)	(875)
Other cash payments		(216)	(232)
Net cash flow from operating activities	18	181	304
Taxation			
UK corporation tax (paid)/recovered		(9)	154
Capital expenditure and financial investments			
Purchase of fixed asset investments		(2,338)	(5,780)
Disposal of fixed asset investments		1,685	4,280
Purchase of current asset investments		–	(1,000)
Disposal of current asset investments		1,295	1,000
Net cash flow from investing activities		642	(1,500)
Equity dividends paid (net of costs of issuing shares under the Dividend Reinvestment Scheme)		(1,854)	(1,820)
Net cash flow before financing		(1,040)	(2,862)
Financing			
Issue of share capital (net of issue costs)		1,751	1,665
Purchase of own shares	15	(502)	(1,251)
Net cash flow from financing		1,249	414
Cash flow in the year	17	209	(2,448)

Notes to the Financial Statements

1. Accounting convention

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

2. Accounting policies

Fixed and current asset investments

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

In accordance with FRS 26 "Financial Instruments Recognition and Measurement", quoted and unquoted equity, debt issued at a discount and convertible bonds are designated as fair value through profit or loss ("FVTPL"). Investments listed on recognised exchanges are valued at the closing bid prices at the end of the accounting period. Unquoted investments' fair value is determined by the Directors in accordance with the September 2009 International Private Equity and Venture Capital Valuation Guidelines (IPEVCV guidelines).

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

Warrants and unquoted equity derived instruments

Warrants and unquoted equity derived instruments are only valued if there is additional value to the Company in exercising or converting as at the balance sheet date. Otherwise these instruments are held at nil value. The valuation techniques used are those used for the underlying equity investment.

Unquoted loan stock

Unquoted loan stock (excluding convertible bonds and debt issued at a discount) are classified as loans and receivables as permitted by FRS 26 and measured at amortised cost using the Effective Interest Rate method less impairment. Movements in amortised cost relating to interest income are reflected in the revenue column of the Income statement, and hence are reflected in the other distributable reserve, and movements in respect of capital provisions are reflected in the capital column of the Income statement and are reflected in the realised capital reserve following sale, or in the unrealised capital reserve for impairments arising from revaluations of the fair value of the security.

For all unquoted loan stock, whether fully performing, past due or impaired, the Board considers that the fair value is equal to or greater than the security value of these assets. For unquoted loan stock, the amount of the impairment is the difference between the asset's cost and the present value of estimated

future cash flows, discounted at the original effective interest rate. The future cash flows are estimated based on the fair value of the security less the estimated selling costs.

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

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

Current asset investments

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

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.

Investment income

Unquoted equity income

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

Unquoted loan stock and other preferred income

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

Bank interest income

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

Investment management fees and expenses

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

- 75 per cent. of management fees are allocated to the realised capital reserve. This is in line with the Board's expectation that over the long term 75 per cent. of the Company's investment returns will be in the form of capital gains; and
- expenses which are incidental to the purchase or disposal of an investment are charged through the realised capital reserve.

Performance incentive fee

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

Notes to the Financial Statements (continued)

Taxation

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

Reserves

Share premium account

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

Capital redemption reserve

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

Unrealised capital reserve

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

Realised capital reserve

The following are disclosed in this reserve:

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

Other distributable reserve

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

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

Dividends

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

Notes to the Financial Statements (continued)

3. Gains on investments

	Year ended 31 December 2012 £'000	Year ended 31 December 2011 £'000
Unrealised gains/(losses) on fixed asset investments held at fair value through profit or loss account	1,363	(138)
Unrealised reversals of impairments on fixed asset investments held at amortised cost	12	397
Unrealised gains on fixed asset investments sub-total	1,375	259
Unrealised gains on current assets held at fair value through profit or loss account	65	–
Unrealised gains sub-total	1,440	259
Realised losses on fixed asset investments held at fair value through profit or loss account	(136)	(147)
Realised gains on fixed asset investments held at amortised cost	–	580
Realised (losses)/gains on fixed asset investments sub-total	(136)	433
Realised gains/(losses) on current asset investments held at fair value through profit or loss account	63	(5)
Realised (losses)/gains sub-total	(73)	428
	1,367	687

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

4. Investment income

	Year ended 31 December 2012 £'000	Year ended 31 December 2011 £'000
Income recognised on investments held at fair value through profit or loss		
Dividend income	–	14
Floating rate note interest	–	11
Income from convertible bonds and discounted debt	135	95
	135	120
Income recognised on investments held at amortised cost		
Return on loan stock investments	1,076	1,103
Bank deposit interest	13	34
	1,089	1,137
	1,224	1,257

Interest income earned on impaired investments at 31 December 2012 amounted to £496,000 (2011: £219,000). These investments are all held at amortised cost.

