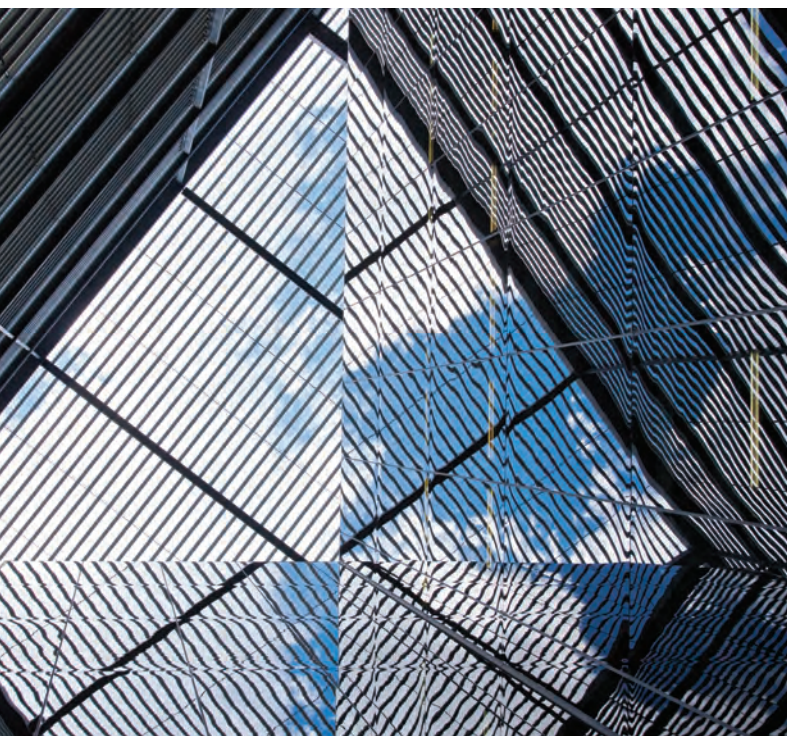


Albion Venture Capital Trust PLC

Annual Report and Financial
Statements for the year
ended 31 March 2019



2019

AlbionCapital

Contents

Page

2	Company information
3	Investment policy
3	Background to the Company
3	Financial calendar
4	Financial highlights
6	Chairman's statement
9	Strategic report
17	The Board of Directors
18	The Manager
20	Portfolio of investments
22	Portfolio companies
27	Directors' report
32	Statement of Directors' responsibilities
33	Statement of corporate governance
38	Directors' remuneration report
41	Independent Auditor's report
47	Income statement
48	Balance sheet
49	Statement of changes in equity
50	Statement of cash flows
51	Notes to the Financial Statements
64	Notice of Annual General Meeting
68	Dividend history for C shares and Albion Prime VCT PLC



Company information

Company number	03142609
Directors	Richard Glover, Chairman John Kerr ACMA Ann Berresford ACA Ebbe Dinesen R (Danish) FSR Jeff Warren ACCA
Country of incorporation	United Kingdom
Legal form	Public Limited Company
Manager, company secretary, AIFM and registered office	Albion Capital Group LLP 1 Benjamin Street London, EC1M 5QL
Registrar	Computershare Investor Services PLC The Pavilions Bridgwater Road Bristol, BS99 6ZZ
Auditor	BDO LLP 55 Baker Street London, W1U 7EU
Taxation adviser	Philip Hare & Associates LLP 1st Floor 4 Staple Inn London, WC1V 7QH
Legal adviser	Bird & Bird LLP 12 New Fetter Lane London, EC4A 1JP
Depository	Ocorian (UK) Limited 11 Old Jewry London, EC2R 8DU

Albion Venture Capital Trust PLC is a member of The Association of Investment Companies (www.theaic.co.uk).

Shareholder information For help relating to dividend payments, shareholdings and share certificates please contact Computershare Investor Services PLC:
Tel: 0370 873 5849 (UK National Rate call, lines are open 8.30am – 5.30pm; Mon – Fri, calls may be recorded)
Website: www.investorcentre.co.uk
Shareholders can access holdings and valuation information regarding any of their shares held with Computershare by registering on Computershare’s website.

Financial adviser information For enquiries relating to the performance of the Company, and information for financial advisers, please contact Albion Capital Group LLP:
Email: info@albion.capital
Tel: 020 7601 1850 (lines are open 9.00am – 5.30pm; Mon – Fri; calls are recorded)
Website: www.albion.capital

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

Investment policy

Albion Venture Capital Trust PLC (the “Company”) is a venture capital trust and the investment policy is intended to produce a regular and predictable dividend stream with an appreciation in capital value.

Investment policy

The Company will invest in a broad portfolio of smaller, unquoted growth businesses across a variety of sectors including higher risk technology companies. Investments may take the form of equity or a mixture of equity and loans.

Allocation of funds will be determined by the investment opportunities which become available but efforts will be made to ensure that the portfolio is diversified both in terms of sector and stage of maturity of company. Funds held pending investment or for liquidity purposes will be held as cash on deposit.

Risk diversification and maximum exposures

Risk is spread by investing in a number of different businesses within venture capital trust qualifying industry sectors. The maximum amount which the Company will invest in a single portfolio company is 15 per cent. of the Company’s assets at cost, thus ensuring a spread of investment risk. The value of an individual investment may increase over time as a result of trading progress and it is possible that it may grow in value to a point where it represents a significantly higher proportion of total assets prior to a realisation opportunity being available.

Gearing

The Company’s maximum exposure in relation to gearing is restricted to 10 per cent. of the adjusted share capital and reserves.

Background to the Company

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 has raised a further £34.8 million under the Albion VCTs Top Up Offers since 2011.

On 25 September 2012, the Company acquired the assets and liabilities of Albion Prime VCT PLC (“Prime”) in exchange for new shares in the Company, resulting in a further £14.3 million of net assets.

Financial calendar

Record date for first dividend	12 July 2019
Payment of first dividend	31 July 2019
Annual General Meeting	Noon on 21 August 2019
Announcement of half-yearly results for the six months ending 30 September 2019	December 2019
Payment of second dividend (subject to Board approval)	31 January 2020

Financial highlights

7.9p

Basic and diluted total return per share for the year ended 31 March 2019

5.0p

Total tax-free dividend per share paid during the year ended 31 March 2019

79.0p

Net asset value per share as at 31 March 2019

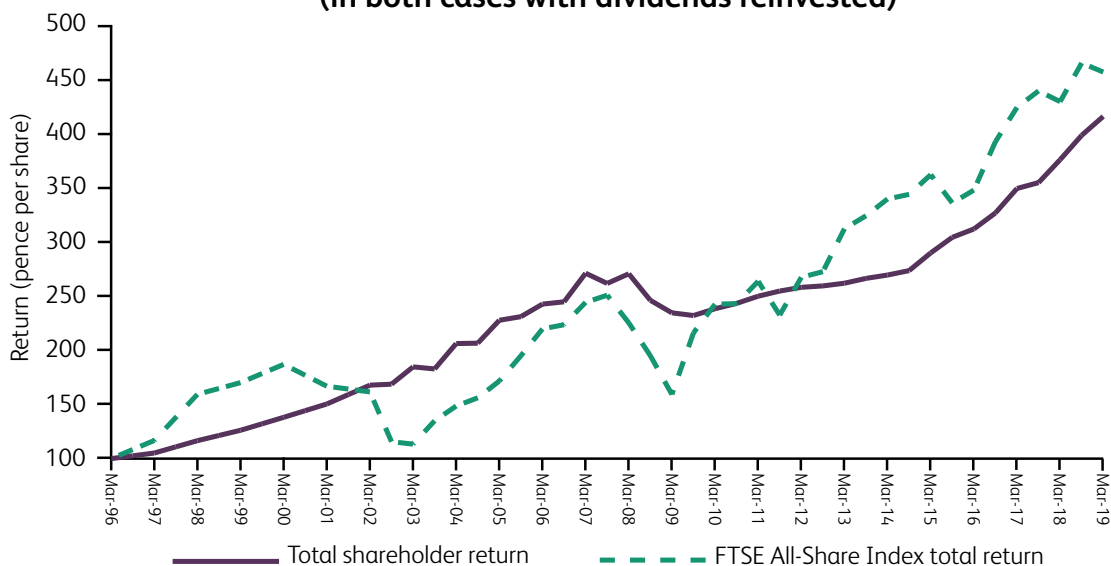
233.8p

Total shareholder return since launch to 31 March 2019

6.5%

Annualised return since launch (without tax relief)

Total shareholder return relative to the FTSE All-Share Index total return (in both cases with dividends reinvested)



Source: Albion Capital Group LLP

Methodology: Total shareholder return, including original amount invested (rebased to 100) from launch, assuming that dividends were reinvested 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 2019 (pence per share)	31 March 2018 (pence per share)
Opening net asset value	76.00	75.40
Revenue return	2.13	1.80
Capital return	5.73	3.70
Total return	7.86	5.50
Impact of fundraising/share buy backs	0.14	0.10
Dividends paid	(5.00)	(5.00)
Net asset value	79.00	76.00

Total shareholder return to 31 March 2019 Ordinary shares (pence per share)

Total dividends paid during the year ended :

31 March 1997	2.00
31 March 1998	5.20
31 March 1999	11.05
31 March 2000	3.00
31 March 2001	8.55
31 March 2002	7.60
31 March 2003	7.70
31 March 2004	8.20
31 March 2005	9.75
31 March 2006	11.75
31 March 2007	10.00
31 March 2008	10.00
31 March 2009	10.00
31 March 2010	5.00
31 March 2011	5.00
31 March 2012	5.00
31 March 2013	5.00
31 March 2014	5.00
31 March 2015	5.00
31 March 2016	5.00
31 March 2017	5.00
31 March 2018	5.00
31 March 2019	5.00

Total dividends paid to 31 March 2019 **154.80**

Net asset value as at 31 March 2019 79.00

Total shareholder return to 31 March 2019 **233.80**

The financial summary above is for the Company, Albion Venture Capital Trust PLC Ordinary shares only. Details of the financial performance of the C shares and Albion Prime VCT PLC, which have been merged into the Company, can be found on page 68.

In addition to the dividends summarised above, the Board has declared a first dividend for the year ending 31 March 2020 of 2.50 pence per share to be paid on 31 July 2019 to shareholders on the register on 12 July 2019.

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.

Chairman's statement



Richard Glover
Chairman



“During the year we made our first seven investments in growth and technology businesses”

Introduction

I am pleased to report that the results for the year to 31 March 2019 achieved a total return of 7.86 pence per share, which is a 10.3% return on opening net asset value per share. This is the fifth consecutive year the Company's return has exceeded the dividend paid out of 5 pence per share per annum to shareholders.

Change of investment policy

A material change to the Company's investment policy was voted on by shareholders at the last Annual General Meeting. The change in investment policy was approved by shareholders with an encouraging 99.5% of shares voted for the resolution. The Company's new investment policy can be found on page 3.

The Company's investment portfolio will transition over time from an asset-based one to a portfolio with a greater focus on young growth companies. During the year we made our first seven investments in growth and technology businesses which amounted to £1.7 million and now represent a 3% holding in our portfolio. This included investment in a developer of software to improve decision making through augmented analytics and machine learning (Avora), an AI platform that generates optimised marketing campaigns (Phrasee), and a developer of biopharmaceuticals through the application software of a formulation technology platform (Arecor).

Investment performance and progress

Healthcare continues to be the largest sector in our portfolio, now representing 42%, which is a slight increase from last year. This includes our three care homes; Shinfield View, near Reading, Cumnor Hill House on the outskirts of Oxford (owned by Active Lives Care), and Ryefield Court in Hillingdon, West London, which have been continuing to build occupancy, leading to further uplifts in valuation of £2.4 million. Additionally, our Women's health clinic

The Ewell (Harley Street) opened in the autumn of 2018.

Our renewable energy investments are now relatively mature and represent 18% of the portfolio. We are pleased to report that in light of the significant expansion of our biogas investment, Earnside Energy, it was sold shortly after the year end generating proceeds of £1.8 million and a realised gain of 1.3 times cost including interest received. Infinite Ventures (Goathill) was also sold during the year generating proceeds of £0.6 million.

The boutique Stanwell Heathrow Hotel was sold in April 2019 generating proceeds of £3.2 million, representing a £1.8 million capital loss, although an uplift of £1.4 million on sale for the current year. The Holiday Inn Express at Stansted Airport, owned by Kew Green VCT (Stansted), returned £4.7 million of loan stock and share premium to the Company and is now our last remaining hotel in the portfolio. These two hotels accounted for 9% of the portfolio at the year end.

In education, which now represents 9% of the portfolio, Radnor House Twickenham is close to maturity with over 400 pupils while pupil numbers at Radnor House Sevenoaks have been continuing to grow and are now over 400. The number of applicants for 2019 is ahead of previous years and significant work has been done to upgrade the infrastructure and IT systems of the school. Meanwhile, MHS 1's investment in Mount House School, an independent

secondary day school in Barnet, North London, currently has 191 pupils and there are now 20 boys in the school which sets it onto the path of becoming co-educational.

With regards to other sectors, G.Network Communications, a provider of fibre optic broadband to businesses in central London, continues to expand generating an uplift in valuation of £0.4 million and Beddlestead, a start up wedding venue business has developed its first location in Wiltshire and opened in June 2019. Both business services and pubs and other leisure now each represent 5% of the Company's portfolio. Cash and cash equivalents form the remaining 9%.

Further details of the portfolio and disposals made during the year can be found on pages 20 and 21.

Results and dividends

As at 31 March 2019, the net asset value was £67.5 million or 79.00 pence per share, compared to £65.8 million or 76.00 pence per share as at 31 March 2018, after the payment of total tax-free dividends of 5 pence per share. It is encouraging that the Company's total return continues for the fifth year running to exceed the dividend of 5 pence per share.

The results comprised a total return of 7.86 pence per share for the year (2018: 5.50 pence per share), which is made up of a 2.13 pence per share revenue return (2018: 1.80 pence per share) and a 5.73 pence per share capital return (2018: 3.70 pence per share).

This increased return has been partly through higher income generated by the investment portfolio, which has risen 12.8% from the previous year. The principal element, however, has come from capital uplifts: in particular the uplift in the third party valuations of our care homes, together with a pleasing uplift in the valuation of The Stanwell Hotel which

as explained above was sold shortly after the year end.

In light of continued good progress, the Company will pay a first dividend of 2.5 pence per share for the year ending 31 March 2020 on 31 July 2019 to shareholders on the register on 12 July 2019, which is in line with the Company's current objective of paying a dividend of 5 pence per share annually. Thereafter, it is intended that payment of the next dividend will be made at the end of January 2020.

New management performance incentive

Accompanying this Annual Report and Financial Statements is a Circular to shareholders proposing two changes to the management agreement with Albion Capital Group LLP. The first is for the introduction of a new management performance incentive, in order to recognise the changes that have taken place in the financial and regulatory environment over recent years. The second is to reduce the Company's operating expenses by lowering the total expenses cap, above which any additional expenses are borne by the Manager. These changes will be implemented by way of a deed of variation of the Company's existing management agreement and full details of the changes are set out in the Circular. These proposals will be voted on by shareholders under an ordinary resolution at a General Meeting which will follow the forthcoming Annual General Meeting.

Board composition

As highlighted in last year's Chairman's statement – David Watkins retired from the Board during the year after 22 years as Chairman.

Ebbe Dinesen intends to retire on 1 August 2019 after over 6 years with the Company. Prior to this he was a director of Albion Prime VCT PLC for 4 years before the companies merged. I would like to take

“ total return of 7.86 pence per share, which is a 10.3% return on opening net asset value ”



“ the fifth consecutive year the Company's return has exceeded the dividend paid out ”

this opportunity to thank him for his excellent work and many years of wise counsel and service.

Share buy-backs

It remains the Board's primary objective to maintain sufficient resources for investment in existing and new portfolio companies and for the continued payment of dividends to shareholders. Thereafter, it is still the Board's policy to buy back shares in the market, subject to the overall criterion that such purchases are in the Company's interest. The total value bought in for the year was £1.3 million. Subject to the constraints referred to above and subject to first purchasing shares held by the market maker, the Board will target such buy-backs to be in the region of a 5% discount to net asset value, so far as market conditions and liquidity permit.

Albion VCTs Prospectus Top Up Offers

On 7 January 2019, the Company announced the launch of the Albion VCTs Prospectus Top Up Offers 2018/19. The Company was aiming to raise up to £8 million (including the £2 million over-allotment facility) out of a target of £48 million in aggregate that the Albion VCTs were seeking to raise.

On 5 March 2019, the Company was pleased to announce that it had reached its £8 million limit under its Offer which was fully subscribed and closed early. Details of shares allotted under the Offer can be found in note 19.

Annual General Meeting

The Annual General Meeting of the Company will be held at The Charterhouse, Charterhouse Square, London EC1M 6AN at noon on 21 August 2019. Full details of the business to be conducted at the Annual General Meeting are given in the Notice of the Meeting on page 64. Please note that this is a new location for the Annual General Meeting.

The Board welcomes your attendance at the meeting as it gives an opportunity for shareholders to ask questions of the Board and the Manager. If you are unable to attend the Annual General Meeting in person, we would encourage you to make use of your proxy votes.

Risks and uncertainties

Other than investment performance, the key risks facing the Company are from the broader economy, including changes to VCT rules. The outlook for the UK and global economies, and the implications of the withdrawal of the UK from the European Union continue to be the biggest risks for the Company. An assessment has been done on a portfolio company level to assess exposure to Europe, and appropriate actions, where possible, have been implemented. The Manager continues to believe that there is merit in focussing efforts to allocate

resources to those sectors and opportunities where growth can be both resilient and sustainable in order to mitigate these risks.

