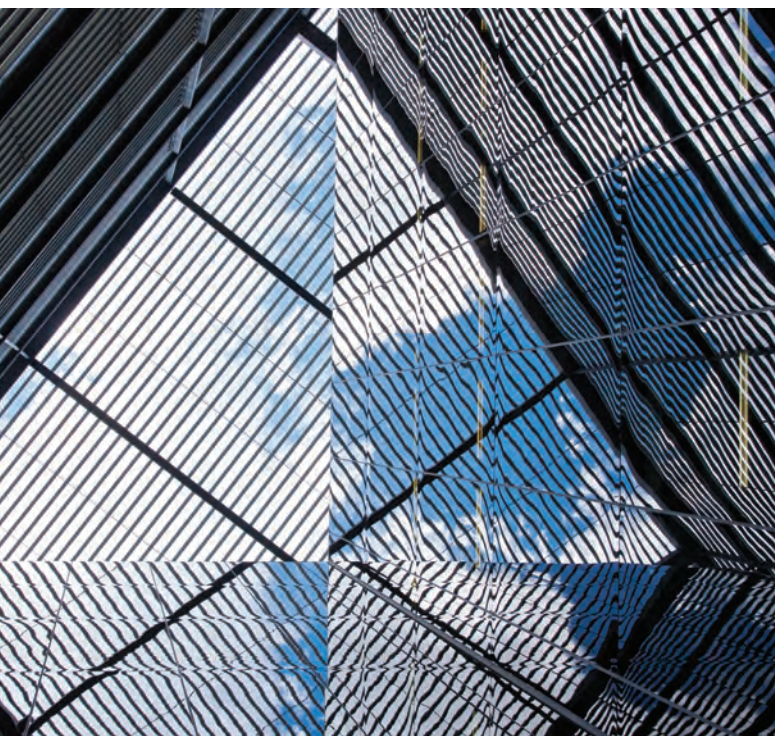


Albion Venture Capital Trust PLC



Annual Report and Financial
Statements for the year
ended 31 March 2020



2020

AlbionCapital



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Company information

Company number	03142609
Directors	Richard Glover, Chairman John Kerr ACMA Ann Berresford ACA Richard Wilson (from 1 May 2020)
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
Corporate broker	Panmure Gordon (UK) Limited One New Change London, EC4M 9AF
Taxation adviser	Philip Hare & Associates LLP 1 Temple Avenue London, EC4Y 0HA
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 are 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.

Shareholders can also contact the Chairman directly on: AAVCchair@albion.capital

Financial adviser information

For enquiries relating to the performance of the Company, and information for financial advisers, please contact the Business Development team at 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 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 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 £40.6 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	10 July 2020
Payment of first dividend	31 July 2020
Annual General Meeting	Noon on 19 August 2020
Announcement of half-yearly results for the six months ending 30 September 2020	December 2020
Payment of second dividend (subject to Board approval)	29 January 2021

Financial summary

(4.10)p

Basic and diluted total loss per share for the year ended 31 March 2020

5.00p

Total tax-free dividend per share paid during the year ended 31 March 2020

70.13p

Net asset value per share as at 31 March 2020

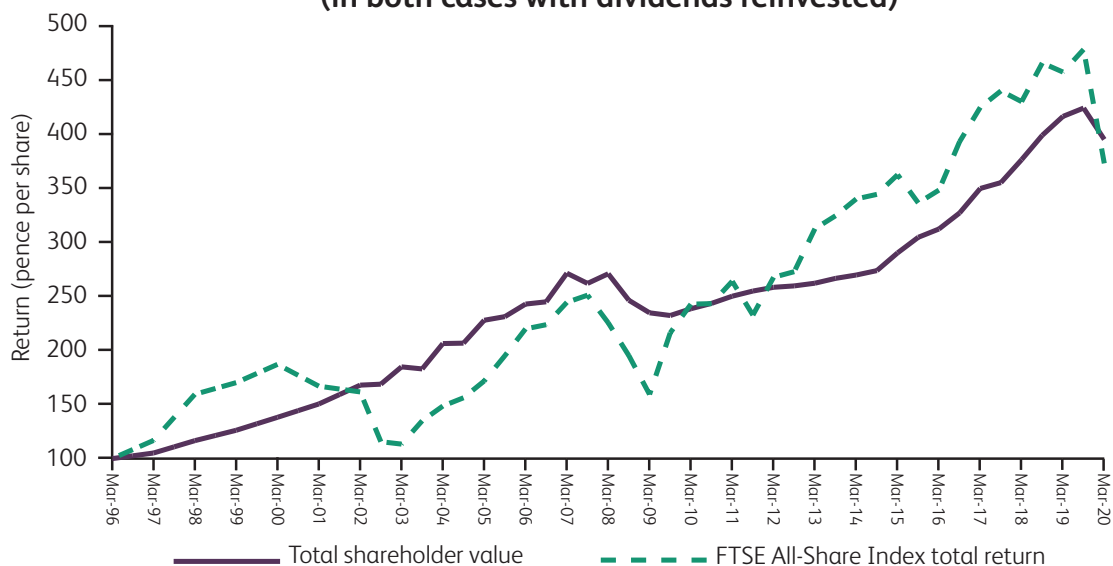
229.93p

Total shareholder value to 31 March 2020

6.3%

Annualised return since launch (without tax relief)

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



Source: Albion Capital Group LLP

Methodology: Total shareholder value, 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 summary continued

	31 March 2020 (pence per share)	31 March 2019 (pence per share)
Opening net asset value	79.00	76.00
Capital (loss)/return	(5.98)	5.73
Revenue return	<u>1.88</u>	<u>2.13</u>
Total (loss)/return	(4.10)	7.86
Impact from share capital movements	0.23	0.14
Dividends paid	<u>(5.00)</u>	<u>(5.00)</u>
Net asset value	<u>70.13</u>	79.00

Total shareholder value to 31 March 2020	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
31 March 2020	5.00
Total dividends paid to 31 March 2020	159.80
Net asset value as at 31 March 2020	70.13
Total shareholder value to 31 March 2020	229.93

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 at www.albion.capital/funds/AAVC under the 'Financial summary for previous funds' section.

In addition to the dividends summarised above, the Board has declared a first dividend for the year ending 31 March 2021 of 2.50 pence per share to be paid on 31 July 2020 to shareholders on the register on 10 July 2020.

The details of the new dividend policy can be found in the Chairman's statement on page 7.

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

Introduction

Shareholders will be acutely aware that the world has been plunged into a healthcare emergency, the full extent of which cannot yet be assessed. It is also too early to gauge the economic consequences of the coronavirus (Covid-19) but it is unlikely that any investment company will remain unaffected and a global recession is widely predicted. As a Board we have undergone a robust revaluation process to quantify the effect on our portfolio, although there is still much uncertainty resulting from the pandemic. In spite of this, we have had some good exits in the year, and our renewable energy portfolio remains widely unaffected which to some extent offsets the effect of coronavirus (Covid-19).