Notes to the Financial Statements (continued)

5. Investment management fees

	Year ended 31 December 2012 £'000	Year ended 31 December 2011 £'000
Investment management fee charged to revenue	215	216
Investment management fee charged to capital	644	647
	859	863

Further details of the Management agreement under which the investment management fee is paid are given in the Directors' report on page 20.

During the year, services of a total value of £859,000 (2011: £863,000) were purchased by the Company from Albion Ventures LLP in respect of management fees. At the financial year end, the amount due to Albion Ventures LLP in respect of these services disclosed as accruals was £216,000 (2011: £201,000).

Patrick Reeve is the Managing Partner of the Manager, Albion Ventures LLP. During the year, the Company was charged by Albion Ventures LLP £19,000 (including VAT) in respect of his services as a Director (2011: £21,000). At the year end, the amount due to Albion Ventures LLP in respect of these services disclosed as accruals was £3,500 (2011: £5,000).

Albion Ventures LLP, the Manager, holds 1,012 Ordinary shares as a result of fractional entitlements arising from the conversion of C shares into Ordinary shares on 31 March 2011.

During the year the Company raised new funds through the Albion VCTs Linked Top Up Offers 2011/2012 and Albion VCTs Top Up Offers 2012/2013 as described in note 15. The total cost of the issue of these shares was 5.5 per cent. of the sums subscribed. Of these costs, an amount of £6,740 and £663 respectively was paid to the Manager, Albion Ventures LLP in respect of receiving agent services. There were no sums outstanding in respect of receiving agent services at the year end.

6. Other expenses

	Year ended 31 December 2012 £'000	Year ended 31 December 2011 £'000
Directors' fees (including VAT and NIC)	78	78
Other administrative expenses	89	82
Tax services	19	19
Auditor's remuneration for statutory audit services (excluding VAT)	24	24
Auditor's remuneration for other services (excluding VAT)	–	3
	210	206

The £3,000 in Auditor's remuneration for other services relates to work done on the merger of Ordinary shares with C shares in 2011.

7. Directors' fees

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

	Year ended 31 December 2012 £'000	Year ended 31 December 2011 £'000
Directors' fees	70	70
National insurance and/or VAT	8	8
	78	78

Further information regarding Directors' remuneration can be found in the Directors' remuneration report on pages 28 and 29.

Notes to the Financial Statements (continued)

8. Tax charge on ordinary activities

	Year ended 31 December 2012 £'000	Year ended 31 December 2011 £'000
UK corporation tax in respect of current year	(31)	(35)
UK corporation tax in respect of prior year	27	23
	<u>(4)</u>	<u>(12)</u>

Factors affecting the tax charge:

	Year ended 31 December 2012 £'000	Year ended 31 December 2011 £'000
Return on ordinary activities before taxation	1,522	875
Tax charge on profit at the small companies rate	(304)	(175)
Factors affecting the charge:		
Non-taxable gains	273	137
Non-taxable income	–	3
Consortium relief in respect of prior years	27	23
	<u>(4)</u>	<u>(12)</u>

The tax charge for the year shown in the Income statement is lower than the small companies rate of corporation tax in the UK of 20 per cent. (2011: 20 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.

9. Dividends

	Year ended 31 December 2012 £'000	Year ended 31 December 2011 £'000
Ordinary shares' dividend of 2.50p per share paid on 28 April 2011	–	998
Ordinary shares' dividend of 2.50p per share paid on 28 October 2011	–	987
Ordinary shares' dividend of 2.50p per share paid on 30 April 2012	1,018	–
Ordinary shares' dividend of 2.50p per share paid on 31 October 2012	1,015	–
	<u>2,033</u>	<u>1,985</u>

In addition to the dividends summarised above, the Board has declared a first dividend for the year ending 31 December 2013 of 2.50 pence per Ordinary share. This dividend will be paid on 30 April 2013 to shareholders on the register as at 12 April 2013. The total dividend will be approximately £1,026,000.

