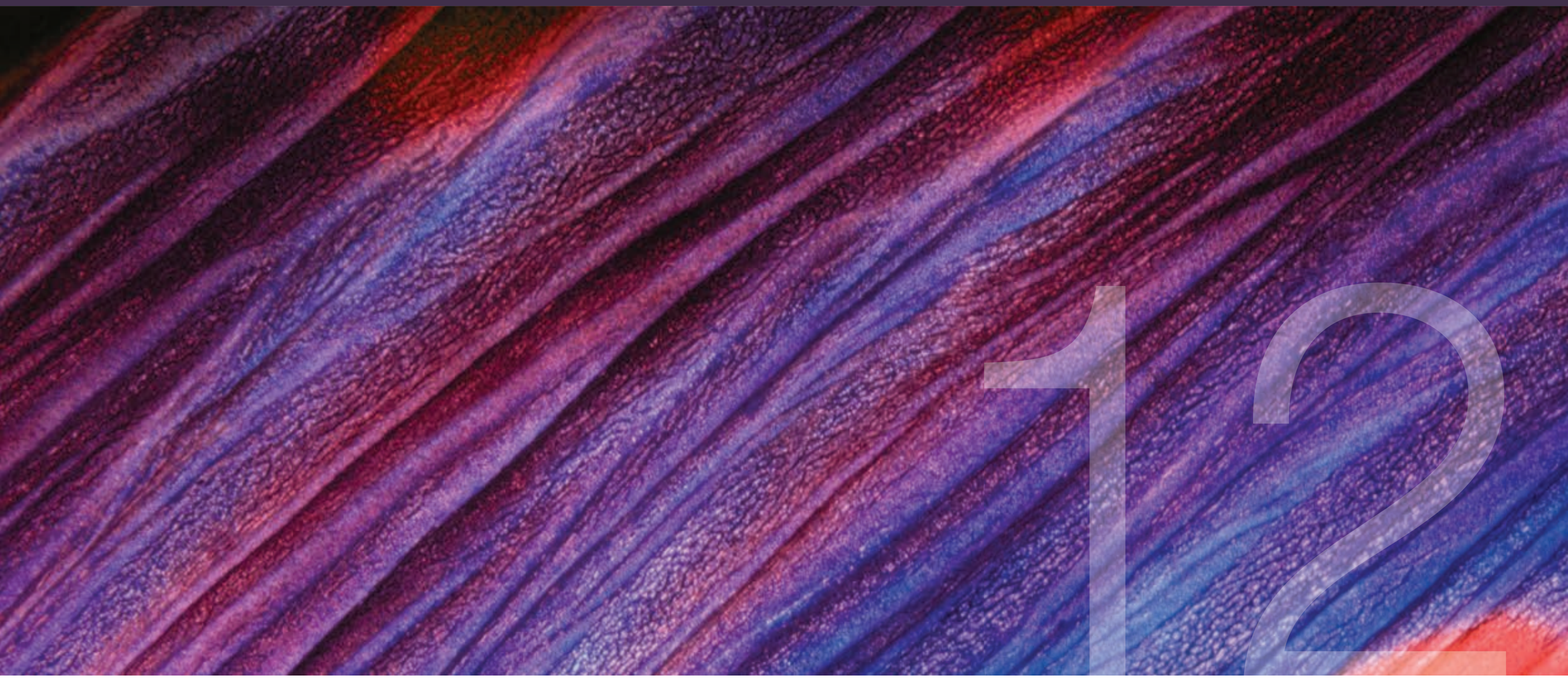
Annual Report and Financial Statements for the year ended 31 March 2012



Albion Venture Capital Trust PLC

ALBION VENTURES

Contents

Company information

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

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

Shareholder information

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

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

IFA information

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

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

Investment objectives

Albion Venture Capital Trust PLC (the "Company") is a venture capital trust which raised a total of £39.7 million through an issue of Ordinary shares in the spring of 1996 and through an issue of C shares in the following year. The C shares merged with the Ordinary shares in 2001. The Company raised a further £3.1 million under the Albion VCTs Linked Top Up Offers in 2011 and 2012.

The Company's investment strategy is to reduce the risk, normally associated with investments in smaller, unquoted companies. This is achieved as follows:

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

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

Financial calendar

Record date for first dividend	6 July 2012
Payment of first dividend	31 July 2012
Annual General Meeting	17 September 2012
Announcement of half-yearly results for the six months ended 30 September 2012	November 2012
Payment of second dividend subject to Board approval	December 2012

Financial highlights

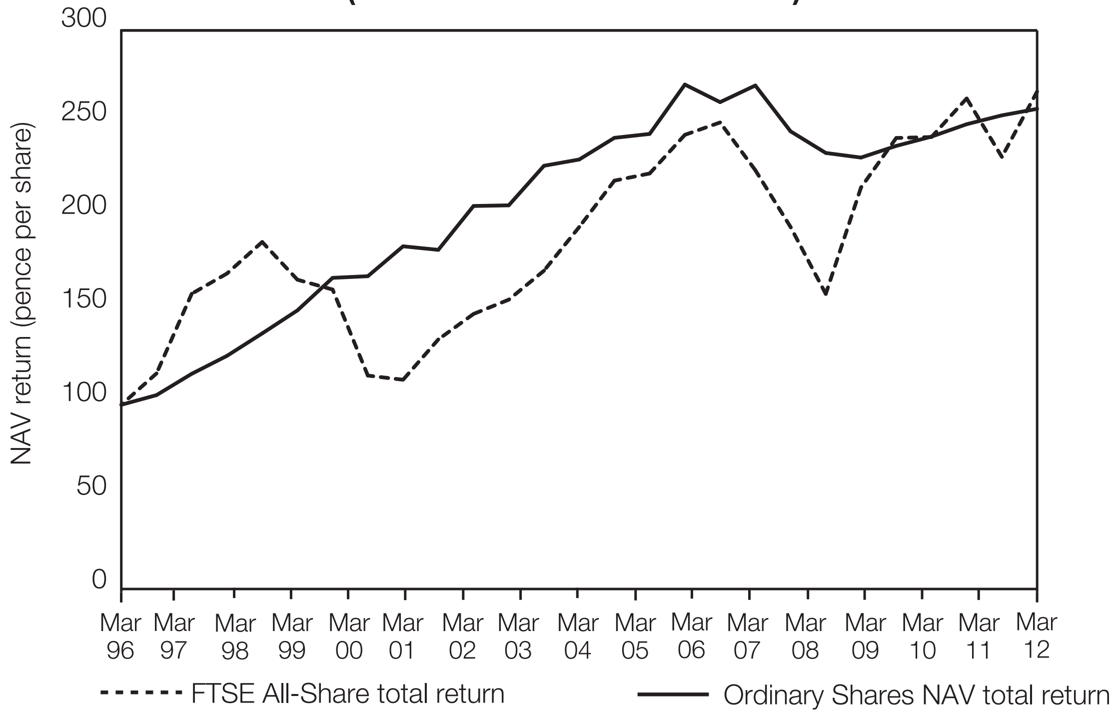
197.8p — Net asset value plus dividends from launch to 31 March 2012

5.0p — Tax-free dividend per share paid in the year to 31 March 2012

2.5p — The Board has declared a first tax free dividend per share for the year to 31 March 2013

78.0p — Net asset value per share as at 31 March 2012

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



Source: Albion Ventures LLP

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

Financial highlights (continued)

	31 March 2012 (pence per share)	31 March 2011 (pence per share)
Dividends paid	**5.0**	5.0
Revenue return	**2.1**	2.5
Capital return	**–**	1.2
Net asset value	**78.0**	80.5

Total shareholder net asset value return to 31 March 2012		**Ordinary shares**	**C shares**
Total dividends paid during the year ended:	31 March 1997	2.00	–
	31 March 1998	5.20	2.00
	31 March 1999	11.05	8.75
	31 March 2000	3.00	2.70
	31 March 2001	8.55	4.80
	31 March 2002	7.60	7.60
	31 March 2003	7.70	7.70
	31 March 2004	8.20	8.20
	31 March 2005	9.75	9.75
	31 March 2006	11.75	11.75
	31 March 2007	10.00	10.00
	31 March 2008	10.00	10.00
	31 March 2009	10.00	10.00
	31 March 2010	5.00	5.00
	31 March 2011	5.00	5.00
	31 March 2012	5.00	5.00
Total dividends paid to 31 March 2012		119.80	108.25
Net asset value as at 31 March 2012		78.00	78.00
Total shareholder net asset value return to 31 March 2012		**197.80**	**186.25**

In addition to the dividends summarised above, the Board has declared a first dividend for the year ending 31 March 2013 of 2.5 pence per share to be paid on 31 July 2012 to shareholders on the register as at 6 July 2012.

Notes

- *Dividends paid before 5 April 1999 were paid to qualifying shareholders inclusive of the associated tax credit. The dividends for the year to 31 March 1999 were maximised in order to take advantage of this tax credit.*
- *A capital dividend of 2.55 pence paid in the year to 31 March 2000 enabled the Ordinary shares and the C shares to merge on an equal basis.*
- *All dividends paid by the Company are free of income tax. It is an H.M. Revenue & Customs requirement that dividend vouchers indicate the tax element should dividends have been subject to income tax. Investors should ignore this figure on their dividend voucher and need not disclose any income they receive from a VCT on their tax return.*
- *The net asset value of the Company is not its share price as quoted on the official list of the London Stock Exchange. The share price of the Company can be found in the Investment Companies – VCTs section of the Financial Times on a daily basis. Investors are reminded that it is common for shares in VCTs to trade at a discount to their net asset value.*

Chairman's statement

Introduction

The results for the year to 31 March 2012 show a total return of 2.1 pence per share before dividends, compared to 3.7 pence per share for the previous year. The lower return reflects weaker trading within our hotel portfolio. The VCT raised approximately £1.3m under the Albion VCTs Linked Top Up Offers 2011/2012 and has recently announced a proposal to merge with Albion Prime VCT PLC.

Investment performance and progress

As stated last year, it is the Company's strategy to reduce its exposure to the hotel sector, which we see as being more vulnerable to the current broader economic uncertainties than many other sectors. With this aim in mind, the Company sold The Place Sandwich VCT Limited, realising proceeds of £1,785,000 compared to the holding value of £1,501,000 and cost of £1,640,000. In addition to the sale proceeds, the Company received £785,000 in interest over the course of the investment, producing a total return of approximately 1.6 times cost. A further £1.2m was returned by other investee companies, principally through the repayment of loan stock.

During the year the Company invested £2.6m in three new and seven existing investee companies. The great majority of the investment was in the healthcare and environmental sectors, with £1.3m invested in scheduled follow-on investments in Oakland Care Centre, which opened its care home for the elderly in Chingford in October 2011; Nelson House Hospital, which has recently opened a psychiatric hospital in Gosport, Hampshire; and in Orchard Portman Hospital, which opened a psychiatric hospital near Taunton in Somerset in May 2011. £1.2m was invested in renewable energy companies, principally in wind and solar projects.

Following third party professional valuations, the Company saw a pleasing uplift in the value of its cinema investments following strong trading; in Oakland Care Centre; and in Radnor House School in Twickenham which successfully opened in September with twice the budgeted level of pupils. These were tempered by downward valuations of The Stanwell Hotel, which has taken longer to establish itself than anticipated; Kew Green VCT (Stansted) and The Crown Hotel, Harrogate, both of which were less profitable than the previous period. The net movement in valuations, including realised movements, was an increase of £0.3m in the year.

Continuation as a venture capital trust

At the 2012 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.

Since its launch in 1996, the portfolio has paid out dividends of 119.8 pence per share and achieved a total return (net asset value plus dividends but not counting the upfront tax benefits) of just under 198 pence per share. This puts the Company firmly in the top quartile of all venture capital trusts.

Your Board believes that Albion VCTs have the potential to be highly effective long-term savings 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 for a further five years, as they intend to vote in respect of their own shares.

Merger with Albion Prime VCT PLC and Board changes

Following the year end, your Company announced the proposed merger with Albion Prime VCT PLC which had net assets of £14.7m at 31 March 2012, has the same investment policy and a near identical investment portfolio. It is intended, subject to the consent of both VCTs' shareholders, that this will take effect in September 2012. A circular and prospectus in relation to the merger is expected to be posted to shareholders at the same time as the Annual Report.

