Annual Report and Financial Statements for the year ended 31 December 2016

Albion Technology & General VCT PLC

ALBION VENTURES

Contents

Company information

Company number	04114310
Directors	Dr N E Cross, Chairman R Archibald M A Cordeiro M V H Rees-Mogg P H Reeve
Country of incorporation	United Kingdom
Legal form	Public Limited Company
Manager, company secretary, AIFM and registered office	Albion Ventures LLP 1 King's Arms Yard London, EC2R 7AF
Registrar	Computershare Investor Services PLC The Pavilions Bridgwater Road Bristol, BS99 6ZZ
Auditor	BDO LLP 55 Baker Street London, W1U 7EU
Taxation adviser	Philip Hare & Associates LLP 1st Floor 4 Staple Inn London, WC1V 7QH
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 (www.theaic.co.uk).

Shareholder information	For help relating to dividend payments, shareholdings and share certificates please contact Computershare Investor Services PLC: Tel: 0370 873 5854 (UK National Rate call, lines are open 8.30am – 5.30pm; Mon – Fri, calls may be recorded) Website: www.investorcentre.co.uk Shareholders can access holdings and valuation information regarding any of their shares held with Computershare by registering on Computershare's website.
Financial adviser information	For enquiries relating to the performance of the Company, and information for financial advisers please contact Albion Ventures LLP: Tel: 020 7601 1850 (lines are open 9.00am – 5.30pm; Mon – Fri, calls may be recorded) Email: info@albion-ventures.co.uk Website: www.albion-ventures.co.uk **Please note that these contacts are unable to provide financial or taxation advice.**

Investment objective and policy

Albion Technology & General VCT PLC's investment strategy is to provide investors with a regular and predictable source of dividend income combined with the prospect of longer term capital growth.

This is achieved in two ways. Firstly, 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. Secondly, 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.

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.

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

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

Subject to shareholder approval, prior to investing in VCT qualifying assets, the Company can invest cash in deposits, in floating rate notes or similar instruments with banks or other financial institutions with high credit ratings or up to 7.5 per cent. of its assets, at the time of investment, in liquid open-ended equity funds providing income and capital equity exposure (where it is considered economic to do so).

Background to the Company

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 £24.2m under the Albion VCTs Top Up Offers since January 2011.

On 15 November 2013, the Company acquired the assets and liabilities of Albion Income & Growth VCT PLC ("Income & Growth") in exchange for new shares in the Company ("the Merger") resulting in a further £28.1 million of net assets. Each Income & Growth shareholder received 0.7813 shares in the Company for each Income & Growth share that they held at the date of the Merger.

Financial calendar

Record date for first dividend	13 January 2017
Payment of first dividend	31 January 2017
Record date for second dividend	2 June 2017
Annual General Meeting	11.00 am on 7 June 2017
Payment of second dividend	30 June 2017
Announcement of half-yearly results for the six months ended 30 June 2017	September 2017
Payment of third dividend (subject to Board approval)	29 December 2017

Financial summary

162.6p

Total shareholder return per Ordinary share since launch.

2.5p

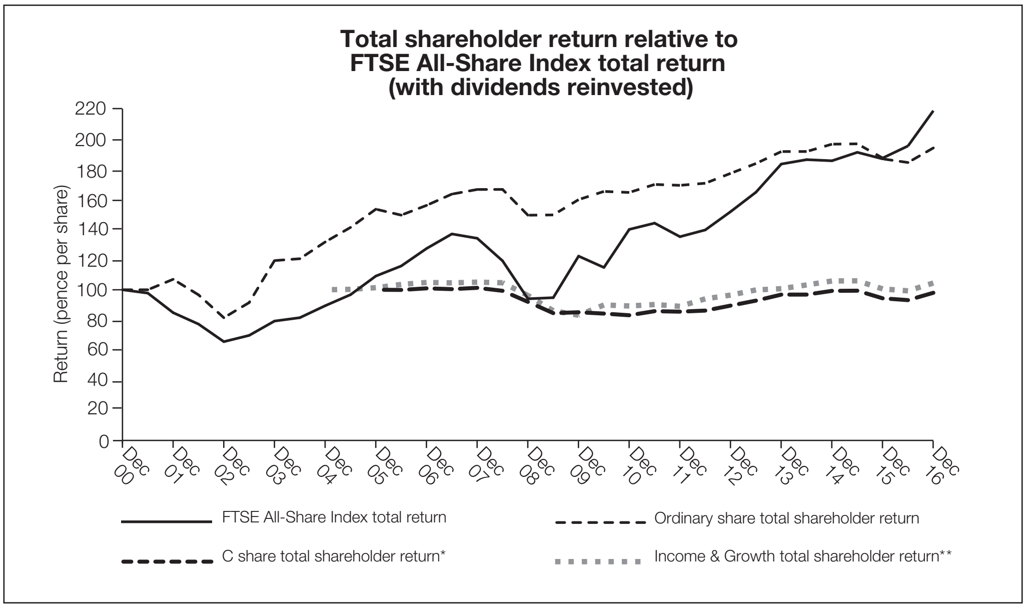
Total return per share for the year ended 31 December 2016.

4.0p

Target tax free dividend per Ordinary share for the year ahead (5.0p per Ordinary share during the year ended 31 December 2016).

71.6p

Net asset value per Ordinary share as at 31 December 2016.



Source: Albion Ventures LLP

Methodology: The total shareholder return to the shareholder including original amount invested (rebased to 100) assuming that dividends were reinvested 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.

** Albion Income & Growth VCT PLC was merged with the Company on 15 November 2013 on the basis of their respective net asset values, with each Income & Growth shareholder receiving 0.7813 Ordinary shares in the Company for each Income & Growth share they owned.

Financial summary (continued)

	31 December 2016 (pence per share)	31 December 2015 (pence per share)
Dividends paid	**5.0**	5.0
Revenue return	**0.8**	1.6
Capital return/(loss)	**1.7**	(5.6)
Net asset value	**71.6**	73.9

Total shareholder return to 31 December 2016:

	Ordinary share (pence per share)(i)	C share (pence per share)(i)(ii)	Income & Growth (pence per share)(i)(iii)
Total dividends paid during the year ended:			
31 December 2001	1.0	–	–
31 December 2002	2.0	–	–
31 December 2003	1.5	–	–
31 December 2004	7.5	–	–
31 December 2005	9.0	–	0.6
31 December 2006	8.0	0.5	2.6
31 December 2007	8.0	2.5	3.5
31 December 2008	16.0	4.5	3.5
31 December 2009	–	1.0	3.0
31 December 2010	8.0	3.0	3.0
31 December 2011	5.0	3.8	3.5
31 December 2012	5.0	3.9	3.5
31 December 2013	5.0	3.9	3.5
31 December 2014	5.0	3.9	3.9
31 December 2015	5.0	3.9	3.9
31 December 2016	5.0	3.9	3.9
Total dividends paid to 31 December 2016	**91.0**	**34.8**	**38.4**
Net asset value as at 31 December 2016	71.6	55.7	55.9
Total shareholder return to 31 December 2016	**162.6**	**90.5**	**94.3**

In line with the new annual dividend target of 4.0 pence per share, the Board declared a first dividend for the year ending 31 December 2017 of 1 penny per Ordinary share paid on 31 January 2017 to shareholders on the register on 13 January 2017. The Board has declared a second dividend for the year ending 31 December 2017 of 1 penny per Ordinary share to be paid on 30 June 2017 to shareholders on the register on 2 June 2017. The Board anticipates a third dividend to be paid in December 2017 of 2.0 pence per share.

Notes

(i) Excludes tax benefits upon subscription.

(ii) The C shares were converted into Ordinary shares on 31 March 2011. 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) Albion Income & Growth VCT PLC was merged with Albion Technology & General VCT PLC on 15 November 2013. The net asset value per share and all dividends paid subsequent to the merger of the Income & Growth shares to the Ordinary shares are multiplied by the issue ratio of 0.7813 in respect of the Income & Growth shares' return, in order to give an accurate picture of the shareholder value since launch relating to the Income & Growth shares. Prior to the merger, Albion Income & Growth VCT PLC had a financial year end of 30 September and as such, the above dividends per share relate to the relevant period.

Chairman's statement

Introduction
The results for Albion Technology & General VCT for the year to 31 December 2016 show a recovery from the poor results of the previous year. Although the total return of 2.5 pence per share is still relatively modest, the Board is now more confident that the recovery plan is bearing fruit.

Investment portfolio
The results for the year showed net gains on investments of just over £2.4 million, against losses of £3.7 million for the previous year. The key elements within this included the successful sale of Exco InTouch, the digital health business, which was sold for around three times original cost. Following the year end, we also sold AMS Sciences and exchanged contracts for the sale of Blackbay, both at valuations above the opening value and also our holding in Masters Pharmaceuticals. In addition, strong trading at Radnor House (Sevenoaks) led to a material revaluation of that holding, while Proveca, which develops paediatric drugs, gained its first regulatory approval. Process Systems Enterprise was also written up following continued strong growth.

Against this, the share price of the AIM-quoted Mi-Pay fell during the period, while slower than hoped for progress at DySIS (diagnostics) and the Weybridge Healthclub also resulted in write-downs.

Nevertheless, we believe that the investment portfolio is in better shape than it was 12 months ago, with considerable progress made in repositioning the portfolio, notwithstanding that some of these disposals have resulted in an overall lower level of investment income receivable. Following the disposal of AMS Sciences, Blackbay and the assets held by The Charnwood Pub Company and Q Gardens, the pre 2009 portfolio will only account for 27 per cent. of the Company's net assets. This is in line with the target set by the Board at the start of the portfolio repositioning process in 2015.

Meanwhile, £1.5 million was invested in five new portfolio companies, including Black Swan Data (predictive analytics services), Secured by Design (an international automative consultancy) and Convertr (digital marketing software). A further £2.3 million was invested in existing portfolio companies, including £890,000 in Earnside Energy to double the capacity of its biogas plant and £431,000 into Proveca to bring its newly approved drug, Sialanar, to market.

Overall, 73 per cent. of the portfolio by value is now profitable, measured by earnings before interest, depreciation and tax, with a number of our investments showing strong growth in fast-developing international markets.

Risks and uncertainties
Other than investment performance through stock selection, the key risks facing the Company are from the broader economy. Despite some continued growth in the UK, the outlook for the domestic economy following the decision to leave the EU and an uncertain global situation, continue to be the key risks affecting your Company.

The Manager has a clear focus to allocate resources to those sectors and opportunities where growth can be both resilient and sustainable. Importantly, investment risk is mitigated through a variety of processes, including our policy of ensuring that the Company has a first charge over portfolio companies' assets wherever possible. We can never guarantee that future investments will avoid the failings of some of the previous investments but the rebalancing of the portfolio has resulted in a spread of investments that is more proportionately balanced between stability and growth.

A detailed analysis of the other risks and uncertainties facing the business is shown in the Strategic report on page 13.

Share buy-backs
It remains the Board's primary objective to maintain sufficient resources for investment in existing and new portfolio companies and for the continued payment of dividends to shareholders. The Board's policy is to buy back shares in the market, subject to the overall constraint that such purchases are in the Company's interest. 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 2017 to £1 million. It is the Board's intention for such buy-backs to be in the region of a 5 per cent. discount to net asset value, so far as market conditions and liquidity permit.

Transactions with the Manager
Details of transactions that took place with the Manager during the year can be found in note 5 and principally relate to the investment management fee. As a result of the lowering of the expenses cap last year to 2.75 per cent. of net assets, the investment management fee was reduced by £94,000 in the year (2015: £76,000).

Results and dividends
As at 31 December 2016, the net asset value was 71.6 pence per share compared to 73.9 pence per share at 31 December 2015. The total return after tax was £2.23 million compared to loss of £3.33 million in the year to 31 December 2015.

Chairman's statement (continued)

It was announced on 22 November 2016 that the Company's dividend target was changing from 5.0 pence per share to 4.0 pence per share and that it would move from paying quarterly dividends to semi-annual dividends. The Company paid dividends totalling 5.0 pence per share during the financial year, in line with the Company's policy, which it has maintained for the last six years.

For most of this period, however, the dividend has not been fully covered by total returns, resulting in a gradual decline in NAV per share over the years. In an economic environment of persistently low interest rates, the Board considers a recalibration of the annual dividend target to 4.0 pence per share to be more appropriate, representing a dividend yield on current NAV of 5.6 per cent.. This target will apply from the commencement of 2017. A first dividend of 1 penny per share was paid on 31 January 2017, with a second dividend of 1 penny per share due to be paid on 30 June 2017 to shareholders on the register on 2 June 2017. Subject to Board approval, a further dividend for the year ended 31 December 2017 will be paid in December 2017. Thereafter, two dividends of 2 pence per share each will be paid per annum in June and December.

Albion VCTs Prospectus Top Up Offers 2016/2017

In November 2016, the Company announced the launch of the Albion VCTs Prospectus Top Up Offers 2016/2017. In aggregate, the Albion VCTs raised £34 million across six of the VCTs managed by Albion Ventures LLP, with the Company raising £6 million. The Offers have now closed.

The funds raised by each Company pursuant to its Offer have been added to the liquid resources available for investment putting each Company into a position to take advantage of investment opportunities over the next two to three years. The proceeds of the Offers are being applied in accordance with the respective Companies' investment policies. The Company continues to participate in the Top Up Offers and also benefits from receipts from dividend reinvestment, the net proceeds of which are invested in new investment opportunities and to provide additional working capital in the Company. It is important that the Company continues to have cash available for future investments and the top up offers and dividend reinvestments are important sources of that capital.

Modification to investment policy

As described more fully in the Strategic report, the Manager and Board are recommending the restoration of the Company's capacity, under its investment policy, to invest cash with a level of exposure to quoted equities, pending deployment in suitable private equity opportunities.

The recent acquisition by Albion of OLIM Investment Managers provides an opportunity to invest in an open-ended equity fund, delivering income and capital growth, with good liquidity and with a good performance record, without any double charging of management fees. This will be subject to shareholder approval but both Board and Manager believe that it is a positive development for the Company, particularly in a low interest rate environment. The revision to policy will contain restrictions as to the amount that can be invested in non-qualifying investments and how the investments will be made, as more fully described on page 8.

Continuation as a venture capital trust

At the 2017 Annual General Meeting members have the opportunity to confirm that they wish the Company to continue as a venture capital trust. Otherwise the Board is required to make proposals for the reorganisation, reconstruction or the orderly liquidation and winding up of the Company and present these to the members at a general meeting. Those shareholders who have been using their investment in the VCT to defer a capital gain should note that, on a return of capital, that gain would become chargeable at the prevailing rate of capital gains tax.

Your Board believes that the Albion VCTs have the potential to be highly effective long-term investment vehicles, with strong tax-free dividend streams. Therefore, the Board recommends that shareholders should vote in favour of the Company continuing as a venture capital trust, as they intend to vote in respect of their own shares. Further details regarding the resolution can be found in the Directors' report on pages 24 and 25.

Outlook and prospects

The portfolio repositioning is well under way and should allow the Company's performance to match more closely the performance seen generally amongst the other Albion VCTs. The combination of steady cash generation seen in the asset-based sectors of renewable energy, leisure and education, combined with measured and incremental investment in the growth sectors that the Manager knows well, such as medical technology and specific areas within IT such as cyber security, gives us confidence in the direction of the Company and of a recovery in returns to shareholders.

Dr. N E Cross
Chairman
23 March 2017

Strategic report

Investment objective

The Company's investment objective 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 unquoted technology and non-technology businesses.