Notes to the Financial Statements (continued)

10. Basic and diluted return per share

	Year ended 31 December 2012			Year ended 31 December 2011		
	Revenue	Capital	Total	Revenue	Capital	Total
Return attributable to equity shares (£'000)	638	880	1,518	651	212	863
Weighted average shares in issue (excluding treasury shares)		40,576,647			39,764,003	
Return attributable per equity share (pence)	1.60	2.10	3.70	1.60	0.60	2.20

The weighted average number of shares is calculated excluding treasury shares of 4,341,070 (2011: 4,290,372).

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.

11. Fixed asset investments

	31 December 2012 £'000	31 December 2011 £'000
Investments held at fair value through profit or loss		
Unquoted equity and preference shares	11,624	10,659
Discounted debt and convertible loan stock	5,257	3,546
	16,881	14,205
Investments held at amortised cost		
Unquoted loan stock	16,174	16,775
	33,055	30,980
	31 December 2012 £'000	31 December 2011 £'000
Opening valuation	30,980	29,387
Purchases at cost	2,515	7,410
Disposal proceeds	(1,677)	(6,117)
Realised (losses)/gains	(136)	433
Movement in loan stock accrued income	(3)	(160)
Transfer of unrealised gains to current asset investments	–	(232)
Unrealised gains	1,375	259
Closing valuation	33,055	30,980
Movement in loan stock accrued income		
Opening accumulated movement in loan stock accrued income	279	439
Movement in loan stock accrued income	(3)	(160)
Closing accumulated movement in loan stock accrued income	276	279
Movement in unrealised losses		
Opening accumulated unrealised losses	(8,281)	(9,366)
Transfer of previously unrealised losses to realised reserve on disposal of investments	116	1,058
Transfer of unrealised gains to current asset investments	–	(232)
Movement in unrealised gains	1,375	259
Closing accumulated unrealised losses	(6,790)	(8,281)
Historic cost basis		
Opening book cost	38,982	38,314
Purchases at cost	2,515	7,410
Sales at cost	(1,927)	(6,742)
Closing book cost	39,569	38,982

Purchases and disposals detailed above do not agree to the Cash flow statement due to restructuring of investments, conversion of convertible loan stock and settlement debtors and creditors.

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

Notes to the Financial Statements (continued)

11. Fixed asset investments (continued)

Unquoted equity investments and convertible and discounted debt are valued at fair value in accordance with the IPEVCV guidelines as follows:

	31 December 2012	31 December 2011
Valuation methodology	£'000	£'000
Cost and price of recent investment (reviewed for impairment)	2,054	2,725
Net asset value supported by third party or desktop valuation	2,341	1,875
Earnings multiple	4,565	3,899
Revenue multiple	6,864	5,706
Agreed offer or agreed new investment price	1,057	–
	16,881	14,205

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

Fair value investments had the following movements between valuation methodologies between 31 December 2011 and 31 December 2012:

	Value as at 31 December 2012	
Change in valuation methodology (2011 to 2012)	£'000	Explanatory note
Cost and price of recent investment (reviewed for impairment) to net asset value supported by third party valuation	721	More recent information available
Revenue multiple to agreed offer or agreed new investment price	693	Agreed new investment price
Earnings multiple to revenue multiple	584	Temporary trading losses
Cost and price of recent investment (reviewed for impairment) to agreed offer or agreed new investment price	364	Agreed offer price
Cost and price of recent investment (reviewed for impairment) to earnings multiple	23	Improvement in investment performance

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 2012.

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

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

All of the Company's fixed asset investments as at 31 December 2012 which are valued at fair value through profit or loss, are valued according to Level 3 methods (2011: Level 3).