Assuming the merger goes ahead, Jonathan Rounce has agreed to stand down at the time of the merger, and Ebbe Dinesen, a director of Albion Prime VCT PLC will be appointed in his place. The Board thanks Jonathan for his excellent service to the Company since his appointment in 2010.

Risks and uncertainties

The outlook for the UK economy continues to be the key risk affecting your Company, with both the UK and much of Europe returning to recession. Importantly, however, your Company remains conservatively financed with no bank borrowings having a prior charge at either corporate or investee company level. This is in addition to the policy of ensuring that the Company has a first charge over investee companies' assets.

Chairman's statement (continued)

Share buy-backs

It remains the Board's primary objective to maintain sufficient resources for investment in existing and new investee companies and for the continued payment of dividends to shareholders. Thereafter, it is still the Board's policy to buy back shares in the market, subject to the overall constraint that such purchases are in the Company's interest. The Company will limit the sum available for share buy-backs for the six month period to 30 September 2012 to £350,000. This compares to a total value bought in for the previous six months of £310,000. Subject to the constraints referred to above, and subject to first purchasing shares held by the marketmakers, the Board will target such buy-backs to be in the region of a 10% to 15% discount to net asset value, so far as market conditions and liquidity permit.

Results and dividends

As at 31 March 2012, the net asset value was £28.4m or 78.0 pence per share, compared to £28.8m or 80.5 pence per share as at 31 March 2011, after the payment of tax-free dividends of 5.0 pence per share. The results comprised 2.1 pence per share revenue return (2011: 2.5 pence per share) and a flat capital return per share (2011: 1.2 pence per share). The revenue return before taxation was £933,000 compared to £911,000 for the year to 31 March 2011, though the tax charge was higher than the previous year. The Company will pay a first dividend of 2.5 pence per share on 31 July 2012 to those shareholders on the share register on 6 July 2012, which is in line with the Company's current objective of paying dividends of 5.0 pence per share annually.

Outlook and prospects

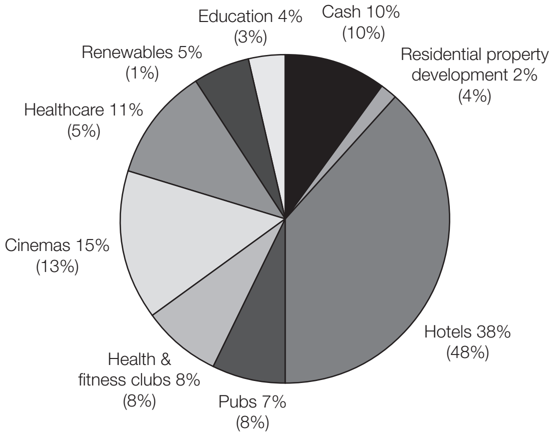
The outlook for the UK economy remains uncertain but, despite this, trading within the majority of our portfolio companies is encouraging. In the meantime, we are concentrating our investment activities in sectors that we see as being of long term value; in the current investment climate, where there is a general shortage of finance, we are seeing interesting investment opportunities at attractive prices.

David Watkins
Chairman
28 June 2012

Manager’s report

Investment portfolio

Over the year we have made progress in re-balancing the Company’s investment portfolio by increasing the weighting in the healthcare and renewable energy sectors, which we believe to have less exposure to the consumer and business cycle, and reducing the weighting in hotels. The sector split of the portfolio by valuation as at 31 March 2012 is shown below (2011 figures shown in brackets):



Source: Albion Ventures LLP

Investment activity

During the year the Company sold its investment in The Place Sandwich VCT, which owned the Bell Hotel in Sandwich, realising proceeds of £1,785,000 compared to the holding value of £1,501,000 and cost of £1,640,000. Including interest of £785,000 over the course of the investment, the total return was approximately 1.6 times cost. In addition, £294,000 of loan stock was repaid by Kew Green VCT (Stansted). This has led to hotels falling to 38% of the Company’s portfolio at 31 March 2012 (2011: 48%).

A total of £1,263,000 was invested in three healthcare companies during the year. These comprised £992,000 as a scheduled follow-on investment in Oakland Care Centre, which opened a 46 bedroom care home for the elderly in Chingford in October 2011; £240,000 in Nelson House Hospital, which opened a psychiactric hospital in Gosport, Hampshire in April 2012; and £31,000 in Orchard Portman Hospital, which opened a psychiatric hospital near Taunton, Somerset in May 2011. The occupancies of all three units are building up steadily.

In the renewable energy sector, £1,197,000 was invested in six companies. These comprised £432,000 in Alto Prodotto Wind, which is erecting single unit wind turbines on industrial sites in Wales; £280,000 in The Street by Street Solar Programme which has been installing photovoltaic panels on residential buildings in the Thames Valley; £248,000 in Regenerco Renewable Energy which has been installing photovoltaic panels on a number of commercial buildings on the South Coast and in Birmingham and domestic buildings in Cambridgeshire; £140,000 in AVESI; and £90,000 in Greenenerco. These last two are also to fund wind projects on industrial and brown field sites. Finally, an additional £7,000 was invested in TEG Biogas (Perth) whose anaerobic digestion plant in Scotland, converting food waste to energy, is now operational.

Investment portfolio review

In the hotel portfolio, revenue at the Holiday Inn Express at Stansted Airport marginally increased over the year, but profits were lower and the independent valuation reduced. The Crown Hotel in Harrogate also experienced lower profitability and a decrease in valuation, but prospects for the current year are more encouraging. The Stanwell Hotel, in the village of Stanwell near Heathrow’s Terminal 5, continued to disappoint, leading to a decision to change our operating partner. The valuation of the Stanwell Hotel was sharply lower. Meanwhile the Bear Hotel in Hungerford saw its valuation remain steady.

The cinema portfolio had another good year, leading to a further uplift in valuations, especially of the Cambridge Arts and Greenwich Picturehouses and the Ritzy Cinema in Brixton. City Screen (Cambridge) and CS (Greenwich) repaid £100,000 and £36,000 loan stock respectively, while CS (Brixton) retained cash for refurbishment. The Picturehouse at FACT in Liverpool, the Exeter Picturehouse and Cinema City in Norwich also saw strong increases in profitability.

In the health and fitness portfolio, the 37º health and fitness club near Tower Bridge continued to experience strong trading and repaid £36,000 loan stock to the Company and independent valuations of it and the Weybridge Club led to a small increase in the Company’s holding values. The 37º health and fitness club at Kensington Olympia meanwhile saw a slight decline in valuation. All these clubs, however, continue to experience growth in membership.

In the pub portfolio, The Charnwood Pub Company, which operates food-led pubs in central England, repaid £140,000 loan stock; and GB Pub Company VCT sold one of its two remaining pubs and repaid £29,000. Trading grew in the wet-led Bravo Inns pubs in the North-West, leading to an increase in valuations, but a write down in the value of GB’s remaining pub and a small decline in Charnwood’s portfolio led to the portfolio, as a whole remaining stable.

One of the highlights of the year was the successful opening of Radnor House School in Twickenham in September with twice the budgeted level of pupils. This led to a pleasing uplift in valuation. We were also delighted that it has recently been rated “outstanding” in an OFSTED inspection. The residential development companies, meanwhile, returned £560,000 to the Company.

Albion Ventures LLP
Manager
28 June 2012

The Board of Directors

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

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

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

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

Jonathan Rounce FCA, FIH
Building on formal qualifications as both an hotelier and a chartered accountant, Jonathan Rounce's 30 year career has spanned property development, management consultancy, finance and operations. As a management consultant he established and ran the Coopers & Lybrand (now PricewaterhouseCoopers) tourism and leisure consultancy practice (between 1977 and 1988). From 1983 to 1985 he was development director of Penta Hotels NV. While managing director of the leisure development interests of Arlington Securities Plc (from 1988 to 1991), he was responsible for the pioneering Port Solent marina complex in Portsmouth and the development of the 27 hole Wisley golf course complex in Surrey. Between 1992 and 1999 he served as vice-chairman of the West Middlesex University Hospital Trust where he also established and chaired the audit committee. That non-executive role was held in parallel with his executive directorship of Grant Leisure Group, a leisure industry consultancy. In 2000 he launched and now runs Petersham Group, a specialist leisure and hospitality consultancy. Jonathan Rounce became a Director of the Company on 21 June 2010.

All Directors are members of the Audit and the Nomination Committees.

The Manager

Albion Ventures LLP, is authorised and regulated by the Financial Services Authority and is the Manager of Albion Venture Capital Trust PLC. In addition to Albion Venture Capital Trust PLC, it manages a further seven venture capital trusts, and currently has total funds under management of approximately £230 million. Albion was awarded "VCT Manager of the Year" at the "Unquote" British Private Equity Awards 2009, "VCT of the Year" for Albion Development VCT PLC at the 2009 Investor AllStar Awards and "Investor of the Year" at the Independent Healthcare Awards 2011.

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

Patrick Reeve, MA, ACA, qualified as a chartered accountant with Deloitte Haskins & Sells before joining Cazenove & Co where he spent three years in the corporate finance department. He joined Close Brothers Group in 1989, initially in the development capital subsidiary, where he was a director specialising in the financing of smaller unquoted companies. He joined the corporate finance division in 1991, where he was also a director. He established Albion Ventures LLP (formerly Close Ventures Limited) with the launch of Albion Venture Capital Trust PLC (formerly Close Brothers Venture Capital Trust PLC) in the spring of 1996. He is the managing partner of Albion Ventures LLP and is director of Albion Enterprise VCT PLC, Albion Income & Growth VCT PLC, Albion Prime VCT PLC and Albion Technology & General VCT PLC, all managed by Albion Ventures LLP. He is also a director of UCL Business, the technology transfer arm of University College, London.

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

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

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

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

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

Michael Kaplan, BA, MBA. Prior to joining Albion Ventures LLP (then Close Ventures Limited) in 2007, Michael was a project leader with the Boston Consulting Group (BCG) where he focused on the retail and financial services sectors. More recently, Michael was part of BCG's growing Private Equity practice – which provides strategic due diligence to some of the world's biggest PE funds. Prior to his time with BCG, Michael was the chief financial officer for Widevine Technologies, a security software company based in Seattle. Michael has a BA from the University of Washington and an MBA from INSEAD. He became a partner in Albion Ventures LLP in 2010.

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

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

Henry Stanford, MA, ACA, qualified as a chartered accountant with Arthur Andersen before joining the corporate finance department of Close Brothers Group in 1992, becoming an assistant director in 1996. He moved to Albion Ventures LLP (then Close Ventures Limited) in 1998, where he has focused principally on hotel, cinema and other leisure investments. Henry became a partner in Albion Ventures LLP in 2009. He holds an MA degree in Classics from Oxford University.