Investment policy

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 investments arising within the UK technology and non-technology sectors. In neither 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 Company 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 Company'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. In addition to the above, HMRC rules govern the Company's investment allocation and risk diversification policies. These rules result in a spread of investment risk through disallowing holdings of more than 15 per cent. by VCT value in any portfolio company.

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

Subject to shareholder approval at the forthcoming Annual general meeting, the Company can, prior to investing in VCT qualifying assets, invest cash in deposits, in floating rate notes or similar instruments with banks or other financial institutions with high credit ratings or up to 7.5 per cent. of its assets, at the time of investment, in liquid open-ended equity funds providing income and capital equity exposure (where it is considered economic to do so). This is explained further below.

Management of liquid resources

From the Company's launch in 2001 up until 2007 its investment policy was to hold 15 per cent. of its assets in a portfolio of non-qualifying quoted international technology stocks. As recommended by the Board, shareholders voted in 2007 to end this policy. This was following a change in emphasis by the Company's technology adviser (which was a fellow subsidiary of the Manager's then owner, Close Brothers Group Plc), away from offering direct technology investment capabilities. Since then, non-qualifying investments have been held in floating rate notes and bank deposits, with the latter category now accounting for all of the Company's funds awaiting investment.

In November 2016, Albion Ventures acquired OLIM Investment Managers ("OLIM"), a specialist fund manager of UK quoted equities. It is now proposed that, in view of the very low interest rates earned on the Company's bank deposits, that the current policy should be updated to allow cash awaiting investment to be invested in liquid open-ended equity funds including the OLIM UK Equity Income Fund ("OUEIF"). This is an authorised UK unit trust which has the objective of achieving a return based on a combination of income and capital over the long term, and invests in a diversified portfolio of FTSE-100 and FTSE-250 UK companies. It has shown a total return, comprising income and capital, since launch in 2002 of 212 per cent., and ranks 18 out of 55 of UK equity income funds in its performance over 10 years. Its historic dividend yield is 4 per cent..

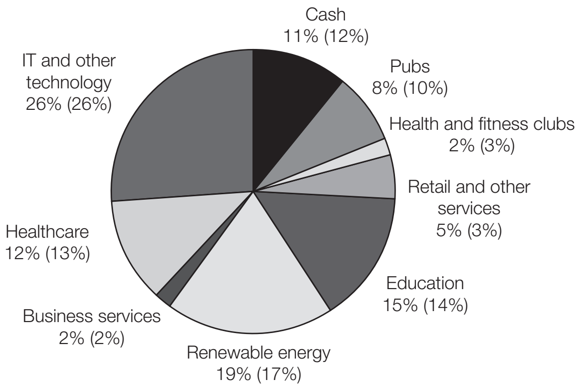
Any investment in OUEIF will be made as part of the Company's management of surplus liquid funds, and will be limited to an amount of not more than 7.5 per cent. of the company's net assets, from time to time, though depending on market conditions, it may be much lower than this. The holding will be capable of realisation within 7 days and, in order to avoid double charging, Albion agrees to reduce that proportion of its management fee relating to the investment in the OUEIF by 0.75 per cent., which represents the OUEIF management fee charged by OLIM.

This change in investment policy, which is recommended by the Board, together with other clarifications of the investment policy is subject to the approval of shareholders. Accordingly resolution 11 at the forthcoming Annual General Meeting, which is set out on page 25, will allow shareholders to vote on the issue.

Strategic report (continued)

Current portfolio sector allocation

The following pie chart shows the split of the portfolio valuation by industrial or commercial sector as at 31 December 2016. Details of the principal investments made by the Company are shown in the Portfolio of Investments on pages 17 to 19.



Source: Albion Ventures LLP
Comparatives for 31 December 2015 are in brackets.

Direction of portfolio

The Board has agreed a policy with the Manager to undertake a programme to reduce the proportion of those investments which were made at the high point in the market, before 2009 and this programme, which commenced in 2015, is now well underway. At 31 December 2016, these investments made pre-2009 amounted to £21.4 million, or 33 per cent. of the Company's assets. Sales completed or exchanged after the year end on two further investments, which bring the level of pre-2009 investments down to 27 per cent. of net assets, in line with the Company's target.

The current portfolio is well balanced in terms of sectors, despite the disposal programme referred to above, with education accounting for 15 per cent. renewable energy at 19 per cent. and pubs at 8 per cent. A number of new asset-based areas are under review and it is anticipated that the IT segment of the portfolio will increase.

Results and dividend policy

	Ordinary shares £'000
Net revenue return for the year ended 31 December 2016	751
Net capital gain for the year ended 31 December 2016	1,478
Total return for the year ended 31 December 2016	**2,229**
Dividend of 1.25 pence per share paid on 29 January 2016	(1,045)
Dividend of 1.25 pence per share paid on 29 April 2016	(1,146)
Dividend of 1.25 pence per share paid on 30 June 2016	(1,135)
Dividend of 1.25 pence per share paid on 31 October 2016	(1,132)
Transferred from reserves	**(2,229)**
Net assets as at 31 December 2016	64,426
Net asset value per share as at 31 December 2016	**71.6p**

The Company paid dividends of 5.0 pence per share during the year ended 31 December 2016 (2015: 5.0 pence per share). The dividend objective of the Board is to provide shareholders with a strong, predictable dividend flow. As mentioned in the Chairman's statement, going forward the Company will target an annual dividend of 4.0 pence per share. The Board declared a first dividend for the year ending 31 December 2017 of 1 penny per share which was paid on 31 January 2017. The Board has declared a second dividend for the year ending 31 December 2017, of 1 penny per share to be paid on 30 June 2017 to shareholders on the register on 2 June 2017. Whilst in the past the Company has paid quarterly dividends, it will now be moving to paying semi-annual dividends, thereby reducing administration costs.

As shown in the Income statement on page 41 of the Financial Statements, investment income has decreased to £1,570,000 (2015: £2,165,000). This is in part due to the disposal of income producing investments in the prior year as well as capitalising interest on a number of companies in order to fund further acquisitions. As a result, the revenue return to equity holders has decreased to £751,000 (2015: £1,273,000).

The capital gain for the year was £1,478,000 (2015: capital loss of £4,606,000). This is mainly attributable to the realised gain in the year of £797,000 on the sale of Exco InTouch Limited and uplifts in valuations for Radnor House School Holdings Limited (£1,251,000), Process Systems Enterprise Limited (£728,000) and Proveca Limited (£614,000). These were partly offset by unrealised losses on Mi-Pay Group plc (£538,000) as well as DySIS Medical Limited (£499,000) and The Weybridge Club Limited (£415,000). The total return for the period was 2.5 pence per share (2015: loss of 4.0 pence per share).

The Balance sheet on page 42 of the Financial Statements shows that the net asset value per share has decreased over the last year to 71.6 pence per share (2015: 73.9 pence per share). The decrease in net asset value can mainly be attributed to the payment of 5.0 pence per share of dividends partly offset by the total return of 2.5 pence per share.

The cash outflow for the year reflected the £3.8 million of new investments, dividends paid of £3.8 million and the buy-back of £1.6 million of shares. This was offset by the issue of new shares under the Albion VCTs Top Up Offers which raised £5.9 million and £3.0 million from the disposal of investments and receipt of deferred consideration.

Review of business and outlook

A detailed review of the Company's business during the year and future prospects is contained in the Chairman's statement on pages 6 and 7 and in this Strategic report.

The Manager will continue with the policy of disposing of further pre-2009 investments and re-aligning the portfolio with particular emphasis on healthcare, capital efficient segments of IT, and other areas where value looks to be supported by longer term demographic and global trends. The Directors do not foresee any major changes in the activity undertaken by the Company in the current year. The Company continues with its objective to invest in unquoted companies throughout the United Kingdom with a view to providing both capital growth and a reliable dividend income to shareholders over the long term.

Details of significant events which have occurred since the end of the financial year are listed in note 19. Details of transactions with the Manager are shown in note 5.

VCT regulation

The investment policy is designed to ensure that the Company continues to qualify and is approved as a VCT by HMRC. In order to maintain its status under Venture Capital Trust legislation, a VCT must comply on a continuing basis with the provisions of Section 274 of the Income Tax Act 2007, details of which are provided in the Directors' report on page 23.

As part of the Government's wider review of the VCT regime, new rules have been introduced under the Finance Act (No.2) 2015 and Finance Act 2016, which include:

- Restrictions over the age of investments;
- A prohibition on management buyouts or the purchase of existing businesses;
- An overall lifetime investment cap of £12 million from tax-advantaged funds into any portfolio company; and
- A VCT can only make qualifying investments or certain specified non-qualifying investments such as money market securities and short term deposits.

While these changes are significant, the Company has been advised that, had they been in place previously, they would have affected only a relatively small minority of the investments that have been made into new portfolio companies over recent years. The Board's current view is that there will be no material change in our investment policy and the application of it as a result.

The relevant tests to measure compliance have been carried out and independently reviewed for the year ended 31 December 2016. These showed that the Company has complied with all tests and continues to do so.

Future prospects

The recovery in the results for the year, and the progress in portfolio repositioning, give the Board a degree of confidence in the future performance of the Company particularly as the bulk of the portfolio is profitable with good prospects.

Board

Directors' fees, which had previously remained static since 2006, had fallen materially behind those of similar companies and have not taken account of the additional activities of the Board in recent years. Accordingly these were increased in 2016 to a level nearer to market norms. Further details are given on page 33.

Key performance indicators

The Directors believe that the following key performance indicators, which are typical for venture capital trusts, used in its own assessment of the Company, will provide shareholders with sufficient information to assess how effectively the Company is applying its investment policy to meet its objectives. The Directors are satisfied that the results shown in the following key performance indicators give a good indication that the Company is achieving its investment objective and policy, although the last few years have represented a setback on asset value performance. This has been addressed but may take time to take effect given the longer term nature of venture capital investment. These are:

1. *Net asset value per share and total shareholder return*

Please see the "Total shareholder return to 31 December 2016" table on page 5 in the Financial summary section which

Strategic report (continued)

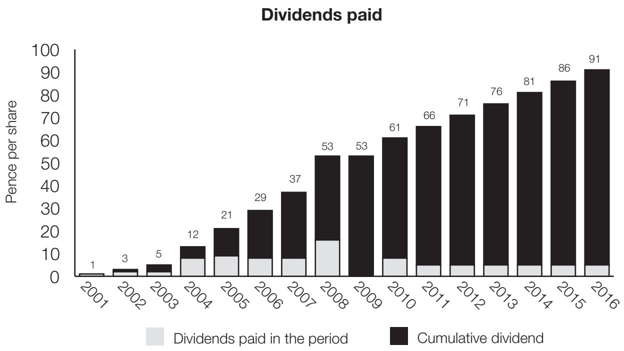
shows the NAV per share as at 31 December 2016 and total shareholder return split by Ordinary shares, C shares and Income & Growth shares.

Total shareholder return is net asset value plus cumulative dividends paid since launch.

Total shareholder return increased by 1.7 per cent. to 162.6 pence per Ordinary share for the year ended 31 December 2016.

The graph on page 4 reflects the relatively flat performance of the Company in recent years, as discussed in the Chairman's statement on page 6.

2. Dividend distributions



Dividends paid in respect of the year ended 31 December 2016 were 5.0 pence per share (2015: 5.0 pence per share), in line with the Boards 2016 dividend objective. Cumulative dividends paid since inception are 91.0 pence per share.

As mentioned in the Chairman's statement, the current annual dividend target for the Company is now 4.0 pence per share.

3. Ongoing charges

As agreed with the Manager in 2015, the ongoing charges ratio for the year to 31 December 2016 was capped at 2.75 per cent. (2015: 2.75 per cent.) with any excess being a reduction in the Management fee. The ongoing charges ratio has been calculated using The Association of Investment Companies' (AIC) recommended methodology. This figure shows shareholders the total recurring annual running expenses (including investment management fees charged to capital reserve) as a percentage of the average net assets attributable to shareholders. The Directors expect the ongoing charges ratio for the year ahead to be 2.75 per cent. (capped at 2.75 per cent.).

The reduction in Management fees payable to Albion Ventures LLP in the year amounted to £94,000 (2015: £76,000).

Gearing

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

Operational arrangements

The Company has delegated the investment management of the portfolio to Albion Ventures LLP, which is authorised and regulated by the Financial Conduct Authority. Albion Ventures LLP also provides company secretarial and other accounting and administrative support to the Company.

Management agreement

Under the Management agreement, the Manager provides investment management, secretarial and administrative services to the Company. The Management agreement can be terminated by either party on 12 months' notice 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. The total annual running costs of the Company, including fees payable to Albion, Directors' fees, professional fees and the costs incurred by the Company in the ordinary course of business (but excluding any exceptional items and performance fees payable to Albion) are capped at an amount equal to 2.75 per cent. of the Company's net assets, with any excess being met by Albion by way of a reduction in management fees.

The Manager is also entitled to an arrangement fee, payable by each portfolio company, of approximately 2 per cent. of each investment made and monitoring fees where the Investment Manager has a representative on the portfolio company's board. Further details of the Manager's fee can be found in note 5.

Management performance incentive

In order to provide the Manager with an incentive to maximise the return to investors, the Manager is entitled to charge an incentive fee in the event that the returns exceed minimum target levels per share.

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 as increased at the rate of RPI plus 2 per cent. per annum uncompounded from the date of first admission to the Official List of the relevant class of share, then the Manager will be entitled to an incentive fee equal to 15 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 (2015: £nil). The performance threshold at 31 December 2016 was 188.1 pence for the Ordinary shares, 160.1 pence for the former C shares and 166.1 pence for the former Income & Growth shares which compare to total returns of 162.6 pence, 90.5 pence and 94.3 pence respectively, based on the latest NAV.

Investment and co-investment

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

In the event that the proposed changes to investment policy are approved by shareholders at the Annual General Meeting, the Manager will be able to invest in non-qualifying assets, including an equity fund managed by OLIM Limited, part of the Manager's group. There will be no double charging of fees on any such investments made.

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 the current portfolio of investments, a review of the Management agreement and the services provided therein, and benchmarking the performance of the Manager to other service providers including the performance of other VCTs that the Manager is responsible for managing. The Board believes that it is in the interests of shareholders as a whole, and of the Company, to continue the appointment of the Manager for the forthcoming year.

Alternative Investment Fund Managers Directive ("AIFMD")

The Board appointed Albion Ventures LLP as the Company's AIFM in June 2014 as required by the AIFMD.

Social and community issues, employees and human rights

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

Further policies

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

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

and these are set out in the Directors' report on pages 23 and 24.