Results

As at 31 March 2020, the net asset value was £70.6 million or 70.13 pence per share, compared to £67.5 million or 79.00 pence per share as at 31 March 2019, after the payment of total tax-free dividends of 5 pence per share.

This was driven by a total loss of 4.10 pence per share for the year compared to a return of 7.86 pence per share for the year ended 31 March 2019, which was an exceptional year. The total loss before taxation was £3.8 million compared to a gain of £6.9 million in the previous year.

Further details can be found in the Strategic report on page 11.

Investment performance and progress

We had a number of successful exits during the year resulting in proceeds of £12.3 million. Following a reorganisation, our school Radnor House Twickenham, which was trading at mature levels, was sold generating proceeds of £3.3 million. The Company first invested in Radnor House Twickenham in 2010 and achieved a return of 3.75 times cost (including interest received). The Company has an ongoing investment in Radnor House School (TopCo) which owns Radnor House School Sevenoaks.

Our final two investments in the pub sector, Bravo Inns and Bravo Inns II, were also sold generating combined proceeds of £2.3 million. The return generated on cost over the life of the investment, including interest received, was 1.7 times.

As highlighted in my Chairman's statement last year, at the beginning of this financial year we sold The Stanwell Hotel near Heathrow generating proceeds of £3.4 million (a return of 0.9 times cost including interest received), and Earnside Energy, our anaerobic digestion plant in Scotland, generating proceeds of £1.7 million (a return of 1.3 times cost including interest received).

However, the final quarter of the year saw a reduction in value of our unquoted portfolio due to the impact of the coronavirus

(Covid-19) pandemic. Of our larger investments, our hotel at Stansted Airport has been particularly badly hit, with a correspondingly proportionate reduction in its valuation. Meanwhile, although the valuations of our care homes have also fallen, their operations are proving to be robust in challenging circumstances and are accepting new residents under a strict protocol to minimise risk. The total reduction in value of the Company's investments during the year was £4.9 million.

The onset of the pandemic, in the final quarter of the year, did not hamper the Company's investment activities with £5.1 million invested in new and existing companies. The Company has invested £4.7 million in eight new portfolio companies, all of which are expected to require further investment as the companies prove themselves and grow:

- £1,244,000 into Elliptic Enterprises, a provider of Anti Money Laundering services to digital asset institutions;
- £1,144,000 into Cantab Research (trading as Speechmatics), a provider of low footprint automated speech recognition software which can be deployed in the cloud, on premise or on device across 29 languages;
- £975,000 into Concirrus, a software provider bringing real-time behavioural data analytics to the marine and transport insurance industries;
- £487,000 into Credit Kudos, a challenger credit bureau helping lenders optimise and automate their affordability and risk assessments;
- £384,000 into Clear Review, a provider of talent management software to mid market enterprises;
- £320,000 into Limitless Technology, a provider of a customer service platform powered by the crowd and machine learning technology;

- £121,000 into Imandra, a provider of automated software testing and an enhanced learning experience for artificial neural networks; and
- £71,000 into Symetrica, a designer and manufacturer of radiation detection equipment.

Following these new and follow on investments made, growth and technology now accounts for 9% of our portfolio, an increase from 3% last year.

Further details of the portfolio and disposals made during the year can be found on pages 23 and 24.

New Dividend Policy

The Board is aware of the importance of dividends to shareholders and it remains its intention to continue to pay regular dividends, as far as liquidity permits. Given the uncertainty that the current pandemic has created and the volatile nature of investing in small unquoted growth businesses, the Board considers it appropriate to move to a variable dividend policy targeting an annual dividend yield of around 5.0%. Semi-annual dividends will be paid calculated as 2.50% of the most recently announced net asset value when the dividend is declared (in most cases this will be the net asset value announced in the Half-yearly Financial Report or in the Annual Report and Financial Statements). This has the advantage of avoiding unsustainably high dividends if the net asset value falls, whilst rewarding shareholders more immediately if the net asset value rises.

This new policy will take effect from the second dividend for the financial year ending 31 March 2021 and dividends declared thereafter. The first dividend for the financial year ending 31 March 2021 will be paid in line with the existing policy.

The Company will therefore pay a first dividend for the financial year ending 31 March 2021 of 2.50 pence per share on 31 July 2020 to shareholders on the register on 10 July 2020.

Risks and uncertainties

The implication of the financial turmoil arising from the coronavirus (Covid-19) crisis is the key risk facing the Company, including its impact on the UK and Global economies. There are also potential implications of the UK leaving the European Union which may adversely affect our underlying portfolio companies. The Manager is continually assessing the exposure to these risks for each portfolio company, and appropriate actions, where possible, are being implemented.

A detailed analysis of the other risks and uncertainties facing the business is shown in the Strategic report on pages 17 to 19.

Board composition

As previously announced, the Company's Director and Chairman of the Remuneration Committee, Jeff Warren, sadly died on 6 January 2020. Jeff had been a Director of the Company for over 12 years. His good humour and wise counsel are sorely missed.

As I highlighted in my Chairman's statement last year Ebbe Dinesen retired on 1 August 2019 after over 6 years with the Company.

On 21 April 2020, following a formal selection process, the Board was pleased to announce the appointment of Richard Wilson as a Director of the Company on 1 May 2020. Richard is highly experienced in the asset management sector and was CEO of BMO Global Asset Management and previously CEO of F&C Asset Management plc. Richard began his asset management career as a UK equity manager with HSBC Asset Management (formerly Midland Montagu) and then joined Deutsche Asset Management (formerly Morgan Grenfell), where he rose to managing director of global equities. From Deutsche, he moved to Gartmore Investment Management in 2003 as head of international equity investments prior to joining F&C in 2004.

Richard will serve on the Company's Audit Committee, Remuneration Committee and Nomination Committee. Richard will stand for election at the forthcoming Annual General Meeting to be held on 19 August 2020. The Board welcomes Richard and looks forward to working closely with him over the coming years.

“ We encourage shareholders to sign up to electronic communications by registering on the Computershare website at www.investorcentre.co.uk ”



“ The Company has invested £4.7 million into eight new portfolio companies ”

6 We had a number of successful exits in the year resulting in proceeds of £12.3 million 9



6 Registration details for the live stream (AGM) will be available at www.albion.capital/funds/AAVC prior to the Meeting 9

New management performance incentive

At the General Meeting held on 21 August 2019, an ordinary resolution was proposed to approve the changes to the Company's Management Agreement, as detailed in the circular sent to shareholders on 1 July 2019. Whilst the majority of shareholders supported the changes, with 70.4% of the votes cast in favour of the resolution, the Board noted that more than 20% of the shareholder votes were against the resolution.

This prompted the Board, in accordance with the UK Corporate Governance Code, to carry out a consultation process with those shareholders whose shareholdings represented a majority of the votes that voted against the resolution to more fully understand the reasons for their opposition. Of the total number of shares that voted against the resolution, 59% were contacted directly by me. Responses were received from a number of shareholders and the Board took time to carefully reflect on this feedback.