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

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

Portfolio of investments

The following list is a summary of investments as at 31 March 2012:

			As at 31 March 2012			As at 31 March 2011			
Qualifying Investments	**% voting rights held by Albion Venture Capital Trust PLC**	**% voting rights of AVL* managed companies**	**Cost £'000**	**Cumulative movement in value £'000**	**Total Value £'000**	**Cost £'000**	**Cumulative movement in value £'000**	**Total Value £'000**	**Change in value for the year £'000****
Hotels									
Kew Green VCT (Stansted) Limited	28.2	50.0	3,985	1,874	5,859	4,279	2,218	6,497	(344)
The Crown Hotel Harrogate Limited	15.6	50.0	3,100	(990)	2,110	3,100	(827)	2,273	(163)
The Stanwell Hotel Limited	24.6	50.0	3,496	(1,747)	1,749	3,323	(885)	2,438	(861)
The Bear Hungerford Limited	26.2	50.0	2,088	(766)	1,322	2,088	(766)	1,322	(1)
Total investment in the hotel sector			**12,669**	**(1,629)**	**11,040**	**12,790**	**(260)**	**12,530**	**(1,369)**
Cinemas and other leisure									
City Screen (Cambridge) Limited	50.0	50.0	485	1,730	2,215	586	1,249	1,835	481
CS (Greenwich) Limited	18.3	50.0	945	266	1,211	982	144	1,126	122
CS (Brixton) Limited	6.4	50.0	274	208	482	274	127	401	81
City Screen (Liverpool) Limited	18.2	50.0	222	(42)	180	222	(61)	161	19
CS (Exeter) Limited	6.6	50.0	108	(15)	93	108	(30)	78	15
Premier Leisure (Suffolk) Limited	5.2	50.0	380	(295)	85	380	(286)	94	(9)
CS (Norwich) Limited	3.1	50.0	50	12	62	50	4	54	8
Total investment in the cinema and other leisure sector			**2,464**	**1,864**	**4,328**	**2,602**	**1,147**	**3,749**	**717**
Healthcare									
Oakland Care Centre Limited	21.1	50.0	1,835	458	2,293	843	18	861	440
Nelson House Hospital Limited	4.5	50.0	395	1	396	155	–	155	1
Taunton Hospital Limited	6.0	50.0	380	1	381	380	1	381	–
Orchard Portman Hospital Limited	2.0	50.0	140	–	140	109	–	109	–
Total investment in the healthcare sector			**2,750**	**460**	**3,210**	**1,487**	**19**	**1,506**	**441**
Health and fitness clubs									
The Weybridge Club Limited	8.2	50.0	1,330	(229)	1,101	1,330	(247)	1,083	18
Kensington Health Clubs Limited	4.9	50.0	1,124	(359)	765	1,124	(350)	774	(9)
Tower Bridge Health Clubs Limited	5.5	50.0	308	75	383	344	55	399	21
Total investment in the health and fitness club sector			**2,762**	**(513)**	**2,249**	**2,798**	**(542)**	**2,256**	**30**
Pubs									
The Charnwood Pub Company Limited	8.8	50.0	2,945	(1,803)	1,142	3,086	(1,786)	1,300	(18)
Bravo Inns II Limited	4.4	50.0	575	(2)	573	575	(28)	547	26
Bravo Inns Limited	5.1	50.0	450	(166)	284	450	(186)	264	20
The Dunedin Pub Company VCT Limited	4.3	50.0	45	(1)	44	49	(2)	47	1
GB Pub Company VCT Limited	5.9	50.0	211	(187)	24	239	(156)	83	(31)
Total investment in the pub sector			**4,226**	**(2,159)**	**2,067**	**4,399**	**(2,158)**	**2,241**	**(2)**
Environmental and renewables									
Alto Prodotto Wind Limited	4.8	50.0	432	–	432	–	–	–	–
Regenerco Renewable Energy Limited	2.1	50.0	248	1	249	–	–	–	1
The Street by Street Solar Programme Limited	3.8	50.0	379	5	384	99	–	99	5
TEG Biogas (Perth) Limited	3.6	50.0	214	3	217	207	–	207	3
AVESI Limited	7.0	50.0	160	–	160	20	–	20	–
Greenenerco Limited	2.6	50.0	90	–	90	–	–	–	–
Total investment in the environmental and renewables sector			**1,523**	**9**	**1,532**	**326**	**–**	**326**	**9**
Education									
Radnor House School (Holdings) Limited	4.6	50.0	801	242	1,043	800	27	827	216
Total investment in education sector			**801**	**242**	**1,043**	**800**	**27**	**827**	**216**
Residential property development									
G&K Smart Developments VCT Limited	42.9	50.0	1,620	(1,144)	476	1,820	(1,144)	676	–
Total investment in the residential property development sector			**1,620**	**(1,144)**	**476**	**1,820**	**(1,144)**	**676**	**–**
Total qualifying investments			**28,815**	**(2,870)**	**25,945**	**27,022**	**(2,911)**	**24,111**	**42**

* Albion Ventures LLP

** As adjusted for additions and disposals during the year

Portfolio of investments (continued)

Realisations in the year to 31 March 2012	Cost £'000	Opening carrying value £'000	Disposal proceeds £'000	Total realised gain/(loss) £'000	Gain/(loss) on opening value £'000
City Screen (Cambridge) Limited *(loan stock repaid)*	100	100	100	–	–
CS (Greenwich) Limited *(loan stock repaid)*	36	36	36	–	–
G&K Smart Developments VCT Limited *(loan stock repaid)*	200	200	200	–	–
The Place Sandwich VCT Limited	1,640	1,501	1,785	145	284
Kew Green VCT (Stansted) Limited *(loan stock repaid)*	294	294	294	–	–
Chase Midland VCT Limited	35	11	15	(20)	4
Prime VCT Limited	990	350	345	(645)	(5)
GB Pub Company VCT Limited *(loan stock repaid)*	29	15	29	–	14
Orchard Portman Hospital Limited *(loan stock repaid)*	2	2	2	–	–
The Charnwood Pub Co Limited *(loan stock repaid)*	140	140	140	–	–
Radnor House School (Holdings) Limited *(redemption premium received)*	–	–	26	26	26
Tower Bridge Health Clubs Limited *(loan stock repaid)*	36	36	36	–	–
The Dunedin Pub Company VCT Limited *(loan stock repaid)*	4	4	4	–	–
Total realisations	**3,506**	**2,689**	**3,012**	**(494)**	**323**

Portfolio companies

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

Kew Green VCT (Stansted) Limited

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

Audited results: year to 31 August 2011	£'000	Investment information	£'000
Turnover	5,016	Income recognised in the year	297
EBITDA	1,553	Total cost	3,985
Profit before tax	705	Total equity valuation	3,343
Net assets	4,261	Total loan stock valuation	2,516
		Voting rights	28.2 per cent.

Basis of valuation: Net asset value supported by third party valuation of leasehold property
Website: www.expressstanstedairport.co.uk

Funds managed and advised by Albion Ventures LLP have invested in this company and their combined equity holding in the company is 50.0 per cent.

Oakland Care Centre Limited

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

Audited results: year to 30 September 2011	£'000	Investment information	£'000
Turnover	–	Income recognised in the year	72
EBITDA	(127)	Total cost	1,835
Loss before tax	(126)	Total equity valuation	970
Net assets	1,164	Total loan stock valuation	1,323
		Voting rights	21.1 per cent.

Basis of valuation: Net asset value supported by third party valuation of freehold property

Funds managed and advised by Albion Ventures LLP have invested in this company and their combined equity holding in the company is 50.0 per cent.

City Screen (Cambridge) Limited

The company was formed to develop and operate a three screen "art house" cinema in the centre of Cambridge on a 34 year lease. The cinema opened in August 1999 and continues to perform strongly in a competitive market.

Audited results: year to 31 December 2011	£'000	Investment information	£'000
Turnover	1,996	Income recognised in the year	36
EBITDA	544	Total cost	485
Profit before tax	503	Total equity valuation	1,911
Net assets	3,530	Total loan stock valuation	304
		Voting rights	50.0 per cent.

Basis of valuation: Net asset value supported by third party valuation of leasehold property
Website: www.picturehouses.co.uk

No other funds managed and advised by Albion Ventures LLP have invested in this company.

The Crown Hotel Harrogate Limited

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

Audited results: year to 31 March 2011	£'000	Investment information	£'000
Turnover	2,697	Income recognised in the year	139
EBITDA	555	Total cost	3,100
Loss before tax	(795)	Total equity valuation	–
Net liabilities	(3,886)	Total loan stock valuation	2,110
		Voting rights	15.6 per cent.

Basis of valuation: Net asset value supported by third party valuation of freehold property
Website: www.crownhotelharrogate.com

Funds managed and advised by Albion Ventures LLP have invested in this company and their combined equity holding in the company is 50.0 per cent.

The Stanwell Hotel Limited

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

Audited results: year to 31 August 2011	£'000	Investment information	£'000
Turnover	1,032	Income recognised in the year	–
EBITDA	(41)	Total cost	3,496
Loss before tax	(2,790)	Total equity valuation	–
Net liabilities	(2,731)	Total loan stock valuation	1,750
		Voting rights	24.6 per cent.

Basis of valuation: Net asset value supported by third party valuation of freehold property
Website: www.thestanwell.com

Funds managed and advised by Albion Ventures LLP have invested in this company and their combined equity holding in the company is 50.0 per cent.

Portfolio companies (continued)

The Bear Hungerford Limited

The company acquired the historic 39 bedroom Bear Hotel in Hungerford in 2005 and a refurbishment programme has taken place. The hotel is well known for the quality of its food.

Audited results: year to 31 March 2011	£'000
Turnover	1,364
EBITDA	245
Loss before tax	(233)
Net liabilities	(1,735)

Investment information	£'000
Income recognised in the year	102
Total cost	2,088
Total equity valuation	–
Total loan stock valuation	1,321
Voting rights	26.2 per cent.

Basis of valuation: Net asset value supported by third party valuation of freehold property
Website: www.thebearhotelhungerford.co.uk

Funds managed and advised by Albion Ventures LLP have invested in this company and their combined equity holding in the company is 50.0 per cent.

CS (Greenwich) Limited

This company operates the five screen Picturehouse cinema in Greenwich.

Audited results: year to 31 December 2011	£'000
Turnover	2,463
EBITDA	570
Profit before tax	322
Net assets	2,425

Investment information	£'000
Income recognised in the year	91
Total cost	945
Total equity valuation	559
Total loan stock valuation	652
Voting rights	18.3 per cent.

Basis of valuation: Net asset value supported by third party valuation of leasehold property
Website: www.picturehouses.co.uk

Funds managed and advised by Albion Ventures LLP have invested in this company and their combined equity holding in the company is 50.0 per cent.

The Charnwood Pub Company Limited

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

Audited results: 17 months to 31 March 2011*	£'000
Turnover	3,980
EBITDA	417
Loss before tax	(534)
Net liabilities	(1,142)

Investment information	£'000
Income recognised in the year	63
Total cost	2,945
Total equity valuation	–
Total loan stock valuation	1,142
Voting rights	8.8 per cent.

Basis of valuation: Net asset value supported by third party valuation of freehold property
Website: www.charnwoodpubco.co.uk

Funds managed and advised by Albion Ventures LLP have invested in this company and their combined equity holding in the company is 50.0 per cent.

* The audited results include the costs associated with the acquisition of a further 8 pubs and costs relating to the restructuring of the pub portfolio.

The Weybridge Club Limited

The company owns a 30 acre freehold site near to the centre of Weybridge, Surrey, which has been developed into a premium health and fitness club. The club opened in May 2007.

Audited results: 13 Months to 30 September 2011	£'000
Turnover	1,969
EBITDA	544
Loss before tax	(839)
Net liabilities	(2,205)

Investment information	£'000
Income recognised in the year	61
Total cost	1,330
Total equity valuation	35
Total loan stock valuation	1,066
Voting rights	8.2 per cent.

Basis of valuation: Net asset value supported by third party valuation of freehold property
Website: www.theweybridgeclub.com

Funds managed and advised by Albion Ventures LLP have invested in this company and their combined equity holding in the company is 50.0 per cent.

Radnor House School (Holdings) Limited

Radnor House is London's new co-educational independent day school in Twickenham, which opened in September 2011. It is located in historic buildings on the banks of the River Thames in South West London. Students are currently being admitted into the Preparatory and the Senior School.

Audited results: year to 31 August 2011	£'000
Turnover	29
EBITDA	(1,426)
Loss before tax	(1,645)
Net assets	638

Investment information	£'000
Income recognised in the year	19
Total cost	801
Total equity valuation	356
Total loan stock valuation	687
Voting rights	4.6 per cent

Basis of valuation: Net asset value supported by third party valuation of freehold property
Website: www.radnorhouse.org

Funds managed and advised by Albion Ventures LLP have invested in this company and their combined equity holding in the company is 50.0 per cent.

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

Directors' report

The Directors submit their Annual Report and the audited Financial Statements on the affairs of Albion Venture Capital Trust PLC (the "Company") for the year ended 31 March 2012.

BUSINESS REVIEW

Principal activity and status

The principal activity of the Company is that of a venture capital trust. It has been approved by H.M. Revenue & Customs ("HMRC") as a venture capital trust in accordance with Part 6 of the Income Tax Act 2007 and in the opinion of the Directors, the Company has conducted its affairs so as to enable it to continue to obtain such approval. Approval for the year ended 31 March 2012 is subject to review should there be any subsequent enquiry under corporation tax self assessment.