The Company's investment risk is mitigated through a variety of processes, including investing in a diversified portfolio in terms of sector and stage of maturity and focusing on opportunities where it is believed growth can be both resilient and sustainable.

A detailed analysis of the other risks and uncertainties facing the business is shown in the Strategic report on pages 14 to 16.

Outlook and prospects

We are pleased with the performance of the Company's existing investment portfolio during the year under review. A number of the businesses in the portfolio are nearing maturity and consequently returns in the coming year are likely to be lower, driven by income returns rather than capital growth. However, we have now made our first investments in the growth and technology sector where we see the opportunity to generate shareholder value over time. We are therefore encouraged by the pipeline of earlier stage growth and technology investments currently being reviewed by the investment manager.

Richard Glover

Chairman
1 July 2019

Strategic report

Investment policy

The Company will invest in a broad portfolio of smaller, unquoted growth businesses across a variety of sectors including higher risk technology companies. Investments may take the form of equity or a mixture of equity and loans.

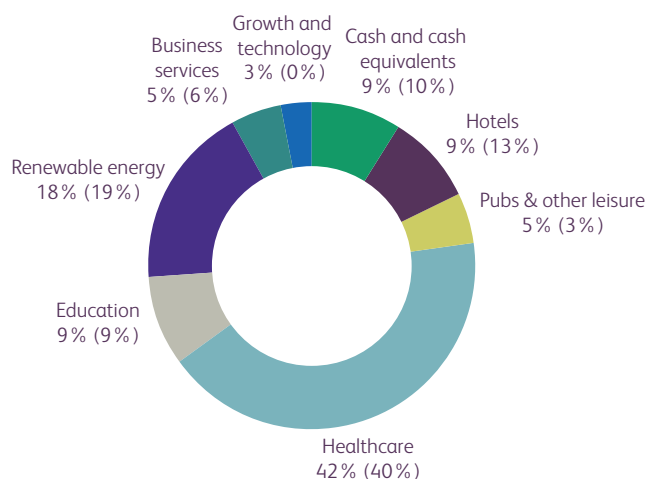
Allocation of funds will be determined by the investment opportunities which become available but efforts will be made to ensure that the portfolio is diversified both in terms of sector and stage of maturity of company. Funds held pending investment or for liquidity purposes will be held as cash on deposit.

The full investment policy can be found on page 3.

Current portfolio analysis

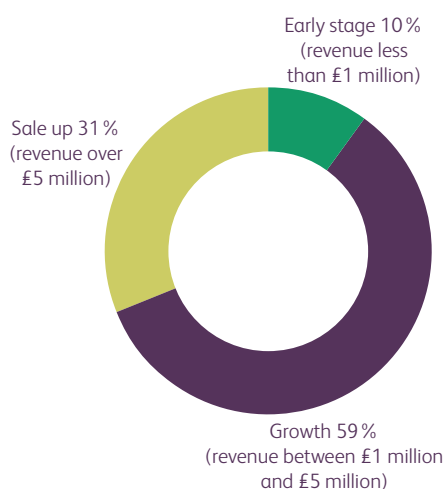
The following pie charts show the split of the portfolio valuation as at 31 March 2019 by: sector; stage of investment; and number of employees. Details of the principal investments made by the Company are shown in the Portfolio of investments on pages 20 and 21.

Portfolio analysis by sector



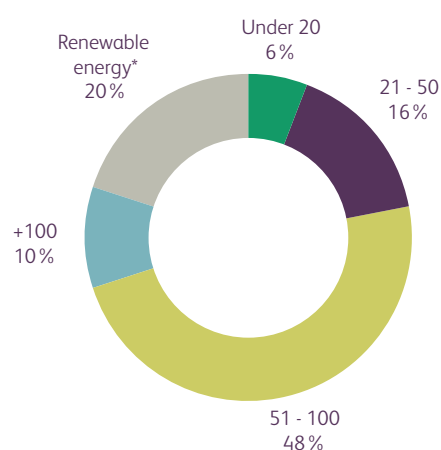
Comparatives for 31 March 2018 are shown in brackets
Source: Albion Capital Group LLP

Portfolio analysis by stage of investment



Source: Albion Capital Group LLP

Portfolio analysis by number of employees



Source: Albion Capital Group LLP

* Renewable energy investments have no employees

Direction of portfolio

The change to the investment policy, approved by shareholders at the Annual General Meeting in 2018, will result in asset-based investments decreasing as a proportion of the portfolio, and a greater emphasis given to growth and technology investments. This has already started to show, given that growth and technology investments now account for 3 per cent. of the portfolio. The sector analysis of the Company's investment portfolio shows that healthcare now accounts for 42 per cent. of the portfolio, compared to 40 per cent. at the end of the previous financial year, mainly as a result of an uplift in valuations. Hotels accounted for 9 per cent. compared to 13 per cent. at the previous year end after the repayment of Kew Green VCT (Stansted) loan stock and share premium of £4.7 million. This decreased further after the year end due to the sale of The Stanwell Hotel in April 2019.

Further details on portfolio companies can be found in the Portfolio of investments on page 20.

Results and dividends

	Ordinary shares £'000
Net capital gain for the year ended 31 March 2019	4,934
Net revenue return for the year ended 31 March 2019	1,837
Total return for the year ended 31 March 2019	6,771
Dividend of 2.50 pence per share paid on 31 July 2018	(2,160)
Dividend of 2.50 pence per share paid on 31 January 2019	(2,140)
Unclaimed dividends returned to the Company	22
Transferred to reserves	2,493
Net assets as at 31 March 2019	67,547
Net asset value as at 31 March 2019 (pence per share)	79.00

The Company paid dividends totalling 5.00 pence per share during the year ended 31 March 2019 (2018: 5.00 pence per share). The dividend objective of the Board is to provide shareholders with a strong, predictable dividend flow, with a dividend target of 5.00 pence per share per annum.

As noted in the Chairman's statement, the Board has declared a first dividend of 2.50 pence per share for the year ending

31 March 2020. This dividend will be paid on 31 July 2019 to shareholders on the register on 12 July 2019.

As shown in the Income statement on page 47, the Company's investment income has increased to £2,842,000 (2018: £2,520,000) and the total revenue return to equity holders also increased to £1,837,000 (2018: £1,605,000). Income continues to more than cover on-going expenses. In light of this, revenue return per share has increased to 2.13 pence per share (2018: 1.80 pence per share). The capital gain on investments for the year was £5,707,000 (2018: £3,930,000), offset by management fees charged to capital and the related taxation impact, resulting in a capital return of 5.73 pence per share (2018: 3.70 pence per share). The total return was 7.86 pence per share (2018: 5.50 pence per share).

The Balance sheet on page 48 shows that the net asset value has increased over the last year to 79.00 pence per share (2018: 76.00 pence per share), reflecting the total return exceeding the level of dividends paid during the year.

The cash flow for the Company has been a net outflow of £557,000 for the year (2018: outflow of £3,734,000), reflecting dividends paid, new investments in the year and the buy-back of shares, offset by cash inflows from operations and disposal proceeds.

Review of business and future changes

A review of the Company's business during the year and investment performance and progress is contained in the Chairman's statement on pages 6 and 7. The healthcare sector performed particularly well again this year with an increase in valuations of £2.4 million. Hotels had an uplift in valuation of £1.8 million which was mainly due to The Stanwell Hotel, the sale of which completed shortly after the year end. The education sector saw an increase in valuation of £0.6 million as Radnor House Sevenoaks boosted pupil numbers.

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

Future prospects

During the year, shareholders approved a change to the investment policy. In time, this will result in asset-based investments decreasing as a proportion of the portfolio, and a greater emphasis given to growth and technology investments. This in turn is likely to result in a decline in investment income, and thus the Company's returns are likely to be more geared to capital rather than revenue.

The Board believes that this model will meet the investment objective and has the potential to deliver attractive returns to

shareholders in the future. The Manager has a strong pipeline of investment opportunities in which the Company's cash can be deployed.

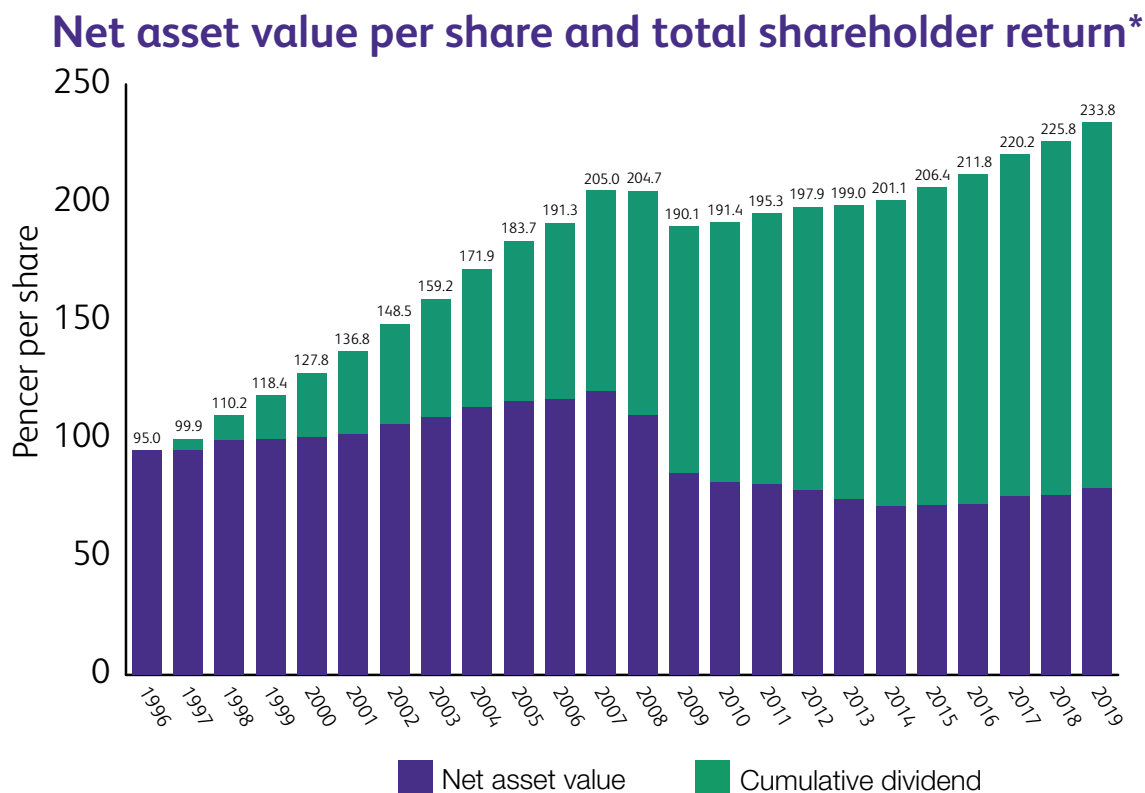
Key performance indicators

The Directors believe that the following key performance indicators, which are typical for venture capital trusts and used by the Board in its assessment of the Company, will provide shareholders with sufficient information to assess how effectively the Company is applying its investment policy to meet its objectives. The Directors are satisfied that the results shown in the following key performance indicators give a good indication that the Company is achieving its investment policy. These are:

1. Total shareholder return relative to FTSE All Share Index total return

The graph on page 4 shows the Company's total shareholder return against the FTSE All-Share Index total return, in both instances with dividends reinvested.

2. Net asset value per share and total shareholder return

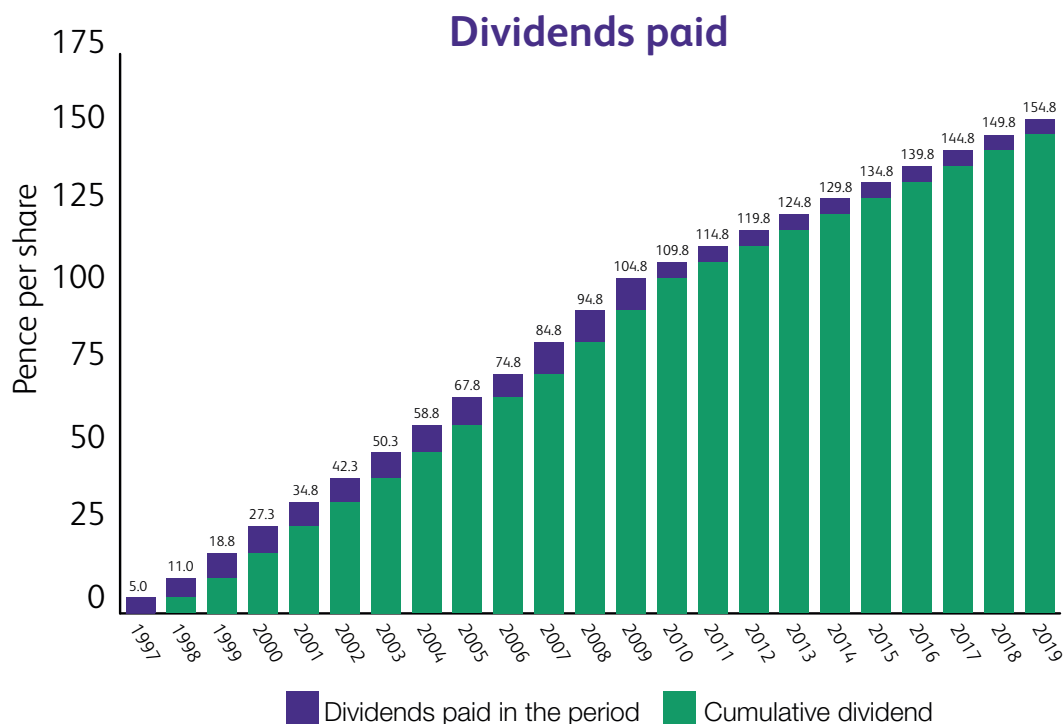


* Total shareholder return is net asset value plus cumulative dividends paid since launch.

Net asset value increased by 3.9 per cent. (without adding back the 5.00 pence per share in dividends paid) to 79.00 pence per share for the year ended 31 March 2019.

Total shareholder return increased by 8.00 pence per Ordinary share for the year ended 31 March 2019 (10.5 per cent. on opening net asset value).

3. Dividend distributions



Dividends paid in respect of the year ended 31 March 2019 were 5.00 pence per share (2018: 5.00 pence per share), in line with the Board’s dividend objective. Cumulative dividends paid since inception amount to 154.80 pence per Ordinary share.

4. Ongoing charges

The ongoing charges ratio for the year ended 31 March 2019 was 2.4% (2018: 2.4%). The ongoing charges ratio has been calculated using The Association of Investment Companies’ (“AIC”) recommended methodology. This figure shows shareholders the total recurring annual running expenses (including investment management fees charged to capital reserve) as a percentage of the average net assets attributable to shareholders. From 1 April 2019, subject to the passing of the resolution at the forthcoming General meeting, the ongoing charges cap will reduce from 3.0% to 2.5%. Further details are included in the Circular that has been sent to shareholders as well as the Chairman’s statement.

5. VCT regulation

The investment policy is designed to ensure that the Company continues to qualify and is approved as a VCT by HMRC. In order to maintain its status under Venture Capital Trust legislation, a VCT must comply on a continuing basis with the provisions of Section 274 of the Income Tax Act 2007, details of which are provided in the Directors’ report on page 28.

The relevant tests to measure compliance have been carried out and independently reviewed for the year ended 31 March 2019. These showed that the Company has complied with all tests and continues to do so.

Gearing

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

Operational arrangements

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

Management agreement

Under the Management agreement, the Manager provides investment management, secretarial and administrative services to the Company. The Management agreement can be terminated by either party on 12 months’ notice. The Management agreement is subject to earlier termination in the event of certain breaches or on the insolvency of either party. The Manager is paid an annual fee equal to 1.9 per cent. of the net asset value of the Company, and an annual secretarial and administrative fee of £52,000 (2018: £50,000) increased annually by RPI. These fees are payable quarterly in arrears. Total annual expenses, including the management fee, are limited to 3.0% (2.5% from 1 April 2019 subject to shareholder approval) of the net asset value.

In line with common practice, the Manager is also entitled to an arrangement fee, payable by each new portfolio company, of approximately 2 per cent. on each new investment made and any applicable monitoring fees.

Management performance incentive

The Company's current management performance incentive structure sets a minimum target level whereby no performance fee is payable to the Manager until the total return exceeds the hurdle of 5 per cent. per annum from the 31 March 2004 net asset value of 113.10 pence per share. 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. The Company will pay an incentive fee to the Manager of an amount equal to 8 per cent. of the excess.

For the year to 31 March 2019, no incentive fee became due to the Manager (2018: £nil).

No further performance fee will become due until the hurdle rate comprising net asset value, plus dividends from 31 March 2004, has been reached. As of 31 March 2019 the total return from 31 March 2004 amounted to 180.50 pence per share which compared to the hurdle of 197.93 pence per share at that date.

New management performance incentive fee

The current management performance incentive fee was introduced for the year ended 31 March 2004, with a hurdle of 5 per cent. per annum from the starting net asset value of 113.10 pence per share. Since this date a total of 101.50 pence per share in dividends has been paid to shareholders, with an annualised return of 5 per cent. per annum, however because the hurdle is linked to the opening net asset value of 113.10 pence per share, the total return has fallen short of the hurdle by 17.43 pence per share.

During the year, shareholders approved a change to the Company's investment policy to allow it to invest in a broader range of businesses, including higher risk technology companies. It is important that in a competitive environment for venture capital professionals, the Manager is able to recruit and retain quality investment staff.

In light of these factors, the Board have agreed with the Manager that the current management performance incentive arrangement will be amended so that the Manager is properly incentivised and its objectives are more aligned with those of the Company.