As announced on 6 February 2020, although there was no clear unanimous reason for the opposition to the proposed changes, the Board re-negotiated with the Manager to reduce their share of returns achieved in excess of the hurdle from 20% to 15% which will be deemed to have taken effect from 1 April 2019. All other terms, as detailed in the circular will remain the same.

Corporate broker and share buy-backs

The Board was pleased to announce on 17 June 2020 the appointment of Panmure Gordon (UK) Limited as corporate broker.

Given uncertainty on valuations caused by coronavirus (Covid-19) and its impact on financial markets in recent times, the Board agreed to suspend the Company's buy back operation on 18 March 2020, until the release of this Annual Report and Financial Statements, which includes the Company's audited net asset value.

With this announcement of the Annual Report and Financial Statements for the year ended 31 March 2020, the Board is pleased to announce the resumption of its share buy-back policy, subject to the overall constraint that

such purchases are in the Company's interest, including the maintenance of sufficient resources for investment in existing and new portfolio companies and the continued payment of dividends to shareholders. However, the level of share buybacks until the announcement of the Company's interim results, expected during December 2020 shall be limited to £750,000.

It is the Board's intention for such buy-backs to be at around a 5 per cent. discount to net asset value, so far as market conditions and liquidity permit.

Albion VCTs Top Up Offers

During the year, your Board, in conjunction with the boards of four of the other VCTs managed by Albion Capital Group LLP, launched a prospectus top up offer of new Ordinary shares on 22 October 2019. The Board was pleased to announce the Offer closed on 11 December 2019, at which time the Board elected to not exercise the over allotment facility, having raised £6 million. The proceeds are being used to support our existing portfolio companies through the current health pandemic and make new investments. The first allotment of shares under the Offer was on 31 January 2020 and the second allotment was on 30 April 2020. Further details can be found in note 15 and note 19.

Annual General Meeting

As a Board, we are considering the potential impact of the coronavirus (Covid-19) outbreak on the arrangements for our upcoming Annual General Meeting ("AGM"). **These arrangements will evolve and we will keep shareholders updated of any changes on our Manager's website at www.albion.capital/funds/AAVC.**

We are required by law to hold an AGM within six months of our financial year end and lengthy postponement or adjournment is not possible in this case. Our AGM will therefore be held at noon on 19 August 2020, at the registered office being, 1 Benjamin Street, London, EC1M 5QL.

Full details of the business to be conducted at the Annual General Meeting are given in the Notice of the Meeting on pages 67 to 70 and in the Directors' report on pages 33 and 34.

Chairman's statement continued

Based on the current government advice and social distancing guidelines, shareholders will not be allowed entry into the building where the AGM is held. The quorum for the meeting is two, therefore at least one Director will attend in person as well as a representative of Albion Capital Group LLP as Company Secretary to allow the continuation of this AGM. Our Articles of Association do not currently allow hybrid or wholly virtual AGMs, however as outlined below a resolution is being proposed to allow this in the future.

In order to maintain shareholder engagement, the Board have decided to live stream the AGM, which will include a presentation from the Manager, the formal business of the AGM and the answering of some of the questions we receive from shareholders in advance of the Meeting. Registration details for the live stream will be available at www.albion.capital/funds/AAVC prior to the Meeting.

We always welcome questions from our shareholders at the AGM, but this year we request that shareholders submit their questions to the Board before the AGM. Shareholders can submit questions up until noon on 18 August 2020 in the following ways:

- By email: send your questions to AAVCchair@albion.capital
- By telephone: contact Shareholder relations on 020 7601 1850

Following the Meeting, a summary of responses will be published on the Managers website at www.albion.capital/funds/AAVC.

Shareholders' views are important, and the Board encourages shareholders to vote on the resolutions using the proxy form enclosed with this Annual Report and Financial Statements, or electronically at www.investorcentre.co.uk/eproxy. The Board has carefully considered the business to be approved at the Annual General Meeting and recommends shareholders to vote in favour of all the resolutions being proposed.

Virtual and Hybrid Annual General Meetings

The Company's Articles of Association do not currently allow for hybrid or virtual meetings. The coronavirus (Covid-19) pandemic, and the resulting social distancing rules, have brought to the Board's attention the importance of the ability to continue to interact with shareholders during unprecedented times. A resolution will be proposed at the upcoming AGM to update the Articles of Association in order to allow the Company to have the flexibility to hold hybrid or virtual meetings in the future if required.

Electronic Communications

To ensure efficient Shareholder communication the Board is actively encouraging Shareholders who are currently receiving hard copy information to change their preferences to electronic communications. To encourage the change, for every Shareholder signing up to receive electronic communications the

Manager will donate £1 towards a coronavirus (Covid-19) supporting charity chosen by the Albion team.

There are many reasons why we think this is the right thing to do including less human contact, speed, reduced paper use and cost savings for the Company. All the information and documents relating to the Company can be found on the Company's webpage on the Manager's website at www.albion.capital/funds/AAVC.

We encourage shareholders to sign up to electronic communications by registering on the Computershare website at www.investorcentre.co.uk. Once registered, Shareholders are able to update their electronic communication details for all their Albion managed VCT's, and can also update their address or bank details, as well as see their dividend payment history. Alternatively, please contact shareholder relations at info@albion.capital who will also be able to assist.

Fraud warning

We note over recent months an increase in the number of shareholders being contacted in connection with increasingly sophisticated but fraudulent financial scams. This is often by a phone call or an email which normally originates from outside of the UK, often claiming or appearing to come from a corporate finance firm and typically offering to buy your VCT shares at an inflated price. If you are contacted, we recommend that you do not respond with any personal information and say you are not interested.

The Manager maintains a page on their website in relation to fraud advice at www.albion.capital/investor-centre/fraud-advice. Details of how to sell shares through reputable channels can also be found here.

If you are in any doubt, we recommend that you seek financial advice before taking any action. You can also call shareholder relations on 020 7601 1850, or email info@albion.capital, if you wish to check whether any claims made are genuine.

Outlook and prospects

Our asset-based portfolio as a whole is proving to be resilient, while the new technology investments currently being made are in fast-growing Global markets with significant potential to create value. This means that, whilst the portfolio may be further impacted by the economic consequences of the coronavirus (Covid-19) pandemic, we remain confident the Company has the potential to continue to deliver long term returns to shareholders.

Richard Glover

Chairman

1 July 2020

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.