Strategic report (continued)

Risk Management

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

Risk	Possible consequence	Risk management
Investment and performance risk	The risk of investment in poor quality assets, which could reduce the capital and income returns to shareholders, and could negatively impact on the Company's current and future valuations. 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 track record over many years of making successful investments in this segment of the market. In addition, the Manager operates a formal and structured investment appraisal and review 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), including the level of diversification in the portfolio, and the Board receives detailed reports on each investment as part of the Manager's report at quarterly board meetings.
VCT approval risk	The Company must comply with section 274 of the Income Tax Act 2007 which enables its investors to take advantage of tax relief on their investment and on future returns. Breach of any of the rules enabling the Company to hold VCT status could result in the loss of that status.	To reduce this risk, the Board has appointed the Manager, which has a team with significant experience in venture capital trust management, used to operating within the requirements of the venture capital trust legislation. In addition, to provide further formal reassurance, the Board has appointed Philip Hare & Associates LLP as its taxation adviser, who 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. Each investment in a new portfolio company is also pre-cleared with H.M. Revenue & Customs.
Regulatory and compliance risk	The Company is listed on The London Stock Exchange and is required to comply with the rules of the UK Listing Authority, as well as with the Companies Act, Accounting Standards and other legislation. Failure to comply with these regulations could result in a delisting of the Company's shares, or other penalties under the Companies Act or from financial reporting oversight bodies.	Board members and the Manager have experience of operating at senior levels within or advising quoted companies. In addition, the Board and the Manager receive regular updates on new regulation from its auditor, lawyers and other professional bodies. The Company is subject to compliance checks through the Manager's Compliance Officer. The Manager reports monthly to its Board on any issues arising from compliance or regulation. These controls are also reviewed as part of the quarterly Board meetings, and also as part of the review work undertaken by the Manager's Compliance Officer. The report on controls is also evaluated by the internal auditors.
Operational and internal control risk	The Company relies on a number of third parties, in particular the Manager, for the provision of investment management and administrative functions. Failures in key systems and controls 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 Company and its operations are subject to a series of rigorous internal controls and review procedures exercised throughout the year. The Audit Committee reviews the Internal Audit Reports prepared by the Manager's internal auditors, PKF Littlejohn LLP. On an annual basis, the Audit Committee chairman meets with the internal audit Partner to provide an opportunity to ask specific detailed questions in order to satisfy itself that the Manager has strong systems and controls in place including those in relation to business continuity. In addition, the Board regularly reviews the performance of its key service providers, particularly the Manager, to ensure they continue to have the necessary expertise and resources to deliver the Company's investment objective and policies. The Manager and other service providers have also demonstrated to the Board that there is no undue reliance placed upon any one individual within Albion Ventures LLP.
Economic and political 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.	The Company invests in a diversified portfolio of companies across a number of industry sectors and in addition often invests a mixture of equity and secured loan stock in portfolio companies and has a policy of not normally permitting any external bank borrowings within portfolio companies. At any given time, the Company has sufficient cash resources to meet its operating requirements, including share buy back and follow on investments.
Market value of Ordinary shares	The market value of Ordinary shares can fluctuate. The market value of an Ordinary share, as well as being affected by its net asset value and prospective net asset value, also takes into account its dividend yield and prevailing interest rates. As such, the market value of an Ordinary share may vary considerably from its underlying net asset value. The market prices of shares in quoted investment companies can, therefore, be at a discount or premium to the net asset value at different times, depending on supply and demand, market conditions, general investor sentiment and other factors. Accordingly the market price of the Ordinary shares may not fully reflect their underlying net asset value.	The Company operates a share buyback policy, which is designed to limit the discount at which the Ordinary shares trade to around 5 per cent to net asset value, by providing a purchaser through the Company in absence of market purchasers. From time to time buyback cannot be applied, for example when the Company is subject to a close period, or if it were to exhaust its buyback authorities, which are renewed each year. New Ordinary shares are issued at sufficient premium to net asset value to cover the costs of issue and to avoid asset value dilution to existing investors.

Strategic report (continued)

Viability statement

In accordance with the FRC UK Corporate Governance Code published in September 2014 and principle 21 of the AIC Code of Corporate Governance, the Directors have assessed the prospects of the Company over three years to 31 December 2019. The Directors believe that three years is a reasonable period in which they can assess the future of the Company to continue to operate and meet its liabilities as they fall due and is also the period used by the Board in the strategic planning process and is considered reasonable for a business of our nature and size. The three year period is considered the most appropriate given the forecasts that the Board require from the Manager and the estimated timelines for finding, assessing and completing investments.

The Directors have carried out a robust assessment of the principal risks facing the Company as explained above, including those that could threaten its business model, future performance, solvency or liquidity. The Board also considered the risk management processes in place to avoid or reduce the impact of the underlying risks. The Board focused on the major factors which affect the economic, regulatory and political environment. The Board deliberated over the importance of the Manager and the processes that they have in place for dealing with the principal risks.

The Board assessed the ability of the Company to raise finance and deploy capital. As explained in the Chairman's statement on page 6 and in this Strategic report the repositioning of the portfolio will help secure the long term future for the Company. The portfolio is well balanced after the process of reducing the proportion of the portfolios holdings in investments made prior to the crash in 2008 and geared towards long term growth delivering dividends and capital growth to shareholders. In assessing the prospects of the Company, the Directors have considered the cash flow by looking at the Company's income and expenditure projections and funding pipeline over the assessment period of three years and they appear realistic.

Taking into account the processes for mitigating risks, monitoring costs, share price discount, the Manager's compliance with the investment objective, policies and business model and the balance of the portfolio the Directors have concluded that there is a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the three year period to 31 December 2019.

This Strategic report of the Company for the year ended 31 December 2016 has been prepared in accordance with the requirements of section 414A of the Act. The purpose of this report is to provide Shareholders with sufficient information to enable them to assess the extent to which the Directors have performed their duty to promote the success of the Company in accordance with section 172 of the Act.

On behalf of the Board,

Dr. N E Cross
Chairman
23 March 2017

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 is a past Chairman of the European Venture Capital Association. He has also been a non-executive director of a number of listed and private companies and is presently a non-executive director of Caliburn Absolute Strategies SPC.

Robin Archibald BCom, CA (appointed 18 November 2013) qualified as a chartered accountant with Touche Ross in Glasgow in 1983, before transferring with Touche Ross to London where he worked in the corporate finance department. Since 1986, he has worked in corporate finance and corporate broking roles, including for Samuel Montagu, SG Warburg Securities, NatWest Wood Mackenzie and Intelli Corporate Finance. He was a director of Winterflood Investment Trusts until May 2014, where he was head of corporate finance and broking from August 2004 until August 2013. Since the early nineties, he has concentrated on advising and managing transactions in the UK closed-ended funds sector and has gained a wide experience in fund raising, reorganisations and restructurings for all types of listed funds. He is currently a non-executive director of Ediston Property Investment Company PLC, Capital Gearing Trust plc and Henderson European Focus Trust plc, as well as being chairman of The Stewart Ivory Financial Education Trust, an educational charity.

Mary Anne Cordeiro MA (appointed 18 November 2013) worked at Goldman Sachs International Limited, first in the M&A Department and subsequently in the Financial Institutions Group from 1986 to 1992. She worked in similar roles in corporate finance at Bankers Trust Company and Paribas, and was also co-head of Paribas' Financial Institutions Group, before leaving to found her own business in the finance sector in 1998. More recently she has applied her scientific and financial strategy expertise to the commercialisation of innovation and to funding growth of early stage companies. She currently advises a number of medical technology businesses and has helped develop strategies to bring new products and services to market. She is also a member of the Development Board of the University of Oxford's Department of Chemistry and was appointed to the Life Sciences Advisory Board of Mercia Technologies PLC in January 2016.

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. She is the author of "Dragons or Angels" and "Crowd Funding", books on angel investing and crowd funding respectively. She is a Co-Founder of angel backed www.crowdrating.co.uk which provides retail advice in the form of ratings on equity crowdfunding campaigns, is a non-executive director of Asset Match Limited and runs The Pluralists Club for senior executives developing and running portfolio careers.

Patrick Reeve MA, ACA, (appointed 11 December 2003) qualified as a chartered accountant before joining Cazenove & Co where he spent three years in the corporate finance department. He joined Close Brothers Group plc in 1989, working in both the development capital and corporate finance divisions before establishing Albion Ventures (formerly Close Ventures Limited) in 1996. He is the managing partner of Albion Ventures and is a director of Albion Enterprise VCT PLC and Albion Development VCT PLC, both managed by Albion Ventures. He is also chief executive of Albion Community Power PLC, Chairman of OLIM Investment Managers, a member of the Audit Committee of University College London, a director of The Association of Investment Companies, and is on the Council of the BVCA.

All Directors, except for Patrick Reeve, are members of the Audit Committee and Robin Archibald 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 and Modwenna Rees-Mogg is Chairman.

The Manager

Albion Ventures LLP, is authorised and regulated by the Financial Conduct Authority and is the Manager of Albion Technology & General VCT PLC. In addition, it manages a further five venture capital trusts, the UCL Technology Fund and provides administration services to Albion Community Power PLC and Albion Care Communities Limited. Albion, together with its subsidiary, OLIM Investment Managers, currently has total assets under management or administration of approximately £950 million.

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

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.

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

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

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

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

Ed Lascelles, BA (Hons), began by advising quoted UK companies on IPOs, takeovers and other corporate transactions, first with Charterhouse Securities and then ING Barings. Companies ranged in 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, MBA, initially practiced as a radiologist, before spending 3 years at Bain & Company. In 2006 he joined 3i plc working for their Healthcare Venture Capital arm leading investments in biotechnology, pharmaceuticals and medical technology. Most recently he has worked for General Electric UK, where he was responsible for mergers and acquisitions in the medical technology and healthcare IT sectors. He joined Albion Ventures in 2011 and became a partner in 2014. He holds a degree in medicine from Ludwig-Maximilians University, Munich and an MBA from INSEAD.

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

Robert Whitby-Smith, BA (Hons), FCA, began his career at KPMG and on to Credit Suisse First Boston and ING Barings where he advised a number of businesses on capital raising and M&A activity. After moving to Albion Ventures in 2005, Robert started investing in the technology and advanced manufacturing sectors. Robert became partner in 2009 and is responsible for a number of technology investments. Robert holds an honours degree in History from the University of Reading and is a Chartered Accountant and a member of the Chartered Institute of Securities and Investment. He is also a director of OLIM Investment Managers.

Portfolio of investments

Technology investments	% voting rights	% voting rights held by all AVL* managed companies	As at 31 December 2016 Cost £'000	Cumulative movement in value £'000	Value £'000	As at 31 December 2015 Cost £'000	Cumulative movement in value £'000	Value £'000	Change in value for the year** £'000
Process Systems Enterprise Limited	13.9	20.7	**2,160**	**2,234**	**4,394**	2,160	1,505	3,665	**728**
Blackbay Limited	23.5	34.9	**4,213**	**(561)**	**3,652**	4,213	(757)	3,456	**197**
Mi-Pay Group plc	21.6	34.7	**4,163**	**(2,369)**	**1,794**	4,163	(1,831)	2,332	**(538)**
memsstar Limited	30.1	44.7	**1,322**	**435**	**1,757**	1,322	469	1,791	**(34)**
Mirada Medical Limited	14.6	45.0	**918**	**792**	**1,710**	799	773	1,572	**18**
AMS Sciences Limited	41.7	49.6	**2,016**	**(461)**	**1,555**	2,016	(881)	1,135	**420**
Proveca Limited	7.8	54.1	**729**	**687**	**1,416**	298	73	371	**614**
Oxsensis Limited	13.9	20.6	**1,696**	**(744)**	**952**	1,696	(744)	952	**–**
DySIS Medical Limited	7.3	20.7	**2,002**	**(1,086)**	**916**	1,556	(587)	969	**(499)**
Relayware Limited	3.0	11.6	**895**	**(7)**	**888**	1,149	9	1,158	**(16)**
sparesFinder Limited	12.0	12.0	**613**	**245**	**858**	613	396	1,009	**(151)**
Convertr Media Limited	7.0	27.0	**650**	**–**	**650**	–	–	–	**–**
Egress Software Technologies Limited	2.0	22.0	**200**	**376**	**576**	200	93	293	**283**
Aridhia Informatics Limited	5.1	22.3	**810**	**(276)**	**534**	753	(226)	527	**(50)**
Grapeshot Limited	1.9	13.9	**329**	**101**	**430**	239	29	268	**72**
MyMeds&Me Limited	3.3	29.9	**260**	**116**	**376**	260	138	398	**(22)**
Cisiv Limited	7.4	28.9	**574**	**(280)**	**294**	452	112	564	**(392)**
Black Swan Data Limited	0.7	2.9	**210**	**–**	**210**	–	–	–	**–**
OmPrompt Holdings Limited	1.6	19.7	**200**	**8**	**208**	200	5	205	**4**
Abcodia Limited	3.2	19.5	**409**	**(233)**	**176**	319	76	395	**(310)**
Oviva AG	2.2	9.1	**165**	**1**	**166**	–	–	–	**1**
Palm Tree Technology Limited	0.5	0.7	**320**	**(157)**	**163**	320	(157)	163	**–**
Panaseer Limited	2.2	7.8	**110**	**–**	**110**	110	–	110	**–**
InCrowd Sports Limited	1.9	6.8	**84**	**–**	**84**	–	–	–	**–**
ComOps Limited	1.0	1.4	**68**	**(12)**	**56**	68	(6)	62	**(6)**
Sandcroft Avenue Limited	0.6	5.6	**50**	**(7)**	**43**	50	5	55	**(11)**
Elements Software Limited	3.3	4.5	**19**	**(19)**	**–**	19	–	19	**(19)**
Total technology investments			**25,185**	**(1,217)**	**23,968**	22,975	(1,506)	21,469	**289**

* Albion Ventures LLP

** as adjusted for additions and disposals during the year

Portfolio of investments (continued)

Non-technology investments	% voting rights	% voting rights held by all AVL* managed companies	As at 31 December 2016 Cost £'000	Cumulative movement in value £'000	Value £'000	As at 31 December 2015 Cost £'000	Cumulative movement in value £'000	Value £'000	Change in value for the year** £'000
Radnor House School (Holdings) Limited	15.3	50.0	**5,568**	**3,797**	**9,365**	5,721	2,546	8,267	**1,251**
Chonais River Hydro Limited	15.7	50.0	**2,169**	**743**	**2,912**	2,169	293	2,462	**451**
Bravo Inns II Limited	15.1	50.0	**2,639**	**242**	**2,881**	2,639	18	2,657	**224**
Earnside Energy Limited	12.7	50.0	**2,059**	**215**	**2,274**	1,169	124	1,293	**92**
Bravo Inns Limited	28.8	50.0	**2,411**	**(525)**	**1,886**	2,411	(537)	1,874	**13**
Gharagain River Hydro Limited	18.5	50.0	**1,526**	**271**	**1,797**	1,526	332	1,858	**(61)**
The Charnwood Pub Company Limited +	22.5	50.0	**1,565**	**–**	**1,565**	2,048	(461)	1,587	**(22)**
The Weybridge Club Limited +	25.2	50.0	**1,877**	**(498)**	**1,379**	3,812	(2,075)	1,737	**(415)**
The Street by Street Solar Programme Limited	8.1	50.0	**895**	**366**	**1,261**	896	296	1,192	**70**
Regenerco Renewable Energy Limited	7.9	50.0	**822**	**281**	**1,103**	822	218	1,040	**64**
Alto Prodotto Wind Limited	6.9	50.0	**691**	**258**	**949**	692	220	912	**38**
The Q Garden Company Limited +	33.4	50.0	**934**	**–**	**934**	1,405	(452)	953	**(19)**
Hilson Moran Holdings Limited	6.2	34.7	**265**	**585**	**850**	330	512	842	**73**
Masters Pharmaceuticals Limited	5.5	19.7	**452**	**229**	**681**	452	377	829	**(148)**
Premier Leisure (Suffolk) Limited	25.8	47.4	**454**	**90**	**544**	454	(17)	437	**106**
Infinite Ventures (Goathill) Limited	9.6	31.0	**400**	**94**	**494**	400	–	400	**94**
Erin Solar Limited	15.7	50.0	**440**	**(9)**	**431**	440	(9)	431	**–**
Secured by Design Limited	2.7	10.0	**410**	**1**	**411**	–	–	–	**1**
Albion Investment Properties Limited	31.8	100.0	**434**	**(43)**	**391**	434	(56)	378	**13**
AVESI Limited	8.0	50.0	**259**	**85**	**344**	260	70	330	**15**
Harvest AD Limited	n/a	n/a	**210**	**–**	**210**	210	–	210	**–**
Greenenerco Limited	3.1	50.0	**110**	**62**	**172**	110	58	168	**4**
CSS Group Limited +	10.0	15.0	**188**	**(51)**	**137**	579	(458)	121	**16**
Dickson Financial Services Limited	6.0	30.0	**60**	**22**	**82**	60	–	60	**22**
Total non-technology investments			**26,838**	**6,215**	**33,053**	29,039	999	30,038	**1,882**
Total fixed asset investments			**52,023**	**4,998**	**57,021**	52,014	(507)	51,507	**2,171**

* Albion Ventures LLP
** as adjusted for additions and disposals during the year
+ The accounting cost as shown above is after deducting realised losses of £1,992,000 for The Weybridge Club Limited, £483,000 for The Charnwood Pub Company Limited, £471,000 for The Q Garden Company Limited and £391,000 for CSS Group Limited which are still held at the Balance sheet date.