Accompanying these accounts is a Circular to shareholders containing details of the new management performance incentive which, subject to shareholder approval at the forthcoming General Meeting by way of an ordinary resolution, will replace the existing incentive fee arrangements.

Investment and co-investment

The Company co-invests with other venture capital trusts and funds managed by Albion Capital Group 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.

Evaluation of the Manager

The Board has evaluated the performance of the Manager based on the returns generated by the Company, the continued compliance under venture capital trust legislation, 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.

Alternative Investment Fund Managers Directive ("AIFMD")

The Board has appointed Albion Capital Group LLP as the Company's AIFM as required by the AIFMD. The Manager became a full-scope Alternative Investment Fund Manager under the AIFMD on 1 October 2018. As a result, from that date, Ocorian (UK) Limited was appointed as Depository to oversee the custody and cash arrangements and provide other AIFMD duties with respect to the Company.

Social and community issues, employees and human rights

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

General Data Protection Regulation

The General Data Protection Regulation ("GDPR") was effective from 25 May 2018 with the objective of unifying data privacy requirements across the European Union. The Manager, Albion Capital Group LLP, has taken action to ensure that the Manager and the Company are compliant with the regulation.

Further policies

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

- Environment
- Global greenhouse gas emissions
- Anti-bribery
- Anti-facilitation of tax evasion
- Diversity

and these are set out in the Directors' report on pages 28 and 29.

Risk management

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

Risk	Possible consequence	Risk management
Investment, performance and valuation risk	<p>The risk of investment in poor quality assets, which could reduce returns to shareholders, and could negatively impact on the Company's current and future valuations.</p> <p>By nature, smaller unquoted businesses, such as those that qualify for venture capital trust purposes, are more volatile than larger, long established businesses.</p> <p>The Company's investment valuation methodology is reliant on the accuracy and completeness of information that is issued by portfolio companies. In particular, the Directors may not be aware of or take into account certain events or circumstances which occur after the information issued by such companies is reported.</p>	<p>To reduce this risk, the Board places reliance upon the skills and expertise of the Manager and its track record over many years of making successful investments in this segment of the market. In addition, the Manager operates a formal and structured investment appraisal and review process, which includes an Investment Committee, comprising investment professionals from the Manager and at least one external investment professional. The Manager also invites and takes account of comments from non-executive Directors of the Company on matters discussed at the Investment Committee meetings. Investments are actively and regularly monitored by the Manager (investment managers normally sit on portfolio company boards), including the level of diversification in the portfolio, and the Board receives detailed reports on each investment as part of the Manager's report at quarterly board meetings.</p> <p>As described in note 2 of the Financial Statements, the investments held by the Company are classified at fair value through profit or loss and valued in accordance with the International Private Equity and Venture Capital Valuation Guidelines. These guidelines set out recommendations, intended to represent current best practice on the valuation of venture capital investments. These investments are valued on the basis of forward looking estimates and judgements about the business itself, its market and the environment in which it operates, together with the state of the mergers and acquisitions market, stock market conditions and other factors. In making these judgements the valuation takes into account all known material facts up to the date of approval of the Financial Statements by the Board. The values of investments are at cost or price of recent investment (reviewed for impairment), net assets, offer price, or supported by independent third party professional valuations.</p>
VCT approval risk	<p>The Company must comply with section 274 of the Income Tax Act 2007 which enables its investors to take advantage of tax relief on their investment and on future returns. Breach of any of the rules enabling the Company to hold VCT status could result in the loss of that status.</p>	<p>To reduce this risk, the Board has appointed the Manager, which has a team with significant experience in venture capital trust management and are used to operating within the requirements of the venture capital trust legislation. In addition, to provide further formal reassurance, the Board has appointed Philip Hare & Associates LLP as its taxation adviser, who report quarterly to the Board to confirm independently compliance with the venture capital trust legislation, to highlight areas of risk and to inform on changes in legislation. Each investment in a new portfolio company is also pre-cleared with our professional advisers or H.M. Revenue & Customs.</p>

Risk	Possible consequence	Risk management
Regulatory and compliance risk	The Company is listed on The London Stock Exchange and is required to comply with the rules of the UK Listing Authority, as well as with the Companies Act, Accounting Standards and other legislation. Failure to comply with these regulations could result in a delisting of the Company's shares, or other penalties under the Companies Act or from financial reporting oversight bodies.	Board members and the Manager have experience of operating at senior levels within or advising quoted companies. In addition, the Board and the Manager receive regular updates on new regulation from its auditor, lawyers and other professional bodies. The Company is subject to compliance checks through the Manager's compliance officer and any issues arising from compliance or regulation are reported to its own board on a monthly basis. These controls are also reviewed as part of the quarterly Board meetings, and also as part of the review work undertaken by the Manager's compliance officer. The report on controls is also evaluated by the internal auditors.
Operational and internal control risk	The Company relies on a number of third parties, in particular the Manager, for the provision of investment management and administrative functions. Failures in key systems and controls within the Manager's business could place assets of the Company at risk or result in reduced or inaccurate information being passed to the Board or to shareholders.	<p>The Company and its operations are subject to a series of rigorous internal controls and review procedures exercised throughout the year, and receives reports from the Manager on internal controls and risk management, including matters relating to cyber security.</p> <p>The Audit Committee reviews the Internal Audit Reports prepared by the Manager's internal auditors, PKF Littlejohn LLP. On an annual basis, the Audit Committee Chairman meets with the internal audit partner to provide an opportunity to ask specific detailed questions in order to satisfy itself that the Manager has strong systems and controls in place including those in relation to business continuity.</p> <p>From 1 October 2018, Ocorian (UK) Limited was appointed as Depository to oversee the custody and cash arrangements and provide other AIFMD duties. The Board reviews the quarterly reports prepared by Ocorian (UK) Limited to ensure that Albion Capital is adhering to its duties as a full-scope Alternative Investment Fund Manager under the AIFMD.</p> <p>In addition, the Board regularly reviews the performance of its key service providers, particularly the Manager, to ensure they continue to have the necessary expertise and resources to deliver the Company's investment objective and policies. The Manager and other service providers have also demonstrated to the Board that there is no undue reliance placed upon any one individual.</p>
Economic and political risk	Changes in economic conditions, including, for example, interest rates, rates of inflation, industry conditions, competition, political and diplomatic events and other factors could substantially and adversely affect the Company's prospects in a number of ways.	<p>The Company invests in a diversified portfolio of companies across a number of industry sectors and in addition often invests a mixture of instruments in portfolio companies.</p> <p>At any given time, the Company has sufficient cash resources to meet its operating requirements, including share buy-backs and follow on investments.</p>

Risk	Possible consequence	Risk management
Market value of Ordinary shares	The market value of Ordinary shares can fluctuate. The market value of an Ordinary share, as well as being affected by its net asset value and prospective net asset value, also takes into account its dividend yield and prevailing interest rates. As such, the market value of an Ordinary share may vary considerably from its underlying net asset value. The market prices of shares in quoted investment companies can, therefore, be at a discount or premium to the net asset value at different times, depending on supply and demand, market conditions, general investor sentiment and other factors. Accordingly the market price of the Ordinary shares may not fully reflect their underlying net asset value.	The Company operates a share buyback policy, which is designed to limit the discount at which the Ordinary shares trade to around 5 per cent. to net asset value, by providing a purchaser through the Company in absence of market purchasers. From time to time buy-backs cannot be applied, for example when the Company is subject to a close period, or if it were to exhaust any buyback authorities. New Ordinary shares are issued at sufficient premium to net asset value to cover the costs of issue and to avoid asset value dilution to existing investors.

Viability statement

In accordance with the FRC UK Corporate Governance Code published in 2016 and principle 21 of the AIC Code of Corporate Governance, the Directors have assessed the prospects of the Company over three years to 31 March 2022. The Directors believe that three years is a reasonable period in which they can assess the future of the Company to continue to operate and meet its liabilities as they fall due, and is also the period used by the Board in the strategic planning process and is considered reasonable for a business of our nature and size. The three year period is considered the most appropriate given the forecasts that the Board require from the Manager and the estimated timelines for finding, assessing and completing investments.

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

The Board assessed the ability of the Company to raise finance and deploy capital. The portfolio is geared towards long term growth, delivering dividends and capital growth to shareholders. In assessing the prospects of the Company the Directors have considered the cash flow by looking at the Company's income and expenditure projections and funding pipeline over the assessment period of three years and they appear realistic.

Taking into account the processes for mitigating risks, monitoring costs, share price discount, the Manager's compliance with the investment objective, policies and business model and the balance of the portfolio the Directors have concluded that there is a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the three year period to 31 March 2022.

This Strategic report of the Company for the year ended 31 March 2019 has been prepared in accordance with the requirements of section 414A of the Act. The purpose of this report is to provide Shareholders with sufficient information to enable them to assess the extent to which the Directors have performed their duty to promote the success of the Company in accordance with section 172 of the Act.

For and on behalf of the Board

Richard Glover

Chairman

1 July 2019

The Board of Directors

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

Richard Glover (appointed 8 November 2017), Chairman

Richard Glover spent 15 years in industrial relations and HR management roles in the 1970s and 1980s first with ICI and then with Grand Metropolitan. Since 1990 he has been involved with two private equity backed businesses in the service sector: first in 1990 the British School of Motoring (BSM), where, as MD and later CEO, he took the company through flotation and then sale to RAC; and in 2000, the accountancy training company ATC International, where he became the majority shareholder in 2003, running the business in Eastern Europe until it was sold in 2011. He has also held a number of non-executive director positions in the service sector and remains extensively involved with the Worshipful Company of Haberdashers and its education activities.

John Kerr ACMA (appointed 9 February 1996)

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 Istock PLC. After retiring in 2002, he now works as a consultant. He is an external member of the Manager's investment committee.

Ann Berresford Bsc (Hons), ACA (appointed 8 November 2017)

Ann Berresford is a chartered accountant with a background in the financial services and energy sectors. She holds a degree in Organic Chemistry and trained as an accountant with Grant Thornton, qualifying in 1984. She moved into industry in 1985 and worked in financial management and treasury for the British independent oil exploration and production company Clyde Petroleum plc in both the UK and in The Netherlands. In 1998, following the takeover of Clyde Petroleum plc, she moved into financial services and joined Bristol & West plc which had just become part of the Bank of Ireland Group. She progressed from financial controller of Bristol & West plc to finance director of the Bank of Ireland's UK network and left in 2006. Since then, she has had a number of non-executive roles, including positions at Bath Building Society, the Pensions Protection Fund, Triodos Renewables plc, Hyperion Insurance Group and the Pensions Regulator. She is currently a non-executive director of Secure Trust Bank plc.

Ebbe Dinesen R (Danish) FSR (appointed 26 September 2012)

Ebbe Dinesen qualified as a chartered accountant in Denmark before working in senior positions in Danish industry. In 1985 he came to the United Kingdom and became CEO of Carlsberg UK in 1987. He later became CEO of Carlsberg-Tetley PLC (now Carlsberg UK) and became executive chairman of that company in 2001. He stepped down in 2006. He was chairman of the British Brewers from 2002 to 2006 and was Danish vice-consul for The Midlands from 1987 to 2006. In 2000 he was knighted by the Queen of Denmark. Ebbe Dinesen intends to retire on 1 August 2019 after over 6 years with the Company.

Jeff Warren ACCA (appointed 2 October 2007)

Jeff Warren has 30 years' financial management experience, including high level corporate governance and regulatory environment experience. In 1992 he resigned as finance director of Mountleigh Group PLC, which was subsequently placed into administration, and joined Bristol & West Building Society as CFO. Following the acquisition of Bristol & West by Bank of Ireland, he continued as finance director until he was promoted to 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 and has since held a number of non-executive roles.

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

All Directors are members of the Nomination Committee and Richard Glover is Chairman.

All Directors are members of the Remuneration Committee and Jeff Warren is Chairman.

Albion Capital Group LLP is authorised and regulated by the Financial Conduct Authority and is the Manager of Albion Venture Capital Trust PLC. In addition, it manages a further five venture capital trusts, the UCL Technology Fund and provides administration services to Albion Community Power Limited and Albion Care Communities Limited. Albion Capital, together with its subsidiary OLIM Investment Managers, has total assets under management or administration of approximately £1 billion. Albion Capital has recently won two awards: Investor Allstars Venture Capital Trust of the Year 2018 and Growth Investor of the Year 2018.

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

Will Fraser-Allen BA (Hons), FCA, is currently the managing partner of Albion Capital. He has 16 years' experience investing in healthcare, leisure, media and technology enabled businesses. He joined Albion Capital in 2001, became deputy managing partner in 2009 and managing partner in 2019. Prior to joining Albion, Will qualified as a chartered accountant with Cooper Lancaster Brewers and has a BA in History from Southampton University.

Patrick Reeve MA, FCA, was formerly the managing partner of Albion Capital and became chairman on 1 April 2019. He is a director of Albion Development VCT, Albion Technology and General VCT and Albion Enterprise VCT, and is chief executive of Albion Community Power Limited and chairman of OLIM Investment Managers. He is also a member of the Audit Committee of University College London, and a director of the Association of Investment Companies. Patrick joined Close Brothers Group plc in 1989, working both in the development of capital and corporate finance divisions before establishing Albion Capital (formerly Albion Ventures LLP) in 1996. Prior to Close he qualified as a chartered accountant before joining Cazenove & Co where he spent three years in the corporate finance department. Patrick has an MA in Modern Languages from Oxford University.

Dr. Andrew Elder MA, FRCS, is head of healthcare investing and deputy managing partner of Albion Capital. He joined Albion Capital in 2005 and became a partner in 2009. Prior to Albion, Andrew was a strategy consultant specialising in healthcare at the Boston Consulting Group. He graduated with an MA plus Bachelors of Medicine and Surgery from Cambridge University and practised as a surgeon for six years specialising in neurosurgery. He is a Fellow of the Royal College of Surgeons (England).

Adam Chirkowski MA (Hons), is an investment director at Albion Capital, currently concentrating on renewable energy projects, healthcare and investments in the asset-based portfolio. Prior to joining Albion Capital in 2013, Adam spent five years at Rothschild, having graduated from Nottingham University with a first class degree in Industrial Economics and a Masters in Corporate Strategy and Governance.

Emil Gigov BA (Hons), FCA, is a partner of Albion Capital with over 20 years' experience as an adviser and investor in a number of industry sectors, including technology, media, engineering, healthcare, education and leisure. In his early career Emil worked on acquisitions, disposals and fundraising mandates at KPMG Corporate Finance, having joined their financial services division and qualified as a chartered accountant in 1997. Emil graduated from the European Business School, London, with a BA (Hons) Degree in European Business Administration.

David Gudgin BSc (Hons), ACMA, is a partner of Albion Capital specialising in renewable energy projects and investments in the asset-based portfolio. He is also managing director of Albion Community Power Limited and a director of Albion Care Communities Limited. David joined Albion Capital in 2005 and became partner in 2009. Prior to Albion, he was the lead investor of an environmental technology and a later stage development capital fund at Foursome Investments (now Frog Capital). Before Frog Capital he joined 3i plc as an investor in European technology based in London and Amsterdam, having previously qualified as a management accountant with ICL before spending 3 years at the BBC. David has a BSc in Economics from Warwick University.

Vikash Hansrani BA (Hons), FCA, is the operations partner of Albion Capital. Vikash oversees the finance and administration of the funds under Albion's management and is also finance director of OLIM Investment Managers and is on the AIC's VCT Technical Committee. He was previously the finance director of Albion Community Power Limited. He joined Albion Capital in 2010, having qualified as a chartered accountant with RSM working latterly in its corporate finance team, and became a partner in 2017. He has a BA in Accountancy & Finance from Nottingham Business School.

Ed Lascelles BA (Hons), is a partner at Albion Capital and is head of technology investing. Ed joined Albion in 2004 and became a partner in 2009. He began his career advising public companies on fundraisings and takeovers, first with Charterhouse Securities and then ING Barings, covering the healthcare and technology sectors among others. He graduated from University College London with a first class honours degree in Philosophy.

Catriona McDonald BA (Hons), is an investment associate at Albion Capital specialising in technology investing. Cat joined Albion Capital in 2018. Prior to joining Albion Capital, she worked for Goldman Sachs in both New York and London where she executed several high profile transactions including leveraged buyouts, IPOs and M&A. Cat graduated from Harvard University, majoring in Economics.

Dr. Christoph Ruedig MBA, is a partner at Albion Capital specialising in healthcare investing. Christoph joined Albion Capital in 2011 and became a partner in 2014. Prior to joining Albion, he worked at General Electric UK, where he was responsible for mergers and acquisitions in the medical technology and healthcare IT sectors, following a role in the healthcare venture capital arm of 3i plc where he led investments in biotechnology, pharmaceuticals, and medical technology. Christoph initially practised as a radiologist before spending 3 years at Bain & Company. He holds a degree in medicine from Ludwig-Maximilians University, Munich and an MBA from INSEAD.

Nadine Torbey MSc, BEng, is an investment associate at Albion Capital specialising in technology investing. Nadine joined Albion in 2018 from Berytech Fund, Beirut, one of the first VC funds in the Middle East. Her career to date has involved many aspects of tech investing including experience in a wide variety of digital platforms, big data management, virtual reality and digital networks. She graduated from the American University of Beirut with a Bachelor in Electrical and Computer Engineering, and followed this with an MSc in Innovation Management and Entrepreneurship from Brown University.

Robert Whitby-Smith BA (Hons), FCA, is a partner at Albion Capital specialising in software investing. Robert joined Albion Capital in 2005 and became a partner in 2009. Previously Robert worked in corporate finance for Credit Suisse, KPMG and ING Barings, after qualifying as a chartered accountant.