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

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

Capital structure

Details of the share capital, together with details of the movements in the Company's issued share capital during the year are shown in note 15.

The Company's share capital comprises only Ordinary shares. The Ordinary shares are designed for individuals who are professionally advised private investors, seeking, over the long term, investment exposure to a diversified portfolio of unquoted investments. The investments are spread over a number of sectors, to produce a regular and predictable source of income, combined with the prospect of longer term capital growth.

During the year, the Company issued 557,746 Ordinary shares under the Albion VCTs Linked Top Up Offer launched in November 2010. The Offer closed on 16 May 2011.

On 1 November 2011, the Albion VCTs Linked Top Up Offer 2011/2012 was launched. Albion Venture Capital Trust PLC raised approximately £1.5 million. During the year the Company issued a total of 1,006,692 new Ordinary shares under the Offer (details are shown in note 15). Since the year end, a total of 880,884 new Ordinary shares have been issued as part of this Offer (details are shown in note 21). The Offer closed on 31 May 2012.

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

The Company currently operates a Dividend Reinvestment Scheme, details of which can be found on www.albion-ventures.co.uk under the 'Our Funds' section. During the year the Company issued 130,500 new Ordinary shares under the Dividend Reinvestment Scheme, details of which can be found in note 15.

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

Details of all share allotments can be found in note 15.

Substantial interests and shareholder profile

As at 31 March 2012 and at the date of this report, the Company was aware that J M Finn Nominees had a beneficial interest of 5.59 per cent. (2011: 7.1 per cent.) of the issued share capital. There have been no disclosures in accordance with Disclosure and Transparency Rule 5 made to the Company during the year ended 31 March 2012, and to the date of this report.

The table below shows the shareholder profile as at 28 June 2012 for the Company's Ordinary shares:

Number of shares held	% shareholders	% share capital
1 – 10,000	64.7	17.4
10,001 – 50,000	30.3	38.3
50,001 – 100,000	3.5	14.5
100,001 – 500,000	1.4	13.7
500,001+	0.1	16.5

As at 31 March 2012 and at the date of this report, the Company had a total of 2,263 Shareholders.

Investment policy

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

This is achieved as follows:

- qualifying unquoted investments are predominantly in specially-formed companies which provide a high level of asset backing for the capital value of the investment;

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

Venture Capital Trust status

In addition to the investment policy described above, the HMRC rules drive the Company's investment allocation and risk diversification policies. In order to maintain status under Venture Capital Trust legislation, the following tests must be met:

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

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

(3) At least 30 per cent. by HMRC value of its total qualifying holdings must have been represented throughout the year by holdings of 'eligible shares';

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

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

(6) Eligible shares must comprise at least 10 per cent. by HMRC value of the total of the shares and securities that the Company holds in any one investee company and all investments funded through cash raised after April 2010 must comprise at least 70 per cent. equity; and

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

These tests drive a spread of investment risk through disallowing holdings of more than 15 per cent. in any investee company. The tests have been carried out and independently reviewed for the year ended 31 March 2012. The Company has complied with all tests and continues to do so.

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

Investee company gross assets must not exceed £15 million immediately prior to the investment and £16 million immediately thereafter and there is an annual investment limit, as currently proposed by HM Treasury of £5 million in each company.

Gearing

As defined by the Articles of Association, the Company's maximum exposure in relation to gearing is restricted to 10 per cent. of the adjusted share capital and reserves. As at 31 March 2012, the Company's maximum permitted exposure was £2,839,000 (2011: £2,876,000) and its actual short term and long term gearing at this date was £nil (2011: £nil). The Directors do not currently have any intention to utilise long term gearing.

Current portfolio sector allocation

The pie chart on page 8 of the Manager's report shows the split of the portfolio valuation by industrial or commercial sector as at 31 March 2012. Details of the principal investments made by the Company are shown in the Portfolio of investments on page 11.

Review of business and future changes

A detailed review of the Company's business during the year and future prospects is contained in the Chairman's statement on pages 6 and 7 and Manager's report on page 8. Details of significant events which have occurred since the end of the financial year are listed in note 21. Details of related party transactions are shown in note 22.

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

Operational arrangements

The Company has delegated the investment management of the portfolio to Albion Ventures LLP, which is authorised and regulated by the Financial Services Authority. Albion Ventures LLP also provides company secretarial and other accounting and administrative support to the Company. Further details regarding the terms of engagement of the Manager are shown on page 20.

Directors' report (continued)

Results and dividends

	£'000
Net revenue return for the year ended 31 March 2012	745
Revenue dividend of 2.5p per share paid on 26 July 2011	(897)
Revenue dividend of 2.5p per share paid on 30 December 2011	(888)
Unclaimed dividends returned to the Company	14
Transferred from revenue reserve	(1,026)
Realised and unrealised capital gain for the year transferred to reserves	–
Net assets as at 31 March 2012	28,386
Net asset value per share as at 31 March 2012 (pence)	78.0

The Company paid dividends of 5.0 pence per share (2011: 5.0 pence per share) during the year ended 31 March 2012.

During the year, unclaimed dividends older than twelve years of £14,000 (2011: £nil) were returned to the Company in accordance with the terms of the Articles of Association.

As described in the Chairman's statement, the Board has declared a first dividend of 2.5 pence per share. This dividend will be paid on 31 July 2012 to shareholders on the register as at 6 July 2012.

As shown in the Income statement on page 30 of the Financial Statements, investment income has increased slightly to £1,314,000 (2011: £1,300,000) due to higher loan stock income and higher interest paid on cash deposits. The revenue return to equity holders has decreased to £745,000 (2011: £870,000) or 2.1 pence per share (2011: 2.5 pence per share), due to higher levels of consortium relief claims being received in the year ended 31 March 2011.

The capital gain on investments for the year was £310,000 (2011: £700,000) however this was offset by management fees charged to capital.

The total return per share was a profit of 2.1 pence per share (2011: 3.7 pence per share).

The Balance sheet on page 31 shows that the net asset value per share has decreased over the last year to 78.0 pence per share (2011: 80.5 pence per share), primarily reflecting the payment of 5.0 pence per share dividend during the year, offset by the return for the year.

The cash flow for the Company has been a net outflow of £15,000 for the year (2011: inflow £868,000), reflecting cash inflows from operations, fixed asset disposals, and the issue of Ordinary shares under the Albion VCTs Linked Top Up Offers, offset by dividends paid, new investments in the year and the purchase of shares for treasury.

Share buy-backs

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

Key performance indicators

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

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

The ongoing charges ratio for the year to 31 March 2012 was 2.8 per cent. (2011: 2.8 per cent.).

The Company continues to comply with HMRC rules in order to maintain its status under Venture Capital Trust legislation as highlighted on page 16.

Principal risks and uncertainties

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

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

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

Directors' report (continued)

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

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

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

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

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

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

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

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

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

The Audit Committee meets with the Manager's Internal Auditor, Littlejohn LLP, when required, receiving a report regarding the last formal internal audit performed on the Manager, and providing the opportunity for the Audit Committee to ask specific and detailed questions. John Kerr, as Audit Committee Chairman, met with the internal audit Partner of Littlejohn LLP in January 2012 to discuss the most recent Internal Audit Report on the Manager. The Manager has a comprehensive business continuity plan in place in the event that operational continuity is threatened. Further details regarding the Board's management and review of the Company's internal controls through the implementation of the Turnbull guidance are detailed on page 25.

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

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

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

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

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

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

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

	31 March 2012 (Number of shares)	31 March 2011 (Number of shares)
D J Watkins	**10,000**	10,000
J M B L Kerr	**13,109**	13,109
J Warren	**20,000**	20,000
J N Rounce	**6,637**	3,766

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

In addition, partners and staff of Albion Ventures LLP hold a total of 69,616 shares in the Company as at 31 March 2012.

No Director has a service contract with the Company.

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

Further details regarding the Directors' remuneration are shown on page 27.

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

Re-election of Directors
Directors' retirement and re-election is subject to the Articles of Association and the UK Corporate Governance Code. At the forthcoming Annual General Meeting, David Watkins and John Kerr will retire and offer themselves for re-election as both have been Directors of the Company for more than nine

years. The Board does not consider that the length of service reduces their ability to act independently of the Manager.

Management agreement
Under the Management agreement, the Manager provides investment management, secretarial and administrative services to the Company. The Management agreement can be terminated by either party on 12 months' notice. The Management agreement is subject to earlier termination in the event of certain breaches or on the insolvency of either party. The Manager is paid an annual fee equal to 2 per cent. of the net asset value of the Company and an annual secretarial and administrative fee of £43,528 (2011: £41,289) increased annually by RPI. These fees are payable quarterly in arrears. Total annual normal expenses, including the management fee, are limited to 3.5 per cent. of the net asset value.

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

Management performance incentive
In order to provide the Manager with an incentive to maximise the return to investors, the Company has entered into a management performance incentive arrangement with the Manager. Under the incentive arrangement, the Company will pay an incentive fee to the Manager of an amount equal to 8 per cent. of the excess total return above 5 per cent. per annum, paid out annually in cash as an addition to the management fee. Any shortfall of the target return will be carried forward into subsequent periods and the incentive fee will only be paid once all previous and current target returns have been met. For the year to 31 March 2012, no incentive fee became due to the Manager (2011: £nil).

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

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

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

Auditor
In 2007 the Audit Committee undertook a tendering exercise for provision of audit services. As a result of this process, PKF (UK) LLP was appointed as Auditor with effect from 2008. The Audit Committee annually reviews and evaluates the standard and quality of service provided by the Auditor, as well as value for money in the provision of these services. A resolution to re-appoint PKF (UK) LLP as Auditor will be proposed at the forthcoming Annual General Meeting.

Supplier payment policy
The Company's policy is to pay all supplier invoices within 30 days of the invoice date, or as otherwise agreed. As at 31 March 2012, trade creditors totalled £31,000 (2011: £3,000). The creditor days as at 31 March 2012 were 14 days (2011: 1 day).

Annual General Meeting
The Annual General Meeting will be held at the City of London Club, 19 Old Broad Street, London EC2N 1DS at 11 am on 17 September 2012. The notice of the Annual General Meeting is at the end of this document.

The proxy form enclosed with this Annual Report and Financial Statements permits shareholders to disclose votes 'for', 'against', and 'withheld'. A 'vote withheld' is not a vote in law and will not be counted in the proportion of the votes for and against the resolution. A summary of proxies lodged at the Annual General Meeting will be published at www.albion-ventures.co.uk within the 'Our Funds' section by clicking on Albion Venture Capital Trust PLC.

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

Continuation as a venture capital trust
Ordinary resolution number 7 proposes the continuation of the Company as a venture capital trust. Members have the opportunity, every five years, 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.

Directors' report (continued)

Subject to the passing of resolution number 7, it is proposed pursuant to resolution number 7 that the articles of association be amended so as to reflect the passing of such continuation vote at this year's annual general meeting. Special resolution number 8 will propose to replace the first line of article 135.1 of the current articles of association of the Company to read "At the annual general meeting of the Company in 2017 and, if the Company has not then been wound-up or unitised or re-organised at each fifth 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."

Removal of authorised share capital
Special resolution number 9 will propose the removal of the concept of authorised share capital from the Company's Articles, as permitted by the Companies Act 2006.

Power to allot shares
Ordinary resolution number 10 will request the authority to allot up to an aggregate nominal amount of £2,017,400 representing approximately 10 per cent. of the issued Ordinary share capital of the Company as at the date of this report.

The Directors do not currently have any intention to allot shares, with the exceptions of the Dividend Reinvestment Scheme, any Albion VCTs Linked Top Up Offer and reissuing treasury shares where it is in the Company's interest to do so. The Company currently holds 3,079,373 Ordinary treasury shares representing 7.8 per cent. of the total Ordinary share capital in issue as at 31 March 2012.

This resolution replaces the authority given to the Directors at the Annual General Meeting in 2011. The authority sought at the forthcoming Annual General Meeting will expire 18 months from the date this resolution is passed or at the conclusion of the next Annual General Meeting of the Company, whichever is earlier.