Investments held at fair value through profit or loss (Level 3) had the following movements in the year to 31 December 2012:

	31 December 2012			31 December 2011		
	Equity	Convertible and discounted bonds	Total	Equity	Convertible and discounted bonds	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Opening balance	10,659	3,546	14,205	10,218	2,933	13,151
Additions	826	1,260	2,086	2,612	1,674	4,286
Disposals	(614)	(23)	(637)	(2,626)	(89)	(2,715)
Realised gains/(losses)	210	(346)	(136)	930	(1,077)	(147)
Debt/equity swap and representation of convertible bond and debt	643	(643)	–	(232)	–	(232)
Unrealised gains/(losses) on equity investments	(100)	1,463	1,363	(243)	105	(138)
Closing balance	11,624	5,257	16,881	10,659	3,546	14,205

Notes to the Financial Statements (continued)

11. Fixed asset investments (continued)

FRS 29 requires the Directors to consider the impact of changing one or more of the inputs used as part of the valuation process to reasonable possible alternative assumptions. The valuation methodology applied to 32 per cent. of the equity, discounted debt and convertible bond investments (by valuation) is based on third-party independent evidence, recent investment price and agreed offer price. The Directors believe that changes to reasonable possible alternative assumptions for the valuation of the portfolio could result in an increase in the valuation of investments by £827,000 or a decrease in the valuation of investments by £755,000.

12. Significant interests

The principal activity of the Company is to select and hold a portfolio of investments in unquoted securities. Although the Company, through the Manager, will, in some cases, be represented on the board of the portfolio company, it will not take a controlling interest or become involved in the management. The size and structure of the companies with unquoted securities may result in certain holdings in the portfolio representing a participating interest without there being any partnership, joint venture or management consortium agreement. The Company has interests of greater than 20 per cent. of the nominal value of any class of the allotted shares in the portfolio companies as at 31 December 2012 as described below:

Company	Country of incorporation	Principal activity	% class and share type	% total voting rights
Albion Investment Properties Limited	Great Britain	Owner of residential property	22.6% A Ordinary	22.6%
Blackbay Limited	Great Britain	Mobile data solutions	24.3% A Ordinary	8.5%
Consolidated PR Limited	Great Britain	Public relations agency	50.0% A Ordinary	21.7%
Evolutions Group Limited	Great Britain	In liquidation	22.3% A Ordinary	22.3%
Prime Care Holdings Limited	Great Britain	Domiciliary care services	31.2% A Ordinary	15.6%
The Q Garden Company Limited	Great Britain	Garden centre operator	33.4% A Ordinary	33.4%

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

13. Current assets

	31 December 2012	31 December 2011
Trade and other debtors	£'000	£'000
Prepayments and accrued income	15	15
Other debtors	6	180
	<u>21</u>	<u>195</u>

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

	31 December 2012	31 December 2011
Current asset investments	£'000	£'000
Contingent future receipts from the disposal of fixed asset investments	65	232
Royal Skandia Collective Bond	–	1,006
	<u>65</u>	<u>1,238</u>

The fair value hierarchy applied to contingent future receipts on disposal of fixed asset investments is Level 3. These receipts may not crystallise within 12 months. The fair value hierarchy applied to bonds and floating rate notes is Level 1 (see page 41 for definitions).

14. Creditors: amounts falling due within one year

	31 December 2012	31 December 2011
	£'000	£'000
Trade creditors	6	1
Accruals and deferred income	280	267
UK corporation tax payable	23	28
Other creditors	29	17
	<u>338</u>	<u>313</u>

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

Notes to the Financial Statements (continued)

15. Called up share capital

	31 December 2012	31 December 2011
	£'000	£'000
Allotted, called up and fully paid		
45,365,688 Ordinary shares of 1p each (2011: 43,723,776 Ordinary shares of 50p each)	454	21,862

Voting rights

41,024,618 Ordinary shares of 1p each (net of treasury shares) (2011: 39,433,404 Ordinary shares of 50p each in issue (net of treasury shares)).

Following approval by shareholders at the General Meeting on 22 June 2012, 1 deferred share with a nominal value of £4,073,164 (2011: nil) was issued during the year in order to formally effect the merger of the C shares with the Ordinary shares, which took place in the prior year. The deferred share has no voting rights, no right to receive a dividend or any other form of income from the Company.