Jay Wilson MBA, MMath, is an investment manager at Albion Capital specialising in technology investing. Jay joined Albion in 2019 from Bain & Company, where he had been a consultant since 2016 advising private equity and sovereign wealth funds on acquisitions of European technology, financial and business services companies. Prior to this he graduated from London Business School with an MBA having spent eight years as a broker at ICAP Securities.

Marco Yu MPhil, MA, MRICS, is an investment director at Albion Capital specialising in alternative energy investing and the asset-based portfolio. Marco joined Albion in 2007. Prior to Albion, he was with EC Harris where he advised senior lenders on large capital projects, having spent two and a half years at Bouygues (UK). Marco graduated from Cambridge University with a first class honours degree in Economics and is a Chartered Surveyor.



Portfolio of investments

Portfolio company	% voting rights	% voting rights held by all Albion* managed companies	As at 31 March 2019			As at 31 March 2018			Change in value for the year*** £'000
			Cost** £'000	Cumulative movement in value £'000	Value £'000	Cost** £'000	Cumulative movement in value £'000	Value £'000	
Shinfield Lodge Care Limited	35.3	50.0	6,425	6,263	12,688	6,425	5,026	11,451	1,237
Active Lives Care Limited	22.2	50.0	4,810	3,519	8,329	4,810	2,648	7,458	871
Ryefield Court Care Limited	23.6	50.0	3,880	2,976	6,856	3,880	2,662	6,542	314
Radnor House School (Holdings) Limited	7.1	50.0	2,281	3,041	5,322	2,345	2,441	4,786	600
Chonais River Hydro Limited	9.2	50.0	3,074	1,316	4,390	3,074	1,316	4,390	–
The Stanwell Hotel Limited	39.2	50.0	5,069	(1,787)	3,282	5,069	(3,189)	1,880	1,402
Kew Green VCT (Stansted) Limited	45.2	50.0	1,234	1,434	2,668	5,910	1,063	6,973	370
Earnside Energy Limited	9.5	50.0	1,531	282	1,813	1,531	88	1,619	194
Gharagain River Hydro Limited	11.5	50.0	1,363	417	1,780	1,363	428	1,791	(11)
G. Network Communications Limited	3.9	25.7	710	826	1,536	710	426	1,136	400
Bravo Inns II Limited	6.4	50.0	1,085	359	1,444	1,085	262	1,347	97
The Street by Street Solar Programme Limited	6.5	50.0	675	508	1,184	675	463	1,138	46
Beddlestead Limited	9.1	49.0	1,142	2	1,144	956	–	956	2
Alto Prodotto Wind Limited	7.4	50.0	626	442	1,068	660	454	1,114	(3)
MHS 1 Limited	14.8	50.0	1,026	(3)	1,023	1,026	(5)	1,021	2
TWCL Limited	14.3	50.0	801	32	833	801	(2)	799	34
The Ewell (Harley Street) Limited (Previously Women's Health (London West One) Limited)	6.0	40.0	750	–	750	750	–	750	–
Avora Limited	4.7	18.7	750	–	750	–	–	–	–
Regenerco Renewable Energy Limited	4.5	50.0	451	287	738	451	232	683	55
Bravo Inns Limited	7.6	50.0	751	(138)	613	751	(173)	578	35
Erin Solar Limited	18.6	50.0	520	(20)	500	520	(23)	497	3
Dragon Hydro Limited	7.3	30.0	301	172	473	311	187	498	(15)
AVESI Limited	7.4	50.0	242	111	353	242	99	341	12
Harvest AD Limited	–	–	307	21	328	307	4	311	17
Phrasee Limited	1.5	11.0	310	–	310	–	–	–	–
G&K Smart Developments VCT Limited	50.0	50.0	276	(1)	275	276	(11)	265	10
Greenenerco Limited	3.9	50.0	124	86	209	129	86	215	2
Premier Leisure (Suffolk) Limited	9.9	47.4	175	20	195	175	25	200	(5)
Arecor Limited	1.0	7.4	180	–	180	–	–	–	–
Forward Clinical Limited	1.2	9.2	130	–	130	–	–	–	–
uMotif Limited	0.7	6.2	120	–	120	–	–	–	–
ePatient Network Limited (T/A Raremark)	1.2	8.4	110	–	110	–	–	–	–
Healios Limited	0.7	5.2	65	–	65	–	–	–	–
Total fixed asset investments			41,294	20,165	61,459	44,232	14,507	58,739	5,669

* Albion Capital Group LLP

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

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

The comparative cost and valuations for 31 March 2018 do not agree to the Annual Report and Financial Statements for the year ended 31 March 2018 as the above list does not include brought forward investments that were fully disposed of in the year.

Portfolio of investments continued

Fixed asset investment realisations during the year ended 31 March 2019	Cost* £'000	Opening carrying value £'000	Disposal proceeds £'000	Total realised gain £'000	(Loss) /Gain on opening value £'000
Disposals:					
Infinite Ventures (Goathill) Limited	480	712	634	154	(78)
Loan stock repayments:					
Kew Green VCT (Stansted) Limited	4,676	4,676	4,676	–	–
Radnor House School (Holdings) Limited	64	64	64	–	–
Alto Prodotto Wind Limited	32	42	42	10	–
Dragon Hydro Limited	11	11	11	–	–
Greenenerco Limited	6	8	8	2	–
Escrow adjustments**	–	–	3	3	3
Total realisations	5,269	5,513	5,438	169	(75)

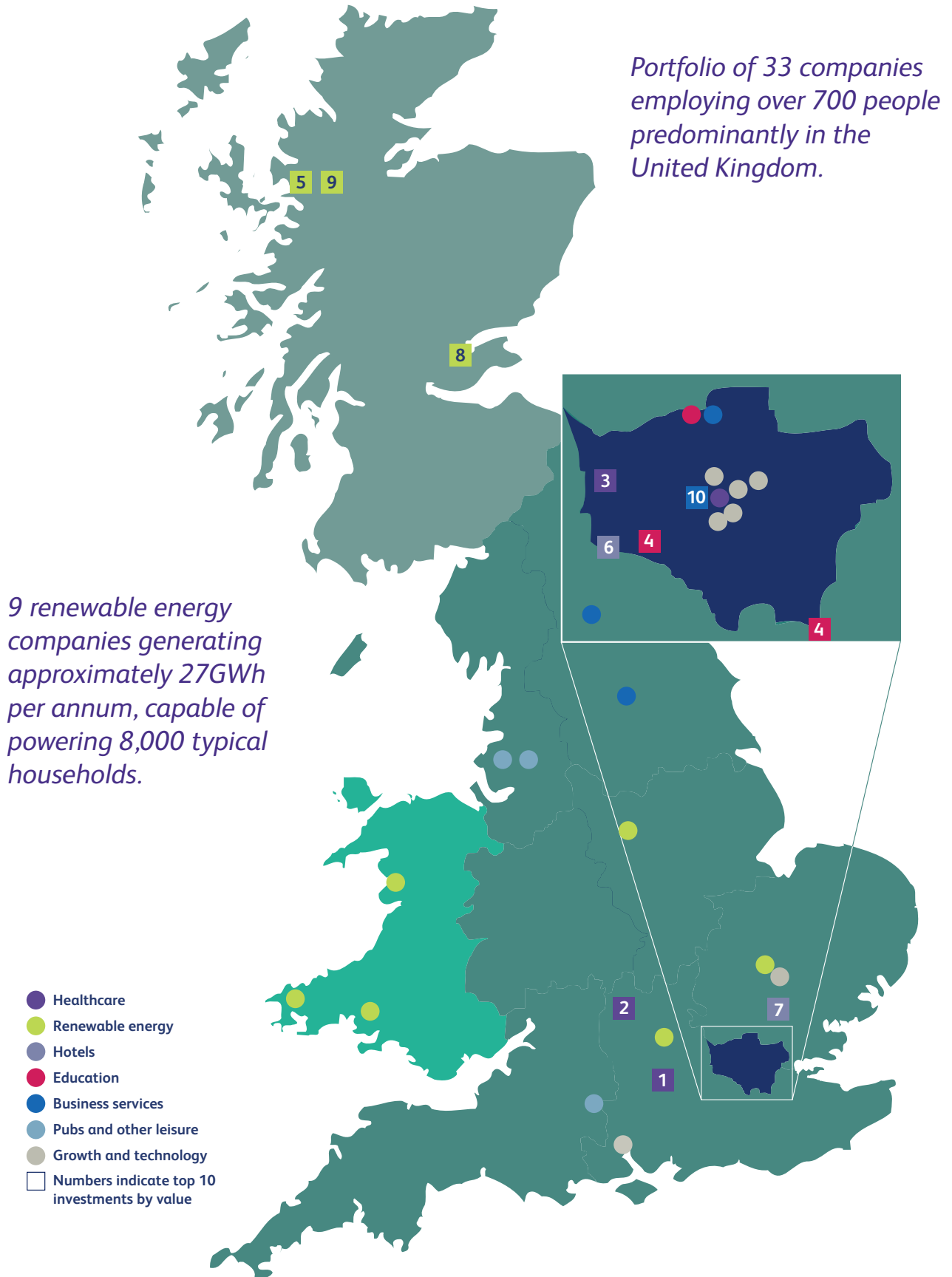
*The cost includes the original cost from Albion Venture Capital Trust PLC and the carried over value on merger from Albion Prime VCT PLC as at 25 September 2012.

** Fair value movements on deferred consideration from previously disposed investments.

Total change in value of investments for the year	5,669
Movement in loan stock accrued interest	113
Unrealised gains sub-total	5,782
Realised loss in current year	(75)
Total gains on investments as per Income statement	5,707

Portfolio companies

Geographical locations



Portfolio companies continued

The top ten investments by value are below.

1. Shinfield Lodge Care Limited

Website: www.shinfieldview.com

The company operates a 66 bed, purpose built residential care home in Shinfield near Reading, Berkshire. The home provides residential and dementia care to elderly residents and attracts fees in line with the high end, private pay market it targets. Promoting social interaction and offering a wide range of activities are at the core of the care philosophy. The home was recently voted one of the Top 20 care homes in the South East of England. The home trades at mature occupancy.

Fillested audited results: year to 31 December 2017		£'000	Investment information	£'000
Net liabilities		(223)	Income recognised in the year	770
Basis of valuation:	Third party valuation – earnings multiple		Total cost	6,425
			Total valuation	12,688
			Voting rights	35.3 per cent.
			Voting rights for all Albion managed companies	50.0 per cent.



Website: www.cumnorhillhouse.com

2. Active Lives Care Limited

The company operates a 75 bed, purpose built residential care home in Cumnor Hill, Oxford. The home provides nursing, residential and dementia care to elderly residents and attracts fees in line with the high end, private pay market it targets. Promoting social interaction and offering a wide range of activities are at the core of the care philosophy. Occupancy continues to grow as the home nears maturity. In June 2018 the home was rated “Outstanding” by CQC, the regulatory body, which places it among the top 1% of care homes in London and the South East.

Fillested audited results: year to 31 December 2017		£'000	Investment information	£'000
Net liabilities		(1,414)	Income recognised in the year	601
Basis of valuation:	Third party valuation – earnings multiple		Total cost	4,810
			Total valuation	8,329
			Voting rights	22.2 per cent.
			Voting rights for all Albion managed companies	50.0 per cent.

3. Ryefield Court Care Limited

Website: www.ryefieldcourt.com

The company operates a 60 bed, purpose built residential care home in Hillingdon, London. The home provides residential and dementia care to elderly residents and attracts fees in line with the high end, private pay market it targets. Promoting social interaction and offering a wide range of activities are at the core of the care philosophy. In 2017 the home was among the top 1% of care homes in London and the South East. Separately, the home was recently voted one of the Top 20 care homes in London. The home is trading at mature levels.

Filletered audited results: year to 30 April 2018		£'000	Investment information	£'000
Net liabilities		(1,381)	Income recognised in the year	478
Basis of valuation:	Third party valuation - earnings multiple		Total cost	3,880
			Total valuation	6,856
			Voting rights	23.6 per cent.
			Voting rights for all Albion managed companies	50.0 per cent.



Website: www.radnorhouse.org



4. Radnor House School (Holdings) Limited

Radnor House operates two independent schools in Twickenham and Sevenoaks. The Twickenham school is now well established and trades at mature levels. The school in Sevenoaks, which was acquired in 2015, is growing strongly. Both schools aim to deliver a personalised education experience to each student. The curriculum and co-curricular activities are designed to give each child a wide range of academic and other skills and prepare them for a dynamic and rapidly changing world.

Audited results: year to 31 August 2018		£'000	Investment information	£'000
Turnover	12,952		Income recognised in the year	255
EBITDA	2,194		Total cost	2,281
Profit before tax	40		Total valuation	5,322
Net assets	37,636		Voting rights	7.1 per cent.
Basis of valuation:	Third party valuation – earnings multiple		Voting rights for all Albion managed companies	50.0 per cent.

5. Chonais River Hydro Limited

Chonais River Hydro is a 2MW hydropower scheme near Loch Carron in the Scottish Highlands. It is a run-of-river scheme, taking water from a small river via an intake on the mountainside. The scheme is low visual impact with the only visible components being a small intake and a powerhouse, both of which are built using local material. It generates enough electricity to power about 2,000 homes. It benefits from inflation-protected renewable subsidies for a period of 20 years. The scheme was commissioned in 2014 and has been generating successfully since.

Filletered audited results: year to 30 September 2017		£'000	Investment information	£'000
Net liabilities	(57)		Income recognised in the year	276
Basis of valuation:	Third party valuation – discounted cash flow		Total cost	3,074
			Total valuation	4,390
			Voting rights	9.2 per cent.
			Voting rights for all Albion managed companies	50.0 per cent.



Website: www.thestanwell.com

6. The Stanwell Hotel Limited

The company owned and operated The Stanwell Heathrow Hotel, a four star boutique hotel in the village of Stanwell, just south of Heathrow Airport. The company acquired the freehold property when it had 19 bedrooms and undertook an extensive redevelopment, enlarging the hotel to 52 bedrooms. The hotel was sold in April 2019.

Filleted audited results: year to 31 August 2018

	£'000
Net assets	3,546
Basis of valuation:	Offer price

Investment information

	£'000
Income recognised in the year	–
Total cost	5,069
Total valuation	3,282
Voting rights	39.2 per cent.
Voting rights for all Albion managed companies	50.0 per cent.

7. Kew Green VCT (Stansted) Limited

The company developed and operates the Holiday Inn Express hotel at London Stansted Airport under a 125 year lease and a 25 year franchise agreement. The hotel opened with 183 bedrooms in January 2005 and expanded to 254 bedrooms in July 2007. In June 2018 the company was refinanced with bank debt, enabling the remaining loan stock and the share premium originally paid by investors to be repaid, and a substantial refurbishment to the latest brand standards took place over the course of 2018.



Website: www.expressstanstedairport.co.uk

Audited results: year to 31 August 2018

	£'000
Turnover	5,395
EBITDA	1,375
Profit before tax	680
Net assets	3,573
Basis of valuation:	Third party valuation – earnings multiple

Investment information

	£'000
Income recognised in the year	53
Total cost	1,234
Total valuation	2,668
Voting rights	45.2 per cent.
Voting rights for all Albion managed or advised companies	50.0 per cent.



Website: www.earnsideenergy.com

8. Earnside Energy Limited

Earnside Energy owns and operates an anaerobic digestion (“AD”) plant and composting facility in Perthshire in Scotland. The AD plant, which was expanded in 2017, turns waste food into electricity and produces digestate for use as an agricultural fertiliser, while the composting facility produces compost from co-mingled food and garden waste. The combined facility is capable of processing c. 75,000 tonnes of waste per annum. The company was sold in April 2019.

Audited results:

year to		Investment information	
31 December 2017	£'000		£'000
Turnover	2,803	Income recognised in the year	-
EBITDA	158	Total cost	1,531
Loss before tax	(1,080)	Total valuation	1,813
Net liabilities	(101)	Voting rights	9.5 per cent.
Basis of valuation: Offer price		Voting rights of all Albion managed companies	50.0 per cent.

9. Gharagain River Hydro Limited

Gharagain River Hydro is a 1MW hydropower scheme near Loch Carron in the Scottish Highlands, about 3 miles from Chonais Hydro. It is a run-of-river scheme with the same design as Chonais Hydro. It generates enough electricity to power about 1,000 homes. It benefits from inflation-protected renewable subsidies for a period of 20 years. The scheme was commissioned in 2014 and has been generating successfully since.

Filleted audited results:

year to 30 September 2017	£'000
Net assets	194
Basis of valuation:	Third party valuation – discounted cash flow

Investment information	£'000
Income recognised in the year	119
Total cost	1,363
Total valuation	1,780
Voting rights	11.5 per cent.
Voting rights for all Albion managed companies	50.0 per cent.

10. G. Network Communications Limited

G.Network is a fibre optic broadband provider focused on the provision of fibre broadband to SMEs in central London. Albion funds invested £4.7 million in total in 2017. The Company was founded in 2016. The Albion funds have been used to ramp up the build out of street units, as well as building the team, predominantly a dedicated sales and marketing team to sign up customers.

Filleted audited results:

year to		Investment information	
31 March 2018	£'000		£'000
Net liabilities	(381)	Income recognised in the year	-
Basis of valuation: Cost and price of recent investment (reviewed for impairment or uplift)		Total cost	710
		Valuation	1,536
		Voting rights	3.9 per cent.
		Voting rights for all Albion managed companies	25.7 per cent.



Website: www.g.network

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 2019. The Statement of corporate governance on pages 33 to 37 forms a part of the Directors' report.