Dis-application of pre-emption rights
Special resolution number 11 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 £2,017,400 of the nominal value of the share capital representing 10 per cent. of the issued Ordinary share capital of the Company as at the date of this Report.

This resolution replaces the authority given to the Directors at the Annual General Meeting in 2011. The authority sought at the forthcoming Annual General Meeting will expire 18 months from the date this resolution is passed or at the conclusion of the next Annual General Meeting of the Company, whichever is earlier. Members should note that this resolution also relates to treasury shares.

Purchase of own shares
Special resolution number 12 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 12. Shares bought back under this authority may be cancelled and up to 10 per cent. can be held in treasury.

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

This resolution would renew the 2011 authority, which was on similar terms. During the financial year under review, the Company purchased 1,036,100 Ordinary shares of 50 pence each for treasury at an aggregate consideration of £663,000 including stamp duty representing 2.6 per cent. of the issued share capital of the Company as at 31 March 2012.

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

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

Special resolution number 13 will request the authority to permit Directors to sell treasury shares at the higher of the prevailing current share price and the price at which they were bought.

Recommendation
Your Board believes that the passing of the resolutions above is in the best interests of the Company and its shareholders as a whole, and unanimously recommends that you vote in favour of all the proposed resolutions, as the Directors intend to do in respect of their own beneficial shareholdings.

Directors' report (continued)

Statement of Directors' responsibilities
The Directors are responsible for preparing the Directors' report, the Directors' remuneration report and the Financial Statements in accordance with applicable law and regulations. They are also responsible for ensuring that the Annual Report includes information required by the Listing Rules of the Financial Services Authority.

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

In preparing these Financial Statements the Directors are required to:

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

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

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

The Directors confirm, to the best of their knowledge, that:

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

The names and functions of all the Directors are stated on page 9.

Disclosure of information to the auditor
In the case of the persons who are Directors of the Company at the date of approval of this report:

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

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

By Order of the Board

Albion Ventures LLP
Company Secretary

1 King's Arms Yard
London, EC2R 7AF
28 June 2012

Statement of corporate governance

Background
The Financial Services Authority requires all listed companies to disclose how they have applied the principles and complied with the provisions of the UK Corporate Governance Code (the "Code") issued by the Financial Reporting Council ("FRC") in May 2010.

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

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

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

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

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

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

The Board has an independent Chairman, David Watkins, and Jonathan Rounce and Jeff Warren are also considered to be independent. John Kerr is not an independent Director as he is also a director of Albion Income & Growth VCT PLC, a fund managed by the Manager Albion Ventures LLP and is a member of the Investment Committee of Albion Ventures LLP.

David Watkins and John Kerr have both been Directors of the Company for more than nine years and, in accordance with the recommendations of the AIC code, are subject to annual re-election. The Board does not have a policy of limiting the tenure of any Director as the Board does not consider that a Director's length of service reduces his ability to act independently of the Manager.

The Directors have a range of business and financial skills which are relevant to the Company; these are described in the Board of Directors section of this Report, on page 9. Directors are provided with key information on the Company's activities, including regulatory and statutory requirements, and internal controls, by the Manager. The Board has direct access to secretarial advice and compliance services by the Manager, who is responsible for ensuring that Board procedures are followed and applicable procedures complied with. All Directors are able to take independent professional advice in furtherance of their duties if necessary. In accordance with the UK Corporate Governance Code, the Company has in place Directors' & Officers' Liability Insurance.

The Board met six times during the year as part of its regular programme of Board meetings. All of the Directors attended each meeting. A sub-committee of the Board comprising at least two Directors met during the year to allot shares issued under the Dividend Reinvestment Scheme and the Albion VCTs Linked 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 Linked Top Up Offer 2011/2012.

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

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

- the consideration and approval of future developments or changes to the investment policy, including risk and asset allocation;
- consideration of corporate strategy;
- application of the principles of the UK Corporate Governance Code, corporate governance and internal control;
- review of sub-committee recommendations, including the recommendation to shareholders for the appointment and remuneration of auditors;

- evaluation of non-audit services provided by the external auditor;
- approval of the appropriate dividend to be paid to shareholders;
- the appointment, evaluation, removal and remuneration of the Manager;
- the performance of the Company, including monitoring of the discount of the net asset value and the share price;
- share buy-back and treasury share policy; and
- monitoring shareholder profile and considering shareholder communications.

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

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

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

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

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

In light of the structured performance evaluation, David Watkins and John Kerr, both 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. The Board believes it to be in the best interest of the Company to appoint these Directors at the forthcoming Annual General Meeting.

Remuneration Committee
Since the Company has no executive directors, the detailed Directors' Remuneration disclosure requirements set out in the Listing Rules are not considered relevant.

Audit Committee
The Audit Committee consists of all Directors. Mr Kerr is Chairman of the Audit Committee. In accordance with the Code, all members of the Audit Committee have recent and relevant financial experience and therefore considered appropriate for the whole board to be part of the audit committee. The Committee met twice during the year ended 31 March 2012; all members attended.

Written terms of reference have been constituted for the Audit Committee. These are as follows:

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

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

- formally reviewing the final Annual Report and Financial Statements, the Half-yearly Report, the Interim Management Statements and the associated

announcements, with particular focus on the main areas requiring judgement and on critical accounting policies;
- reviewing the effectiveness of the internal controls system and examination of the Internal Controls Report produced by the Manager;
- meeting with the external Auditor and reviewing their findings; and
- reviewing the performance of the Manager and making recommendations regarding their re-appointment to the Board.

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

As part of its annual review procedures, the Committee has obtained sufficient assurance from their own evaluation and the audit feedback documentation. Based on the assurance obtained, the Committee has recommended to the Board that PKF (UK) LLP is reappointed and that a resolution to this effect be proposed at the forthcoming Annual General Meeting.

Nomination Committee

The Nomination Committee consists of all Directors, with David Watkins as Chairman. The terms of reference of the Nomination Committee are to evaluate the balance of skills, experience and time commitment of the current Board members and make recommendations to the Board as and when a particular appointment arises. The Nomination Committee did not meet during the year ended 31 March 2012 and will meet when it is appropriate to do so.

Internal control

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

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

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

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

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

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

Statement of corporate governance (continued)

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

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

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

Capital structure and Articles of Association
Details regarding the Company's capital structure, substantial interests and Directors' powers to buy and issue shares are detailed in full on pages 15, 19 and 21 of the Directors' report. The Company is not party to any significant agreements that may take effect, alter or terminate upon a change of control of the Company following a takeover bid.

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

Relationships with shareholders
The Company's Annual General Meeting on 17 September 2012 will be used as an opportunity to communicate with investors. The Board, including the Chairman of the Audit Committee, will be available to answer questions at the Annual General Meeting.

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

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

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

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

Tel: 0870 873 5849
(UK National Rate call, lines are open 8.30am – 5.30pm; Mon – Fri, calls may be recorded)
Website: www.computershare.co.uk

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

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

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

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

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

Statement of compliance
With the exception of the requirement to have a Remuneration Committee, the Directors consider that the Company has complied throughout the year ended 31 March 2012 with all the relevant provisions set out in Section 1 of the Code, and with the AIC Code of Corporate Governance. The Company continues to comply with the Code as at the date of this report.

David Watkins
Chairman
28 June 2012

Directors' remuneration report

Introduction

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

UNAUDITED INFORMATION

Remuneration Committee

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

Directors' remuneration policy

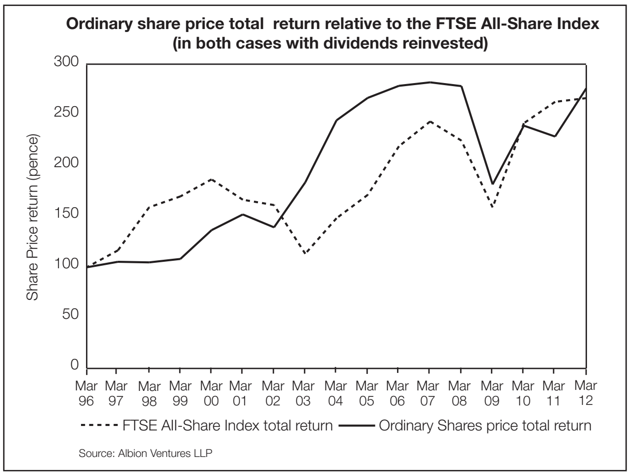
The Company's policy is that fees payable to non-executive Directors should reflect their expertise, responsibilities and time spent on Company matters. In determining the level of non-executive remuneration, market equivalents are considered in comparison to the overall activities and size of the Company.

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

Performance graph

The graph that follows shows Albion Venture Capital Trust PLC's share price total return against the FTSE All-Share Index total return, in both instances with dividends reinvested, since launch. The Directors consider the FTSE All-Share Index to be the most appropriate benchmark for the Company. Investors should, however, be reminded that shares in VCTs generally trade at a discount to the actual net asset value of the Company.

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



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

Service contracts

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

The Company's Articles of Association provide for the resignation and, if approved, re-election of the Directors every three years at the Annual General Meeting. At the forthcoming Annual General Meeting David Watkins and John Kerr will retire and be proposed for re-election.

AUDITED INFORMATION

Directors' remuneration

The following items have been audited.

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

	2012 Fees £'000	2011 Fees £'000
D J Watkins	**20**	20
J M B L Kerr	**20**	20
Jonathan Thornton Limited (for J G T Thornton's services) (resigned 30 September 2010)	**–**	10
J Warren	**20**	20
J N Rounce	**20**	16
	80	86

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.

Directors' remuneration report (continued)

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

In addition to Directors' remuneration, the Company pays an annual premium in respect of Directors' & Officers' Liability Insurance of £10,070 (2011: £10,500).

By Order of the Board

Albion Ventures LLP
Company Secretary

1 King's Arms Yard
London, EC2R 7AF
28 June 2012

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

We have audited the Financial Statements of Albion Venture Capital Trust PLC for the year ended 31 March 2012 which comprise the Income statement, the Balance sheet, the Reconciliation of movements in shareholders' funds, the Cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

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

Scope of the audit of the financial statements
An audit involves obtaining evidence about the amounts and disclosures in the Financial Statements sufficient to give reasonable assurance that the Financial Statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the Financial Statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on Financial Statements
In our opinion the Financial Statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2012 and of its return for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

- the part of the Directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006;
- the information given in the Directors' report for the financial year for which the Financial Statements are prepared is consistent with the Financial Statements; and
- the information given in the Statement of corporate governance set out on pages 23 to 26 in the Annual Report in compliance with rules 7.2.5 and 7.2.6 in the Disclosure Rules and Transparency Rules sourcebook issued by the Financial Services Authority (information about internal control and risk management systems in relation to financial reporting processes and about share capital structures) is consistent with the Financial Statements.

Matters on which we are required to report by exception
We have nothing to report in respect of the following:

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

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

Under the Listing Rules we are required to review:

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

Rhodri Whitlock (Senior statutory auditor)
for and on behalf of PKF (UK) LLP, Statutory auditor
London, UK
28 June 2012

Income statement

		Year ended 31 March 2012			Year ended 31 March 2011		
	Note	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains on investments	3	**–**	**310**	**310**	–	700	700
Investment income	4	**1,314**	**–**	**1,314**	1,300	–	1,300
Investment management fees	5	**(143)**	**(428)**	**(571)**	(141)	(424)	(565)
Other expenses	6	**(238)**	**–**	**(238)**	(248)	–	(248)
Return/(loss) on ordinary activities before tax		**933**	**(118)**	**815**	911	276	1,187
Tax (charge)/credit on ordinary activities	8	**(188)**	**118**	**(70)**	(41)	126	85
Return attributable to shareholders		**745**	**–**	**745**	870	402	1,272
Basic and diluted return per share (pence)*	10	**2.1**	**–**	**2.1**	2.5	1.2	3.7

* excluding treasury shares

The accompanying notes on pages 34 to 45 form an integral part of these Financial Statements.