The Company also obtained authority to reduce the nominal value of its shares from 50 pence to 1 penny, and to cancel its capital redemption reserve, share premium reserve and deferred share. This was approved by the Court on 11 July 2012. This restructuring increased the distributable reserves available to the Company for the payment of dividends, the buy-back of shares and for other corporate purposes. The effect of these transactions were to reduce the Ordinary share capital by £26,369,006, capital redemption reserve by £449,243 and share premium reserves by £1,598,100.

The Company purchased 75,936 Ordinary shares (2011: nil) for cancellation at a cost of £49,000 (2011: nil).

The Company purchased 650,070 Ordinary shares (2011: 1,357,000 Ordinary shares and 337,300 C shares) to be held in treasury at a cost of £453,000 (2011: £1,251,000). The shares purchased for treasury were funded from the other distributable reserve.

The Company cancelled 599,372 Ordinary shares (2011: nil) from the other distributable reserve at a weighted average cost of 78.50 pence per share, leaving a balance of 4,341,070 Ordinary shares in treasury (2011: 4,290,372 Ordinary shares), representing 9.6 per cent. of the share capital as at 31 December 2012.

Under the terms of the Dividend Reinvestment Scheme, the following Ordinary shares were allotted in the year to 31 December 2012:

Date of allotment	Number of Ordinary shares allotted	Aggregate nominal value of shares (£'000)	Issue price (pence per share)	Net consideration received (£'000)	Opening market price per share on allotment date (pence per share)
30 April 2012	119,999	60	82.60	93	65.00
31 October 2012	116,312	1	80.80	85	68.00
	236,311	61		178	

Under the terms of the Albion VCTs Linked Top Up Offers 2011/2012, the following shares were allotted during the year:

Date of allotment	Number of shares allotted	Aggregate nominal value of shares (£'000)	Issue price (pence per share)	Net consideration received (£'000)	Opening market price per share on allotment date (pence per share)
10 January 2012	449,000	225	88.90	378	76.00
20 March 2012	487,304	244	88.90	410	73.00
5 April 2012	736,583	368	90.10	627	73.00
31 May 2012	84,429	42	88.30	71	65.00
	1,757,316	879		1,486	

Notes to the Financial Statements (continued)

15. Called up share capital (continued)

Under the terms of the Albion VCTs Top Up Offers 2012/2013, the following shares were allotted during the year:

Date of allotment	Number of shares allotted	Aggregate nominal value of shares (£'000)	Issue price (pence per share)	Net consideration received (£'000)	Opening market price per share on allotment date (pence per share)
19 December 2012	323,593	3	86.50	265	68.00

16. Basic and diluted net asset value per share

	31 December 2012 (pence per share)	31 December 2011 (pence per share)
Basic and diluted net asset value per Ordinary share	84.00	85.10

The basic and diluted net asset values per share at the year end are calculated in accordance with the Articles of Association and are based upon total shares in issue (less treasury shares) of 41,024,618 Ordinary shares (2011: 39,433,404 Ordinary shares) at 31 December 2012.

17. Analysis of changes in cash during the year

	Year ended 31 December 2012 £'000	Year ended 31 December 2011 £'000
Opening cash balances	1,447	3,895
Net cash flow	209	(2,448)
Closing cash balances	1,656	1,447

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

	Year ended 31 December 2012 £'000	Year ended 31 December 2011 £'000
Revenue return on ordinary activities before taxation	800	835
Investment management fee charged to capital	(643)	(647)
Movement in accrued amortised loan stock interest	3	160
(Increase)/decrease in debtors	(5)	1
Increase/(decrease) in creditors	26	(45)
Net cash flow from operating activities	181	304

Notes to the Financial Statements (continued)

19. Capital and financial instruments risk management

The Company's capital comprises Ordinary shares as described in note 15. The Company is permitted to buy back its own shares for cancellation or treasury purposes and this is described in more detail on page 6 of the Chairman's statement.

The Company's financial instruments comprise equity and loan stock investments in unquoted companies, cash balances and 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 10 to 12. Investment risk is the exposure of the Company to the revaluation and devaluation of investments. The main driver of investment risk is the operational and financial performance of the portfolio company and the dynamics of market quoted comparators. The Manager receives management accounts from portfolio companies, and members of the investment management team often sit on the boards of unquoted portfolio companies; this enables the close identification, monitoring and management of investment risk.