BUSINESS REVIEW

Principal activity and status

The principal activity of the Company is that of a venture capital trust. It has been approved by H.M. Revenue & Customs ("HMRC") as a venture capital trust in accordance with the Income Tax Act 2007 and, in the opinion of the Directors, the Company has conducted its affairs so as to enable it to continue to obtain such approval. In order to maintain its status under Venture Capital Trust legislation, a VCT must comply on a continuing basis with the provisions of Section 274 of the Income Tax Act 2007 and further details of this can be found on page 28 of this Directors' report.

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

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

Capital structure

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

All Ordinary shares (except for treasury shares, which have no right to dividend or voting rights) rank *pari passu* for voting rights and each Ordinary share is entitled to one vote. There are no restrictions on the transfer of shares or on voting rights.

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

Issue and buy-back of Ordinary shares

During the year the Company issued a total of 775,061 Ordinary shares (2018: 820,796) under the Company's Dividend Reinvestment Scheme, further details can be found in note 15. No shares were issued under the Albion VCTs Top Up Offers (2018: 365,978).

Your Board, in conjunction with the boards of the other VCTs managed by Albion Capital Group LLP, launched a prospectus top up offer of new Ordinary shares on 7 January 2019. On 5 March 2019, the Company was pleased to announce that it had reached its £8 million limit under its Offer which was fully subscribed and closed early. All shares under the offer were issued after the year end and further details can be in note 19. The proceeds will be used to provide further resources at a time when a number of attractive investment opportunities are being seen.

The Company operates a policy of buying back shares either for cancellation or for holding in treasury. Details regarding the current buy-back policy can be found on page 8 of the Chairman's statement and details of share buybacks during the year can be found in note 15.

Substantial interests and shareholder profile

As at 31 March 2019 and at the date of this Report, the Company was not aware of any shareholder who had a beneficial interest exceeding 3 per cent. of voting rights. There have been no disclosures in accordance with Disclosure Guidance and Transparency Rule 5 made to the Company during the year ended 31 March 2019, and to the date of this Report.

Future developments of the business

Details on the future developments of the business can be found on page 8 of the Chairman's statement and on page 10 of the Strategic report.

Results and dividends

Detailed information on the results and dividends for the year ended 31 March 2019 can be found in the Strategic report on page 10.

Going concern

In accordance with the Guidance on Risk Management, Internal Control and Related Financial and Business Reporting issued by the Financial Reporting Council in September 2014, the Board has assessed the Company's operation as a going concern. The Company has significant cash and liquid resources 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 over a period of at least twelve months from the date of approval of the Financial Statements. After accounting for investments available for disposal and current fundraising the Company has adequate cash resources. 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 17. The Company's business activities, together with details of its performance are shown in the Strategic report and this Directors' report.

Post balance sheet events

Details of events that have occurred since 31 March 2019 are shown in note 19.

Principal risks and uncertainties

A summary of the principal risks faced by the Company is set out on pages 14 to 16 of the Strategic report.

VCT regulation

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

- (1) The Company's income must be derived wholly or mainly from shares and securities;
- (2) At least 70 per cent. of the HMRC value of its investments must have been represented throughout the year by shares or securities that are classified as 'qualifying holdings' (this will increase to 80 per cent. for accounting periods beginning on or after 6 April 2019);
- (3) At least 70 per cent. by HMRC value of its total qualifying holdings must have been represented throughout the year by holdings of 'eligible shares'. Investments made before 6 April 2018 from funds raised before 6 April 2011 are excluded from this requirement;
- (4) At least 30 per cent of funds raised in accounting periods beginning on or after 6 April 2018 must be invested in qualifying holdings by the anniversary of the accounting period in which the funds were raised;
- (5) At the time of investment, or addition to an investment, the Company's holdings in any one company (other than another VCT) must not have exceeded 15 per cent. by HMRC value of its investments;
- (6) The Company must not have retained greater than 15 per cent. of its income earned in the year from shares and securities;
- (7) The Company's shares, throughout the year, must have been listed on a regulated European market;
- (8) An investment in any company must not cause that company to receive more than £5 million in State aid risk finance in the 12 months up to the date of the investment,

nor more than £12 million in total (the limits are £10 million and £20 million respectively for a "knowledge intensive" company);

- (9) The Company must not invest in a company whose trade is more than seven years old (ten years for a "knowledge intensive" company) unless the company previously received State aid risk finance in its first seven years, or the company is entering a new market and a turnover test is satisfied;
- (10) The Company's investment in another company must not be used to acquire another business, or shares in another company; and
- (11) The Company may only make qualifying investments or certain non-qualifying investments permitted by section 274 of the Income Tax Act 2007.

These tests drive a spread of investment risk through preventing holdings of more than 15 per cent. by HMRC value in any portfolio company. The tests have been carried out and independently reviewed for the year ended 31 March 2019. The Company has complied with all tests and continues to do so.

'Qualifying holdings' include shares or securities (including loans with a five year or greater maturity period) in companies which operate a 'qualifying trade' wholly or mainly in the United Kingdom. Eligible shares must comprise at least 10 per cent. by HMRC value of the total of the shares and securities that the Company holds in any one portfolio company. 'Qualifying trade' excludes, amongst other sectors, dealing in property or shares and securities, insurance, banking and agriculture. Details of the sectors in which the Company is invested can be found in the pie chart on page 9.

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

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

Environment

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

Global greenhouse gas emissions

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

Anti-bribery policy

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

Albion Capital Group LLP reviews the anti-bribery policies and procedures of all portfolio companies.

Anti-facilitation of tax evasion policy

The Company has a zero tolerance approach with regards to the facilitation of criminal tax evasion and has a robust risk assessment procedure in place to ensure compliance. The Board reviews this policy and the prevention procedures in place for all associates on a regular basis.

Diversity

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

More details on the Directors can be found in the Board of Directors section on page 17.

The Manager has an equal opportunities policy and currently employees 10 men and 17 women.

Employees

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

Directors

The Directors who held office throughout the year, and their interests in the shares of the Company (together with those of their immediate family) are shown in the Directors' remuneration report on page 39.

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

Re-election of Directors

Directors' retirement and re-election is subject to the Articles of Association and the UK Corporate Governance Code. At the forthcoming Annual General Meeting, John Kerr and Jeff Warren will retire and offer themselves for re-election as they 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.

Packaged Retail and Insurance-based Investment Products ("PRIIPs")

Investors should be aware that the PRIIPs Regulation requires the Manager, as PRIIP manufacturer, to prepare a Key Information Document ("KID") in respect of the Company. This KID must be made available by the Manager to retail investors prior to them making any investment decision and is available on the Company's webpage on the Manager's website. The Company is not responsible for the information contained in the KID and investors should note that the procedures for calculating the risks, costs and potential returns are prescribed by the law. The figures in the KID may not reflect the expected returns for the Company and anticipated performance returns cannot be guaranteed.

Alternative Investment Fund Managers Directive ("AIFMD")

Under the Alternative Investment Fund Manager Regulations 2013 (as amended) the Company is a UK AIF and from 1 October 2018 the Manager is a full scope UK AIFM. Ocorian (UK) Limited provides depositary services under the AIFMD.

Material changes to information required to be made available to investors of the Company

The AIFMD outlines the required information which has to be made available to investors prior to investing in an AIF and directs that material changes to this information be disclosed in the Annual Report of the AIF. There were no material changes in the year.

Assets of the Company subject to special arrangements arising from their illiquid nature

There are no assets of the Company which are subject to special arrangements arising from their illiquid nature.

Remuneration (unaudited)

The Manager has a remuneration policy which meets the requirements of the AIFMD Remuneration Code and associated Financial Conduct Authority guidance.

The Manager has a Remuneration Committee (comprised of three partners) which decides upon the remuneration of partners and staff, taking into account the performance of the Manager generally as well as individual performance.

Annual partner and staff appraisals are carried out in order to assess individual performance against agreed objectives within the broader framework of Albion Capital's performance. Financial and non-financial criteria are taken into account when assessing performance. Variable remuneration will be based on a combination of the assessment of the performance of the individual, the Manager and the Manager's funds. The Manager does not link an individual's rewards to the success of individual portfolio investments but rather to the success of the Manager and its Funds as a whole.

The Remuneration Committee ensures an appropriate balance between fixed and variable components of remuneration of staff. In determining variable remuneration current and future risks are taken into account and variable remuneration is adjusted where appropriate. The Manager does not pay any guaranteed variable remuneration. Taking into account the amount of variable remuneration as a proportion of total remuneration and the size, nature and lack of complexity of the Manager's organisation and its activities, remuneration is not subject to deferral or performance adjustments.

The Manager has a policy which is designed to identify and manage conflicts of interest to the extent that these cannot be avoided and this applies to all staff.

Advising ordinary retail investors

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

Investment and co-investment

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

Auditor

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

Annual General Meeting

The Annual General Meeting will be held at The Charterhouse, Charterhouse Square, London EC1M 6AN at noon on 21 August

2019. 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.capital/funds/AAVC under the "Financial Reports and Circulars section".

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

These resolutions replace the authorities given to the Directors at the Annual General Meeting in 2018. The authorities sought at the forthcoming Annual General Meeting will expire 15 months from the date the resolution is passed or at the conclusion of the next Annual General Meeting of the Company, whichever is earlier.

Authority to allot shares

Ordinary resolution number 7 will request the authority to allot up to an aggregate nominal amount of £214,170 representing approximately 20 per cent. of the issued Ordinary share capital of the Company as at the date of this Report.

The Directors' current intention is to allot shares under the Dividend Reinvestment Scheme and any Albion VCTs Top Up Offers. The Company currently holds 11,517,188 Ordinary shares in treasury which represents 11.9 per cent. of the total Ordinary share capital in issue as at 31 March 2019.

Disapplication of pre-emption rights

Special resolution number 8 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 £214,170 of the nominal value of the share capital representing approximately 20 per cent. of the issued Ordinary share capital of the Company as at the date of this report.

Purchase of own shares

Special resolution number 9 will request the authority to purchase a maximum of 16,052,037 shares representing 14.99 per cent. of the Company's issued Ordinary share capital at, or between, the minimum and maximum prices specified in resolution 9. Shares bought back under this authority may be cancelled.

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. Details of share buy-backs during the year can be found in note 15.

Recommendation

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

General Meeting for amendment to the Management Agreement between the Company and the Manager

As outlined in the Circular that has been sent to shareholders along with the Annual Report and Financial Statements, the Board are recommending that the current performance incentive arrangements be amended. This requires the approval of shareholders at a General Meeting, where an ordinary resolution will propose a deed of variation to the Management Agreement between the Company and the Manager.

The General Meeting will be held at The Charterhouse, Charterhouse Square, London EC1M 6AN following the conclusion of the Annual General Meeting on 21 August 2019. The Notice of the General Meeting is included in the Circular that has been sent to shareholders along with the Annual Report and Financial Statements.

The proxy form enclosed with this Circular permits shareholders to disclose a vote '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 General Meeting will be published at www.albion.capital/funds/AAVC under the 'Financial Reports and Circulars' section.

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 they ought to have taken as a Director to make themselves 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 Capital Group LLP

Company Secretary

1 Benjamin Street
London, EC1M 5QL

1 July 2019

Statement of Directors' responsibilities

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

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

In preparing these Financial Statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with UK GAAP subject to any material departures disclosed and explained in the Financial Statements; and
- prepare a Directors' report, a Strategic report and Directors' remuneration report which comply with the requirements of the Companies Act 2006.

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

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

Website publication

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

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

The Directors confirm to the best of their knowledge:

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

For and on behalf of the Board

Richard Glover

Chairman

1 July 2019

Statement of corporate governance

Background

The Financial Conduct Authority requires all companies listed on a regulated market to disclose how they have applied the principles and complied with the provisions of the UK Corporate Governance Code (“the Code”) issued by the Financial Reporting Council (“FRC”) in 2016.

The Board has also considered the principles and recommendations of the AIC Code of Corporate Governance (“AIC Code”) by reference to the AIC Corporate Governance Guide for Investment Companies (“AIC Guide”). The AIC Code, as explained by the AIC Guide, addresses all the principles set out in the UK Corporate Governance Code, as well as setting out additional principles and recommendations on issues that are of specific relevance to the Company.

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

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

Application of the Principles of the Code

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

Board of Directors

The Board consists solely of independent 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.

Richard Glover is the Chairman and Jeff Warren is the Senior Independent Director. The Board will continue to act independently of the Manager and the Directors consider that the size of the Board is adequate to meet the Company’s future needs.

John Kerr is an external member of the Investment Committee of Albion Capital Group LLP. The Board has reviewed and approved this role and concluded it does not affect his independence.

John Kerr and Jeff Warren 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 their ability to act independently of the Manager.

Ebbe Dinesen will retire as a Director on 1 August 2019.

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 Annual Report, on page 17. Directors are provided with key information on the Company’s activities, including regulatory and statutory requirements, and internal controls, by the Manager. The Board has direct access to secretarial advice and compliance services by the Manager, who is responsible for ensuring that Board procedures are followed and applicable procedures complied with. All Directors are able to take independent professional advice in furtherance of their duties if necessary. In accordance with the UK Corporate Governance Code, the Company has in place Directors’ & Officers’ Liability Insurance.

The Directors have considered diversity in relation to the composition of the Board and have considered that its membership is diverse in relation to its experience and balance of skills. Further details on the policy regarding the recruitment of new directors can be found in the Nomination Committee section on page 36.

The Board met four times during the year as part of its regular programme of Board meetings. All of the Directors attended all meetings, except for David Watkins who retired on 1 August 2018. A sub-committee of the Board comprising at least two Directors met during the year to allot shares issued under the Dividend Reinvestment Scheme and the Albion VCTs Top Up Offers.

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 appointment, evaluation, removal and remuneration of the Manager;
- the consideration and approval of future developments or changes to the investment policy, including risk and asset allocation;

Statement of corporate governance

continued

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

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

Committees' and Directors' performance evaluation

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

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

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

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

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

In light of the structured performance evaluation, John Kerr and Jeff Warren who 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 reappoint these Directors at the forthcoming Annual General Meeting.

Remuneration Committee

Jeff Warren is Chairman of the Remuneration Committee and all of the Directors are members of this Committee. The Committee meets once a year and held one formal meeting during the year which was attended by all the Directors except David Watkins who retired on 1 August 2018.

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

Audit Committee

The Audit Committee consists of all Directors and John Kerr is Chairman. In accordance with the Code, all members of the Audit Committee have recent and relevant financial experience and therefore it is considered appropriate for the whole Board to be part of the Audit Committee. The Committee met twice during the year ended 31 March 2019; all members attended all meetings, except David Watkins who retired on 1 August 2018.

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

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

- formally reviewing the Annual Report and Financial Statements, the Half-yearly Financial Report, the Interim Management Statements which the Company will continue to publish and the associated announcements, with particular focus on the main areas requiring judgement and on critical accounting policies;
- reviewing the effectiveness of the internal controls system and examination of the Internal Controls Report produced by the Manager;
- meeting with the external Auditor and reviewing their findings;

Statement of corporate governance

continued

- reviewing the performance of the Manager and making recommendations regarding their re-appointment to the Board;
- highlighting the key risks and specific issues relating to the Financial Statements including the reasonableness of valuations, compliance with accounting standards and UK law, corporate governance and listing and disclosure rules as well as going concern. These issues were addressed through detailed review, discussion and challenge by the Board of these matters, as well as by reference to underlying technical information;
- advising the Board on whether the Annual Report and Financial Statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position, performance, business model and strategy; and
- reporting to the Board on how it has discharged its responsibilities.

Financial Statements

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

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

The valuation of the Company's investments

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

Revenue recognition

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

Following rigorous reviews of the Annual Report and Financial Statements and consideration of the key areas of risk identified,

the Audit Committee and Board has concluded that, as a whole, the Financial Statements are fair, balanced and understandable and that they provide the information necessary for shareholders to assess the Company's position, performance, business model and strategy.

Relationship with the External Auditor

The Audit Committee reviews the performance and continued suitability of the Company's external Auditor on an annual basis. They assess the external Auditor's independence, qualification, extent of relevant experience, effectiveness of audit procedures as well as the robustness of their quality assurance procedures. In advance of each audit, the Committee obtains confirmation from the external Auditor that they are independent and of the level of non-audit fees earned by them and their affiliates. No non-audit services were provided during the financial year ended 31 March 2019.

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

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

In order to form a view of the effectiveness of the external audit process, the Committee took into account information from the Manager regarding the audit process, the formal documentation issued to the Audit Committee and the Board by the external Auditor regarding the external audit for the year ended 31 March 2019, and assessments made by individual Directors.

In 2017 the Audit Committee undertook a tendering exercise for the provision of audit services. As a result of this process, BDO LLP was retained as Auditor. BDO first acted as Auditor for the year ended 31 March 2008 and this will be year 12 of their tenure. The Audit Committee annually reviews and evaluates the standard and quality of service provided by the Auditor, as well as value for money in the provision of these services.

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

Statement of corporate governance

continued

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

Nomination Committee

The Nomination Committee consists of all Directors, with Richard Glover as Chairman from 1 August 2018, when David Watkins retired from this role.

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

The terms of reference for the Nomination Committee can be found on the Company's webpage on the Manager's website at www.albion.capital/funds/AAVC under the Corporate Governance section.

Internal control

In accordance with the UK Corporate Governance Code, the Board has an established process for identifying, evaluating and managing the significant risks faced by the Company. This process has been in place throughout the year and continues to be subject to regular review by the Board in accordance with the FRC guidance "Risk Management, Internal Control and Related Financial and Business Reporting". The Board is responsible for the Company's system of internal control and for reviewing its effectiveness. However, acknowledging that such a system is designed to manage, rather than eliminate, the risks of failure to achieve the Company's business objectives, such controls can only provide reasonable and not absolute assurance against material misstatement or loss.