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

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

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

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

Balance sheet

	Note	31 March 2012 £'000	31 March 2011 £'000
Fixed asset investments	11	**25,945**	25,974
Current assets			
Trade and other debtors	13	**10**	130
Cash at bank and in hand	17	**2,956**	2,971
		2,966	3,101
Creditors: amounts falling due within one year	14	**(525)**	(314)
Net current assets		**2,441**	2,787
Net assets		**28,386**	28,761
Capital and reserves			
Called up share capital	15	**19,733**	18,886
Share premium		**1,005**	538
Capital redemption reserve		**1,914**	1,914
Unrealised capital reserve		**(3,067)**	(3,871)
Treasury shares reserve		**(2,187)**	(1,524)
Realised capital reserve		**10,087**	10,891
Revenue reserve		**901**	1,927
Total equity shareholders' funds		**28,386**	28,761
Basic and diluted net asset value per share (pence)*	16	**78.0**	80.5

* excluding treasury shares

The accompanying notes on pages 34 to 45 form an integral part of these Financial Statements.

These Financial Statements were approved by the Board of Directors and authorised for issue on 28 June 2012, and were signed on its behalf by

David Watkins
Chairman

Company number: 3142609

Reconciliation of movements in shareholders' funds

	Called-up share capital £'000	Share premium £'000	Capital redemption reserve £'000	Unrealised capital reserve* £'000	Special reserve* £'000	Treasury shares reserve* £'000	Realised capital reserve* £'000	Revenue reserve* £'000	Total £'000
As at 1 April 2011	18,886	538	1,914	(3,871)	–	(1,524)	10,891	1,927	28,761
(Loss)/return for the period	–	–	–	(13)	–	–	13	745	745
Transfer of previously unrealised losses on disposal of investments	–	–	–	817	–	–	(817)	–	–
Purchase of own treasury shares	–	–	–	–	–	(663)	–	–	(663)
Issue of equity (net of costs)	847	467	–	–	–	–	–	–	1,314
Net dividends paid (note 9)	–	–	–	–	–	–	–	(1,771)	(1,771)
As at 31 March 2012	**19,733**	**1,005**	**1,914**	**(3,067)**	**–**	**(2,187)**	**10,087**	**901**	**28,386**

	Called-up share capital £'000	Share premium £'000	Capital redemption reserve £'000	Unrealised capital reserve* £'000	Special reserve* £'000	Treasury shares reserve* £'000	Realised capital reserve* £'000	Revenue reserve* £'000	Total £'000
As at 1 April 2010	18,050	69	1,914	(4,599)	13,236	(1,032)	(295)	1,057	28,400
Return/(loss) for the period	–	–	–	707	–	–	(305)	870	1,272
Transfer of previously unrealised losses on disposal of investments	–	–	–	21	–	–	(21)	–	–
Purchase of own treasury shares	–	–	–	–	–	(492)	–	–	(492)
Issue of equity (net of costs)	836	469	–	–	–	–	–	–	1,305
Dividends paid	–	–	–	–	–	–	–	(1,724)	(1,724)
Transfer from Special reserve to realised capital reserve	–	–	–	–	(11,512)	–	11,512	–	–
Transfer from Special reserve to Revenue reserve	–	–	–	–	(1,724)	–	–	1,724	–
As at 31 March 2011	18,886	538	1,914	(3,871)	–	(1,524)	10,891	1,927	28,761

* Included within the aggregate of these reserves is an amount of £5,734,000 (2011: £7,423,000) which is considered distributable.

Cash flow statement

	Note	Year ended 31 March 2012 £'000	Year ended 31 March 2011 £'000
Operating activities			
Investment income received		**1,244**	1,285
Deposit interest received		**37**	19
Investment management fees paid		**(571)**	(601)
Other cash payments		**(261)**	(203)
Net cash flow from operating activities	18	**449**	500
Taxation			
UK corporation tax received		**205**	379
Capital expenditure and financial investments			
Purchase of fixed asset investments		**(2,618)**	(2,365)
Disposal of fixed asset investments		**3,000**	3,280
Net cash flow from investing activities		**382**	915
Equity dividends paid			
(net of costs of issuing shares under the Dividend Reinvestment Scheme and unclaimed dividends)		**(1,635)**	(1,644)
Net cash flow before financing		**(599)**	150
Financing			
Purchase of own shares	15	**(663)**	(492)
Issue of share capital (net of costs)		**1,247**	1,210
Net cash flow from financing		**584**	718
Cash flow in the year	17	**(15)**	868

Notes to the Financial Statements

1. Accounting convention

The Financial Statements have been prepared in accordance with the historical cost convention, modified to include the revaluation of investments, in accordance with applicable United Kingdom law and accounting standards and with the Statement of Recommended Practice "Financial Statements of Investment Trust Companies and Venture Capital Trusts" ("SORP") issued by The Association of Investment Companies ("AIC") in January 2009. Accounting policies have been applied consistently in current and prior periods.

2. Accounting policies

Investments

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

In accordance with FRS 26 "Financial Instruments Recognition and Measurement", unquoted equity, debt issued at a discount and convertible bonds are designated as fair value through profit or loss ("FVTPL"). Fair value is determined by the Directors in accordance with the International Private Equity and Venture Capital Valuation Guidelines (IPEVCV guidelines).

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

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

Warrants and unquoted equity derived instruments

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

Unquoted loan stock

Unquoted loan stock (excluding convertible bonds and debt issued at a discount) is classified as loans and receivables as permitted by FRS 26 and measured at amortised cost using the effective interest rate method ("EIR") less impairment. Movements in respect of capital provisions are reflected in the capital column of the Income statement and are reflected in the realised capital reserve following sale, or in the unrealised capital reserve on impairment arising from revaluations of the fair value of the security.

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

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

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

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

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

Investment income

Unquoted equity income

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

Unquoted loan stock and other preferred income

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

Bank interest income

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

Investment management fees and other expenses

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

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

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

Performance incentive fee

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

Taxation

Taxation is applied on a current basis in accordance with FRS 16 "Current tax". Taxation associated with capital expenses is applied in accordance with the SORP. In accordance with FRS

2. **Accounting policies (continued)**

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

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

Reserves

Share premium account

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

Capital redemption reserve

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

Unrealised capital reserve

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

Treasury shares reserve

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

Realised capital reserve

The following are disclosed in this reserve:

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

Dividends

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

Notes to the Financial Statements (continued)

3. Gains on investments

	Year ended 31 March 2012 £'000	Year ended 31 March 2011 £'000
Unrealised gains on fixed asset investments held at fair value through profit or loss	**782**	725
Impairments on fixed asset investments held at amortised cost	**(795)**	(18)
Unrealised (losses)/gains sub total	**(13)**	707
Realised gains on fixed asset investments held at fair value through profit or loss	**283**	8
Realised gains/(losses) on fixed asset investments held at amortised cost	**40**	(15)
Realised gains/(losses) sub-total	**323**	(7)
	310	700

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

4. Investment income

	Year ended 31 March 2012 £'000	Year ended 31 March 2011 £'000
Income recognised on investments held at fair value through profit or loss		
Income from convertible bonds and discounted debt	**22**	–
Other income	**–**	13
	22	13
Income recognised on investments held at amortised cost		
Return on loan stock investments	**1,250**	1,266
Bank deposit interest	**42**	21
	1,292	1,287
	1,314	1,300

Interest income earned on impaired investments at 31 March 2012 amounted to £323,000 (2011: £276,000). These investments are all held at amortised cost.

5. Investment management fees

	Year ended 31 March 2012			Year ended 31 March 2011		
	Revenue £'000	**Capital £'000**	**Total £'000**	Revenue £'000	Capital £'000	Total £'000
Investment management fee	**143**	**428**	**571**	141	424	565

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

6. Other expenses

	Year ended 31 March 2012 £'000	Year ended 31 March 2011 £'000
Directors' fees (including VAT and NIC)	**87**	94
Secretarial and administration fee	**44**	41
Other administrative expenses	**68**	76
Tax services	**16**	15
Auditor's remuneration for statutory audit services (exc. VAT)	**23**	22
	238	248

Notes to the Financial Statements (continued)

7. Directors' fees

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

	Year ended 31 March 2012 £'000	Year ended 31 March 2011 £'000
Directors' fees	**80**	86
National insurance and/or VAT	**7**	8
	87	94

Further information regarding Directors' remuneration can be found in the Directors' remuneration report on page 27.

8. Tax (charge)/credit on ordinary activities

	Year ended 31 March 2012			Year ended 31 March 2011		
	Revenue £'000	**Capital £'000**	**Total £'000**	Revenue £'000	Capital £'000	Total £'000
UK corporation tax in respect of current year	**(234)**	**118**	**(116)**	(245)	126	(119)
UK corporation tax in respect of prior year	**46**	**–**	**46**	204	–	204
	(188)	**118**	**(70)**	(41)	126	85

Factors affecting the tax charge:

	Year ended 31 March 2012 £'000	Year ended 31 March 2011 £'000
Return on ordinary activities before taxation	**815**	1,187
Tax on profit at the standard rate (26%)	**(212)**	(333)
Factors affecting the charge:		
Non-taxable gains	**81**	197
Consortium relief in respect of prior years	**46**	204
Marginal relief	**15**	17
	(70)	85

The tax charge/(credit) for the year shown in the Income statement is lower than the standard rate of corporation tax in the UK of 26 per cent. (2011: 28 per cent.). The differences are explained above.

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

Notes

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

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

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

Notes to the Financial Statements (continued)

9. Dividends

	Year ended 31 March 2012 £'000	Year ended 31 March 2011 £'000
First dividend paid on 25 June 2010 – 2.5 pence per share	**–**	867
Second dividend paid on 31 December 2010 – 2.5 pence per share	**–**	857
First dividend paid 29 July 2011 – 2.5 pence per share	**897**	–
Second dividend paid 30 December 2011 – 2.5 pence per share	**888**	–
Unclaimed dividends	**(14)**	–
	1,771	1,724

In addition to the dividends summarised above, the Board has declared a first dividend for the year ending 31 March 2013 of 2.5 pence per share. This dividend will be paid on 27 July 2012 to shareholders on the register as at 2 July 2012. The total dividend will be approximately £930,000.

During the year, unclaimed dividends older than twelve years of £14,000 (2011: £nil) were returned to the Company in accordance with the terms of the Articles of Association.

10. Basic and diluted return per share

	Year ended 31 March 2012			Year ended 31 March 2011		
	Revenue	**Capital**	**Total**	Revenue	Capital	Total
The return per share has been based on the following figures:						
Return attributable to equity shares (£'000)	**745**	**–**	**745**	870	402	1,272
Weighted average shares in issue (excluding treasury shares)		**35,974,300**			34,764,240	
Return attributable per equity share (pence)	**2.1**	**–**	**2.1**	2.5	1.2	3.7

The weighted average number of shares is calculated excluding treasury shares of 3,079,373 (2011: 2,043,273).

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

11. Fixed asset investments

	31 March 2012 £'000	31 March 2011 £'000
Unquoted equity investments at fair value through profit or loss	**8,490**	7,792
Discounted debt and convertible loan stock at fair value through profit or loss	**1,315**	119
Preference share investments at fair value through profit or loss	**–**	439
Unquoted loan stock investments measured at amortised cost	**16,140**	17,624
	25,945	25,974

Notes to the Financial Statements (continued)

11. Fixed asset investments (continued)

	£'000
Opening valuation	25,974
Purchases at cost	2,635
Disposal proceeds	(3,012)
Realised gains	323
Movement in loan stock accrued income	38
Unrealised loss	(13)
Closing valuation	**25,945**
Movement in loan stock accrued income	
Opening accumulated movement in loan stock accrued income	160
Movement in loan stock accrued income	38
Closing accumulated movement in loan stock accrued income	**198**
Movement in unrealised losses	
Opening accumulated unrealised losses	(3,871)
Transfer of previously unrealised losses to realised reserve on disposal of investments	817
Movement in unrealised gains/reversal of impairments	(13)
Closing accumulated unrealised losses	**(3,067)**
Historic cost basis	
Opening book cost	29,685
Purchases at cost	2,635
Sales at cost	(3,506)
Closing book cost	**28,814**

Fixed asset investments held at fair value through the profit or loss account total £9,805,000 (2011: £8,350,000). Investments held at amortised cost total £16,140,000 (2011: £17,624,000).