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

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

The maximum investment risk as at the balance sheet date is the value of the fixed and current asset investment portfolio which is £33,120,000 (2011: £32,218,000). Fixed and current asset investments form 96 per cent. of the net asset value as at 31 December 2012 (2011: 96 per cent.).

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

Investment price risk

Investment price risk is the risk that the fair value of future investment cash flows will fluctuate due to factors specific to an investment instrument or to a market in similar instruments. To mitigate the investment price risk for the Company as a whole, the strategy of the Company is to invest in a broad spread of industries with up to 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 10 to 12 and in the Manager's report.

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

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

The sensitivity of a 10 per cent. increase or decrease in the valuation of the fixed and current asset investments (keeping all other variables constant) would increase or decrease the net asset value and return for the year by £3,312,000 (2011: £3,222,000).

Notes to the Financial Statements (continued)

19. Capital and financial instruments risk management (continued)

Cash flow interest rate risk

It is the Company's policy to accept a degree of interest rate risk on its financial assets through the effect of interest rate changes. On the basis of the Company's analysis, it is estimated that a rise of one percentage point in all interest rates would have increased total return before tax for the year by approximately £16,000 (2011: £30,000). Furthermore, it is considered that a fall of interest rates below current levels during the year would have been very unlikely.

The weighted average interest rate applied to the Company's unquoted loan stock during the year was approximately 5.3 per cent. (2011: 5.2 per cent.). The weighted average period to maturity for the unquoted loan stock is approximately 2.5 years (2011: 2.6 years).

The Company's financial assets and liabilities as at 31 December 2012, all denominated in pounds sterling, consist of the following:

	31 December 2012				31 December 2011			
	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	–	–	11,624	11,624	–	–	10,659	10,659
Unquoted loan stock*	17,913	348	3,170	21,431	18,450	526	1,345	20,321
Debtors**	–	–	8	8	–	–	183	183
Current asset investments	–	–	65	65	1,006	–	232	1,238
Current liabilities**	–	–	(315)	(315)	–	–	(285)	(285)
Cash	1,249	407	–	1,656	143	1,304	–	1,447
Total	19,162	755	14,552	34,469	19,599	1,830	12,134	33,563

* Including convertible loan stock and debt issued at a discount.

** The debtors and current liabilities do not reconcile to the balance sheet as prepayments and tax payable are not included in the above table.

Credit risk

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

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

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

The Company's total gross credit risk as at 31 December 2012 was limited to £21,431,000 (2011: £20,321,000) of unquoted loan stock instruments (all are secured on the assets of the portfolio company) and £1,656,000 (2011: £1,447,000) cash deposits with banks.

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

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

The credit profile of unquoted loan stock is described under liquidity risk on page 47.

The cost, impairment and carrying value of impaired loan stocks in the Ordinary share portfolio held at amortised cost at 31 December 2012 and 31 December 2011 are as follows:

	31 December 2012			31 December 2011		
	Cost	Impairment	Carrying value	Cost	Impairment	Carrying value
	£'000	£'000	£'000	£'000	£'000	£'000
Impaired loan stock	10,845	(3,487)	7,358	9,079	(3,441)	5,638

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.

Notes to the Financial Statements (continued)

19. Capital and financial instruments risk management (continued)

Liquidity risk

Liquid assets are held as cash on current account, on deposit, in bonds or short term money market account. Under the terms of its Articles, the Company has the ability to borrow up to 10 per cent. of its adjusted capital and reserves of the latest published audited Balance sheet, which amounts to £3,343,000 as at 31 December 2012 (2011: £3,254,000).

The Company has no committed borrowing facilities as at 31 December 2012 (2011: £nil). The Company had cash balances of £1,656,000 (2011: £1,447,000). 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 £338,000 as at 31 December 2012 (2011: £313,000).