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

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

The main features of the internal control system with respect to financial reporting are:

- segregation of duties between the preparation of valuations and recording in accounting records;
- independent third party valuations of the majority of the asset-backed investments within the portfolio are undertaken annually;
- reviews of valuations are carried out by the managing partner and reviews of financial reports are carried out by the operations partner of Albion Capital Group LLP;
- bank reconciliations are carried out monthly, and stock reconciliations are carried out six-monthly, by the Manager in accordance with the FCA requirements;
- all published financial reports are reviewed by Albion Capital Group LLP compliance department;
- the Board reviews financial information; and
- a separate Audit Committee of the Board reviews financial information due to be published.

As the Board has delegated the investment management and administration to Albion Capital Group LLP, the Board feels that it is not necessary to have its own internal audit function. Instead, it has access to PKF Littlejohn LLP, which, as internal auditor for Albion Capital Group LLP undertakes periodic examination of the business processes and controls environment at Albion Capital Group LLP, and ensures that any recommendations to implement improvements in controls are carried out. During the year, the Audit Committee and the Board reviewed internal audit reports prepared by PKF Littlejohn LLP. The Board and the Audit Committee will continue to monitor its system of internal control in order to provide assurance that it operates as intended.

In addition to this, Ocorian (UK) Limited, the Company's external Depository from 1 October 2018, provides cash monitoring, asset verification, and oversight services to the Company and reports to the Board on a quarterly basis. The Board and the Audit Committee will continue to monitor its system of internal control in order to provide assurance that it operates as intended.

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, and is excluded from discussions or decisions regarding those conflicts. Procedures to disclose and authorise conflicts of interest have been adhered to throughout the year.

Statement of corporate governance

continued

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 27 and 30 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 21 August 2019 will be used as an opportunity to communicate with investors. The Board, including the Chairman of the Audit Committee, will be available to answer questions at the Annual General Meeting.

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

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

Shareholders and financial advisers are able to obtain information on holdings and performance using the contact details provided on page 2.

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

Statement of compliance

The Directors consider that the Company has complied throughout the year ended 31 March 2019 with all the relevant provisions set out in 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.

For and on behalf of the Board

Richard Glover

Chairman

1 July 2019

Directors' remuneration report

Introduction

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

An ordinary resolution will be proposed at the Annual General Meeting of the Company to be held on 21 August 2019 for the approval of the annual remuneration report as set out below. The current remuneration policy was approved by shareholders (95.3 per cent. of shareholders voted for the resolution, 4.7 per cent. against the resolution, and of the total votes cast, 206,154 votes (being 0.2 per cent. of total voting rights) were withheld) at the Annual General Meeting held on 14 August 2017, and it will remain in place for a three year period. It will be next put to shareholders at the 2020 AGM.

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

Annual statement from the Chairman of the Remuneration Committee

The Remuneration Committee comprises all of the Directors with Jeff Warren as Chairman.

The Remuneration Committee met once during the year to review Directors' responsibilities and fees against the market and concluded that the current level of fees for the Chairman should be increased to remain both competitive and reflective of the workload and responsibilities required. The Board agreed to raise the salary of the Chairman to £27,000 per annum. This change in remuneration will take place from 1 July 2019 and is in line with the remuneration policy as detailed out below.

Directors' remuneration policy

The Company's policy is that fees payable to non-executive Directors should reflect their expertise, responsibilities and time spent on Company matters. In determining the level of non-executive remuneration, market equivalents are considered in comparison to the overall activities and size of the Company. There is no performance related pay criteria applicable to non-executive Directors.

The current maximum level of non-executive Directors' remuneration is £150,000 per annum in aggregate which is fixed by the Company's Articles of Association, changes to which are made by ordinary resolution.

The Company's Articles of Association provide for the resignation and, if approved, re-election of the Directors every three years at the Annual General Meeting. In accordance with the recommendations of the AIC Code, Directors who have served the Company for longer than nine years are subject to annual re-election, and any non-independent Directors are also subject to annual re-election. At the forthcoming Annual General Meeting John Kerr and Jeff Warren will retire and be proposed for re-election. Ebbe Dinesen will retire as a Director on 1 August 2019.

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

Shareholders' views in respect of Directors' remuneration are regarded highly and the Board encourages shareholders' to attend its Annual General Meeting in order to communicate their thoughts, which it takes into account where appropriate when formulating its policy. At the last Annual General Meeting, 95.9 per cent. of shareholders voted for the resolution approving the Directors' remuneration report which shows significant shareholder support.

Annual report on remuneration

The remuneration of individual Directors' is determined by the Remuneration Committee within the framework set by the Board.

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

Directors' remuneration report continued

Directors' remuneration

The following items have been audited.

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

	2019 £'000	2018 £'000
Richard Glover (appointed 8 November 2017; Chairman from 1 August 2018)	23	9
John Kerr	24	24
Ann Berresford (appointed 8 November 2017)	22	9
Ebbe Dinesen	22	22
Jeff Warren	22	22
David Watkins (retired 1 August 2018)	8	24
	121	110

The Directors' remuneration for the year ending 31 March 2020 is expected to be approximately £101,000.

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

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

In addition to Directors' remuneration, the Company pays an annual premium in respect of Directors' & Officers' Liability Insurance of £8,932 (2018: £8,578).

Directors' interests

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

	31 March 2019 (Number of shares)	31 March 2018 (Number of shares)
Richard Glover	–	–
John Kerr	13,109	13,109
Ann Berresford	–	–
Ebbe Dinesen	36,552	36,552
Jeff Warren	20,000	20,000
David Watkins (retired 1 August 2018)	N/A	10,000
	69,661	79,661

Richard Glover, John Kerr, and Ebbe Dinesen participated in the Albion VCTs Prospectus Top Up Offers 2018/19 and subscribed to 50,441; 6,337; and 5,069 shares respectively in the April 2019 allotment.

There have been no other changes in the holdings of the Directors between 31 March 2019 and the date of this Report.

The following items have not been audited.

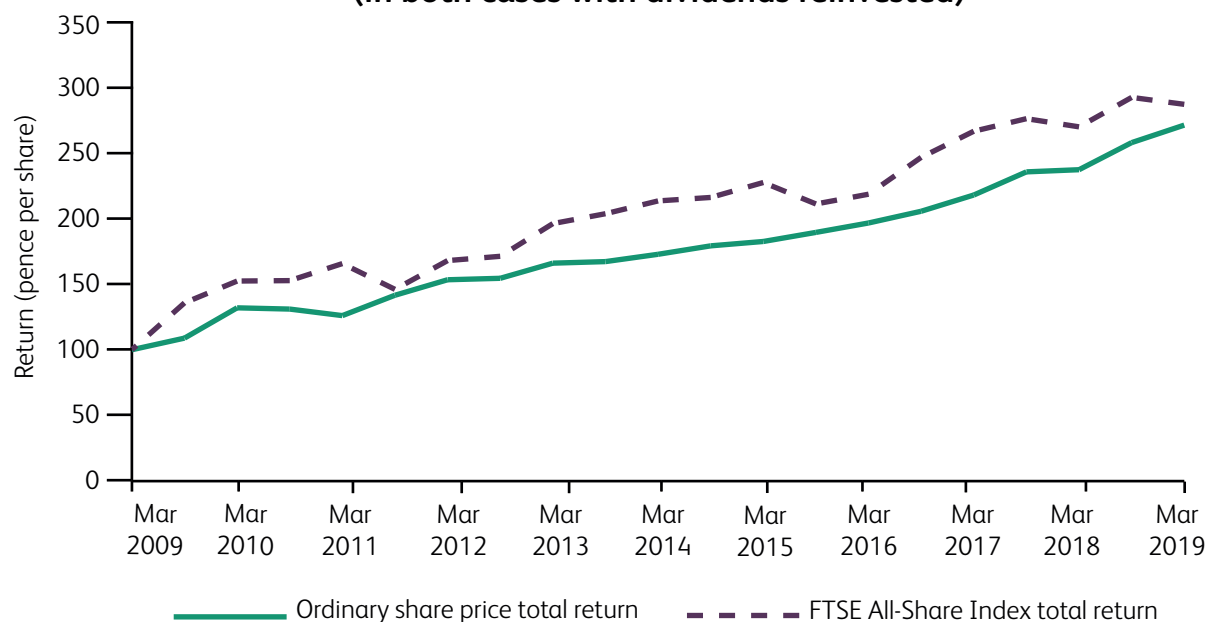
Albion Capital Group LLP, its partners and staff hold a total of 368,497 shares in the Company as at 31 March 2019.

Performance graph

The graph that follows shows the Company's Ordinary share price total return against the FTSE All-Share Index total return, in both instances with dividends reinvested, since 1 April 2009. The Directors consider the FTSE All-Share Index to be the most appropriate benchmark for the Company as it contains a large range of sectors within the UK economy similar to a generalist VCT. Investors should, however, be reminded that shares in VCTs generally trade at a discount to the actual net asset value of the Company.

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

Ordinary share price total return relative to the FTSE All-Share Index total return (in both cases with dividends reinvested)



Source: Albion Capital Group LLP

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

Directors' pay compared to distribution to shareholders for the year

	31 March 2019 £'000	31 March 2018 £'000	Percentage change
Total dividend distribution to shareholders	4,278	4,317	(0.9%)
Share buybacks	1,300	1,019	27.6%
Total Directors fees	121	110	10%

For and on behalf of the Board

Richard Glover

Director

1 July 2019

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

Opinion

We have audited the financial statements of Albion Venture Capital Trust Plc (the 'Company') for the year ended 31 March 2019 which comprise the Income Statement, the Balance Sheet, the Statement of Changes in Equity, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2019 and its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to principal risks, going concern and viability statement

We have nothing to report in respect of the following information in the annual report, in relation to which the ISAs (UK) require us to report to you whether we have anything material to add or draw attention to:

- the disclosures in the annual report that describe the principal risks and explain how they are being managed or mitigated;

- the directors' confirmation in the annual report that they have carried out a robust assessment of the principal risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity;
- the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting in preparing the financial statements and the directors' identification of any material uncertainties to the Company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- whether the directors' statement relating to going concern required under the Listing Rules in accordance with Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit; or
- the directors' explanation in the annual report as to how they have assessed the prospects of the Company, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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

Key Audit Matter	How we addressed the Key Audit Matter in the Audit
<p>Valuation of unquoted investments (Note 3 and 11 to the financial statements)</p> <p>There is a high level of estimation uncertainty involved in determining the unquoted investment valuations.</p> <p>The Investment Manager's fee is based on the value of the net assets of the fund, as shown in note 5.</p> <p>As the Investment Manager is responsible for valuing investments for the financial statements, there is a potential risk of overstatement of investment valuations. The existence of an expense cap in the management agreement enhances this risk.</p>	<p>The unquoted investment portfolio comprises loan and equity investments in unquoted companies.</p> <p>We tested a sample of 88% of the unquoted investment portfolio by value of investment holdings.</p> <p>13% of the unquoted portfolio is based on valuations using net assets (i.e. cash held) or cost (where the investment was recently acquired). For such investments, we checked the net assets or cost to supporting documentation and considered the Investment Manager's determination of whether there were any reasons why the valuation and the valuation methodology was not appropriate at 31 March 2019.</p> <p>The remaining 87% of the investment portfolio is valued with reference to more subjective techniques with 17% based on discounted cash flows, 8% using the offer price and 62% using earnings multiples, as described in note 11.</p> <p>Our detailed testing for such investments, performed on all investments within our sample comprised:</p> <ul style="list-style-type: none"> • Forming a determination of whether the valuation methodology is the most appropriate in the circumstances under the International Private Equity and Venture Capital Valuation ("IPEV") Guidelines obtaining management explanations • Re-performing the calculation of the multiples-based investment valuations • Where a valuation has been performed by a third party management's expert, we assessed the competence and capabilities of that expert, the quality of their work and their qualifications, as well as challenging the basis of inputs and assumptions used by the expert (i.e. discount rates and earnings multiples). We also considered any updates for subsequent information to the valuation made by the investment manager and obtained appropriate evidence for those changes • Benchmarking key inputs and estimates to independent information and our own research • Challenging the assumptions inherent in the valuation of unquoted investments and assessed the impact of the estimation uncertainty concerning these assumptions and the disclosure of these uncertainties in the Financial Statements • Considering the economic environment in which the investment operates to identify factors that could impact the investment valuation • Developing our own point estimates where alternative assumptions could reasonably be applied and considered the overall impact of such sensitisations on the portfolio of investments in determining whether the valuations as a whole are reasonable and unbiased.

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

Key Audit Matter	How we addressed the Key Audit Matter in the Audit
	<p>For investments not included in our detailed testing, we performed the following procedures where relevant:</p> <ul style="list-style-type: none"> • Considered whether the valuation had been prepared by a suitably qualified individual • Considered whether a valid IPEV methodology had been adopted • Considered whether the valuation used up to date trading information <p>For a sample of loans held at fair value, we:</p> <ul style="list-style-type: none"> • Vouched security held to documentation • Considered the assumption that fair value is not significantly different to cost by challenging the assumption that there is no significant movement in the market interest rate since acquisition and considering the “unit of account” concept (i.e. the investment as a whole) • Reviewed the treatment of accrued redemption premium/other fixed returns in line with the SORP
<p>Revenue recognition (Note 2 and 4 to the financial statements)</p> <p>Revenue arises from unquoted investments and can be difficult to predict. It is often a key factor in demonstrating the performance of the portfolio.</p> <p>Revenue consists primarily of interest earned on loans to investee companies, as well as dividends receivable from investee companies.</p> <p>Revenue recognition is considered to be a significant risk, particularly the assessment of the recoverability of loan interest income, and the completeness of dividends, as it is one of the key drivers of dividend returns to investors.</p>	<p>We developed expectations for interest income receivable based on loan instruments and investigated any variations in amounts recognised to ensure they were valid.</p> <p>We also reviewed the recognition and classification of accrued fixed income receipts to ascertain whether it meets the definition of realised income, considering management information relevant to the ability of the portfolio Company to service the loan and the reasons for any arrears of loan interest.</p> <p>In respect of dividends receivable, we compared actual income to expectations set based on independent published data or management information from the investee company on dividends declared by the portfolio companies held.</p>

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements. In order to reduce to an appropriately low level the probability that any misstatements exceed materiality we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the Financial Statements. The application of these key considerations gives rise to three levels of materiality, the quantum and purpose of which are tabulated below.

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

Materiality measure	Purpose	Key considerations and benchmarks	Quantum 2019 (£)	Quantum 2018 (£)
<i>Financial statement materiality.</i> (2% of gross investments)	Assessing whether the financial statements as a whole present a true and fair view.	<ul style="list-style-type: none"> The gross value of investments The level of judgement inherent in the valuation The range of reasonable alternative valuations 	£1,230,000	£1,190,000
<i>Performance materiality.</i> (75% of Materiality)	Lower level of materiality applied in performance of the audit when determining the nature and extent of testing applied to individual balances and classes of transactions.	<ul style="list-style-type: none"> Financial statement materiality Risk and control environment 	£920,000	£890,000
<i>Specific materiality – classes of transactions and balances which impact on net realised returns.</i> (10% of the revenue return before tax)	Assessing those classes of transactions, balances or disclosures for which misstatements of lesser amounts than materiality for the financial statements as a whole could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.	<ul style="list-style-type: none"> Level of revenue 	£220,000	£190,000

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £23,000 as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

An overview of the scope of our audit

Our audit approach was developed by obtaining an understanding of the company's activities, and the overall control environment. Based on this understanding we assessed those aspects of the company's transactions and balances which were most likely to give rise to a material misstatement.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of the valuation of investments which have a high level of estimation uncertainty involved in determining the unquoted investment valuations.

We gained an understanding of the legal and regulatory framework applicable to the company and the industry in which it operates, and considered the risk of acts by the company which were contrary to applicable laws and regulations, including fraud. These included but were not limited to compliance with Companies Act 2006, the FCA listing and DTR rules, the principles of the UK Corporate Governance Code, industry practice represented by the Statement of Recommended Practice: Financial Statements of Investment Trust Companies and Venture Capital Trusts ("the SORP") issued in November 2014 and updated in February 2018 with consequential amendments and FRS 102. We also considered the company's qualification as a VCT under UK tax legislation.

We designed audit procedures to respond to the risk, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion.

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

We focused on laws and regulations that could give rise to a material misstatement in the company financial statements. Our tests included, but were not limited to:

- obtaining an understanding of the control environment in monitoring compliance with laws and regulations;
- agreement of the financial statement disclosures to underlying supporting documentation;
- enquiries of management; and
- review of minutes of board meetings throughout the period.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. As in all of our audits we also addressed the risk of management override of internal controls, including testing journals and evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

In this context, we also have nothing to report in regard to our responsibility to specifically address the following items in the other information and to report as uncorrected material misstatements of the other information where we conclude that those items meet the following conditions:

- Fair, balanced and understandable – the statement given by the directors that they consider the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy, is materially inconsistent with our knowledge obtained in the audit; or
- Audit committee reporting – the section describing the work of the audit committee does not appropriately address matters communicated by us to the audit committee; or
- Directors' statement of compliance with the UK Corporate Governance Code – the parts of the directors' statement required under the Listing Rules relating to the Company's compliance with the UK Corporate Governance Code containing provisions specified for review by the auditor in accordance with Listing Rule 9.8.10R(2) do not properly disclose a departure from a relevant provision of the UK Corporate Governance Code.