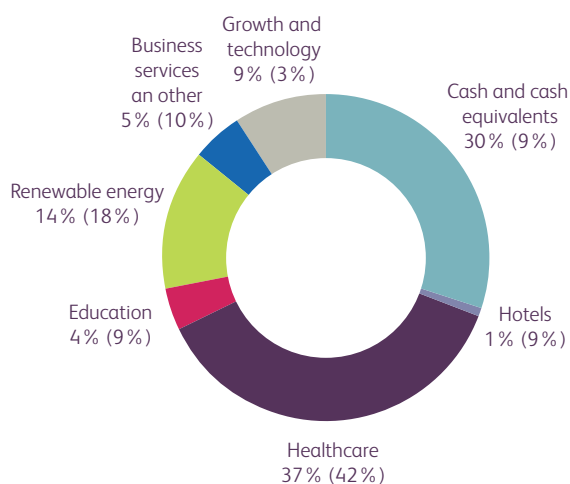
Allocation of funds will be determined by the investment opportunities which become available but efforts will be made to ensure that the portfolio is diversified both in terms of sector and stage of maturity of company. Funds held pending investment or for liquidity purposes will be held as cash on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

The full investment policy can be found on page 3.

Current portfolio analysis

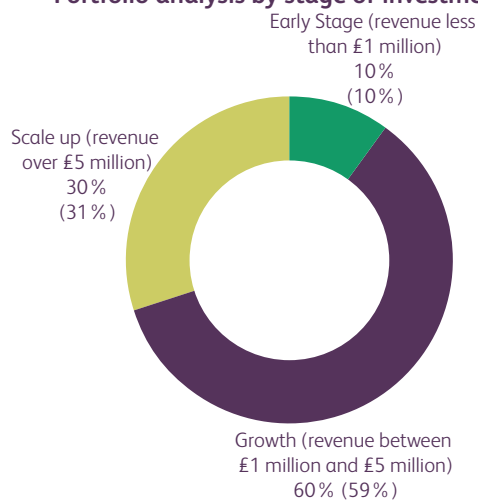
The following pie charts show the split of the portfolio valuation as at 31 March 2020 by: sector; stage of investment; and number of employees. This is a useful way of assessing how the Company and its portfolio is diversified across sector, investee companies maturity measured by revenues and their size measured by the number of people employed. Details of the principal investments made by the Company are shown in the Portfolio of investments on pages 23 and 24.

Portfolio analysis by sector



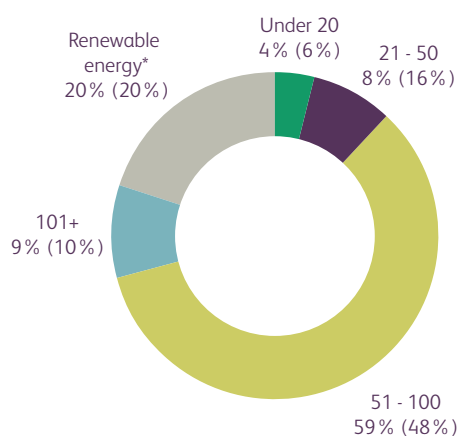
Comparatives for 31 March 2019 are shown in brackets
Source: Albion Capital Group LLP

Portfolio analysis by stage of investment



Comparatives for 31 March 2019 are shown in brackets
Source: Albion Capital Group LLP

Portfolio analysis by number of employees



*Renewable energy companies have no employees
Comparatives for 31 March 2019 are shown in brackets
Source: Albion Capital Group LLP

Direction of portfolio

During the year the Company sold a number of its asset-backed businesses which has resulted in asset-based investments decreasing as a proportion of the portfolio. Due to the proceeds from the disposals and recent fundraisings, cash and cash equivalents accounted for 30% of the net asset value as at 31 March 2020 (2019: 9%). In line with the Company's investment policy, these funds will be invested into growth and technology businesses, which now represents 9% of the portfolio (2019: 3%). We expect this percentage to continue to increase in the coming years.

Further details on portfolio companies can be found in the Portfolio of investments on page 23.

Results and dividends

	Ordinary shares £'000
Net capital loss for the year ended 31 March 2020	(5,751)
Net revenue return for the year ended 31 March 2020	1,810
Total loss for the year ended 31 March 2020	(3,941)
Dividend of 2.50 pence per share paid on 31 July 2019	(2,382)
Dividend of 2.50 pence per share paid on 31 January 2020	(2,365)
Unclaimed dividends returned to the Company	22
Transferred from reserves	(8,666)
Net assets as at 31 March 2020	70,628
Net asset value as at 31 March 2020 (pence per share)	70.13

The Company paid dividends totalling 5.00 pence per share during the year ended 31 March 2020 (2019: 5.00 pence per share). The Board has declared a first dividend for the year ending 31 March 2021, of 2.50 pence per share to be paid on 31 July 2020 to shareholders on the register on 10 July 2020. The details of the new dividend policy can be found in the Chairman's statement on page 7.

The capital loss on investments for the year of £4,925,000 (2019: gain of £5,707,000), was mainly attributable to the coronavirus (Covid-19) impact on the Company's investment portfolio.

A number of our portfolio companies have experienced a devaluation, with significant write-downs being to our three care homes, Active Lives Care, Ryefield Court Care, and Shinfield Lodge Care together with our remaining hotel (owned by Kew Green (VCT) Stansted) and our wedding venue (owned by Beddlestead). A full analysis of the Portfolio of investments can be seen on pages 23 and 24.

The Balance sheet on page 51 shows that the net asset value has decreased over the year to 70.13 pence per share (2019: 79.00 pence per share). This decrease in net asset value is attributable to the total loss of 4.10 pence per share coupled with the payment of 5.00 pence per share in dividends.

There was a net cash inflow for the Company of £15,577,000 for the year (2019: net outflow of £557,000), from the disposal of fixed asset investments and the issue of Ordinary shares under the Albion VCTs Top Up Offers, offset by the investment in fixed asset investments, dividends paid, operating activities and the buy-back of shares.

Review of business and future changes

A detailed review of the Company's business during the year is contained in the Chairman's statement on pages 6 and 7. The total loss before tax for the year was £3.8 million (2019: gain of £6.9 million).

The continued focus on growing the technology and healthcare sectors, as well as the strong exits this year from our final two pub investments, one of our hotels, and one of our schools, has resulted in a decrease of the asset-based sector as a percentage of our portfolio. As a consequence, we expect our investment income to reduce in future years, as most of our loan stock interest is received from the asset-based portion of the portfolio. We expect the growth and technology sector to deliver capital returns rather than revenue.

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

The world is currently navigating a global pandemic, which will likely leave no company unaffected. The Board believes that the Company's portfolio is well balanced, and with a significant proportion in cash (30% of the net asset value), the Company is well positioned to support our portfolio companies through the current situation and will hopefully be able to deliver returns to shareholders over the longer term.