The carrying value of loan stock investments at 31 December 2012, as analysed by expected maturity dates was as follows:

Redemption date	Fully performing loan stock £'000	Impaired loan stock £'000	Past due loan stock £'000	Total £'000
Less than one year	1,318	4,324	1,870	7,512
1-2 years	2,051	2,490	567	5,108
2-3 years	955	96	779	1,830
3-5 years	3,403	448	1,536	5,387
+5 years	1,460	–	134	1,594
Total	9,187	7,358	4,886	21,431

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

Loan stock categorised as past due includes:

- Loan stock with a carrying value of £3,364,000 which has interest overdue for less than 12 months yielded 3.9 per cent. on cost;
- Loan stock with a carrying value of £313,000 had loan stock interest past due greater than 12 months and less than 2 years (through not paying all of its contractual interest). This investment has yielded 9.6 per cent. on cost during the year;
- Loan stock with a carrying value of £861,000 had loan stock interest past due greater than 2 years and less than 5 years (through not paying all of its contractual interest). This investment has yielded 7.0 per cent. on cost during the year;
- Loan stock with a carrying value of £125,000 yielding 12.7 per cent. which has capital past due between 1 and 3 years;
- Loan stock with a carrying value of £223,000 had capital past due of 7 years and yielded 8.8 per cent. on cost;

The carrying value of loan stock investments at 31 December 2011, as analysed by expected maturity dates, was as follows:

Redemption date	Fully performing loan stock £'000	Impaired loan stock £'000	Past due loan stock £'000	Total £'000
Less than one year	938	1,255	1,689	3,882
1-2 years	2,424	1,625	2,256	6,305
2-3 years	958	1,995	149	3,102
3-5 years	4,926	763	693	6,382
+5 years	433	–	217	650
Total	9,679	5,638	5,004	20,321

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

Fair values of financial assets and financial liabilities

All the Company's financial assets and liabilities as at 31 December 2012 are stated at fair value as determined by the Directors, with the exception of loans and receivables included within investments, debtors and creditors and cash 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.

Notes to the Financial Statements (continued)

20. Commitments and contingencies

The Company had the following financial commitments in respect of investments:

- DySIS Medical Limited, £32,000.

21. Post balance sheet events

Since 31 December 2012 the Company has had the following post balance sheet events:

- Investment of £33,000 in The Q Garden Company Limited;
- Investment of £32,000 in DySIS Medical Limited;
- Investment of £25,000 in Rostima Holdings Limited;
- Investment of £122,000 in Mi-Pay Limited;
- Cash of £779,000 received from the disposal of the investment in Nelson House Hospital Limited.

22. Related party transactions

There are no related party transactions or balances requiring disclosure.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Albion Technology & General VCT PLC (the “Company”) will be held at the City of London Club, 19 Old Broad Street, London EC2N 1DS on 20 June 2013 at 11.00 am for the following purposes:

To consider and, if thought fit, to pass the following resolutions, of which numbers 1 to 9 will be proposed as ordinary resolutions and numbers 10 to 12 as special resolutions.

Ordinary Business

1. To receive and adopt the Company’s accounts for the year ended 31 December 2012 together with the report of the Directors and Auditor.
2. To approve the Directors’ remuneration report for the year ended 31 December 2012.
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 elect Modwenna Rees-Mogg as a Director of the Company.
6. To re-elect Patrick Reeve as a Director of the Company.
7. To appoint BDO LLP as Auditor of the Company in accordance with section 489 of the Companies Act 2006, until the conclusion of the next general meeting of the Company at which audited accounts are to be laid.
8. To authorise the Directors to agree the Auditor’s remuneration.

Special Business

9. That the Directors be generally and unconditionally authorised in accordance with section 551 of the Companies Act 2006 (the “Act”) to allot Ordinary shares of nominal value 1 penny per share in the Company up to an aggregate nominal amount of £45,366 provided that this authority shall expire 18 months from the date that this resolution is passed, or, if earlier, the conclusion of the next annual general meeting of the Company but so that the Company may, before such expiry, make an offer or agreement which would or might require shares to be allotted or rights to subscribe for or convert securities into shares to be granted after such expiry and the Directors may allot shares or grant rights to subscribe for or convert securities into shares pursuant to such an offer or agreement as if this authority had not expired.
10. That subject to, pursuant to the authority and conditional on the passing of resolution number 9, 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) pursuant to any Dividend Reinvestment Scheme introduced or operated by the Company; and
 - (c) otherwise than pursuant to paragraphs (a) to (b) above, up to an aggregate nominal amount of £45,366.