The amounts shown for the purchase and disposal of fixed assets included in the cash flow statement differ from the amounts shown above due to investment settlement debtors and creditors.

Unquoted loan stock investments (excluding debt issued at a discount) are measured at amortised cost. Loan stocks using a fixed interest rate total £16,076,000 (2011: £17,624,000). Loan stocks with a floating rate of interest total £64,000 (2011: £60,000).

The Directors believe that the carrying value of loan stock measured at amortised cost is not materially different to fair value.

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

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

Valuation methodology	31 March 2012 £'000	31 March 2011 £'000
Cost (reviewed for impairment)	**1,909**	1,513
Net asset value supported by independent desktop reviews	**23**	54
Net asset value supported by third party valuation	**7,873**	6,783
	9,805	8,350

There have been no changes in valuation methodologies of unquoted equity investments between 31 March 2011 and 31 March 2012.

The valuation method used will be the most appropriate valuation methodology for an investment within its market, with regard to the financial health of the investment and the September 2009 IPEVCV Guidelines. The Directors believe that, within these parameters, there are no other reasonable methods of valuation which would be reasonable as at 31 March 2012.

Notes to the Financial Statements (continued)

11. Fixed asset investments (continued)

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

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

Unquoted equity, preference share and convertible and discounted bond investments are all valued according to Level 3 valuation methods.

Unquoted equity investments, debt issued at a discount and convertible bonds valued at fair value through profit or loss (level 3) had the following movements in the year to 31 March 2012:

		31 March 2012			31 March 2011	
	Equity £'000	**Convertible and discounted bonds £'000**	**Total £'000**	Equity £'000	Convertible and discounted bonds £'000	Total £'000
Opening balance	**8,231**	**119**	**8,350**	7,684	–	7,684
Additions	**720**	**797**	**1,517**	787	79	866
Disposal proceeds	**(1,127)**	**-**	**(1,127)**	(933)	–	(933)
Realised gains	**283**	**-**	**283**	(2)	10	8
Unrealised gains	**383**	**399**	**782**	695	30	725
Closing balance	**8,490**	**1,315**	**9,805**	8,231	119	8,350

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

12. Significant interests

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

Company	Country of incorporation	Principal activity	% class and voting rights
City Screen (Cambridge) Limited	Great Britain	Art house cinema	50.0% Ordinary shares
G&K Smart Developments VCT Limited	Great Britain	Residential property developer	42.9% Ordinary shares
Kew Green VCT (Stansted) Limited	Great Britain	Hotel owner and operator	28.2% Ordinary shares
The Bear Hungerford Limited	Great Britain	Hotel owner and operator	26.2% Ordinary shares
The Stanwell Hotel Limited	Great Britain	Hotel owner and operator	24.6% Ordinary shares
Oakland Care Centre Limited	Great Britain	Care home	21.1% Ordinary shares

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

Notes to the Financial Statements (continued)

13. Current assets

Trade and other debtors	31 March 2012 £'000	31 March 2011 £'000
Prepayments and accrued income	**10**	9
UK corporation tax receivable	**–**	99
Other debtors	**–**	22
	10	130

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 March 2012 £'000	31 March 2011 £'000
Trade creditors	**31**	3
UK Corporation tax payable	**175**	-
Accruals and deferred income	**319**	311
	525	314

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

15. Called up share capital

	31 March 2012 £'000	31 March 2011 £'000
Allotted, called up and fully paid		
39,467,119 Ordinary shares of 50p each (2011: 37,772,181)	**19,733**	18,886

Shares in issue

36,387,746 Ordinary shares of 50p each (net of treasury shares) (2011: 35,728,908).

The Company purchased 1,036,100 Ordinary shares (2011: 739,995) to be held in treasury at a cost of £663,000 (2011: £492,000) representing 2.8 per cent of the shares in issue (excluding treasury shares) as at 31 March 2012. The shares purchased for treasury were funded from the Treasury shares reserve.

The Company holds a total of 3,079,373 shares (2011: 2,043,273) in treasury, representing 7.8 per cent. of the Ordinary share capital in issue as at 31 March 2012.

Under the terms of the Dividend Reinvestment Scheme Circular dated 10 July 2008, the following Ordinary shares of nominal value 50 pence were allotted during the year:

Date of Allotment	Number of shares allotted	Aggregate nominal value of shares £'000	Net consideration received £'000	Issue price including issue cost (pence per share)	Opening market price per share on allotment date (pence per share)
29 July 2011	64,021	32	41	78.0	66.0
30 December 2011	66,479	33	47	77.0	66.5
	130,500	65	88		

During the year the following Ordinary shares of nominal value 50 pence were allotted under the Albion VCT's Linked Top Up Offers:

Date of Allotment	Number of shares allotted	Aggregate nominal value of shares £'000	Net consideration received £'000	Issue price including issue cost (pence per share)	Opening market price per share on allotment date (pence per share)
5 April 2011	514,084	257	404	83.1	60.0
16 May 2011	43,662	22	34	83.1	61.0
10 January 2012	489,770	245	378	81.5	66.5
20 March 2012	516,922	258	410	83.8	66.5
	1,564,438	782	1,226		

Notes to the Financial Statements (continued)

16. Basic and diluted net asset values per share

	31 March 2012	31 March 2011
Basic and diluted net asset values per share (pence)	**78.0**	80.5

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 36,387,746 Ordinary shares (2011: 35,728,908).

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

17. Analysis of changes in cash during the year

	Year ended 31 March 2012 £'000	Year ended 31 March 2011 £'000
Opening cash balances	**2,971**	2,103
Net cash flow	**(15)**	868
Closing cash balances	**2,956**	2,971

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

	Year ended 31 March 2012 £'000	Year ended 31 March 2011 £'000
Revenue return on ordinary activities before taxation	**933**	911
Investment management fee charged to capital	**(428)**	(424)
Movement in accrued amortised loan stock interest	**(38)**	20
Increase in debtors	**(1)**	(29)
Increase in creditors	**(17)**	22
Net cash flow from operating activities	**449**	500

19. Capital and financial instruments risk management

The Company's capital comprises Ordinary shares as described in note 15. The Company is permitted to buy-back its own shares for cancellation or treasury purposes, and this is described in more detail on page 7 of the Chairman's statement.

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

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

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

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

Investment risk

As a venture capital trust, it is the Company's specific nature to evaluate and control the investment risk of its portfolio in unquoted investments, details of which are shown on pages 11 to 12. Investment risk is the exposure of the Company to the revaluation and devaluation of investments. The main driver of investment risk is the operational and financial performance of the investee company and the dynamics of market quoted comparators. The Manager receives management accounts from investee companies, and members of the investment management team often sit on the boards of unquoted investee companies; this enables the close identification, monitoring and management of investment risk.

Notes to the Financial Statements (continued)

19. Capital and financial instruments risk management (continued)

Investment risk (continued)

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

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

The maximum investment risk as at the balance sheet date is the value of the fixed investment portfolio which is £25,945,000 (2011: £25,974,000). Fixed asset investments form 91.4 per cent. of the net asset value as at 31 March 2012 (2011: 90.3 per cent.).

More details regarding the classification of fixed asset investments are shown in note 11.

Investment price risk

Investment price risk is the risk that the fair value of future investment cash flows will fluctuate due to factors specific to an investment instrument or to a market in similar instruments. To mitigate the investment price risk for the Company as a whole, the strategy of the Company is to invest in a broad spread of industries with approximately two-thirds of the unquoted investments comprising debt securities, which, owing to the structure of their yield and the fact that they are usually secured, have a lower level of price volatility than equity. Details of the industries in which investments have been made are contained in the Portfolio of investments section on pages 11 to 12 and in the Manager's report.

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

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

The sensitivity of a 10 per cent. increase or decrease in the valuation of the fixed and current asset investments (keeping all other variables constant) would increase or decrease the net asset value and return for the year by £2,595,000 (2011: £2,597,000).

Cash flow interest rate risk

It is the Company's policy to accept a degree of interest rate risk on its financial assets through the effect of interest rate changes. On the basis of the Company's analysis, it is estimated that a rise of one percentage point in all interest rates would have increased total return before tax for the year by approximately £24,000 (2011: £13,000). Furthermore, it is considered that a fall of interest rates below current levels during the year would have been very unlikely.

The weighted average interest rate applied to the Company's fixed rate assets during the year was approximately 6.4 per cent. (2011: 6.3 per cent.). The weighted average period to maturity for the fixed rate assets is approximately 2.6 years (2011: 2.2 years).

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

	31 March 2012				31 March 2011			
	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	**–**	**–**	**8,490**	**8,490**	–	–	8,231	8,231
Convertible and discounted bonds	**–**	**–**	**1,315**	**1,315**	–	–	119	119
Unquoted loan stock	**16,076**	**64**	**–**	**16,140**	17,624	–	–	17,624
Debtors *	**–**	**–**	**8**	**8**	–	–	25	25
Current liabilities	**–**	**–**	**(350)**	**(350)**	–	–	(314)	(314)
Cash	**1,479**	**1,477**	**–**	**2,956**	1,874	1,097	–	2,971
Total net assets	**17,555**	**1,541**	**9,463**	**28,559**	19,498	1,097	8,061	28,656

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

Notes to the Financial Statements (continued)

19. Capital and financial instruments risk management (continued)

Credit risk

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

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

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

The Company's total gross credit risk as at 31 March 2012 was limited to £17,455,000 (2011: £17,743,000) of unquoted loan stock instruments (all of which is secured on the assets of the investee company), £2,956,000 cash deposits with banks (2011: £2,971,000) and £10,000 debtors (2011: £130,000).

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

The cost, impairment and carrying value of impaired loan stocks held at amortised cost at 31 March 2012 and 31 March 2011 are as follows:

	31 March 2012			31 March 2011		
	Cost £'000	**Impairment £'000**	**Carrying value £'000**	Cost £'000	Impairment £'000	Carrying value £'000
Impaired loan stock	**9,104**	**(2,345)**	**6,759**	6,166	(1,454)	4,712

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

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

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

Liquidity risk

Liquid assets are held as cash on current, deposit or short term money market accounts. Under the terms of its Articles, the Company has the ability to borrow up to 10 per cent. of its adjusted capital and reserves of the latest published audited balance sheet, which amounts to £2,842,000 as at 31 March 2012 (2011: £2,876,000).

The Company has no committed borrowing facilities as at 31 March 2012 (2011: £nil) and had cash balances of £2,956,000 (2011: £2,971,000). The main cash outflows are for new investments, buy-back of shares and dividend payments, which are within the control of the Company. The Manager formally reviews the cash requirements of the Company on a monthly basis, and the Board on a quarterly basis as part of its review of management accounts and forecasts. All the Company's financial liabilities are short term in nature and total £490,000 for the year to 31 March 2012 (2011: £314,000).

The carrying value of loan stock investments at 31 March 2012 as analysed at each year end by expected maturity dates is as follows:

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

Notes to the Financial Statements (continued)

19. Capital and financial instruments risk management (continued)

Liquidity risk (continued)

Loan stock categorised as past due includes:

- Loan stock valued at £24,000 yielding 14% and loan stock valued at £265,000 yielding 6.6% which has capital past due by 12 months;
- Loan stock valued at £181,000 yielding 14%, loan stock valued at £675,000 yielding 8% and loan stock valued at £802,000 yielding 6.6% all of which has capital past due between 15 and 26 months;
- Loan stock valued at £1,095,000 has interest overdue less than 3 months;
- Loan stock valued at £250,000 which has interest overdue by 5 months; and
- Loan stock valued at £270,000 which has capital overdue by six years.