Key performance indicators (“KPIs”) and Alternative Performance Measures (“APMs”)

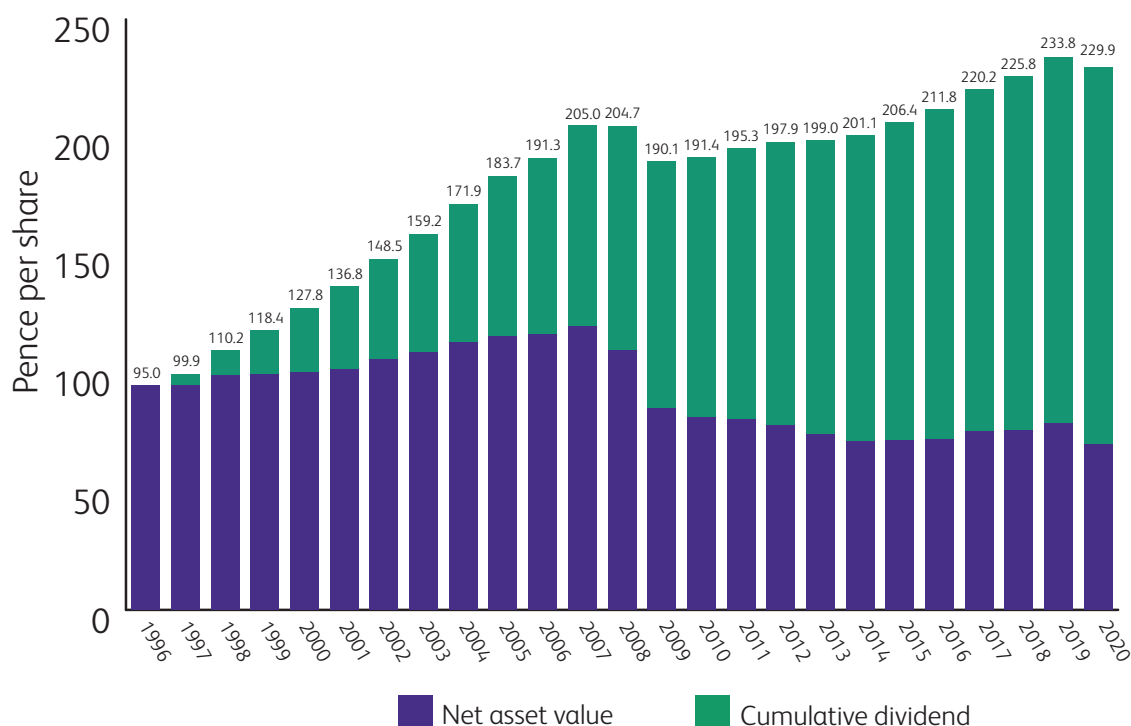
The Directors believe that the following KPIs and APMs, which are typical for venture capital trusts, used in its own assessment of the Company, will provide shareholders with sufficient information to assess how effectively the Company is applying its investment policy to meet its objectives. The Directors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

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

The graph on page 4 shows the Company’s total shareholder value against the FTSE All-Share Index total return, with dividends reinvested. Details on the performance of the net asset value and return per share for the year are shown in the Chairman’s statement.

2. Net asset value per share and total shareholder value

Net asset value per share and total shareholder value*



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

Total shareholder value decreased by 3.87 pence per Ordinary share for the year ended 31 March 2020 (loss of 4.9 per cent. on opening net asset value).

3. Shareholder value in the year†

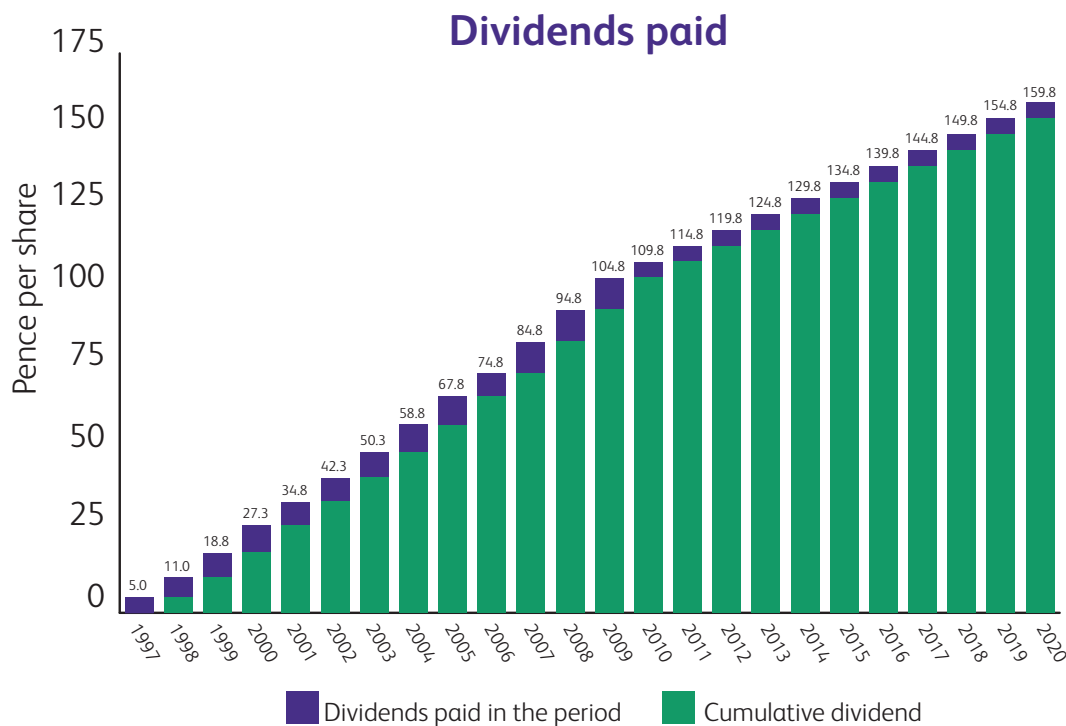
2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
4.8%	3.2%	1.4%	2.8%	7.4%	7.5%	11.8%	7.4%	10.5%	(4.9)%

Source: Albion Capital Group LLP

† Methodology: Shareholder value is calculated by the movement in total shareholder value for the year divided by the opening net asset value.

4. Dividend distributions

The chart that follows shows the dividends paid in each year and the cumulative dividends paid since launch.



Dividends paid in respect of the year ended 31 March 2020 were 5.00 pence per share (2019: 5.00 pence per share). Cumulative dividends paid since inception amount to 159.80 pence per Ordinary share.

5. Ongoing charges

The ongoing charges ratio for the year ended 31 March 2020 was 2.4% (2019: 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, as approved at the General Meeting on 21 August 2019, the ongoing charges cap was reduced from 3.0% to 2.5%.

6. 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 pages 31 and 32.

The relevant tests to measure compliance have been carried out and independently reviewed for the year ended 31 March 2020. These showed that the Company has complied with all tests and continues to do so.

* VCT compliance is not a numerical measure of performance and thus cannot be defined as an APM.

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 £53,000 (2019: £52,000) increased annually by RPI. These fees are payable quarterly in arrears. Total annual expenses, including the management fee, are limited to 2.5% 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

At the 2019 General Meeting, a resolution was passed by 70.4% of shareholders that the existing management performance incentive arrangements be amended in line with the change of investment policy, to invest in a broader range of businesses, including higher risk technology companies, as approved at the 2018 Annual General Meeting. Full details can be found in the circular sent to shareholders on 1 July 2019. The Board believes that an effective performance incentive is in the best interests of shareholders, firstly, because it reinforces the interests of the Manager with those of shareholders and secondly, because, in a competitive environment for venture capital professionals, it enables the Manger to hire and retain quality investment staff.