Opinions on other matters prescribed by the Companies Act 2006

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

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Company financial statements and the part of the directors' remuneration report to be audited are not in agreement with the accounting records and returns; or

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

- 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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Other matters which we are required to address

Following the recommendation of the audit committee, we were appointed by the Board of Directors to audit the financial statements for the year ended 31 March 2008 and subsequent financial periods. We successfully retendered for the audit of the financial statements for the year ended 31 March 2018 and we were reappointed as auditors in respect of the year ended 31 March 2019 by the Members. The period of total uninterrupted engagement is 12 years, covering the years ending 31 March 2008 to 31 March 2019.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the company and we remain independent of the company in conducting our audit.

Our audit opinion is consistent with the additional report to the audit committee.

Use of our report

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.

Vanessa-Jayne Bradley (Senior Statutory Auditor)

For and on behalf of BDO LLP, Statutory Auditor

London

United Kingdom

1 July 2019

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

Income statement

	Note	Year ended 31 March 2019			Year ended 31 March 2018		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains on investments	3	–	5,707	5,707	–	3,930	3,930
Investment income	4	2,842	–	2,842	2,520	–	2,520
Investment management fees	5	(318)	(954)	(1,272)	(310)	(928)	(1,238)
Other expenses	6	(357)	–	(357)	(332)	–	(332)
Profit on ordinary activities before tax		2,167	4,753	6,920	1,878	3,002	4,880
Tax (charge)/credit on ordinary activities	8	(330)	181	(149)	(273)	176	(97)
Profit and total comprehensive income attributable to shareholders		1,837	4,934	6,771	1,605	3,178	4,783
Basic and diluted return per share (pence)*	10	2.13	5.73	7.86	1.80	3.70	5.50

* adjusted for treasury shares

The accompanying notes on pages 51 to 63 form an integral part of these Financial Statements.

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

Balance sheet

	Note	31 March 2019 £'000	31 March 2018 £'000
Fixed asset investments	11	61,459	59,451
Current assets			
Trade and other receivables less than one year	13	514	136
Cash and cash equivalents		6,205	6,762
		6,719	6,898
Total assets		68,178	66,349
Payables: amounts falling due within one year			
Trade and other payables less than one year	14	(631)	(570)
Total assets less current liabilities		67,547	65,779
Equity attributable to equity holders			
Called up share capital	15	970	962
Share premium		26,042	25,475
Capital redemption reserve		7	7
Unrealised capital reserve		19,327	13,789
Realised capital reserve		6,151	6,755
Other distributable reserve		15,050	18,791
Total equity shareholders' funds		67,547	65,779
Basic and diluted net asset value per share (pence)*	16	79.00	76.00

* excluding treasury shares

The accompanying notes on pages 51 to 63 form an integral part of these Financial Statements.

These Financial Statements were approved by the Board of Directors and authorised for issue on 1 July 2019, and were signed on its behalf by

Richard Glover
Chairman

Company number: 03142609

Statement of changes in equity

	Called up share capital £'000	Share premium £'000	Capital redemption reserve £'000	Unrealised capital reserve £'000	Realised capital reserve* £'000	Other distributable reserve* £'000	Total £'000
At 1 April 2018	962	25,475	7	13,789	6,755	18,791	65,779
Return/(loss) and total comprehensive income for the year	–	–	–	5,782	(848)	1,837	6,771
Transfer of previously unrealised gains on realisations of investments	–	–	–	(244)	244	–	–
Purchase of treasury shares	–	–	–	–	–	(1,300)	(1,300)
Issue of equity	8	570	–	–	–	–	578
Cost of issue of equity	–	(3)	–	–	–	–	(3)
Net dividends paid (note 9)	–	–	–	–	–	(4,278)	(4,278)
At 31 March 2019	970	26,042	7	19,327	6,151	15,050	67,547
At 1 April 2017	951	24,630	7	8,623	8,743	22,521	65,475
Return/(loss) and total comprehensive income for the year	–	–	–	3,736	(558)	1,605	4,783
Transfer of previously unrealised losses on realisations of investments	–	–	–	1,430	(1,430)	–	–
Purchase of treasury shares	–	–	–	–	–	(1,019)	(1,019)
Issue of equity	12	856	–	–	–	–	868
Cost of issue of equity	–	(11)	–	–	–	–	(11)
Net dividends paid (note 9)	–	–	–	–	–	(4,317)	(4,317)
At 31 March 2018	962	25,475	7	13,789	6,755	18,791	65,779

* These reserves amount to £21,201,000 (2018: £25,546,000) which is considered distributable.

Statement of cash flows

	Year ended 31 March 2019 £'000	Year ended 31 March 2018 £'000
Cash flow from operating activities		
Loan stock income received	2,868	2,124
Deposit interest received	30	7
Dividend income received	56	34
Investment management fees paid	(1,263)	(1,236)
Other cash payments	(350)	(321)
UK Corporation tax paid	(68)	(147)
Net cash flow from operating activities	1,273	461
Cash flow from investing activities		
Purchase of fixed asset investments	(2,292)	(3,027)
Disposal of fixed asset investments	5,449	3,410
Net cash flow from investing activities	3,157	383
Cash flow from financing activities		
Issue of share capital	–	268
Cost of issue of equity	(3)	(2)
Dividends paid*	(3,683)	(3,755)
Purchase of own shares (including costs)	(1,301)	(1,089)
Net cash flow from financing activities	(4,987)	(4,578)
Decrease in cash and cash equivalents	(557)	(3,734)
Cash and cash equivalents at start of period	6,762	10,496
Cash and cash equivalents at end of period	6,205	6,762
Cash and cash equivalents comprise		
Cash at bank	6,205	6,762
Cash equivalents	–	–
Total cash and cash equivalents	6,205	6,762

* The equity dividends paid shown in the cash flow are different to the dividends disclosed in note 9 as a result of the non-cash effect of the Dividend Reinvestment Scheme.

Notes to the Financial Statements

1. Basis of preparation

The Financial Statements have been prepared in accordance with applicable United Kingdom law and accounting standards, including Financial Reporting Standard 102 (“FRS 102”), 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”).

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

Company information can be found on page 2.

2. Accounting policies

Fixed asset investments

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

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

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

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

- Investments listed on recognised exchanges are valued at their bid prices at the end of the accounting period or otherwise at fair value based on published price quotations;
- Unquoted investments, where there is not an active market, are valued using an appropriate valuation technique in accordance with the IPEV Guidelines. Indicators of fair value are derived using established methodologies including earnings multiples, the level of third party offers received, cost or price of recent investment rounds, net assets and industry valuation benchmarks. Where price of recent investment is used as a starting point for estimating fair value at subsequent measurement dates, this has been benchmarked using an appropriate valuation technique permitted by the IPEV guidelines.
- In situations where cost or price of recent investment is used, consideration is given to the circumstances of the portfolio company since that date in determining fair value. This includes consideration of whether there is any evidence of deterioration or strong definable evidence of an increase in value. In the absence of these indicators, the investment in question is valued at the amount reported at the previous reporting date. Examples of events or changes that could indicate a diminution include:
 - the performance and/or prospects of the underlying business are significantly below the expectations on which the investment was based;
 - a significant adverse change either in the portfolio company’s business or in the technological, market, economic, legal or regulatory environment in which the business operates; or
 - market conditions have deteriorated, which may be indicated by a fall in the share prices of quoted businesses operating in the same or related sectors.

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

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

Current assets and payables

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

Gains and losses on investments

Gains and losses arising from changes in the fair value of the investments are included in the Income statement for the year as a capital item and allocated to the unrealised capital reserve.

2. Accounting policies (continued)

Investment income

Equity income

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

Unquoted loan stock and other preferred income

Fixed returns on non-equity shares and debt securities are recognised when the Company's right to receive payment and expect settlement is established. Where interest is rolled up and/or payable at redemption then it is recognised as income unless there is reasonable doubt as to its receipt.

Bank interest income

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

Investment management fee, performance incentive fee and other expenses

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

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

Taxation

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

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

Reserves

Share premium

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

Capital redemption reserve

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

Unrealised capital reserve

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

Realised capital reserve

The following are disclosed in this reserve:

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

Other distributable reserve

The special reserve, treasury share reserve and the revenue reserve were combined in 2012 to form a single reserve named other distributable reserve.

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

Dividends

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

Segmental reporting

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

Notes to the Financial Statements continued

3. Gains on investments

	Year ended 31 March 2019 £'000	Year ended 31 March 2018 £'000
Unrealised gains on fixed asset investments	5,782	3,736
Realised (losses)/gains on fixed asset investments	(75)	194
Gains on investments	5,707	3,930

4. Investment income

	Year ended 31 March 2019 £'000	Year ended 31 March 2018 £'000
Loan stock interest and other fixed returns	2,755	2,479
Dividend income	56	34
Bank interest	31	7
	2,842	2,520

5. Investment management fees

	Year ended 31 March 2019 £'000	Year ended 31 March 2018 £'000
Investment management fee charged to revenue	318	310
Investment management fee charged to capital	954	928
	1,272	1,238

Further details of the Management agreement under which the investment management fee and any performance incentive fee are paid is given in the Strategic report on pages 12 and 13.

During the year, services of a total value of £1,324,000 (2018: £1,288,000), were purchased by the Company from Albion Capital Group LLP; this includes £1,272,000 (2018: £1,238,000) of investment management fee and £52,000 (2018: £50,000) of secretarial and administration fee. At the financial year end, the amount due to Albion Capital Group LLP in respect of these services disclosed within payables was £334,000 (2018: £325,000).

Albion Capital Group LLP is, from time to time, eligible to receive arrangement fees and monitoring fees from portfolio companies. During the year ended 31 March 2019, fees of £137,000 attributable to the investments of the Company were received by Albion Capital Group LLP pursuant to these arrangements (2018: £169,000).

Albion Capital Group LLP, its partners and staff hold a total of 368,497 shares in the Company as at 31 March 2019.

The Company has entered into an offer agreement relating to the Offers with the Company's investment manager Albion Capital Group LLP, pursuant to which Albion Capital will receive a fee of 2.5 per cent. of the gross proceeds of the Offers and out of which Albion Capital will pay the costs of the Offers, as detailed in the Prospectus.

Notes to the Financial Statements continued

6. Other expenses

	Year ended 31 March 2019 £'000	Year ended 31 March 2018 £'000
Directors' fees (inc. NIC)	132	119
Auditor's remuneration for statutory audit services (exc. VAT)	28	28
Secretarial and administration fee	52	50
Other administrative expenses	145	135
	357	332

7. Directors' fees

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

	Year ended 31 March 2019 £'000	Year ended 31 March 2018 £'000
Directors' fees	121	110
National insurance	11	9
	132	119

The Company's key management personnel are the Directors. Further information regarding Directors' remuneration can be found in the Directors' remuneration report on page 39.

8. Tax charge/(credit) on ordinary activities

	Year ended 31 March 2019			Year ended 31 March 2018		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
UK corporation tax in respect of current year	401	(181)	220	350	(176)	174
UK corporation tax in respect of prior year	(71)	–	(71)	(77)	–	(77)
Total	330	(181)	149	273	(176)	97

Factors affecting the tax charge:

	Year ended 31 March 2019 £'000	Year ended 31 March 2018 £'000
Return on ordinary activities before taxation	6,920	4,880
Tax on profit at the standard rate of 19% (2018: 19%)	1,315	927
Factors affecting the charge:		
Non-taxable gains	(1,084)	(747)
Income not taxable	(11)	(6)
Consortium relief in respect of prior years	(71)	(77)
	149	97

Notes to the Financial Statements continued

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

The tax charge for the year shown in the Income statement is lower than the standard rate of corporation tax in the UK of 19 per cent. (2018: 19 per cent.). The differences are explained above.

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

Notes

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

9. Dividends

	Year ended 31 March 2019 £'000	Year ended 31 March 2018 £'000
Dividend of 2.50p per share paid on 31 July 2017	–	2,179
Dividend of 2.50p per share paid on 31 January 2018	–	2,178
Dividend of 2.50p per share paid on 31 July 2018	2,160	–
Dividend of 2.50p per share paid on 31 January 2019	2,140	–
Unclaimed dividends	(22)	(40)
	4,278	4,317

In addition to the dividends summarised above, the Board has declared a first dividend for the year ending 31 March 2020 of 2.50 pence per share to be paid on 31 July 2019 to shareholders on the register on 12 July 2019. The total dividend will be approximately £2,389,000. All dividends are paid from the other distributable reserve.

During the year, unclaimed dividends older than twelve years of £22,000 (2018: £40,000) were returned to the Company in accordance with the terms of the Articles of Association and have been accounted for on an accruals basis.

10. Basic and diluted return per share

	Year ended 31 March 2019			Year ended 31 March 2018		
	Revenue	Capital	Total	Revenue	Capital	Total
The return per share has been based on the following figures:						
Return attributable to equity shares (£'000)	1,837	4,934	6,771	1,605	3,178	4,783
Weighted average shares in issue (adjusted for treasury shares)		86,066,296			87,117,574	
Return attributable per equity share (pence)	2.13	5.73	7.86	1.80	3.70	5.50

The weighted average number of shares is calculated after adjusting for treasury shares of 11,517,188 (2018: 9,730,188).

There are no convertible instruments, derivatives or contingent share agreements in issue so basic and diluted return per share are the same.

Notes to the Financial Statements continued

11. Fixed asset investments

	31 March 2019 £'000	31 March 2018 £'000
Investments held at fair value through profit or loss		
Unquoted equity	29,550	25,717
Unquoted loan stock	31,909	33,734
	61,459	59,451
	31 March 2019 £'000	31 March 2018 £'000
Opening valuation	59,451	55,473
Purchases at cost	1,851	3,027
Disposal proceeds	(5,438)	(3,334)
Realised (losses)/gains	(75)	194
Movement in loan stock accrued income	(113)	355
Unrealised gains	5,782	3,736
Closing valuation	61,459	59,451
Movement in loan stock accrued income		
Opening accumulated movement in loan stock accrued income	951	596
Movement in loan stock accrued income	(113)	355
Closing accumulated movement in loan stock accrued income	838	951
Movement in unrealised gains		
Opening accumulated unrealised gains	13,789	8,623
Transfer of previously unrealised (gains)/losses to realised reserve on realisations of investments	(244)	1,430
Unrealised gains	5,782	3,736
Closing accumulated unrealised gains	19,327	13,789
Historic cost basis		
Opening book cost	44,712	46,255
Purchases at cost	1,851	3,027
Sales at cost	(5,269)	(4,570)
Closing book cost	41,294	44,712

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

Notes to the Financial Statements continued

11. Fixed asset investments (continued)

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

Valuation methodology	31 March 2019 £'000	31 March 2018 £'000
Third party valuation – Earnings multiple	37,919	41,015
Third party valuation – Discounted cash flow	10,195	12,500
Offer price	5,095	–
Cost or price of recent investment (reviewed for impairment or uplift)	5,095	2,842
Net assets	3,155	3,094
	61,459	59,451

Where cost or price of recent investment has been used the valuer has assessed whether changes or events subsequent to the relevant transaction would imply a change in the investment's fair value.

Fair value investments had the following movements between valuation methodologies between 31 March 2018 and 31 March 2019:

Change in valuation methodology (2018 to 2019)	Value as at 31 March 2019 £'000	Explanatory note
Third party valuation – Earnings multiple to offer price	3,282	Third party offer accepted
Third party valuation – Discounted cash flow to offer price	1,813	Third party offer accepted

The valuation will be the most appropriate valuation methodology for an investment within its market, with regard to the financial health of the investment and the IPEV Guidelines. The Directors believe that, within these parameters, the methods used are the most appropriate methods of valuation as at 31 March 2019.

FRS 102 and the SORP requires the Company to disclose the inputs to the valuation methods applied to its investments measured at FVTPL in a fair value hierarchy. The table below sets out fair value hierarchy definitions using FRS102 s.11.27.

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

All fixed asset investments (unquoted equity, preference shares and loan stock) are valued according to Level 3 valuation methods. The Level 3 valuation movements are therefore the same as the fixed asset investment valuation movements above.

FRS 102 requires the Directors to consider the impact of changing one or more of the inputs used as part of the valuation process to reasonable possible alternative assumptions. 58 per cent. of the portfolio of investments is based on offer price, cost or price of recent investment, net assets or is loan stock, and as such the Board considers that the assumptions used for their valuations are the most reasonable. The Directors believe that changes to reasonable possible alternative assumptions for the valuations of the remainder of the portfolio companies could result in an increase in the valuation of investments by £836,000 or a decrease in the valuation of investments by £782,000. For valuations based on third party valuations, the Board considers that the most significant inputs are earnings multiples and market value per room for care homes, and discount rates for renewable energy investments, which have been adjusted to drive the above sensitivities.

Notes to the Financial Statements continued

12. Significant interests

The principal activity of the Company is to select and hold a portfolio of investments in unquoted securities. Although the Company, through the Manager, will, in some cases, be represented on the board of the portfolio company, it will not take a controlling interest or become involved in the management. The size and structure of the companies with unquoted securities may result in certain holdings in the portfolio representing a participating interest without there being any partnership, joint venture or management consortium agreement. The investments listed below are held as part of an investment portfolio and therefore, as permitted by FRS 102 section 14.4B, they are measured at fair value and not accounted for using the equity method.

The Company has interests of greater than 20 per cent. of the nominal value of any class (some of which are non-voting) of the allotted shares in the portfolio companies as at 31 March 2019 as described below.