The carrying value of loan stock investments held at amortised cost at 31 March 2011 as analysed by expected maturity dates is as follows:

Redemption date	Fully performing loan stock £'000	Renegotiated loan stock £'000	Impaired loan stock £'000	Past due £'000	Total £'000
Less than one year	971	1,287	922	460	3,640
1-2 years	34	–	1,068	950	2,052
2-3 years	668	–	1,452	5,195	7,315
3-5 years	1,749	–	1,270	1,598	4,617
Total	3,422	1,287	4,712	8,203	17,624

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

Fair values of financial assets and financial liabilities

All the Company's financial assets and liabilities as at 31 March 2012 are stated at fair value as determined by the Directors, with the exception of loans and receivables included within investments, cash, debtors and creditors which are carried at amortised cost, as permitted by FRS 26. The Directors believe that the current carrying value of loan stock is not materially different to the fair value. There are no financial liabilities other than creditors. The Company's financial liabilities are all non-interest bearing. It is the Directors' opinion that the book value of the financial liabilities is not materially different to the fair value and all are payable within one year.

20. Commitments and contingencies

As at 31 March 2012, the Company was not committed to making any investments.

There are no contingent liabilities or guarantees given by the Company as at 31 March 2012 (31 March 2011: nil).

21. Post balance sheet events

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

- On 16 May 2012, the Company announced that it had reached an agreement in principle to merge with Albion Prime VCT plc. Details can be found in the Chairman's Statement on page 6;
- Investment of £100,000 in Bravo Inns II Limited;
- Investment of £25,000 in Nelson House Hospital Limited; and
- The following Ordinary shares of nominal value 50 pence per share were allotted under the Albion VCTs Linked Top Up Offer:

Date of Allotment	**Number of shares allotted**	**Aggregate nominal value of shares £'000**	**Net consideration received £'000**	**Issue price including issue cost (pence per share)**	**Opening market price per share on allotment date (pence per share)**
5 April 2012	791,924	396	627	83.8	68.50
31 May 2012	88,960	44	71	83.8	65.50

22. Related party transactions

The Manager, Albion Ventures LLP, could be considered to be a related party by virtue of the fact that it is party to a Management agreement from the Company (details disclosed on page 20 of this Report). During the year, services of a total value of £615,000 (2011: £606,000), were purchased by the Company from Albion Ventures LLP; this includes £571,000 (2011: £565,000) of investment management fee and £44,000 (2011: £41,000) administration fee (including VAT). At the financial year end, the amount due to Albion Ventures LLP in respect of these services disclosed within accruals and deferred income was £169,000 (2011: £170,000).

During the year the Company raised new funds through the Albion VCTs Linked Top Up Offer as detailed in note 15. The total cost of the issue of these shares was 5.5% of the sums subscribed. Of these costs, an amount of £6,740 (2011: £3,450) was paid to the Manager, Albion Ventures LLP in respect of receiving agent services. There were no sums outstanding in respect of receiving agent services at 31 March 2012.

There are no other related party transactions or balances requiring disclosure.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Albion Venture Capital Trust PLC (the "Company") will be held at the City of London Club, 19 Old Broad Street, London EC2N 1DS on 17 September 2012 at 11 am for the following purposes:

To consider and, if thought fit, to pass the following resolutions, of which numbers 1 to 7 and 10 will be proposed as ordinary resolutions and numbers 8 and 9 and 11 to 13 as special resolutions.

Ordinary Business

1. To receive and adopt the Company's accounts for the year ended 31 March 2012 together with the report of the Directors and Auditor.

2. To approve the Directors' remuneration report for the year ended 31 March 2012.

3. To re-elect David Watkins as a Director of the Company.

4. To re-elect John Kerr as a Director of the Company.

5. To re-appoint PKF (UK) LLP as Auditor of the Company to hold office from conclusion of the meeting to the conclusion of the next meeting at which the accounts are to be laid.

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

Special Business

7. To continue the life of the company as a venture capital trust.

8. Subject to the passing of resolution number 7, the first line of article 135.1 of the current articles of association of the Company be replaced with "At the annual general meeting of the Company in 2017 and, if the Company has not then been wound-up or unitised or re-organised at each fifth 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 venture capital trust."

9. That the Articles of Association of the Company be altered by deleting the present Article 3 setting out the authorised share capital of the Company in its entirety.

10. That the Directors be generally and unconditionally authorised in accordance with section 551 of the Companies Act 2006 (the "Act") to allot shares of nominal value 50 pence per share in the Company up to a aggregate nominal amount of £2,017,400 representing 10 per cent. of the total Ordinary share capital, such authority shall expire 18 months from the date of this resolution, or at the conclusion of the Annual General Meeting, whichever is earlier, but so that the Company may, before the expiry of such period, make an offer or agreement which would or might require shares to be allotted after the expiry of such period and the Directors may allot shares pursuant to such an offer or agreement as if the authority had not expired.

11. That, subject to and conditional on the passing of resolution number 10, 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 10 as if section 561(1) of the Act did not apply to any such allotment, provided that this power shall be limited to the allotment of equity securities:

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

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

    (c) in connection with a top up offer outside of the Prospectus Rules; and

    (d) otherwise than pursuant to paragraphs (a) to (c) above, up to an aggregate nominal amount of £2,017,400 for Ordinary shares,

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

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

This power applies in relation to a sale of shares which is an allotment of equity securities by virtue of section 560(2)(b) of the Act as if in the first paragraph of the resolution the words “subject and conditional on the passing of resolution number 10” were omitted.

12. That the Company be generally and unconditionally authorised to make market purchases (within the meaning of Section 693(4) of the Act) of Ordinary shares of 50 pence in the capital of the Company (“Ordinary shares”), on such terms as the Directors think fit, and where such shares are held as treasury shares, the Company may use them for the purposes set out in section 727 of the Act, provided that:

   (a) the maximum number of Ordinary shares hereby authorised to be purchased is 14.99 per cent. of the Ordinary shares in issue as at the date of the passing of this resolution;

   (b) the minimum price, exclusive of any expenses, which may be paid for an Ordinary share is 50 pence;

   (c) the maximum price, exclusive of any expenses, which may be paid for each Ordinary share is an amount equal to the higher of (a) 105 per cent. of the average of the middle market quotations for an Ordinary share, as derived from the London Stock Exchange Daily Official List, for the five business days immediately preceding the day on which the Ordinary share is purchased; and (b) the amount stipulated by Article 5(1) of the Buy-back and Stabilisation Regulation 2003;

   (d) the authority hereby conferred shall, unless previously revoked or varied, expire at the end of the next Annual General Meeting, or eighteen months from the date of the passing of the resolution, whichever is earlier; and

   (e) the Company may make a contract or contracts to purchase Ordinary shares under this authority before the expiry of the authority which will or may be executed wholly or partly after the expiry of the authority, and may make a purchase of shares in pursuance of any such contract or contracts.

   Under the Companies (Acquisition of Own Shares) (Treasury Shares) Regulations 2003 (the “Regulations”), Ordinary shares purchased by the Company out of distributable profits can be held as treasury shares, which may then be cancelled or sold for cash. The authority sought by this special resolution number 12 is intended to apply equally to shares to be held by the Company as treasury shares in accordance with the Regulations. These powers are intended to permit Directors to sell treasury shares at a price not less than that at which they were purchased.

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

BY ORDER OF THE BOARD

Albion Ventures LLP
Company Secretary

Registered office
1 King’s Arms Yard London, EC2R 7AF
Registered in England and Wales with number 3142609
28 June 2012

Notice of Annual General Meeting (continued)

Notes

1. Members entitled to attend, speak and vote at the General Meeting ("GM") may appoint a proxy or proxies (who need not be a member of the Company) to exercise these rights in their place at the meeting. A member may appoint more than one proxy, provided that each proxy is appointed to exercise the rights attached to different shares. Proxies may only be appointed by:
   - completing and returning the Form of Proxy enclosed with this Notice to Computershare Investor Services PLC, The Pavilion, Bridgwater Road, Bristol, BS99 6ZZ;
   - going to www.computershare.co.uk and following the instructions provided there; or
   - by having an appropriate CREST message transmitted, if you are a user of the CREST system (including CREST personal members).

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

   To be effective the Form of Proxy must be completed in accordance with the instructions and received by the Registrars of the Company by 11 am on 15 September 2012.

   In accordance with good governance practice, the Company is offering shareholders use of an online service, offered by the Company's registrar, Computershare Investor Services, at www.computershare.co.uk. Shareholders can use this service to vote or appoint a proxy online. The same voting deadline of 11 am on 15 September 2012 applies as if you were using your Personalised Voting Form to vote or appoint a proxy by post to vote for you. Shareholders will need to use the unique personal identification Investor Code that is printed in their Form of Proxy. Shareholders should not show this information to anyone unless they wish to give proxy instructions on their behalf.
2. Any person to whom this Notice is sent who is a person nominated under section 146 of the Companies Act 2006 ('the Act') to enjoy information rights (a "Nominated Person") may, under an agreement between him or her and the member by whom he or she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the AGM. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he or she may, under any such agreement, have a right to give instructions to the member as to the exercise of voting rights. The statement of rights of members in relation to the appointment of proxies in note 1 above does not apply to Nominated Persons. The rights described in that note can only be exercised by members of the Company.
3. To be entitled to attend and vote at the AGM (and for the purpose of the determination by the Company of the votes they may cast), members must be registered in the register of members of the Company at 11 am on 15 September 2012 (or, in the event of any adjournment, on the date which is two days before the time of the adjourned meeting). Changes to the register of members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.
4. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.
5. Copies of contracts of service and letters of appointment between the Directors and the Company will be available for inspection at the Registered Office of the Company during normal business hours from the date of this Notice until the conclusion of the meeting, and at the place of the meeting for at least 15 minutes prior to the meeting until its conclusion. In addition, a copy of the Articles of Association will be available for inspection at the Company's Registered Office from the date of this Notice until the conclusion of the meeting, and at the place of the meeting for at least 15 minutes prior to the meeting until its conclusion.
6. Under section 527 of the Act members meeting the threshold requirements set out in that section have the right to require the Company to publish on a website a statement setting out any matter relating to: (i) the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the AGM; or (ii) any circumstances connected with an auditor of the Company ceasing to hold office since the previous meeting at which the annual accounts and reports were laid in accordance with section 437 of the Act. The Company may not require the members requesting any such website publication to pay its expenses in complying with sections 527 or 528 of the Act. Where the Company is required to place a statement on a website under section 527 of the Act, it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the AGM includes any statement that the Company has been required under section 527 of the Act to publish on a website.
7. A copy of this Notice, and other information regarding the AGM, as required by section 311A of the Act, is available from www.albion-ventures.co.uk, Our Funds, Albion Venture Capital Trust PLC.
8. Any member attending the AGM has the right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the AGM but no such answer need be given if (a) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information, (b) the answer has already been given on a website in the form of an answer to a question, or (c) it is undesirable in the interests of the Company or the good order of the AGM that the question be answered.
9. As at 28 June 2012 (being the latest practicable date prior to the publication of this Notice), the Company's issued share capital consists of 40,348,003 Ordinary shares. The Company holds 3,079,373 Ordinary shares in treasury. Therefore, the total voting rights in the Company as at 28 June 2012 are 37,268,630.
10. Members satisfying the thresholds in Section 338 of the Companies Act 2006 may require the Company to give, to members of the Company entitled to receive notice of the AGM, notice of a resolution which those members intend to move (and which may properly be moved) at the AGM. A resolution may properly be moved at the AGM unless (i) it would, if passed, be ineffective (whether by reason of any inconsistency with any enactment of the Company's constitution or otherwise); (ii) it is defamatory of any person; or (iii) it is frivolous or vexatious. The business which may be dealt with at the AGM includes a resolution circulated pursuant to this right. A request made pursuant to this right may be in hard copy or electronic form, must identify the resolution of which notice is to be given, must be authenticated by the person(s) making it and must be received by the Company not later than 6 weeks before the date of the AGM.
11. Members satisfying the thresholds in Section 388A of the Companies Act 2006 may request the Company to include in the business to be dealt with at the AGM any matter (other than a proposed resolution) which may properly be included in the business at the AGM.

    A matter may properly be included in the business at the AGM unless (i) it is defamatory of any person or (ii) it is frivolous or vexatious. A request made pursuant to this right may be in hard copy or electronic form, must identify the matter to be included in the business, must be accompanied by a statement setting out the grounds for the request, must be authenticated by the person(s) making it and must be received by the Company not later than 6 weeks before the date of the AGM.

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