The new hurdle requires that the growth of the aggregate of the net asset value per share and dividends paid by the Company compared with the previous accounting date exceeds RPI plus 2%. The hurdle will be calculated every year, based on the previous year's closing NAV per Share. The starting NAV is 79.00 pence per share, being the audited net asset value at 31 March 2019. If the target return is not achieved in a period, the cumulative shortfall is carried forward to the next accounting period and has to be made up before an incentive fee becomes payable. As detailed in the Chairman's statement on page 8, in light of the consultation process undertaken with those shareholders who voted against the proposed changes, the Board renegotiated with the Manager for the excess share to be reduced from 20% to 15% of the returns achieved in excess of the hurdle. All other terms set out in the circular remain the same.

There was no management performance incentive fee payable during the year. As at 31 March 2020 the cumulative shortfall of the target return was 7.53 pence per share and this amount needs to be made up in following accounting periods before an incentive fee becomes payable.

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 continuing achievement of the 70 per cent. (80 per cent. from 1 April 2020 for the Company) qualifying holdings investment requirement for venture capital trust status, the long term prospects of the current portfolio of

investments, a review of the Management agreement and the services provided therein, and benchmarking the performance of the Manager to other service providers including the performance of other VCTs that the Manager is responsible for managing.

The Board believes that it is in the interests of shareholders as a whole, and of the Company, to continue the appointment of the Manager for the forthcoming year.

Alternative Investment Fund Managers Directive ("AIFMD")

The Board appointed Albion Capital Group LLP as the Company's AIFM in June 2014 as required by the AIFMD. The Manager is a full-scope Alternative Investment Fund Manager under the AIFMD. Ocorian (UK) Limited is the appointed Depositary and oversees the custody and cash arrangements and provide other AIFMD duties with respect to the Company.

Companies Act 2006 Section 172 Reporting

Under Section 172 of the Companies Act 2006, the Board has a duty to promote the success of the Company for the benefit of its members as a whole, having regard to the interests of other stakeholders in the Company, such as suppliers, and to do so with an understanding of the impact on the community and environment and with high standards of business conduct, which includes acting fairly between members of the Company.

The Board is very conscious of these wider responsibilities in the ways it promotes the Company's culture and ensures, as part of its regular oversight, that the integrity of the Company's affairs is foremost in the way the activities are managed and promoted. This includes regular engagement with the wider stakeholders of the Company and being alert to issues that might damage the Company's standing in the way that it operates. The Board works very closely with the Manager in reviewing how stakeholder issues are handled, ensuring good governance and responsibility in managing the Company's affairs, as well as visibility and openness in how the affairs are conducted.

The Board considers its significant stakeholder groups to be its Shareholders; suppliers, including direct agents of the Company such as the Manager to whom most executive functions are delegated; the community and the environment in the way that investments are made and managed.

The Company's shareholders are key to the success of the Company. The Board seeks to create value for Shareholders by generating strong and sustainable returns to provide shareholders with regular dividends and the prospect of capital growth. During the year, the Board has approved a new dividend policy, further details of which can be found in the Chairman's statement on page 7.

The Board temporarily suspended buybacks on 18 March 2020 due to the increasing uncertainty of the net asset value at the time. As

outlined in the Chairman's statement on page 8, the buybacks will be resumed on the announcement of this Annual Report and Financial Statements. The buyback policy is an important means of providing market liquidity for Shareholders.

Shareholders' views are important and the Board encourages Shareholders to vote on the resolutions at the Annual General Meeting ("AGM"). The Company's AGM is typically used as an opportunity to communicate with investors, including through a presentation made by the investment management team. However, due to the impact of the coronavirus outbreak, special circumstances are required for this year's AGM and further details are in the Chairman's statement on pages 8 and 9. Details of the location and time of the AGM can be found in the Directors' report on page 33.

Shareholders are also encouraged to attend the annual Shareholders' Seminar, which the Manager is hoping to hold (public health advice permitting). The seminar includes some of the portfolio companies sharing insights into their businesses and also presentations from Albion executives on some of the key factors affecting the investment outlook, as well as a review of the past year and the plans for the year ahead. Details of the seminar event are placed on the Manager's website. Representatives of the Board attend the seminar.

The Company is an externally managed investment company with no employees, and as such has nothing to report in relation to employee engagement but does keep close attention to how the Board operates as a cohesive and competent unit. The Company also has no customers in the traditional sense and, therefore, there is also nothing to report in relation to relationships with customers.

The Company's suppliers are fundamental to the operations of the Company, particularly Albion Capital Group LLP as the Manager, given that day-to-day management responsibilities are sub-contracted to the Manager. Details of the Manager's and Board's responsibilities can be found in the Statement of corporate governance on pages 36 and 37.

The contractual arrangements with all the principal suppliers to the Company are reviewed regularly and formally once a year, alongside the performance of the suppliers in acquitting their responsibilities. The performance of the Manager in managing the portfolio and in providing company secretarial, administration and accounting services is reviewed in detail each year, which includes reviewing comparator engagement terms and portfolio performance. Further details on the evaluation of the Manager, and the decision to continue the appointment of the Manager for the forthcoming year, can be found in this report on page 14.

As outlined in this report and in the Chairman's statement on page 8, changes to the Management Agreement from 1 April 2019 between the Company and the Manager were approved by way of

an ordinary resolution at the General Meeting held on 21 August 2019. The Board believes that these two changes; reducing the ongoing expenses cap from 3.0% to 2.5% and; the implementation of a new performance incentive scheme are in the best interests of Shareholders. Full details can be found in the circular sent to Shareholders on 1 July 2019 and the General Meeting update announced on 6 February 2020.

The portfolio companies are considered key stakeholders, not least because they are principal drivers of value for the Company. However, as discussed in the Environmental, Social and Governance ("ESG") section on pages 15 and 16, the portfolio companies' impact on their stakeholders is also important to the Company. In most cases, an Albion executive has a place on the board of a portfolio company, in order to help with both business operation decisions, as well as good ESG practice.

The Board receives reports on ESG factors within its portfolio from the Manager as it is a signatory of the UN Principles for Responsible Investment. Further details of this are set out below. ESG, without its specific definition, has always been at the heart of the responsible investing that the Company engages in and in how the Company conducts itself with all of its stakeholders.

The Board, although non-executive, is fully engaged in both oversight and the general strategic direction of the Company. During the year the Board's main strategic discussions focussed around cash management and deployment of cash for future investments, dividends and share buybacks, resulting in the decision to participate in the Albion VCTs Top Up Offers 2019/20. Time was also spent in ensuring the Board met Corporate Governance requirements which continue to evolve, including the introduction of the new AIC Code last year.