Portfolio of investments (continued)

Total change in value of investments for the year	**2,171**
Movement in loan stock accrued interest (net of disposals)	(234)
Unrealised gains on fixed asset investments	1,937
Realised gains on fixed asset investments	482
Total gains on investments as per Income statement	**2,419**

The comparative cost and valuations for 31 December 2015 do not agree to the Annual Report and Financial Statements for the year ended 31 December 2015 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 2016	**Cost £'000**	**Opening carrying value £'000**	**Disposal proceeds £'000**	**Total realised gain/(loss) £'000**	**Gain/(loss) on opening value £'000**
Exco Intouch Limited	580	843	1,640	1,060	797
Silent Herdsman Holdings Limited	402	361	383	(19)	22
Relayware Limited (*loan stock repaid & equity part disposal*)	255	255	255	–	–
Radnor House School (Holdings) Limited (*loan stock repaid*)	153	153	153	–	–
Hilson Moran Holdings Limited (*loan stock fully repaid*)	66	65	65	(1)	–
Alto Prodotto Limited (*loan stock repaid*)	1	2	2	1	–
The Street by Street Solar Programme Limited (*loan stock repaid*)	1	2	2	1	–
AVESI Limited (*loan stock repaid*)	1	1	1	–	–
The Weybridge Club Limited +	1,992	–	–	(1,992)	–
The Charnwood Pub Company Limited +	482	–	–	(482)	–
The Q Garden Company Limited +	471	–	–	(471)	–
CSS Group Limited +	391	–	–	(391)	–
Escrow adjustments*	–	–	(337)	(337)	(337)
Total	**4,795**	**1,682**	**2,164**	**(2,631)**	**482**

+ The accounting cost as shown above represents realised losses of investments still held at the Balance sheet date.
* Fair value movements on deferred consideration from previously disposed investments.

Portfolio companies

The top ten investments by value 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 group of co-educational independent day schools with sites in South West London and Sevenoaks in Kent. The group provides personalised education to students aged 5-18 and has the capacity to accommodate some 1,000 children.

Website: www.radnorhouse.org

	Audited results: year to 31 August 2016 £'000	Investment information	£'000
Turnover	9,821	Income recognised in the year	436
EBITDA	1,009	Total cost	5,568
Loss before tax	(972)	Valuation	9,365
Net assets	25,337	Voting rights	15.3 per cent.
Basis of valuation:	Valuation supported by third party valuation	Voting rights for all AVL managed companies	50.0 per cent.

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.

Website: www.psenterprise.com

	Audited results: year to 31 December 2015 £'000	Investment information	£'000
Turnover	13,745	Income recognised in the year	–
EBITDA	2,185	Total cost	2,160
Profit before tax	2,011	Valuation	4,394
Net assets	7,333	Voting rights	13.9 per cent.
Basis of valuation:	Revenue Multiple	Voting rights for all AVL managed companies	20.7 per cent.

Blackbay Limited

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

Website: www.blackbay.com

	Audited results: year to 31 December 2015 £'000	Investment information	£'000
Turnover	6,850	Income recognised in the year	–
EBITDA	(114)	Total cost	4,213
Loss before tax	(820)	Valuation	3,652
Net liabilities	(4,945)	Voting rights	23.5 per cent.
Basis of valuation:	Agreed Offer Price	Voting rights for all AVL managed companies	34.9 per cent.

Chonais River Hydro Limited

The Company has developed and is operating a 2 megawatt hydroelectricity plant near Loch Carron in Scotland.

	Audited results: year to 30 September 2016 £'000	Investment information	£'000
Turnover	–	Income recognised in the year	129
EBITDA	(11)	Total cost	2,169
Loss before tax	(11)	Valuation	2,912
Net liabilities	(47)	Voting rights	15.7 per cent.
Basis of valuation:	Valuation supported by third party valuation	Voting rights for all AVL managed companies	50.0 per cent.

Bravo Inns II Limited

The Company owns and operates a number of freehold pubs in the north of England.

Website: www.bravoinns.com

	Abbreviated audited results: year to 31 March 2016 £'000	Investment information	£'000
Net assets	4,181	Income recognised in the year	137
Basis of valuation:	Valuation supported by third party valuation	Total cost	2,639
		Valuation	2,881
		Voting rights	15.1 per cent.
		Voting rights for all AVL managed companies	50.0 per cent.

Portfolio companies (continued)

Earnside Energy Limited

The Company owns and operates an anaerobic digestion and composting plant near Perth, Scotland.

	Audited results: year to 31 December 2015 £'000	**Investment information**	**£'000**
Turnover	2,090	Income recognised in the year	181
EBITDA	1,609	Total cost	2,059
Profit before tax	743	Total valuation	2,274
Net assets	565	Voting rights	12.7 per cent.
Basis of valuation:	Valuation supported by third party valuation	Voting rights for all AVL managed companies	50.0 per cent.

Bravo Inns Limited

The Company owns and operates a number of freehold pubs in the north of England.

Website: www.bravoinns.com

	Abbreviated audited results: year to 31 March 2016 £'000	**Investment information**	**£'000**
Net liabilities	(211)	Income recognised in the year	103
Basis of valuation:	Valuation supported by third party valuation	Total cost	2,411
		Valuation	1,886
		Voting rights	28.8 per cent.
		Voting rights for all AVL managed companies	50.0 per cent.

Gharagain River Hydro Limited

The Company has developed a 1 megawatt hydroelectricity plant near Ledgowan in Scotland.

	Audited results: year to 30 September 2016 £'000	**Investment information**	**£'000**
Turnover	–	Income recognised in the year	74
EBITDA	(5)	Total cost	1,526
Loss before tax	(5)	Valuation	1,797
Net assets	197	Voting rights	18.5 per cent.
Basis of valuation:	Valuation supported by third party valuation	Voting rights for all AVL managed companies	50.0 per cent.

Mi-Pay Group plc

The Company provides payment processing services for pre-paid mobile networks and other customers.

Website: www.mi-pay.com

	Audited results: year to 31 December 2015 £'000	**Investment information**	**£'000**
Turnover	3,014	Income recognised in the year	–
EBITDA	(1,312)	Total cost	4,163
Loss before tax	(1,436)	Valuation	1,794
Net assets	1,077	Voting rights	21.6 per cent.
Basis of valuation:	Quoted bid price	Voting rights for all AVL managed companies	34.7 per cent.

memsstar Limited

The Company is a refurbisher and manufacturer of MEMS and semiconductor fabrication equipment.

Website: www.memsstar.com

	Audited results: year to 31 December 2015 £'000	**Investment information**	**£'000**
Turnover	5,832	Income recognised in the year	106
EBITDA	105	Total cost	1,322
Loss before tax	(282)	Valuation	1,757
Net assets	2,128	Voting rights	30.1 per cent.
Basis of valuation:	Earnings Multiple	Voting rights for all AVL managed companies	44.7 per cent.

Net assets of a portfolio company 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 2016.

BUSINESS REVIEW

Principal activity and status

The principal activity of the Company is that of a venture capital trust. It has been approved by H.M. Revenue & Customs ('HMRC') as a venture capital trust in accordance with the Income Tax Act 2007 and, in the opinion of the Directors, the Company has conducted its affairs so as to enable it to continue to obtain such approval. In order to maintain its status under Venture Capital Trust legislation, a VCT must comply on a continuing basis with the provisions of Section 274 of the Income Tax Act 2007 and further details of this can be found on page 23 of this Directors' report. Approval for the year ended 31 December 2016 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 premium listed on the official list of the London Stock Exchange.

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

Capital structure

Details of the issued share capital, together with details of the movements in the Company's issued share capital during the year are shown in note 15. The Ordinary shares are designed for individuals who are professionally advised private investors, seeking, over the long term, investment exposure to a diversified portfolio of unquoted investments. The investments are spread over a number of sectors, to produce a regular and predictable source of income, combined with the prospect of longer term capital growth.

All Ordinary shares (except for treasury shares, which have no right to dividend and no voting rights) rank pari passu for 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.

Issue and buy-back of Ordinary shares

During the year the Company issued a total of 8,799,230 Ordinary shares, of which 7,896,904 Ordinary shares (2015: 7,244,280 Ordinary shares) were issued under the Albion VCTs Top Up Offers; and 902,326 Ordinary shares (2015: 644,418 Ordinary shares) were issued under the Company's Dividend Reinvestment Scheme. The Company is currently engaged in the Albion VCTs Prospectus Top Up Offers 2016/2017 and further information on the share capital is detailed in note 15.

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

Substantial interests and shareholder profile

As at 31 December 2016 and the date of this report, the Company was not aware of any shareholder who had a beneficial interest exceeding 3 per cent. of voting rights. There have been no disclosures in accordance with Disclosure and Transparency Rule 5 made to the Company during the year ended 31 December 2016, and up to the date of this report.

Future developments of the business

Details on the future developments of the business can be found on page 7 of the Chairman's statement and on page 10 of the Strategic report.

Results and dividends

Detailed information on the results and dividends for the year ended 31 December 2016 can be found in the Strategic report on page 9.

Going concern

In accordance with the Guidance on Risk Management, Internal Control and Related Financial and Business Reporting issued by the Financial Reporting Council in September 2014, 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 considered it appropriate to adopt the going concern basis of accounting.

Directors' report (continued)

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

Post balance sheet events

Details of events that have occurred since 31 December 2016 are shown in note 19.

Principal risks and uncertainties

A summary of the principal risks faced by the Company is set out on page 13 of the Strategic report.

VCT regulation

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

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

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

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

(4) At the time of investment, or addition to an investment, the Company's holdings in any one company (other than another VCT) must not 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) The Company's shares, throughout the year, must have been listed on a regulated European market;

(7) An investment in any company must not cause that company to receive more than £5 million in State aid risk finance in the 12 months up to the date of the investment, nor more than £12 million in total (£20 million for a "knowledge intensive" company);

(8) The Company must not invest in a company whose trade is more than seven years old (ten years for a "knowledge intensive" company) unless the Company previously received State aid risk finance in its first seven years, or a turnover test is satisfied;

(9) The Company's investment in another company must not be used to acquire another business, or shares in another company; and

(10) The Company may only make qualifying investments or certain non-qualifying investments permitted by Section 274 of the Income Tax Act 2007.

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 2016. The Company has complied with all tests and continues to do so.

'Qualifying holdings' include shares or securities (including loans with a five year or greater maturity period) in companies which operate a 'qualifying trade' wholly or mainly in the United Kingdom. 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. '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 9.

A "knowledge intensive" company is one which is carrying out significant amounts of R&D from which the greater part of its business will be derived, or where those R&D activities are being carried out by staff with certain higher educational attainments.

Portfolio company gross assets must not exceed £15 million immediately prior to the investment and £16 million immediately thereafter.

Environment

The management and administration of the Company is undertaken by the Manager, Albion Ventures LLP. 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.

Global greenhouse gas emissions

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

Directors' report (continued)

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

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

Diversity
The Board has a balanced representation of male and female Directors, with the current Board of Directors comprising two female and three male Directors. More details on the Directors can be found in the Board of Directors section on page 15.

The Manager has an equal opportunities policy and currently employees 13 men and 11 women.

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

Directors
The Directors who held office throughout the year, and their interests in the shares of the Company (together with those of their immediate family) are shown in the Directors' remuneration report on page 34.

All Directors, except for Patrick Reeve, who is the managing partner of the Manager, are members of the Audit Committee, of which Robin Archibald 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. After the merger with Albion Income & Growth VCT PLC on 15 November 2013, Patrick Reeve agreed to waive his fees for his services as a Director of the Company.

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.

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

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, Dr. Neil Cross, having served as a Director for longer than nine years, will retire and offer himself for re-election. Patrick Reeve is not considered to be independent, as he is the managing partner of the Manager, Albion Ventures LLP, and will therefore also retire and offer himself for re-election at the forthcoming Annual General Meeting. Mary Anne Cordeiro was elected in 2014 and will retire by rotation and offer herself for re-election.

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

Annual General Meeting
The Annual General Meeting will be held at the City of London Club, 19 Old Broad Street, London EC2N 1DS at 11.00 am on 7 June 2017. 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/funds/AATG under the "Financial Reports and Circulars section".

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

Continuation as a venture capital trust and amendment of Article 135
Ordinary resolution number 9 proposes the continuation of the Company as a venture capital trust. Under the Articles of Association of the Company, the Directors are required to procure that an ordinary resolution to approve the continuation

Directors' report (continued)

of the Company as a venture capital trust is proposed at the Annual General Meeting in 2017 and every five years thereafter. The Directors consider that it is more usual in the VCT market for resolutions of this nature to be proposed every 10 years and accordingly resolution 10 in the Notice of AGM is an ordinary resolution to amend Article 135 to provide for the continuation resolution to be proposed in 2027 and every 10 years thereafter.

Change of investment policy

Ordinary resolution 11 proposes that the Company's investment policy be clarified and amended by the insertion of the following paragraphs:

VCT qualifying investments

In addition to the above, the investment policy is designed to ensure that the Company continues to qualify and is approved as a VCT by HM Revenue and Customs. The maximum amount invested in any one company is limited to any HMRC annual investment limits and, generally, no more than 15 per cent. of the Company's assets, at cost, are invested in a single company. It is intended that at least 80 per cent. of the Company's funds will be invested in VCT qualifying investments.

Non-VCT qualifying investments

Funds held prior to investing in VCT qualifying assets or for liquidity purposes will be held as cash on deposit, invested in floating rate notes or similar instruments with banks or other financial institutions with high credit ratings or invested in liquid open-ended equity funds providing income and capital equity exposure (where it is considered economic to do so).

Investment in such open-ended equity funds will not exceed 7.5 per cent. of the Company's assets at the time of investment.

Risk diversification and maximum exposures

Risk is spread by investing in a number of different businesses within VCT qualifying industry sectors using a mixture of securities. The maximum the Company will invest in a single company is 15 per cent. of the Company's assets at cost. The value of an individual investment is expected to increase over time as a result of trading progress and a continuous assessment is made of investments' suitability for sale. It is possible that individual holdings may grow in value to a point where they represent a significantly higher proportion of total assets prior to a realisation opportunity being available.

Authority to allot shares

Ordinary resolution number 12 will request the authority to allot up to an aggregate nominal amount of £212,324 representing approximately 20 per cent. of the issued Ordinary share capital of the Company as at the date of this Report.

The Directors current intention is to allot shares under the Dividend Reinvestment Scheme, any Albion VCTs Share Offers and reissuing treasury shares where it is in the Company's interest to do so. The Company currently holds 10,705,070 treasury shares representing 10.6 per cent. of the total Ordinary share capital in issue as at 31 December 2016.

This resolution replaces the authority given to the Directors at the Annual General Meeting in 2016. 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.