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

This power applies in relation to a sale of treasury shares as if all references in this resolution to an allotment included any such sale and in the first paragraph of the resolution the words “pursuant to the authority conferred by resolution number 9” were omitted in relation to such a sale.

Notice of Annual General Meeting (continued)

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

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 1 penny each in the capital of the Company (“Ordinary shares”), on such terms as the Directors think fit, and where such shares are held as treasury shares, the Company may use them for the purposes set out in section 727 of the Act, provided that:
- (a) the maximum aggregate number of shares hereby authorised to be purchased is 14.99 per cent. of the issued Ordinary share capital of the Company as at the date of the passing of this resolution;
 - (b) the minimum price which may be paid for a share shall be 1 penny (exclusive of expenses);
 - (c) the maximum price (exclusive of expenses) which may be paid for a share shall be an amount being not more than the higher of (i) 105% of the average of the middle market quotations (as derived from the Daily Official List of the London Stock Exchange) for the shares for the five business days immediately preceding the date of purchase and (ii) the higher of the price of the last independent trade and the highest current independent bid relating to a share on the trading venue where the purchase is carried out; and
 - (d) unless previously varied, revoked or renewed, the authority hereby conferred shall expire 18 months from the date that this resolution is passed or, if earlier, at the conclusion of the annual general meeting of the Company to be held after the passing of this resolution, save that the Company may, at any time prior to such expiry, enter into a contract or contracts to purchase shares under such authority which would or might be completed or executed wholly or partly after the expiration of such authority and may make a purchase of shares pursuant to any such contract or contracts as if the authority conferred hereby had not expired.

Under the Companies (Acquisition of Own Shares) (Treasury Shares) Regulations 2003 (the “Regulations”), Ordinary shares purchased by the Company out of distributable profits can be held as treasury shares, which may then be cancelled or sold for cash. The authority sought by this special resolution number 11 is intended to apply equally to shares to be held by the Company as treasury shares in accordance with the Regulations.

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

By order of the Board

Albion Ventures LLP

Company Secretary

Registered office

1 King's Arms Yard

London, EC2R 7AF

27 March 2013

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 Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS99 6ZZ;
 - going to www.computershare.co.uk and following the instructions provided there; or
 - by having an appropriate CREST message transmitted, if you are a user of the CREST system (including CREST personal members).

Return of the Form of Proxy will not preclude a member from attending the meeting and voting in person. You may not use any electronic address provided in the Notice of this AGM to communicate with the Company for any purposes other than those expressly stated.

To be effective the Form of Proxy must be completed in accordance with the instructions and received by the Registrars of the Company by 11.00 am on 18 June 2013.

2. Any person to whom this Notice is sent who is a person nominated under section 146 Companies Act 2006 to enjoy information rights (a "Nominated Person") may, under an agreement between him or her and the member by whom he or she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the AGM. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he or she may, under any such agreement, have a right to give instructions to the member as to the exercise of voting rights.

The statement of rights of members in relation to the appointment of proxies in Note 1 above does not apply to Nominated Persons. The rights described in that note can only be exercised by members of the Company.

3. To be entitled to attend and vote at the AGM (and for the purpose of the determination by the Company of the votes they may cast), members must be registered in the register of members of the Company at 11.00 am on 18 June 2013 (or, in the event of any adjournment, on the date which is two days before the time of the adjourned meeting). Changes to the register of members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.
4. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for this AGM and any adjournment(s) by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK and Ireland Limited's specifications, and must contain the information required for such instruction, as described in the CREST Manual (available via www.euroclear.com/CREST). The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent by 11.00 am on 18 June 2013. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Application Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

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

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

5. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.
6. A copy of this Notice, and other information regarding the AGM, as required by section 311A Companies Act 2006, is available from www.albion-ventures.co.uk under the "Our Funds" section.
7. Any member attending the meeting has the right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the meeting but no such answer need be given if (a) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information, (b) the answer has already been given on a website in the form of an answer to a question, or (c) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.
8. As at 25 March 2013 (being the latest practicable date prior to the publication of this Notice), the Company's issued share capital consists of 45,365,688 Ordinary shares carrying one vote each. The Company also holds 4,341,070 Ordinary shares in treasury. Therefore, the total voting rights in the Company as at 25 March 2013 are 41,024,618.