Environmental, Social, and Governance ("ESG")

The Manager became a signatory of the UN Principles for Responsible Investment ("UN PRI") on 14 May 2019. The UN PRI is the world's leading proponent of responsible investment, working to understand the investment implications of ESG factors and to support its international network of investor signatories in incorporating these factors into their investment and ownership decisions.

The Manager made its first trial submission in 2020 against this framework and will make the first full submission in 2021. The trial process in 2020 will identify initial gaps in information being collected and areas that require action. This annual process will inform fuller ESG disclosure by 2021 and create a regular audit function to ensure continual improvement.

To ensure that the principles are starting to be translated into both the investment and portfolio management processes, since June 2019 all quarterly valuations and investment papers include a

section covering relevant aspects of ESG for each investment. In addition, all fund level reports also include ESG sections and ESG will be included as a standing item on the agendas of all investment committees and the Manager's internal board meetings, and any findings are discussed at fund board meetings (VCTs and LP funds). Reporting is intentionally light in the first instance, partly due to the stage and nature of investments and to encourage widespread adoption. The level of reporting is expected to build over time as the range of factors to consider increases and as our compliance with the UN PRI guidelines becomes apparent.

The Board and Manager have exercised conscious principles in making responsible investments throughout the life of the Company, not least in providing finance for nascent companies in a variety of important sectors such as technology, healthcare and renewable energy. In making the investments, the Manager is directly involved in the oversight and governance of these investments, including ensuring standards of reporting and visibility on business practices, all of which is reported to the Board of the Company. By its nature, not least in making qualifying investments which fulfil the criteria set by HMRC, the Company has focused on sustainable and longer-term investment propositions, some of which will fail in the nature of small companies, but some of which will grow and serve important societal demands. The quality of the investment portfolio goes beyond the individual valuations and examines the prospects of each of the portfolio companies, as well as the sectors in which they operate – all requiring a longer-term view.

The Company adheres to the principles of the AIC Code of Corporate Governance and is also aware of other governance and other corporate conduct guidance which it meets as far as practical, including in the constitution of a diversified and independent board capable of providing constructive challenge.

Social and community issues, employees and human rights

The Board recognises the requirement under section 414C of 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 formal policies in these matters and as such these requirements do not apply.

Further policies

The Company is not required to have any formal policies, however it 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 page 32.

General Data Protection Regulation

The General Data Protection Regulation came into effect on 25 May 2018 with the objective of unifying data privacy requirements across the European Union. The Manager continues to take action to ensure that the Manager and the Company are compliant with the regulation.

Risk management

The Board carries out a regular review of the risk environment in which the Company operates, changes to the environment and individual risks. The Board also identifies emerging risks which might impact on the Company. In the period the most noticeable emerging risk has been the global pandemic which has impacted on not only public health and mobility but also has had an adverse impact on global traded markets, the impact of which, by its nature, is likely to be uncertain for some time.

The Directors have carried out a robust assessment of the Company's principal risks and uncertainties, and explain how they are being managed or mitigated as follows:

Risk	Possible consequence	Risk management
Investment, performance and valuation risk	<p>The risk of investment in poor quality businesses, which could reduce the capital and income 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>Investments in open-ended equity funds result in exposure to market risk through movements in price per unit.</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>The unquoted investments held by the Company are designated at fair value through profit or loss and valued in accordance with the International Private Equity and Venture Capital Valuation Guidelines updated in 2018. These guidelines set out recommendations, intended to represent current best practice on the valuation of venture capital investments. The valuation takes into account all known material facts up to the date of approval of the Financial Statements by the Board.</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, used to operating within the requirements of the venture capital trust legislation. In addition, to provide further formal reassurance, the Board has appointed Philip Hare & Associates LLP as its taxation adviser, who report quarterly to the Board to independently confirm compliance with the venture capital trust legislation, to highlight areas of risk and to inform on changes in legislation. Each investment in a new portfolio company is also pre-cleared with our professional advisers or H.M. Revenue & Customs. The Company monitors closely the extent of qualifying holdings and addresses this as required.</p>

Risk	Possible consequence	Risk management
Regulatory and compliance risk	<p>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.</p>	<p>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.</p>
Operational and internal control risk	<p>The Company relies on a number of third parties, in particular the Manager, for the provision of investment management and administrative functions. Failures in key systems and controls within the Manager's business could put assets of the Company at risk or result in reduced or inaccurate information being passed to the Board or to shareholders.</p>	<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 on 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 Depositary 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 policies and procedures as required by 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 policy. 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, political and social risk	<p>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. This also includes risks of social upheaval, including from infection and population re-distribution, as well as economic risk challenges as a result of healthcare pandemics/infection.</p> <p>The current risk to the Company and the wider population and economy, is the coronavirus (Covid-19) pandemic.</p>	<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 and has a policy of minimising any external bank borrowings within 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> <p>In common with most commercial operations, exogenous risks over which the Company has no control are always a risk and the Company does what it can to address these risks where possible, not least as the nature of the investments the Company makes are long term. With regards to coronavirus (Covid-19), the Manager is having ongoing discussions with all portfolio companies, in order to ascertain where support is most needed. Cash comprises a significant proportion of net assets, following a strong year of exits and the most recent Top Up, which can be used in part to help mitigate any immediate cashflow problems for these portfolio companies. The portfolio is structured as an all-weather portfolio with c.35 companies which are diversified as discussed above. Exposure is small to at-risk sectors that include leisure, hospitality, retail and travel.</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 buy-back policy, which is designed to limit the discount at which the Ordinary shares trade to around 5 per cent of 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 buy-back 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.
Reputational risk	The Company relies on the judgement and reputation of the Manager which is itself subject to the risk of loss.	The Board regularly questions the Manager on its ethics, procedures, safeguards and investment philosophy, which should consequently result in the risk to reputation being minimised.

Viability statement

In accordance with the FRC UK Corporate Governance Code published in 2018 and principle 36 of the AIC Code of Corporate Governance, the Directors have assessed the prospects of the Company over three years to 31 March 2023. 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 three year period also takes account of the potential impact of new regulations, should they be imposed, and how they may impact the Company over the longer term, and the availability of cash but cannot fully take into account the exogenous risks that are impacting on global economies at the date of these accounts.

The Directors have carried out a robust assessment of the emerging and 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 procedures in place to identify emerging risks and 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 have deliberated at length the potential impact of the coronavirus (Covid-19) pandemic on the Company. They have thoroughly examined cashflows with stressed assumptions, and also deliberated over the importance of

the Manager and the processes that they have in place for dealing with the principal risks.

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

Taking into account the processes for mitigating risks, monitoring costs, share price discount, the Manager's compliance with the investment objective, policies and business model and the balance of the portfolio the Directors have concluded that there is a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the three year period to 31 March 2023.

This Strategic report of the Company for the year ended 31 March 2020 has been prepared in accordance with the requirements of section 414A of the Companies Act 2006 (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.