Disapplication of pre-emptive rights

Special resolution number 13 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 £212,324 of the nominal value of the share capital representing approximately 20 per cent. of the issued Ordinary share capital of the Company as at the date of this Report.

This resolution replaces the authority given to the Directors at the Annual General Meeting in 2016. 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.

Purchase of own shares

Special resolution number 14 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 14. Shares bought back under this authority may be cancelled or 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 2016 authority, which was on similar terms. During the financial year under review, the Company purchased 2,423,000 Ordinary shares to be held in treasury, at an aggregate consideration of £1,638,000 including stamp duty, representing 2.4 per cent. of called up share capital.

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

Directors' report (continued)

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

Special resolution number 15 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.

Cancellation of share capital premium
Special resolution number 16 is a proposal by the Board to increase the Company's distributable reserves by way of a reduction of the Company's share premium account, subject to shareholder approval and confirmation by the Court. This procedure has been adopted in the past by the Company and is relatively common amongst investment companies.

The Company's distributable reserves are used for the payment of dividends, for share buy-backs and for other corporate purposes. Subject to any creditor protection demanded by the Court (see below), the proposed reduction of share premium account will create additional distributable reserves of approximately £32.62 million, giving total distributable reserves in excess of £44.80 million.

The Company may reduce its share premium account by obtaining the approval of shareholders by special resolution. If the special resolution is approved by shareholders, the Company will apply to the High Court for a Court Order and this is expected to take place during July 2017. The Court may require the Company to protect the interests of the creditors of the Company and the Company can confirm that it will seek approval from all creditors to this proposal. The main creditors as at the date of filing with the Court, will be the Manager and the Company's solicitors, Bird & Bird LLP. Both of the main creditors have confirmed that they will consent to the proposed reduction.

It is the Board's policy to pay regular and predictable dividends to shareholders as the Directors believe that this is a key source of shareholder value. The Company also has a policy of buying back its own shares for cancellation or for holding as treasury shares, when such purposes are considered to be to the advantage of the Company and shareholders as a whole. These shares are purchased at a discount to Net Asset Value which enhances the Company's Net Asset Value per share.

Under the Companies Act 2006 (the "Act"), the Company is only permitted to pay dividends and to make buy-backs from its accumulated distributable reserves. Therefore, the Board believes that increasing the distributable reserves is in the interests of shareholders. Details of these reserves are shown on page 43 of this Annual Report and Financial Statements.

The Company's share premium account represents the difference between the price paid for shares and the nominal value of the shares, less issue costs and transfers to special reserve. As at 31 December 2016, the amount credited to the Company's share premium account was £46,585,000.

The Directors believe that the Company should increase its distributable reserves by cancelling £32,620,666 of the sum credited to its share premium account. The amount to be cancelled represents the Company's share premium account as at 5 April 2014. Changes in the venture capital trust rules restrict the use of share capital and share premium on shares issued after 5 April 2014 and accordingly the share premium account arising after that date will not be cancelled.

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 respect of their own shareholdings.

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.

For and on behalf of the Board

Albion Ventures LLP
Company Secretary

1 King's Arms Yard
London, EC2R 7AF
23 March 2017

Statement of Directors' responsibilities

The Directors are responsible for preparing the Annual Report and Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Financial Statements for each financial year. Under that law the Directors have elected to prepare the Company's Financial Statements in accordance with United Kingdom Generally Accepted Accounting Practice ("UK GAAP") (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 for 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 they have been prepared in accordance with UK GAAP subject to any material departures disclosed and explained in the Financial Statements; and
- prepare a Directors' report, a Strategic report and Directors' remuneration report which comply with the requirements of the Companies Act 2006.

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

The Directors are responsible for ensuring that the Annual Report and Financial Statements, taken as a whole, are fair, balanced, and understandable and provide the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

Website publication

The Directors are responsible for ensuring the Annual Report and Financial Statements are made available on a website. Financial Statements are published on the Company's webpage on the Manager's website (www.albion-ventures.co.uk/funds/AATG) in accordance with legislation in the United Kingdom governing the preparation and dissemination of Financial Statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's webpage is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the Financial Statements contained therein.

Directors' responsibilities pursuant to Disclosure and Transparency Rule 4 of the UK Listing Authority

The Directors confirm to the best of their knowledge:

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

By Order of the Board

Dr. N E Cross
Chairman
23 March 2017

Statement of corporate governance

Background
The Financial Conduct Authority requires all companies listed on a regulated market to disclose how they have applied the principles and complied with the provisions of the UK Corporate Governance Code (the "Code") issued by the Financial Reporting Council ("FRC") in September 2014.

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 the UK Corporate Governance Code, as well as setting out additional principles and recommendations on issues that are of specific relevance to the Company.

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, 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, Robin Archibald, Mary Anne Cordeiro and Modwenna Rees-Mogg are considered independent Directors. Patrick Reeve is not considered an independent Director as he is the managing partner of Albion Ventures LLP, the Manager.

Dr. Neil Cross has been Director of the Company for more than nine years and, in accordance with the recommendations of the AIC code, is 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 or her 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.

The Articles of Association require that all Directors will submit themselves for re-election at least once every three years, therefore in accordance with the Articles, Mary Anne Cordeiro will resign and offer herself for re-election.

The Board does not believe that it is necessary to appoint a Senior Independent Director as the Board is comprised solely of non-executive Directors. As per the recommendation in the AIC Code, this role is fulfilled, as appropriate, by the Chairman of the Audit Committee.

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 on page 15. 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 31.

The Board met four times during 2016 as part of its regular programme of quarterly Board meetings. All of the Directors attended each meeting. A sub-committee of the Board comprising at least two Directors met during the year to allot shares issued under the Dividend Reinvestment Scheme and the Albion VCTs Top Up Offers. A sub-committee of the Board also met during the year to approve the terms and contents of the Offer Documents under the Albion VCTs Prospectus Top Up Offers 2016/2017. Various Board members also engaged with the Manager and other service providers to the Company during the course of the year in furtherance of their duties.

The Chairman ensures that all Directors receive, in a timely manner, all relevant management, regulatory and financial information. The Board receives and considers reports regularly from the Manager and other key advisers, with ad hoc reports and information supplied to the Board as required.

Statement of corporate governance (continued)

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

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

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

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

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

- attendance at Board and Committee meetings;
- the contribution made by individual Directors at, and outside of, Board and Committee meetings; and
- completion of a detailed internal assessment process and annual performance evaluation conducted by the Chairman (or in the case of the Chairman's review, by the other Directors).

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

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, Patrick Reeve and Mary Anne Cordeiro, all of whom are subject to 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
The Remuneration Committee consists of all Directors except Patrick Reeve, with Modwenna Rees-Mogg as Chairman. The Committee held one formal meeting during the year, which was fully attended by all the members of the Committee.

The terms of reference for the Remuneration Committee can be found on the Company's webpage on the Manager's website at www.albion-ventures.co.uk/funds/AATG under the Corporate Governance section.

Audit Committee
The Audit Committee consists of all Directors except Patrick Reeve, with Robin Archibald as Chairman. 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 2016; all members attended.

Written terms of reference have been constituted for the Audit Committee and can be found on the Company's webpage on the Manager's website at www.albion-ventures.co.uk/funds/AATG under the Corporate Governance section.

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

- formally reviewing the final Annual Report and Financial Statements, the Half-yearly Report, the Interim Management Statements which the Company will continue to publish 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;
- reviewing the performance of the Manager and making recommendations regarding their re-appointment to the Board;
- highlighting the key risks and specific issues relating to the Financial Statements including the reasonableness of valuations, compliance with accounting standards and UK law, corporate governance and listing and 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 position, performance, business model and strategy; and
- reporting to the Board on how it has discharged its responsibilities.

Financial Statements

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

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

The valuation of the Company's investments

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

Revenue recognition

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

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

Relationship with the External Auditor

The Audit 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. No non-audit services were provided during the financial year ended 31 December 2016.

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 2016, and assessments made by individual Directors.

The core legislation mandates that the maximum period for which a firm can be appointed auditor of a public interest entity

Statement of corporate governance (continued)

is 10 years. Member states can choose to make this period shorter, or they can choose to allow extensions: to 20 years if a competitive tender is held at the 10 year point, or to 24 years in the case of a joint audit appointment. Transition arrangements vary depending on the length of time auditors have been incumbent. BDO first acted as auditors for the year ended 31 December 2008 and therefore the last year BDO can act as auditor before a mandatory tender process is required is 31 December 2017. 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.

Based on the assurance obtained, the Audit Committee recommended to the Board a resolution to re-appoint BDO LLP as Auditor at the forthcoming Annual General Meeting.

Nomination Committee

The Nomination Committee consists of all Directors except for Patrick Reeve, with Dr. Neil Cross as Chairman.

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

The Nomination Committee did not meet during the year.

Terms of reference for the Nomination Committee can be found on the Company's webpage on the Manager's website at www.albion-ventures.co.uk/funds/AATG under the Corporate Governance section.

Internal control

In accordance with the UK Corporate Governance Code, the Board has an established process for identifying, evaluating and managing the significant risks faced by the Company. This process has been in place throughout the year and continues to be subject to regular review by the Board in accordance with the FRC guidance "Risk Management, Internal Control and Related Financial and Business Reporting". 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 and Financial Statements. 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 are:

- segregation of duties between the preparation of valuations and recording in accounting records;
- independent third party valuations of the majority of the asset-backed investments within the portfolio are undertaken annually;
- reviews of valuations are carried out by the Managing Partner and reviews of financial reports are carried out by the Finance Director of Albion Ventures LLP;
- bank and stock reconciliations are carried out monthly by the Manager in accordance with the FCA requirements;
- all financial reports are reviewed by Albion Ventures LLP Compliance department before publishing;
- the Board reviews financial information; and
- a separate Audit Committee of the Board reviews financial information due to be published.

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, it has access to PKF Littlejohn LLP, which, as internal Auditor for Albion Ventures LLP undertakes periodic examination of the business processes and controls environment at Albion Ventures LLP, and ensures that any recommendations to implement improvements in controls are carried out. During the year, the Audit Committee and the Board reviewed internal audit reports prepared by PKF Littlejohn LLP. 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.

Statement of corporate governance (continued)

Conflicts of interest

Directors review and sign off the disclosure of conflicts of interest annually, with any changes reviewed and noted at the beginning of each quarterly 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 22, 24 and 25 respectively of the Directors' report. The Company is not party to any significant agreements that may take effect, alter or terminate upon a change of control of the Company following a takeover bid.

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

Relationships with shareholders

The Company's Annual General Meeting on 7 June 2017 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 and financial advisers are able to obtain information on holdings and performance using the contact details provided on page 2.

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

Statement of compliance

The Directors consider that, with the exception of the requirement for the appointment of a Chief Executive Officer and Senior Independent Director, the Company has complied throughout the year ended 31 December 2016 with all the relevant provisions set out in the Code issued in September 2014 and with the AIC Code of Corporate Governance. The Company continues to comply with the Code, as at the date of this report.

By Order of the Board

Dr. N E Cross
Chairman
23 March 2017

Directors' remuneration report

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

Ordinary resolutions will be proposed at the Annual General Meeting of the Company to be held on 7 June 2017 for the approval of the Directors' Remuneration Policy and the Annual Remuneration Report as set out below.

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

Annual statement from the Chairman of the Remuneration Committee
The Remuneration Committee comprises all of the Directors excluding Patrick Reeve, with Modwenna Rees-Mogg as Chairman.

The Remuneration Committee met once during the year to review Directors responsibilities and salaries against the market and concluded that the current fees, which have not increased since 2013, should be increased to remain both competitive and reflective of the workload and responsibilities required from the Directors. The Committee agreed to raise the salary for the Chairman to £25,000, the Chairman of the Audit Committee to £24,000 and all other Directors to £22,000 save for Patrick Reeve who agreed to waive his fees for his services post-merger and to continue to do so. The change in remuneration took place from 1 July 2016 and is in line with the remuneration policy as detailed below and is displayed in the "Directors pay compared to distribution to shareholders" table on page 35 of this report.

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. There is no performance related pay criteria applicable to non-executive Directors.

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

The maximum level of non-executive Directors' remuneration is £100,000 per annum which is fixed by the Company's Articles of Association.

Assuming this policy is approved by Shareholders at the forthcoming Annual General Meeting, it is intended that this policy will continue for the year ended 31 December 2017 and will remain in place for a three year period.

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, Patrick Reeve and Mary Anne Cordeiro will retire and be proposed for re-election.

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

Shareholders' views in respect of Directors' remuneration are regarded highly and the Board encourages shareholders' to attend its Annual General Meeting in order to communicate their thoughts, which it takes into account where appropriate when formulating its policy. At the last Annual General Meeting, 96.6 per cent. of shareholders voted for the resolution approving the Directors' Remuneration Report showing significant shareholder support.

Annual report on remuneration
The remuneration of individual Directors' is determined by the Remuneration Committee within the framework set by the Board. The Committee meets at least once a year and met once during the year under review with full attendance from all of its members.

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

Directors' remuneration report (continued)

Directors' remuneration

The following items have been audited.

The following table shows an analysis of the remuneration of individual Directors, who were in office during the year, exclusive of National Insurance:

	31 December 2016	31 December 2015
	£'000	£'000
Dr. Neil Cross	**22.0**	19.0
Robin Archibald*	**26.5**	19.0
Modwenna Rees-Mogg	**20.5**	19.0
Mary Anne Cordeiro	**20.5**	19.0
Patrick Reeve	**–**	-
	89.5	76.0

*Robin Archibald as Chairman of the Audit Committee was paid an additional one-off payment of £5,000 during the year in recognition of the significant amount of additional work he undertook on the turnaround analysis and other corporate work on behalf of the Board.

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

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

In addition to Directors' remuneration, the Company paid an annual premium in respect of Directors' & Officers' Liability Insurance of £11,611 (2015: £11,968).

The table below shows the expected maximum payment that can be received per annum by each Director for the year to 31 December 2017.

	31 December 2017
	£'000
Dr. Neil Cross	**25**
Robin Archibald	**24**
Modwenna Rees-Mogg	**22**
Mary Anne Cordeiro	**22**
Patrick Reeve	**–**
	93

Directors' interests

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:

	Shares held on 31 December 2016	Shares held on 31 December 2015
Dr. Neil Cross	**177,790**	177,790
Robin Archibald	**27,479**	27,479
Modwenna Rees-Mogg	**3,504**	3,504
Mary Anne Cordeiro	**4,844**	4,518
Patrick Reeve	**587,200**	559,337

Being members of the Dividend Reinvestment Scheme, Mary Anne Cordeiro was issued with a further 70 Ordinary shares and Patrick Reeve's immediate family were issued with a further 6,296 Ordinary shares on 31 January 2017. There have been no other changes in the holdings of the Directors between 31 December 2016 and the date of this Report.

There are no guidelines or requirements in respect of Directors' share holdings.

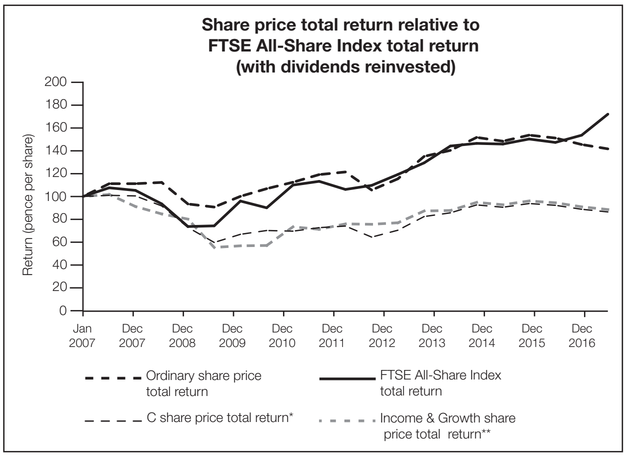
The following items have not been audited.