Company	Registered postcode	Profit before tax £'000	Net (liabilities)/ assets £'000	Result for year ended	% class and share type	% total voting rights
Active Lives Care Limited	EC1M 5QL	n/a*	(1,414)	31 December 2017	22.2% Ordinary	22.2%
G&K Smart Developments VCT Limited	EC1M 5QL	n/a*	262	31 December 2017	50.0% Ordinary	50.0%
Kew Green VCT (Stansted) Limited	EC1M 5QL	680	3,573	31 August 2018	45.2% Ordinary	45.2%
Ryefield Court Care Limited	EC1M 5QL	n/a*	(1,381)	30 April 2018	23.6% Ordinary	23.6%
Shinfield Lodge Care Limited	EC1M 5QL	n/a*	(223)	31 December 2017	35.3% Ordinary	35.3%
The Stanwell Hotel Limited	EC1M 5QL	n/a*	3,546	31 August 2018	39.2% Ordinary	39.2%

*The company files filleted accounts which do not disclose this information.

13. Current assets

	31 March 2019 £'000	31 March 2018 £'000
Trade and other receivables		
Other receivables	22	51
Investments awaiting completion*	441	–
UK corporation tax receivable	42	77
Prepayments and accrued income	9	8
	514	136

* Investments awaiting completion consisted of Limitless Technology Limited and Imandra Inc which both completed in April 2019 and can be found in note 19.

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

14. Payables: amounts falling due within one year

	31 March 2019 £'000	31 March 2018 £'000
Trade payables	12	12
UK Corporation tax payable	220	174
Accruals and deferred income	399	384
	631	570

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

Notes to the Financial Statements continued

15. Called up share capital

Allotted, called up and fully paid	£'000
96,243,201 Ordinary shares of 1 penny each at 31 March 2018	962
775,061 Ordinary shares of 1 penny each issued during the year	8
97,018,262 Ordinary shares of 1 penny each at 31 March 2019	970
9,730,188 Ordinary shares of 1 penny each held in treasury at 31 March 2018	(97)
1,787,000 Ordinary shares purchased during the year to be held in treasury	(18)
11,517,188 Ordinary shares of 1 penny each held in treasury at 31 March 2019	(115)
85,501,074 Ordinary shares of 1 penny each in circulation* at 31 March 2019	855

* Carrying one vote each

The Company purchased 1,787,000 Ordinary shares (2018: 1,467,000) to be held in treasury at a cost of £1,300,000 (2018: £1,019,000) representing 1.8 per cent. (2018: 1.5 per cent.) of its issued share capital as at 31 March 2019. The shares purchased for treasury were funded from the other distributable reserve.

The Company holds a total of 11,517,188 shares (2018: 9,730,188) in treasury at a nominal value of £115,000, representing 11.9 per cent. of the issued Ordinary share capital as at 31 March 2019.

Under the terms of the Dividend Reinvestment Scheme Circular dated 10 July 2008, the following new Ordinary shares of nominal value 1 penny per share were allotted during the year:

Date of allotment	Number of shares allotted	Aggregate nominal value of shares (£'000)	Issue price (pence per share)	Net invested (£'000)	Opening market price on allotment date (pence per share)
31 July 2018	396,334	4	73.50	290	71.00
31 January 2019	378,727	4	75.60	285	75.50
	775,061	8		575	

16. Basic and diluted net asset value per share

	31 March 2019	31 March 2018
Basic and diluted net asset value per share (pence)	79.00	76.00

The basic and diluted net asset value per share at the year end are calculated in accordance with the Articles of Association and are based upon total shares in issue (adjusted for treasury shares) of 85,501,074 Ordinary shares (2018: 86,513,013).

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

17. Capital and financial instruments risk management

The Company's capital comprises Ordinary shares as described in note 15. The Company is permitted to buy back its own shares for cancellation or treasury purposes, and this is described in more detail on page 8 of the Chairman's statement.

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

17. Capital and financial instruments risk management (continued)

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 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 page 20. Investment risk is the exposure of the Company to the revaluation and devaluation of investments. The main driver of investment risk is the operational and financial performance of the portfolio company and the dynamics of market quoted comparators. The Manager receives management accounts from portfolio companies, and members of the investment management team often sit on the boards of unquoted portfolio companies; this enables the close identification, monitoring and management of investment risk.

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

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

The maximum investment risk as at the Balance sheet date is the value of the fixed investment portfolio which is £61,459,000 (2018: £59,451,000). Fixed asset investments form 91 per cent. of the net asset value as at 31 March 2019 (2018: 90 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. As a venture capital trust the Company invests in unquoted companies in accordance with the investment policy set out on page 3. The management of risk within the venture capital portfolio is addressed through careful investment selection, by diversification across different industry segments, by maintaining a wide spread of holdings in terms of financing stage and by limitation of the size of individual holdings. The Directors monitor the Manager's compliance with the investment policy, review and agree policies for managing this risk and monitor the overall level of risk on the investment portfolio on a regular basis.

Valuations are based on the most appropriate valuation methodology for an investment within its market, with regard to the financial health of the investment and the IPEV Guidelines. Details of the sectors in which the Company are currently invested are shown in the pie chart in the Strategic report on page 9.

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

The sensitivity of a 10 per cent. increase or decrease in the valuation of the fixed asset investments (keeping all other variables constant) would increase or decrease the net asset value and return for the year by £6,146,000 (2018: £5,945,000).

Notes to the Financial Statements continued

17. Capital and financial instruments risk management (continued)

Interest rate risk

The Company is exposed to a fixed and floating rate interest rate risk on its financial assets. On the basis of the Company's analysis, it was estimated that a rise of 1 per cent. in all interest rates would have increased total return before tax for the year by approximately £102,000 (2018: £70,000). Furthermore, it was considered that a fall of interest rates below current levels during the year would have been unlikely.

The weighted average effective interest rate applied to the Company's fixed rate assets during the year was approximately 9.5 per cent. (2018: 7.6 per cent.). The weighted average period to maturity for the fixed rate assets is approximately 4.5 years (2018: 4.9 years).

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

	31 March 2019				31 March 2018			
	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	–	–	29,550	29,550	–	–	25,717	25,717
Unquoted loan stock	31,311	270	328	31,909	32,279	281	1,174	33,734
Receivables*	–	–	465	465	–	–	51	51
Payables*	–	–	(411)	(411)	–	–	(396)	(396)
Cash	–	6,205	–	6,205	–	6,762	–	6,762
	31,311	6,475	29,932	67,718	32,279	7,043	26,546	65,868

* The receivables and payables do not reconcile to the Balance sheet as prepayments and tax receivable/(payable) are not included in the above table.

Credit risk

Credit risk is the risk that the counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Company. The Company is exposed to credit risk through its receivables, 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. For investments made prior to 6 April 2018, which account for all of the loan stock value, typically loan stock instruments will have a fixed or floating charge, which may or may not be subordinated, over the assets of the portfolio company in order to mitigate the gross credit risk.

The Manager receives management accounts from portfolio companies and members of the investment management team often sit on the boards of unquoted portfolio companies; this enables the close identification, monitoring and management of investment specific credit risk.

The Manager and the Board formally review credit risk (including receivables) 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 2019 was limited to £31,909,000 of unquoted loan stock instruments (2018: £33,734,000), £6,205,000 cash deposits with banks (2018: £6,762,000) and £514,000 of other receivables (2018: £51,000).

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

Notes to the Financial Statements continued

17. Capital and financial instruments risk management (continued)

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

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

Liquidity risk

Liquid assets are held as cash on current account, on deposit or short term money market account. Under the terms of its Articles, the Company has the ability to borrow up to 10 per cent. of its adjusted capital and reserves of the latest published audited Balance sheet, which amounts to £6,516,000 as at 31 March 2019 (2018: £6,362,000).

The Company has no committed borrowing facilities as at 31 March 2019 (2018: £nil) and had cash balances of £6,205,000 (2018: £6,762,000). 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 £631,000 for the year to 31 March 2019 (2018: £570,000).

The carrying value of loan stock investments as analysed by expected maturity dates is as follows:

Redemption date	31 March 2019				31 March 2018			
	Fully performing £'000	Past due £'000	Valued below cost £'000	Total £'000	Fully performing £'000	Past due £'000	Valued below cost £'000	Total £'000
Less than one year	6,368	2,318	4,305	12,991	4,480	981	4,093	9,554
1-2 years	4,403	299	–	4,702	4,785	–	–	4,785
2-3 years	2,110	1,061	–	3,171	4,332	124	184	4,640
3-5 years	820	–	–	820	2,726	961	–	3,687
5+ years	9,725	500	–	10,225	7,649	3,419	–	11,068
Total	23,426	4,178	4,305	31,909	23,972	5,485	4,277	33,734

Loan stock can be past due as a result of interest or capital not being paid in accordance with contractual terms. The cost of loan stock valued below cost is £5,039,000 (2018: £6,443,000).

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 2019 are stated at fair value as determined by the Directors, with the exception of receivables, payables and cash which are carried at amortised cost. There are no financial liabilities other than payables. The Company's financial liabilities are all non-interest bearing. It is the Directors' opinion that the book value of the financial liabilities is not materially different to the fair value and all are payable within one year.

18. Commitments and contingencies

The Company had no financial commitments in respect of investments at 31 March 2019.

There are no contingent liabilities or guarantees given by the Company as at 31 March 2019 (31 March 2018: nil).

Notes to the Financial Statements continued

19. Post balance sheet events

Since 31 March 2019 the Company has had the following post balance sheet events:

- Disposal of The Stanwell Hotel Limited for £3.2 million;
- Disposal of Earnside Energy Limited for £1.8 million;
- Investment of £384,000 in Clear Review Limited;
- Investment of £320,000 in Limitless Technology Limited;
- Investment of £121,000 in Imandra Inc; and
- Investment of £71,000 in Symetrica Limited.

Albion VCTs Prospectus Top Up Offers 2018/19

The following new Ordinary shares of nominal value 1 penny per share were allotted under the Albion VCTs Prospectus Top Up Offers 2018/19 after 31 March 2019:

Date of allotment	Number of shares allotted	Aggregate nominal value of shares £'000	Issue price (pence per share)	Net consideration received £'000	Opening market price on allotment date (pence per share)
1 April 2019	2,517,008	25	78.90	1,956	73.00
1 April 2019	554,593	5	79.30	431	73.00
1 April 2019	6,375,602	64	79.70	4,955	73.00
12 April 2019	290,390	3	78.90	226	73.75
12 April 2019	40,353	–	79.30	31	73.75
12 April 2019	288,765	3	79.70	224	73.75
	10,066,711	101		7,823	

20. Related party transactions

Other than transactions with the Manager as disclosed in note 5, there are no related party transactions or balances requiring disclosure.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Albion Venture Capital Trust PLC (the “Company”) will be held at the The Charterhouse, Charterhouse Square, London EC1M 6AN on 21 August 2019 at noon for the following purpose:

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

Ordinary Business

1. To receive and adopt the Company’s accounts for the year ended 31 March 2019 together with the report of the Directors and Auditor.
2. To approve the Directors’ remuneration report for the year ended 31 March 2019.
3. To re-elect John Kerr as a Director of the Company.
4. To re-elect Jeff Warren as a Director of the Company.
5. To re-appoint BDO LLP as Auditor of the Company to hold office from the 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 Auditor’s remuneration.

Special Business

7. Authority to allot shares

That the Directors be generally and unconditionally authorised in accordance with section 551 of the Companies Act 2006 (the “Act”) to allot shares in the Company up to an aggregate nominal amount of £214,170 (representing approximately 20 per cent. of the issued share capital as at the date of the Notice) provided that this authority shall expire 15 months from the date that this resolution is passed, or if earlier, at the conclusion of the next Annual General Meeting, but so that the Company may, before the expiry of such period, make an offer or agreement which would or might require shares to be allotted or rights to subscribe for or convert securities into shares to be granted after such expiry and the Directors may allot shares pursuant to such an offer or agreement as if the authority had not expired.

8. Authority for the disapplication of pre-emption rights

That, subject to the authority and conditional on the passing of resolution number 7, the Directors be empowered, pursuant to section 570 and 573 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 7 and/or to sell ordinary shares held by the Company as treasury shares for cash as if section 561(1) of the Act did not apply to any such allotment or sale.

Under this power the Directors may impose any limits or restrictions and make any arrangements which they deem necessary or expedient to deal with any treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or laws of, any territory or other matter, arising under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory or any other matter.

This power shall expire 15 months from the date that this resolution is passed or, if earlier, the conclusion of the next Annual General Meeting of the Company, save that the Company may, before such expiry, make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of any such offer or agreement as if this power had not expired.

9. Authority to purchase own shares

That, subject to and in accordance with the Company’s Articles of Association, the Company be generally and unconditionally authorised, pursuant to and in accordance with section 701 of the Act, to make market purchases (within the meaning of Section 693(4) of the Act) of Ordinary shares of 1 penny each in the capital of the Company (“Ordinary shares”), on such terms as the Directors think fit, provided always that:

- (a) the maximum aggregate number of Ordinary shares hereby authorised to be purchased is 16,052,037 shares or, if lower, such number of Ordinary shares representing 14.99 per cent. of the issued Ordinary share capital of the Company as at the date of the passing of this resolution;
- (b) the minimum price, exclusive of any expenses, which may be paid for an Ordinary share is 1 penny;

Notice of Annual General Meeting continued

- (c) the maximum price, exclusive of any expenses, which may be paid for a share shall be an amount equal to the higher of (a) 105% of the average of the middle market quotations for the share, as derived from the London Stock Exchange Daily Official List, for the five business days immediately preceding the date on which the 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, varied or renewed, expire 15 months from the date that this resolution is passed or, if earlier, at the conclusion of the next Annual General Meeting; and
- (e) the Company may enter into a contract or contracts to purchase 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 as if the authority conferred hereby had not expired.

By Order of the Board

Albion Capital Group LLP

Company Secretary
Registered office
1 Benjamin Street,
London, EC1M 5QL
1 July 2019

Albion Venture Capital Trust PLC is registered in England and Wales with number 03142609

Notice of Annual General Meeting continued

Notes

1. Members entitled to attend, speak and vote at the Annual General Meeting (“AGM”) may appoint a proxy or proxies (who need not be a member of the Company) to exercise these rights in their place at the meeting. A member may appoint more than one proxy, provided that each proxy is appointed to exercise the rights attached to different shares. Proxies may only be appointed by:
 - completing and returning the Form of Proxy enclosed with this Notice to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS99 6ZZ;
 - going to www.investorcentre.co.uk/eproxy 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 noon on 19 August 2019.

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 noon on 19 August 2019 (or, in the event of any adjournment, on the date which is two working days before the time of the adjourned meeting). Changes to the register of members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.
4. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for this AGM and any adjournment(s) by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a “CREST Proxy Instruction”) must be properly authenticated in accordance with Euroclear UK and Ireland Limited’s specifications, and must contain the information required for such instruction, as described in the CREST Manual (available via www.euroclear.com/CREST). The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer’s agent by noon on 19 August 2019. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Application Host) from which the issuer’s agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

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

Notice of Annual General Meeting continued

members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

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

5. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.
6. A copy of this Notice, and other information regarding the meeting, as required by section 311A of the Act, is available from www.albion.capital/funds/AAVC under the "Fund Reports" section.
7. Any member attending the meeting has the right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the meeting but no such answer need be given if (a) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information, (b) the answer has already been given on a website in the form of an answer to a question, or (c) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.
8. Copies of contracts of service and letters of appointment between the Directors and the Company, together with the Register of Directors' Interests in the Ordinary shares of 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 the 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.
9. 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 section 527 and 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.
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.

12. As at 28 June 2019 being the latest practicable date prior to the publication of this Notice, the Company's issued share capital consists of 107,084,973 Ordinary shares with a nominal value of 1 penny each. The Company also holds 11,517,188 Ordinary shares in treasury. Therefore, the total voting rights in the Company as at 28 June 2019 are 95,567,785.

Dividend history for Albion Venture Capital Trust PLC 'C Shares' and Albion Prime VCT PLC (unaudited)

		C shares (pence per share)	Proforma Albion Prime VCT PLC (pence per share)
Total shareholder return to 31 March 2019:			
Total dividends paid during the year ended :	31 March 1998	2.00	1.10
	31 March 1999	8.75	6.40
	31 March 2000	2.70	1.50
	31 March 2001	4.80	4.25
	31 March 2002	7.60	2.75
	31 March 2003	7.70	2.00
	31 March 2004	8.20	1.25
	31 March 2005	9.75	2.20
	31 March 2006	11.75	4.50
	31 March 2007	10.00	4.00
	31 March 2008	10.00	5.00
	31 March 2009	10.00	4.50
	31 March 2010	5.00	2.00
	31 March 2011	5.00	3.00
	31 March 2012	5.00	3.00
	31 March 2013	5.00	3.70
	31 March 2014	5.00	4.40
	31 March 2015	5.00	4.40
	31 March 2016	5.00	4.40
	31 March 2017	5.00	4.40
	31 March 2018	5.00	4.40
	31 March 2019	5.00	4.40
Total dividends paid to 31 March 2019		143.25	77.55
Net asset value as at 31 March 2019		79.00	69.53
Total shareholder return to 31 March 2019		222.25	147.08

Notes

- The Ordinary shares and the C shares merged on an equal basis.
- The proforma shareholder returns presented above for Prime are based on the dividends paid to shareholders before the merger and the pro-rata net asset value per share and pro-rata dividends per share paid to 31 March 2019. This proforma is based upon 0.8801 Albion Venture Capital Trust PLC shares for every Albion Prime VCT PLC share which merged with Albion Venture Capital Trust PLC on 25 September 2012.
- 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.
- The above table excludes the tax benefits investors received upon subscription for shares in the Company.

aic

The Association of
Investment Companies

A member of the Association
of Investment Companies



This report is printed on Amadeus offset a totally recycled paper produced using 100% recycled waste at a mill that has been awarded the ISO 14001 certificate for environmental management. The pulp is bleached using a totally chlorine free (TCF) process.