Albion Ventures LLP, its Partners and staff (including Patrick Reeve) hold 919,832 shares in the Company.

Performance graph

The graph that follows shows the Company's Ordinary share, C share and Income & Growth share price total return against the FTSE All-Share Index total return, in both instances with dividends reinvested, since 1 January 2007. The Directors consider the FTSE All-Share Index to be the most appropriate indicative benchmark for the Company as it contains a large range of sectors within the UK economy similar to a generalist VCT. 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 1 January 2007, 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.

** Albion Income & Growth VCT PLC was merged with the Company on 15 November 2013 on the basis of their respective net asset values, with each Income & Growth shareholder receiving 0.7813 Ordinary shares in the Company for each Income & Growth share they owned.

Director's pay compared to distribution to Shareholders

	2016 £'000	2015 £'000	**Percentage change**
Total dividend distribution to shareholders	**4,458**	4,122	8.2%
Share buybacks	**1,638**	1,973	(17.0%)
Total Directors fees	**90**	76	18.4%

By Order of the Board

Dr N E Cross
Chairman
23 March 2017

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

Our opinion on the Financial Statements

In our opinion the Albion Technology & General VCT plc Financial Statements for the year ended 31 December 2016, which have been prepared by the Directors in accordance with applicable law and United Kingdom Accounting Standards including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland':

- give a true and fair view of the state of the Company's affairs as at 31 December 2016 and its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Accounting Standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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.

What our opinion covers

Our audit opinion on the Financial Statements covers the:

- Income Statement;
- Balance Sheet;
- Statement of Changes in Equity;
- Statement of Cash Flows; and
- related notes.

Respective responsibilities of Directors and auditor

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

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

An overview of the scope of the audit including our assessment of the risk of material misstatement

Our audit approach was developed by obtaining an understanding of the Company's activities, the key functions undertaken on behalf of the Board by the Investment Manager and Administrator and the overall control environment. Based on this understanding we assessed those aspects of the Company's transactions and balances which were most likely to give rise to a material misstatement.

Investments

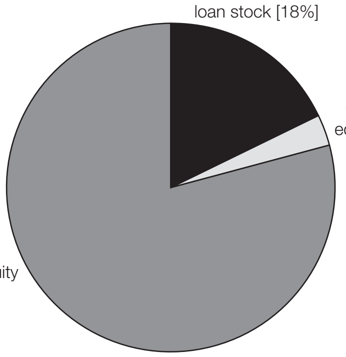
The outcome of our risk assessment was that the valuation of investments was considered to be the area with the greatest effect on the overall audit strategy including the allocation of resources in the audit.

The valuation of investments is a key accounting estimate where there is an inherent risk of management override arising from the investment valuations being prepared by the Investment Manager, who is remunerated based on the net asset value of the Company.

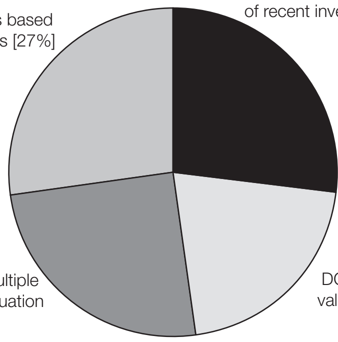
We performed initial analytical procedures to determine the extent of our work considering, inter alia, the value of individual investments, the nature of the investment and the extent of the fair value movement. A breakdown of the investment portfolio by nature of instrument type and valuation method is shown below.

Independent Auditor's report to the Members of Albion Technology & General VCT PLC (continued)

Investment Portfolio by Type



Unquoted Investments - Valuation Method



We tested a sample of 86 per cent. of the unquoted investment portfolio.

27 per cent. of the unquoted portfolio is based on valuations using a price of recent investment, net assets or cost (where the investment was recently acquired). For such investments, we verified the cost, net assets or price of recent investment to supporting documentation and reviewed the Investment Manager's determination of whether there were any reasons why the valuation and the valuation methodology did not remain appropriate at 31 December 2016.

The remaining 73 per cent. of the portfolio is valued with reference to more subjective techniques including 46 per cent. supported by a third party valuation: 21 per cent. using discounted cash flows and 25 per cent. using earnings multiples. The remaining 27 per cent. of the portfolio is valued using multiples of earnings or revenue. For detailed testing we:

- Considered whether the valuation methodology is the most appropriate in the circumstances under the International Private Equity and Venture Capital Valuation ("IPEV") Guidelines
- Re-performed the calculation of the multiples based investment valuations
- Where a valuation has been performed by a third party, we assessed management's expert, the quality of their work and their qualifications, as well as challenged the basis of inputs and assumptions used by the expert, as well as any updates to the valuation made by the investment manager
- Verified and benchmarked key inputs and estimates to independent information and our own research
- Challenged the assumptions inherent in the valuation of unquoted investments, and we assessed the impact of the estimation uncertainty concerning these assumptions and the disclosure of these uncertainties in the Financial Statements
- Considered the economic environment in which the investment operates to identify factors that could impact the investment valuation
- Considered the need to develop our own point estimate where alternative assumptions could reasonably be applied and considered the overall impact of such sensitisations on the portfolio of investments in determining whether the valuations as a whole are reasonable and unbiased.

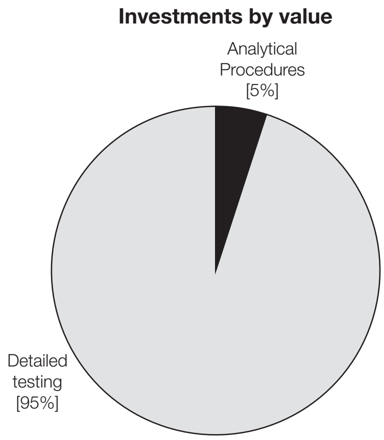
For a risk-weighted sample of loans held at fair value, we:

- Vouched security held to documentation
- Considered the assumption that fair value is not significantly different to cost by challenging the assumption that there is no significant movement in the market interest rate since acquisition and considering the "unit of account" concept
- Reviewed the treatment of accrued redemption premium/other fixed returns in line with the SORP

In respect of quoted equity investments, we confirmed that bid price had been used and that there were no contra indicators, such as liquidity considerations, to suggest bid price was not the most appropriate indication of fair value. 7 per cent. of the portfolio is valued at bid price.

Independent Auditor's report to the Members of Albion Technology & General VCT PLC (continued)

The chart below depicts the coverage of our audit work across the entire portfolio:



Revenue
We also considered revenue recognition to be a significant risk. Revenue consists of dividends receivable from the portfolio companies and interest earned on loans to portfolio companies and cash balances. Revenue recognition is a significant audit risk as it is one of the key drivers of dividend returns to investors. In particular, in unquoted companies, dividends receivable can be difficult to predict.

We assessed the design and the implementation of the controls relating to revenue recognition and we developed expectations for interest income receivable based on loan instruments and investigated any variations in amounts recognised to ensure they were valid.

We also reviewed the recognition and classification of accrued fixed income receipts to ascertain whether it meets the definition of realised income, considering management information relevant to the ability of the portfolio Company to service the loan and the reasons for any arrears of loan interest.

In respect of dividends receivable, we compared actual income to expectations set based on independent published data or management information from the investee company on dividends declared by the portfolio companies held. We tested the categorisation of dividends received from the portfolio companies between the revenue and capital.

The audit committee's consideration of their key issues is set out on pages 29 and 30.

Materiality in context
We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. For planning, we consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the Financial Statements. Importantly, misstatements below this level will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the Financial Statements. The application of these key considerations gives rise to two levels of materiality, the quantum and purpose of which are tabulated below.

Materiality measure	Purpose	Key considerations and benchmarks	Quantum (£)
Financial statement materiality – Based on 2 per cent. of invested assets	Assessing whether the Financial Statements as a whole present a true and fair view	• The value of investments • The level of judgment inherent in the valuation • The range of reasonable alternative valuation	1,130,000
Specific materiality – classes of transactions and balances which impact on revenue profits – Based on 10 per cent. of the revenue return before tax	Assessing those classes of transactions, balances or disclosures for which misstatements of lesser amounts than materiality for the Financial Statements as a whole could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Statements.	• The level of net income return	90,000

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £10,000 as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the part of the Directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken on the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements and those reports have been prepared in accordance with applicable legal requirements;
- the information about internal control and risk management systems in relation to financial reporting processes and about share capital structures, given in compliance with rules 7.2.5 and 7.2.6 in the Disclosure Rules and Transparency Rules sourcebook made by the Financial Conduct Authority (the FCA Rules), is consistent with the financial statements and has been prepared in accordance with applicable legal requirements; and
- information about the company's corporate governance code and practices and about its administrative, management and supervisory bodies and their committees complies with rules 7.2.2, 7.2.3 and 7.2.7 of the FCA Rules.

Statement regarding the Directors' assessment of principal risks, going concern and longer term viability of the Company

We have nothing material to add or to draw attention to in relation to:

- the Directors' confirmation in the Annual Report that they have carried out a robust assessment of the principal risks facing the entity, including those that would threaten its business model, future performance, solvency or liquidity;
- the disclosures in the Annual Report that describe those risks and explain how they are being managed or mitigated;
- the Directors' statement in the Financial Statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them and their identification of any material uncertainties to the entity's ability to continue to do so over a period of at least twelve months from the date of approval of the Financial Statements; and
- the Directors' explanation in the Annual Report as to how they have assessed the prospects of the entity, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the entity will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Independent Auditor's report to the Members of Albion Technology & General VCT PLC (continued)

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in:

- the strategic report or the directors' report; or
- the information about internal control and risk management systems in relation to financial reporting processes and about share capital structures, given in compliance with rules 7.2.5 and 7.2.6 of the FCA Rules.

Under the ISAs (UK and Ireland), we are required to report to you if, in our opinion, information in the Annual Report is:

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

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

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

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

Under the Listing Rules we are required to review:

- the Directors' statements, set out on page 22, in relation to going concern and on page 14 in relation to longer-term viability; and
- the part of the corporate governance statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified for our review.

We have nothing to report in respect of these matters.

Vanessa-Jayne Bradley (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
London
United Kingdom
23 March 2017

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

Income statement

		Year ended 31 December 2016			Year ended 31 December 2015		
	Note	**Revenue £'000**	**Capital £'000**	**Total £'000**	Revenue £'000	Capital £'000	Total £'000
Gains/(losses) on investments	3	**–**	**2,419**	**2,419**	–	(3,684)	(3,684)
Investment income	4	**1,570**	**–**	**1,570**	2,165	–	2,165
Investment management fees	5	**(369)**	**(1,108)**	**(1,477)**	(386)	(1,157)	(1,543)
Other expenses	6	**(284)**	**–**	**(284)**	(239)	–	(239)
Profit/(loss) on ordinary activities before tax		**917**	**1,311**	**2,228**	1,540	(4,841)	(3,301)
Tax (charge)/credit on ordinary activities	8	**(166)**	**167**	**1**	(267)	235	(32)
Profit/(loss) and total comprehensive income attributable to shareholders		**751**	**1,478**	**2,229**	1,273	(4,606)	(3,333)
Basic and diluted return/(loss) per share (pence)*	10	**0.8**	**1.7**	**2.5**	1.6	(5.6)	(4.0)

* excluding treasury shares

The accompanying notes on pages 45 to 57 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.

Balance sheet

	Note	31 December 2016 £'000	31 December 2015 £'000
Fixed asset investments	11	**57,021**	52,711
Current assets			
Trade and other receivables less than one year	13	**1,096**	1,982
Cash and cash equivalents		**6,752**	7,509
		7,848	9,491
Total assets		**64,869**	62,202
Creditors: amounts falling due within one year			
Trade and other payables less than one year	14	**(443)**	(411)
Total assets less current liabilities		**64,426**	61,791
Equity attributable to equity holders			
Called up share capital	15	**1,007**	919
Share premium		**46,585**	40,171
Capital redemption reserve		**28**	28
Unrealised capital reserve		**4,625**	(424)
Realised capital reserve		**9,658**	13,229
Other distributable reserve		**2,523**	7,868
Total equity shareholders' funds		**64,426**	61,791
Basic and diluted net asset value per share (pence)*	16	**71.6**	73.9

* excluding treasury shares

The accompanying notes on pages 45 to 57 form an integral part of these Financial Statements.

These Financial Statements were approved by the Board of Directors, and were authorised for issue on 23 March 2017 and were signed on its behalf by

Dr. N E Cross
Chairman

Company number: 04114310

Statement of changes in equity

	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 2016	**919**	**40,171**	**28**	**(424)**	**13,229**	**7,868**	**61,791**
Return/(loss) and total comprehensive income for the year	**–**	**–**	**–**	**1,937**	**(459)**	**751**	**2,229**
Transfer of previously unrealised losses on disposal of investments	**–**	**–**	**–**	**3,112**	**(3,112)**	**–**	**–**
Purchase of shares for treasury	**–**	**–**	**–**	**–**	**–**	**(1,638)**	**(1,638)**
Issue of equity	**88**	**6,574**	**–**	**–**	**–**	**–**	**6,662**
Cost of issue of equity	**–**	**(160)**	**–**	**–**	**–**	**–**	**(160)**
Dividends paid	**–**	**–**	**–**	**–**	**–**	**(4,458)**	**(4,458)**
As at 31 December 2016	**1,007**	**46,585**	**28**	**4,625**	**9,658**	**2,523**	**64,426**

	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 2015	840	33,917	28	(632)	11,515	19,218	64,886
(Loss)/return and total comprehensive income for the year	–	–	–	(1,632)	(2,974)	1,273	(3,333)
Transfer of previously unrealised losses on disposal of investments	–	–	–	1,840	(1,840)	–	–
Purchase of shares for treasury	–	–	–	–	–	(1,973)	(1,973)
Issue of equity	79	6,429	–	–	–	–	6,508
Cost of issue of equity	–	(175)	–	–	–	–	(175)
Transfer from other distributable reserve to realised capital reserve	–	–	–	–	6,528	(6,528)	–
Dividends paid	–	–	–	–	–	(4,122)	(4,122)
As at 31 December 2015	919	40,171	28	(424)	13,229	7,868	61,791

* These reserves amount to £12,181,000 (2015: £20,673,000) which is considered distributable.

Statement of cash flows

	Year ended 31 December 2016 £'000	Year ended 31 December 2015 £'000
Cash flow from operating activities		
Loan stock income received	**1,185**	1,949
Dividend income received	**76**	85
Deposit interest received	**80**	35
Investment management fees paid	**(1,413)**	(1,742)
Other cash payments	**(281)**	(261)
Corporation tax paid	**(32)**	–
Net cash flow from operating activities	**(385)**	66
Cash flow from investing activities		
Purchase of fixed asset investments	**(3,821)**	(7,622)
Disposal of fixed asset investments	**3,044**	13,381
Net cash flow from investing activities	**(777)**	5,759
Cash flow from financing activities		
Issue of ordinary share capital	**5,869**	5,832
Cost of issue of equity	**(8)**	(11)
Dividends paid	**(3,818)**	(3,613)
Purchase of own shares (including costs)	**(1,638)**	(1,973)
Net cash flow from financing activities	**405**	235
(Decrease)/increase in cash and cash equivalents	**(757)**	6,060
Cash and cash equivalents at start of period	**7,509**	1,449
Cash and cash equivalents at end of period	**6,752**	7,509
Cash and cash equivalents comprise		
Cash at bank and in hand	**6,752**	7,509
Cash equivalents	**–**	–
Total cash and cash equivalents	**6,752**	7,509

Notes to the Financial Statements

1. Basis of preparation

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, including Financial Reporting Standard 102 ("FRS 102"), and with the 2014 Statement of Recommended Practice "Financial Statements of Investment Trust Companies and Venture Capital Trusts" ("SORP") issued by The Association of Investment Companies ("AIC").

The preparation of the Financial Statements requires management to make judgements and estimates that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The most critical estimates and judgements relate to the determination of carrying value of investments at fair value through profit and loss (FVTPL). The Company values investments by following the IPEVCV Guidelines and further detail on the valuation techniques used are outlined in note 2 below.

Company information can be found on page 2.

2. Accounting policies

Fixed asset investments

The Company's business is investing in financial assets with a view to profiting from their total return in the form of income and capital growth. This portfolio of financial assets is managed and its performance evaluated on a fair value basis, in accordance with a documented investment policy, and information about the portfolio is provided internally on that basis to the Board.

In accordance with the requirements of FRS 102, those undertakings in which the Company holds more than 20 per cent. of the equity as part of an investment portfolio are not accounted for using the equity method. In these circumstances the investment is measured at FVTPL.

Upon initial recognition (using trade date accounting) investments, including loan stock, are classified by the Company as FVTPL and are included at their initial fair value, which is cost (excluding expenses incidental to the acquisition which are written off to the Income statement).

Subsequently, the investments are valued at 'fair value', which is measured as follows:

- Investments listed on recognised exchanges are valued at their bid prices at the end of the accounting period or otherwise at fair value based on published price quotations;

- Unquoted investments, where there is not an active market, are valued using an appropriate valuation technique in accordance with the IPEVCV Guidelines. Indicators of fair value are derived using established methodologies including earnings multiples, the level of third party offers received, prices of recent investment rounds, net assets and industry valuation benchmarks. Where the Company has an investment in an early stage enterprise, the price of a recent investment round is often the most appropriate approach to determining fair value. In situations where a period of time has elapsed since the date of the most recent transaction, consideration is given to the circumstances of the portfolio company since that date in determining fair value. This includes consideration of whether there is any evidence of deterioration or strong definable evidence of an increase in value. In the absence of these indicators, the investment in question is valued at the amount reported at the previous reporting date. Examples of events or changes that could indicate a diminution include:

    - o the performance and/or prospects of the underlying business are significantly below the expectations on which the investment was based;
    - o a significant adverse change either in the portfolio company's business or in the technological, market, economic, legal or regulatory environment in which the business operates; or
    - o market conditions have deteriorated, which may be indicated by a fall in the share prices of quoted businesses operating in the same or related sectors.

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

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

Debtors and creditors and cash are carried at amortised cost, in accordance with FRS 102. There are no financial liabilities other than creditors.

Investment income

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 when the Company's right to receive payment and expect settlement is established. Where interest is rolled up and/or payable at redemption then it is recognised as income unless there is reasonable doubt as to its receipt.

Bank interest income

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

Notes to the Financial Statements (continued)

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
Any performance incentive fee will be allocated between other distributable and realised capital reserves based upon the proportion to which the calculation of the fee is attributable to revenue and capital returns.

Taxation
Taxation is applied on a current basis in accordance with FRS 102. Current tax is tax payable (refundable) in respect of the taxable profit (tax loss) for the current period or past reporting periods using the tax rates and laws that have been enacted or substantively enacted at the financial reporting date. Taxation associated with capital expenses is applied in accordance with the SORP.

Deferred tax is provided in full on all timing differences at the reporting date. Timing differences are differences between taxable profits and total comprehensive income as stated in the Financial Statements that arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the Financial Statements. As a VCT the Company has an exemption from tax on capital gains. The Company intends to continue meeting the conditions required to obtain approval as a VCT in the foreseeable future. The Company therefore, should have no material deferred tax timing differences arising in respect of the revaluation or disposal of investments and the Company has not provided for any deferred tax.

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.

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 were combined in 2012 to form 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 buy-back of shares and other non-capital realised movements.

Dividends
Dividends by the Company are accounted for in the period in which the dividend is paid or approved at the Annual General Meeting.

Segmental reporting
The Directors are of the opinion that the Company is engaged in a single operating segment of business, being investment in equity and debt. The Company invests in smaller companies principally based in the UK.

Notes to the Financial Statements (continued)

3. Gains/(losses) on investments

	Year ended 31 December 2016 £'000	Year ended 31 December 2015 £'000
Unrealised gains/(losses) on fixed asset investments	**1,937**	(1,632)
Realised gains/(losses) on fixed asset investments	**482**	(2,052)
	2,419	(3,684)

4. Investment income

	Year ended 31 December 2016 £'000	Year ended 31 December 2015 £'000
Income recognised on investments		
Loan stock interest and other fixed returns	**1,417**	2,042
UK dividend income	**76**	85
Bank deposit interest	**77**	38
	1,570	2,165

Interest income earned on impaired investments at 31 December 2016 amounted to £154,000 (2015: £215,000).

5. Investment management fees

	Year ended 31 December 2016 £'000	Year ended 31 December 2015 £'000
Investment management fee charged to revenue	**369**	386
Investment management fee charged to capital	**1,108**	1,157
	1,477	1,543

Further details of the Management agreement under which the investment management fee is paid are given in the Strategic report on page 11.

During the year, services of a total value of £1,477,000 (2015: £1,543,000) 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 £373,000 (2015: £310,000).

During the year, the Company was not charged by Albion Ventures LLP in respect of Patrick Reeve's services as a Director (2015: £nil).

Albion Ventures LLP, the Manager, holds 22,795 Ordinary shares in the Company.

Albion Ventures LLP is, from time to time, eligible to receive transaction fees and Directors' fees from portfolio companies. During the year ended 31 December 2016, fees of £197,000 attributable to the investments of the Company were received by Albion Ventures LLP pursuant to these arrangements (2015: £273,000).

6. Other expenses

	Year ended 31 December 2016 £'000	Year ended 31 December 2015 £'000
Directors' fees (including NIC)	**97**	81
Other administrative expenses	**144**	117
Tax services	**17**	15
Auditor's remuneration for statutory audit services (excluding VAT)	**26**	26
	284	239

Notes to the Financial Statements (continued)

7. Directors' fees

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

	Year ended 31 December 2016 £'000	Year ended 31 December 2015 £'000
Directors' fees	**90**	76
National insurance	**7**	5
	97	81

The Company's key management personnel are the Directors. Further information regarding Directors' remuneration can be found in the Directors' remuneration report on pages 33 and 35.

8. Tax on ordinary activities

	Year ended 31 December 2016 £'000	Year ended 31 December 2015 £'000
UK corporation tax charge in respect of current year	**–**	32
UK corporation tax credit in respect of prior years	**(1)**	–
	(1)	32

Factors affecting the tax charge:

	Year ended 31 December 2016 £'000	Year ended 31 December 2015 £'000
Return/(loss) on ordinary activities before taxation	**2,228**	(3,301)
Tax charge/(credit) on profit at the companies rate of 20 per cent.	**446**	(660)
Factors affecting the charge:		
Non-taxable (gains)/losses	**(484)**	737
Income not taxable	**(15)**	(17)
Excess management expenses carried forward/(utilised)	**53**	(28)
Adjustment in respect of prior years	**(1)**	–
	(1)	32

The tax charge for the year shown in the Income statement is lower than the companies rate of corporation tax in the UK of 20 per cent. (2015: 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) The Company has excess management expenses of £267,000 (2015: £nil) that are available for offset against future profits. A deferred tax asset of £53,000 (2015: £nil) has not been recognised in respect of these losses as they will be recoverable only to the extent that the Company has sufficient future taxable profits.

Notes to the Financial Statements (continued)

9. Dividends

	Year ended 31 December 2016 £'000	Year ended 31 December 2015 £'000
Dividend of 1.25p per share paid on 9 February 2015	**–**	979
Dividend of 1.25p per share paid on 30 April 2015	**–**	1,050
Dividend of 1.25p per share paid on 30 June 2015	**–**	1,035
Dividend of 1.25p per share paid on 30 October 2015	**–**	1,058
Dividend of 1.25p per share paid on 29 January 2016	**1,045**	–
Dividend of 1.25p per share paid on 29 April 2016	**1,146**	–
Dividend of 1.25p per share paid on 30 June 2016	**1,135**	–
Dividend of 1.25p per share paid on 31 October 2016	**1,132**	–
	4,458	4,122

In addition to the dividends summarised above, the Board declared a first dividend for the year ending 31 December 2017 of 1 penny per share. This dividend was paid on 31 January 2017 to shareholders on the register on 13 January 2017. The total dividend was £900,000. The Board has declared a second dividend for the year ending 31 December 2017 of 1 penny per share. The dividend will be paid on 30 June 2017 to shareholders on the register on 2 June 2017. The total dividend will be approximately £955,000.

10. Basic and diluted return/(loss) per share

	Year ended 31 December 2016			Year ended 31 December 2015		
	Revenue	**Capital**	**Total**	Revenue	Capital	Total
Profit/(loss) attributable to equity shares (£'000)	**751**	**1,478**	**2,229**	1,273	(4,606)	(3,333)
Weighted average shares in issue (excluding treasury shares)		**89,594,274**			82,538,109	
Return/(loss) attributable per equity share (pence)	**0.8**	**1.7**	**2.5**	1.6	(5.6)	(4.0)

The weighted average number of shares is calculated excluding treasury shares of 10,705,070 (2015: 8,282,070).

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

11. Fixed asset investments

	31 December 2016 £'000	31 December 2015 £'000
Investments held at fair value through profit or loss		
Unquoted equity and preference shares	**23,887**	20,014
Quoted equity	**1,850**	2,394
Unquoted loan stock	**31,284**	30,303
	57,021	52,711

Notes to the Financial Statements (continued)

11. Fixed asset investments (continued)

	31 December 2016 £'000	31 December 2015 £'000
Opening valuation	**52,711**	63,520
Purchases at cost	**3,821**	7,765
Disposal proceeds	**(2,164)**	(14,983)
Realised gains/(losses)	**482**	(2,052)
Movement in loan stock accrued income	**234**	93
Unrealised gains/(losses)	**1,937**	(1,632)
Closing valuation	**57,021**	52,711
Movement in loan stock accrued income		
Opening accumulated movement in loan stock accrued income	**187**	94
Movement in loan stock accrued income	**234**	93
Closing accumulated movement in loan stock accrued income	**421**	187
Movement in unrealised gains/(losses)		
Opening accumulated unrealised losses	**(472)**	(680)
Transfer of previously unrealised losses to realised reserve on disposal of investments	**3,112**	1,840
Movement in unrealised gains/(losses)	**1,937**	(1,632)
Closing accumulated unrealised gains/(losses)	**4,577**	(472)
Historic cost basis		
Opening book cost	**52,996**	64,106
Purchases at cost	**3,821**	7,765
Sales at cost	**(4,795)**	(18,875)
Closing book cost	**52,023**	52,996

Purchases and disposals detailed above do not agree to the Statement of cash flows due to restructuring of investments, conversion of convertible loan stock and settlement debtors and creditors.

The Company does not hold any assets as the result of the enforcement of security during the period, and believes that the carrying values for both impaired and past due assets are covered by the value of security held for these loan stock investments.

Unquoted fixed asset investments are valued at fair value in accordance with the IPEVCV guidelines as follows:

Valuation methodology	31 December 2016 £'000	31 December 2015 £'000
Valuation supported by third party or desktop valuation	**30,251**	25,557
Cost and price of recent investment (reviewed for impairment or uplift)	**8,238**	6,189
Revenue multiple	**7,192**	12,391
Earnings multiple	**4,282**	4,593
Offer price	**5,208**	1,587
	55,171	50,317

Notes to the Financial Statements (continued)

11. Fixed asset investments (continued)

Fair value investments had the following movements between valuation methodologies between 31 December 2015 and 31 December 2016:

Change in valuation methodology (2015 to 2016)	Value as at 31 December 2016 £'000	Explanatory note
Revenue multiple to offer price	**5,208**	Third party offer received
Revenue multiple to price of recent investment	**888**	Recent external funding round
Cost to valuation supported by third party valuation	**495**	Third party valuation has recently taken place
Cost to revenue multiple	**82**	More recent information available

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 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 2016.

FRS 102 and the SORP 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. The table below sets out fair value hierarchy definitions using FRS102 s.11.27, which has been adopted early.

Fair value hierarchy	Definition
Level 1	Unadjusted quoted prices in an active market
Level 2	Inputs to valuations are from observable sources and are directly or indirectly derived from prices
Level 3	Inputs to valuations not based on observable market data

Quoted investments are valued according to Level 1 valuation methods. Unquoted equity, preference shares and loan stock are all valued according to Level 3 valuation methods.

Investments held at fair value through profit or loss (Level 3) had the following movements in the year to 31 December 2016:

	31 December 2016			31 December 2015		
	Equity £'000	**Unquoted loan stock £'000**	**Total £'000**	Equity £'000	Unquoted loan stock £'000	Total £'000
Opening balance	**20,014**	**30,303**	**50,317**	26,086	34,994	61,080
Additions	**2,081**	**1,740**	**3,821**	1,211	6,176	7,387
Disposals	**(1,473)**	**(691)**	**(2,164)**	(6,557)	(8,344)	(14,901)
Accrued loan stock interest	**–**	**234**	**234**	–	93	93
Realised gains/(losses)	**531**	**(49)**	**482**	(1,391)	(742)	(2,133)
Debt/equity swap and restructurings	**1,500**	**(1,500)**	**–**	434	(434)	–
Unrealised gains	**1,234**	**1,247**	**2,481**	231	(1,440)	(1,209)
Closing balance	**23,887**	**31,284**	**55,171**	20,014	30,303	50,317

FRS 102 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. 64 per cent. of the portfolio of investments is based on cost, recent investment price, agreed offer price or is loan stock, and as such the Board considers that the assumptions used for their valuations are the most reasonable. The Directors believe that changes to reasonable possible alternative assumptions (by adjusting the revenue and earnings multiples) for the valuations of the remainder of the portfolio companies could result in an increase in the valuation of investments by £1,996,000 or a decrease in the valuation of investments by £1,943,000. For valuations based on earnings and revenue multiples, the Board considers that the most significant input is the price/earnings ratio; for valuations based on third party valuations, the Board considers that the most significant inputs are price/earnings ratio, discount factors and market values for buildings; which have been adjusted to drive the above sensitivities.

Notes to the Financial Statements (continued)

12. Significant interests

The principal activity of the Company is to select and hold a portfolio of investments. 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 investments listed below are held as part of an investment portfolio and therefore, as permitted by FRS 102 section 9.9B, they are measured at FVTPL and not accounted for using the equity method.

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 2016 as described below:

Company	Country of incorporation	(Loss)/profit before tax £'000	Net (liabilities) /assets £'000	Result for year ended	% class and share type	% total voting rights
Albion Investment Properties Limited	Great Britain	n/a*	(988)	31 December 2015	31.8% A Ordinary	31.8%
AMS Sciences Limited	Great Britain	n/a*	845	30 June 2015	41.7% Ordinary	41.7%
Blackbay Limited	Great Britain	(820)	(4,945)	31 December 2015	67.1% A Ordinary	23.5%
Bravo Inns Limited	Great Britain	n/a*	(211)	31 March 2016	28.8% Ordinary	28.8%
Mi-Pay Group PLC	Great Britain	(1,436)	1,077	31 December 2015	21.6% Ordinary	21.6%
memsstar Limited	Great Britain	(282)	2,128	31 December 2015	67.3% A Ordinary	30.1%
Premier Leisure (Suffolk) Limited	Great Britain	n/a*	833	30 June 2015	25.8% Ordinary	25.8%
The Charnwood Pub Company Limited	Great Britain	n/a*	(3,774)	31 March 2016	22.5% Ordinary	22.5%
The Q Garden Company Limited	Great Britain	n/a*	(6,255)	31 January 2016	33.4% A Ordinary	33.4%
The Weybridge Club Limited	Great Britain	(1,775)	(7,867)	30 September 2015	25.2% Ordinary	25.2%

*The Company files abbreviated accounts which does not disclose this information.

13. Current assets

Trade and other receivables less than one year	**31 December 2016 £'000**	31 December 2015 £'000
Prepayments and accrued income	**20**	22
Other debtors	**60**	123
UK corporation tax receivable	**1**	–
Deferred consideration	**1,015**	1,837
	1,096	1,982

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

14. Creditors: amounts falling due within one year

	31 December 2016 £'000	31 December 2015 £'000
Trade creditors	**8**	19
Accruals and deferred income	**435**	360
UK corporation tax payable	**–**	32
	443	411

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

Allotted, called up and fully paid	**£'000**
91,872,004 Ordinary shares of 1 penny each at 31 December 2015	919
8,799,230 Ordinary shares of 1 penny each issued during the year	88
100,671,234 Ordinary shares of 1 penny each at 31 December 2016	**1,007**
8,282,070 Ordinary shares of 1 penny each held in treasury at 31 December 2015	(83)
2,423,000 Ordinary shares purchased during the year to be held in treasury	(24)
10,705,070 Ordinary shares of 1 penny each held in treasury at 31 December 2016	**(107)**
89,966,164 Ordinary shares of 1 penny each in circulation* at 31 December 2016	**900**

* Carrying one vote each

The Company purchased 2,423,000 Ordinary shares (2015: 2,617,000) to be held in treasury at a cost of £1,638,000 including stamp duty (2015: £1,973,000) during the period to 31 December 2016. Total share buy backs in 2016 represents 2.4 per cent. (2015: 2.8 per cent.) of called-up share capital.

Under the terms of the dividend reinvestment scheme, the following new Ordinary shares of nominal value 1 penny each were allotted during the year:

Date of allotment	**Number of shares allotted**	**Aggregate nominal value of shares (£'000)**	**Issue price (pence per share)**	**Net invested (£'000)**	**Opening market price on allotment date (pence per share)**
29 January 2016	186,693	2	75.86	140	73.25
29 April 2016	232,412	2	71.42	164	71.00
30 June 2016	238,967	2	69.58	165	67.00
31 October 2016	244,254	2	67.97	164	65.50
	902,326			**633**	

During the period to 31 December 2016, the Company issued the following new Ordinary shares of nominal value 1 penny each under the Albion VCTs Prospectus Top Up Offers 2015/2016:

Date of allotment	**Number of shares allotted**	**Aggregate nominal value of shares (£'000)**	**Issue price (pence per share)**	**Net consideration received (£'000)**	**Opening market price on allotment date (pence per share)**
29 January 2016	2,651,878	27	77.50	2,014	73.25
29 January 2016	1,207,352	12	77.90	917	73.25
31 March 2016	3,793,157	38	75.00	2,760	73.00
6 April 2016	184,763	2	74.20	134	73.00
6 April 2016	9,604	–	74.60	7	73.00
6 April 2016	50,150	–	75.00	37	73.00
	7,896,904	**79**		**5,869**	

16. Basic and diluted net asset value per share

	31 December 2016 (pence per share)	31 December 2015 (pence per share)
Basic and diluted net asset value per Ordinary share	**71.6**	73.9

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 89,966,164 Ordinary shares at 31 December 2016 (2015: 83,589,934 Ordinary shares).

Notes to the Financial Statements (continued)

17. 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 quoted and unquoted companies, cash balances and debtors and creditors which arise from its operations. The main purpose of these financial instruments is to generate cash flow and revenue and capital appreciation for the Company's operations. The Company has no gearing or other financial liabilities apart from short term creditors. The Company does not use any derivatives for the management of its Balance sheet.

The principal financial 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 quoted and unquoted investments, details of which are shown on pages 17 to 19. 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 quoted and unquoted investments.

The maximum investment risk as at the Balance sheet date is the value of the fixed asset investment portfolio which is £57,021,000 (2015: £52,711,000). Fixed asset investments form 89 per cent. of the net asset value as at 31 December 2016 (2015: 85 per cent.).

More details regarding the classification of fixed 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 17 to 19 and in the Strategic 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 102 section 34.29, the Board is required to illustrate by way of a sensitivity analysis the degree of exposure to market risk. The Board considers that the value of the fixed asset investment portfolio is sensitive to a 10 per cent. change based on the current economic climate. The impact of a 10 per cent. change has been selected as this is considered reasonable given the current level of volatility observed both on a historical basis and future expectations.

The sensitivity of a 10 per cent. increase or decrease in the valuation of the fixed asset investments (keeping all other variables constant) would increase or decrease the net asset value and return for the year by £5,702,000 (2015: £5,271,000).

Interest rate risk

The Company is exposed to fixed and floating rate interest rate risk on its financial assets. 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 £77,000 (2015: £25,000). Furthermore, it is considered that a fall of interest rates below current levels during the year would have been very unlikely.

Notes to the Financial Statements (continued)

17. Capital and financial instruments risk management (continued)

The weighted average effective interest rate applied to the Company's unquoted loan stock during the year was approximately 4.7 per cent. (2015: 5.4 per cent.). The weighted average period to maturity for the unquoted loan stock is approximately 3.1 years (2015: 3.4 years).

The Company's financial assets and liabilities as at 31 December 2016, all denominated in pounds sterling, consist of the following:

	31 December 2016				31 December 2015			
	Fixed rate £'000	**Floating rate £'000**	**Non-interest bearing £'000**	**Total £'000**	Fixed rate £'000	Floating rate £'000	Non-interest bearing £'000	Total £'000
Unquoted equity	**–**	**–**	**23,887**	**23,887**	–	–	20,014	20,014
Quoted equity	**–**	**–**	**1,850**	**1,850**	–	–	2,394	2,394
Unquoted loan stock	**28,440**	**–**	**2,844**	**31,284**	26,283	–	4,020	30,303
Debtors*	**–**	**–**	**1,076**	**1,076**	–	–	1,963	1,963
Current liabilities*	**–**	**–**	**(443)**	**(443)**	–	–	(379)	(379)
Cash	**–**	**6,752**	**–**	**6,752**	–	7,509	–	7,509
Total	**28,440**	**6,752**	**29,214**	**64,406**	26,283	7,509	28,012	61,804

*The debtors and current liabilities do not reconcile to the Balance sheet as prepayments and tax refundable/(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 2016 was limited to £31,284,000 (2015: £30,303,000) of unquoted loan stock instruments (all are secured on the assets of the portfolio company), £6,752,000 (2015: £7,509,000) cash deposits with banks and £1,076,000 (2015: £1,959,000) of other debtors.

As at the Balance sheet date, the cash held by the Company is held with Lloyds 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 below.

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 £6,347,000 as at 31 December 2016 (2015: £5,965,000).

The Company has no committed borrowing facilities as at 31 December 2016 (2015: £nil). The Company had cash balances of £6,752,000 (2015: £7,509,000). 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 £443,000 as at 31 December 2016 (2015: £411,000).

Notes to the Financial Statements (continued)

17. Capital and financial instruments risk management (continued)

The carrying value of loan stock investments at 31 December 2016, as analysed by expected maturity dates was as follows:

Redemption date	**Fully performing £'000**	**Impaired £'000**	**Past due £'000**	**Total £'000**
Less than one year	**7,267**	**4,647**	**4,029**	**15,943**
1-2 years	**1,881**	**1,869**	**544**	**4,294**
2-3 years	**548**	**26**	**862**	**1,436**
3-5 years	**3,929**	**64**	**1,198**	**5,191**
+5 years	**3,085**	**413**	**922**	**4,420**
Total	**16,710**	**7,019**	**7,555**	**31,284**

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

The average annual interest yield on the total cost of past due loan stock is 4.6 per cent. (2015: 3.0 per cent.).

Impaired loan stock has a cost of £9,300,000.

The carrying value of loan stock investments at 31 December 2015, as analysed by expected maturity dates, was as follows:

Redemption date	Fully performing £'000	Impaired £'000	Past due £'000	Total £'000
Less than one year	9,420	4,846	144	14,410
1-2 years	1,906	1,769	–	3,675
2-3 years	793	–	1,037	1,830
3-5 years	5,413	103	1,049	6,565
+5 years	2,992	–	831	3,823
Total	20,524	6,718	3,061	30,303

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 2016 are stated at fair value as determined by the Directors, with the exception of debtors and creditors and cash which are carried at amortised cost, in accordance with FRS 102. 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.

18. Commitments and contingencies

The Company had no financial commitments in respect of investments at 31 December 2016.

19. Post balance sheet events

Since 31 December 2016 the Company has had the following post balance sheet events:

- Disposal of AMS Sciences Limited for £1,670,000 of which £297,000 is deferred and held in escrow;
- Disposal of Masters Pharmaceuticals Limited for £652,000;
- Repayment of £153,000 from Radnor House School (Holdings) Limited;
- Investment of £335,000 in Quantexa Limited;
- Investment of £152,000 in Black Swan Data Limited;
- Investment of £10,000 in Beddlestead Farm Limited.

19. Post balance sheet events (continued)

On 29 November 2016 the Company announced the publication of a prospectus in relation to an offer for subscription for new Ordinary shares. A Securities Note, which forms part of the prospectus, has been sent to shareholders.

The following new Ordinary shares of nominal value 1 penny each were allotted under the Offers after 31 December 2016:

Date of allotment	Number of shares allotted	Aggregate nominal value of shares (£'000)	Issue price (pence per share)	Net consideration received (£'000)	Opening market price on allotment date (pence per share)
31 January 2017	1,063,482	11	70.2	732	61.50
31 January 2017	377,120	4	70.6	260	61.50
31 January 2017	3,856,902	38	70.9	2,652	61.50
	5,297,504	**53**		**3,644**	

As a result of the strong demand for the Company's shares the Board was able to announce on 22 February 2017 that subscription had reached its £6 million limit under the prospectus offer and was closed.

Under the terms of the dividend reinvestment scheme, the following new Ordinary shares of nominal value 1 penny each were allotted after 31 December 2016:

Date of allotment	Number of shares allotted	Aggregate nominal value of shares (£'000)	Issue price (pence per share)	Net invested (£'000)	Opening market price on allotment date (pence per share)
31 January 2017	193,189	2	68.75	131	61.50

20. Related party transactions

Other than transactions with the Manager as disclosed in note 5, there are no other related party transactions 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 7 June 2017 at 11.00am for the following purposes:

To consider and, if thought fit, to pass the following resolutions, of which numbers 1 to 12 will be proposed as ordinary resolutions and numbers 13 to 16 as special resolutions.

Ordinary Business

1. To receive and adopt the Company's accounts for the year ended 31 December 2016 together with the report of the Directors and Auditor.

2. To approve the Directors' remuneration policy for the year ended 31 December 2016.

3. To approve the Directors' remuneration report for the year ended 31 December 2016.

4. To re-elect Dr. Neil Cross as a Director of the Company.

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

6. To re-elect Mary Anne Cordeiro as a Director of the Company.

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

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

Special Business

9. Continuation as a venture capital trust

To continue as a venture capital trust until the Annual General Meeting of the Company in 2027, subject to the passing of resolution number 10.

10. Amendment of Article 135

That existing Article 135 in the Articles of Association of the Company be deleted and the following new Article 135 be inserted "At the Annual General Meeting of the Company in 2027 and, if the Company has not been wound-up or unitised or re-organised at each tenth Annual General Meeting of the Company thereafter, the Directors shall procure that an ordinary resolution will be proposed to the effect that the Company shall continue in being as a venture capital trust."

11. Change of investment policy

That the Company's investment policy be clarified and amended by the insertion of the following paragraphs:

VCT qualifying investments

In addition to the above, the investment policy is designed to ensure that the Company continues to qualify and is approved as a VCT by HIM Revenue and Customs. The maximum amount invested in any one company is limited to any HIMRC annual investment limits and, generally, no more than 15 per cent. of the Company's assets, at cost, are invested in a single company. It is intended that at least 80 per cent. of the Company's funds will be invested in VCT qualifying investments.

Non-VCT qualifying investments

Funds held prior to investing in VCT qualifying assets or for liquidity purposes will be held as cash on deposit, invested in floating rate notes or similar instruments with banks or other financial institutions with high credit ratings or invested in liquid open-ended equity funds providing income and capital equity exposure (where it is considered economic to do so). Investment in such open-ended equity funds will not exceed 7.5 per cent. of the Company's assets at the time of investment.

Risk diversification and maximum exposures

Risk is spread by investing in a number of different businesses within VCT qualifying industry sectors using a mixture of securities. The maximum the Company will invest in a single company is 15 per cent. of the Company's assets at cost. The value of an individual investment is expected to increase over time as a result of trading progress and a continuous assessment is made of investments' suitability for sale. It is possible that individual holdings may grow in value to a point where they represent a significantly higher proportion of total assets prior to a realisation opportunity being available.

Notice of Annual General Meeting (continued)

12. Authority to allot shares

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 £212,324 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.

13. Authority for the disapplication of pre-emptive rights

That, subject to the authority and conditional on the passing of resolution number 12, 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 12 as if section 561(1) of the Act did not apply to any such allotment, provided that this power shall be limited to the allotment of equity securities:

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

(b) in connection with any Dividend Reinvestment Scheme introduced and operated by the Company;

(c) in connection with the Albion VCTs Prospectus Top Up Offers 2016/2017 and similar Offers; and

(d) otherwise than pursuant to paragraphs (a) to (c) above, up to an aggregate nominal amount of £212,324 for Ordinary shares.

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.

"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.

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 12 were omitted in relation to such a sale.

14. Authority to purchase own shares

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

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

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

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

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

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

15. Authority to sell treasury shares

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

16. Cancellation of share capital premium

That £32,620,666 of the amount standing to the credit of the Company's share premium account (representing the amount standing to the credit of the share premium account as at 5 April 2014) be cancelled and reclassified as other distributable reserves.

By order of the Board

Albion Ventures LLP
Company Secretary
Registered office
1 King's Arms Yard
London, EC2R 7AF
23 March 2017
Albion Technology & General VCT PLC is registered in England and Wales with number 04114310

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.investorcentre.co.uk and following the instructions provided there; or
    - by having an appropriate CREST message transmitted, if you are a user of the CREST system (including CREST personal members).

    Return of the Form of Proxy will not preclude a member from attending the meeting and voting in person. 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 11.00am on 5 June 2017.

2. Any person to whom this Notice is sent who is a person nominated under section 146 of the 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 11.00am on 5 June 2017 (or, in the event of any adjournment, on the date which is two days before the time of the adjourned meeting). Changes to the register of members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.

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

    In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK and Ireland Limited's specifications, and must contain the information required for such instruction, as described in the CREST Manual (available via www.euroclear.com/CREST). The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent by 11.00am on 5 June 2017. 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 of the Companies Act 2006, is available from www.albion-ventures.co.uk under the "Investor Centre" 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 22 March 2017 (being the latest practicable date prior to the publication of this Notice), the Company's issued share capital consists of 106,161,927 Ordinary shares with a nominal value of 1 penny each. The Company also holds 10,705,070 Ordinary shares in treasury. Therefore, the total voting rights in the Company as at 22 March 2017 are 95,456,857.

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