Richard Glover

Chairman

1 July 2020

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 Ibstock PLC. Since retiring in 2002, he has worked as a consultant.

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. After a period in audit, she moved into industry and spent over twenty years working in financial management and treasury roles, initially with Clyde Petroleum plc and then with the Bank of Ireland Group. Since 2006, she has held 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.

Richard Wilson, (appointed 1 May 2020)

Richard Wilson is highly experienced in the asset management sector and was CEO of BMO Global Asset Management and previously CEO of F&C Asset Management plc, where he led the company's acquisition by BMO Financial Group and subsequent integration into BMO Global Asset Management. Richard began his asset management career in 1988 as a U.K. equity manager with HSBC Asset Management (formerly Midland Montagu). He then joined Deutsche Asset Management (formerly Morgan Grenfell), where he rose to managing director, global equities. From Deutsche, Richard moved to Gartmore Investment Management in 2003 as head of international equity investments before joining F&C in 2004.

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 Ann Berresford is Chairman.

Ann Berresford is the Senior Independent Director.

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, the Albion Real Assets Fund, Albion Community Power and provides administration services to Albion Care Communities Limited. Albion Capital, together with its subsidiary, OLIM Investment Managers, currently has total assets under management or administration of approximately £1 billion. Albion Capital has recently won an award for Best Generalist VCT at the Investment Week Tax Efficiency Awards 2019/20.

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

Will Fraser-Allen BA (Hons), FCA, is the managing partner of Albion Capital. He has 19 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 a director of Albion Community Power 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 before establishing Albion Capital (originally Close Ventures Limited) in 1996. Prior to Close he qualified as a chartered accountant before joining Cazenove & Co. 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).

Jessica Bartos MA (Hons), is an investment manager at Albion Capital, concentrating on technology investments. Prior to joining Albion Capital in 2019, Jessica spent four years in the technology, media and telecoms team at Rothschild in New York and London, and previously worked for Mizuho Securities in New York and the Export-Import Bank of the United States in Washington. Jessica graduated from the University of Pennsylvania with a BA in European History and from John Hopkins University with an MA in International Economics.

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 working in corporate finance at Rothschild. He 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. Emil joined Albion in 2000 and became a partner in 2009. 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 oversees the management of Albion Community Power and is 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. 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.

Paul Lehair MSc, MA, is an investment manager at Albion Capital specialising in technology investing. Paul joined Albion in 2019 with 10 years' experience in technology both at start-ups and in investment banking. He came from Citymapper where he was finance director for 5 years. He also worked in business operations at Viagogo and in M&A TMT at Citigroup beforehand. Paul holds a dual Masters degree in European Political Economy from the London School of Economics and Political Science and Sciences Po Paris.

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 PhD, 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

Fixed asset investments	% voting rights held by all Albion* managed companies		As at 31 March 2020			As at 31 March 2019			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	5,300	11,725	6,425	6,263	12,688	(962)
Active Lives Care Limited	22.2	50.0	4,810	2,903	7,713	4,810	3,519	8,329	(616)
Ryefield Court Care Limited	23.6	50.0	3,880	2,194	6,074	3,880	2,976	6,856	(781)
Chonais River Hydro Limited	9.2	50.0	3,074	1,251	4,325	3,074	1,316	4,390	(64)
Radnor House School (TopCo) Limited	6.9	48.3	1,259	797	2,056	2,281	3,041	5,322	(73)
Gharagain River Hydro Limited	11.5	50.0	1,363	379	1,742	1,363	417	1,780	(39)
Elliptic Enterprises Limited	1.6	6.7	1,244	–	1,244	–	–	–	–
G. Network Communications Limited	2.3	14.8	228	1,008	1,236	710	826	1,536	182
The Street by Street Solar Programme Limited	6.5	50.0	675	540	1,215	675	508	1,184	31
Cantab Research Limited (T/A Speechmatics)	2.8	12.9	1,144	–	1,144	–	–	–	–
Alto Prodotto Wind Limited	7.4	50.0	590	403	993	626	442	1,068	(28)
Concirrus Limited	2.0	10.3	975	–	975	–	–	–	–
MHS 1 Limited	14.8	48.8	1,026	(109)	917	1,026	(3)	1,023	(106)
Beddlestead Limited	9.1	49.0	1,142	(275)	867	1,142	2	1,144	(277)
Avora Limited	4.2	16.7	750	–	750	750	–	750	–
Regenerco Renewable Energy Limited	4.5	50.0	451	257	708	451	287	738	(31)
The Ewell (Harley Street) Limited	6.0	40.0	795	(150)	645	750	–	750	(150)
Kew Green VCT (Stansted) Limited	45.2	50.0	1,234	(692)	542	1,234	1,434	2,668	(2,126)
Credit Kudos Limited	2.4	12.4	487	–	487	–	–	–	–
Erin Solar Limited	18.6	50.0	520	(72)	448	520	(20)	500	(52)
Dragon Hydro Limited	7.3	30.0	289	158	447	301	172	473	(14)
Clear Review Limited	3.0	14.4	384	–	384	–	–	–	–
AVESI Limited	7.4	50.0	242	102	344	242	111	353	(9)
Limitless Technology Limited	2.1	12.9	320	–	320	–	–	–	–
Harvest AD Limited	–	–	307	5	312	307	21	328	(16)
Phrasee Limited	1.5	11.0	310	–	310	310	–	310	–
ePatient Network Limited (T/A Raremark)	2.3	15.3	220	51	271	110	–	110	51
Greenenerco Limited	3.9	50.0	118	77	195	124	86	209	(5)
Arecor Limited	1.0	7.4	180	–	180	180	–	180	–
Premier Leisure (Suffolk) Limited	9.9	47.4	175	1	176	175	20	195	(20)
Healios Limited	0.6	4.7	175	–	175	65	–	65	–
Imandra Inc.	1.3	7.9	121	–	121	–	–	–	–
uMotif Limited	0.7	6.2	180	(63)	117	120	–	120	(63)
Forward Clinical Limited (T/A Pando)	1.2	9.2	149	(99)	50	130	–	130	(99)
Symetrica Limited	0.3	5.0	71	(36)	35	–	–	–	(36)
Total fixed asset investments			35,313	13,930	49,243	31,781	21,418	53,199	(5,303)

* 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 2019 do not agree to the Annual Report and Financial Statements for the year ended 31 March 2019 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 2020	Cost* £'000	Opening carrying value £'000	Disposal proceeds £'000	Total realised gain/ (loss) £'000	Gain/ (loss) on opening value £'000
Disposals:					
The Stanwell Hotel Limited	5,069	3,282	3,391	(1,678)	109
Radnor House School (TopCo) Limited	1,022	3,194	3,257	2,235	63
Earnside Energy Limited	1,531	1,813	1,692	161	(121)
Bravo Inns II Limited	1,085	1,444	1,659	574	215
Bravo Inns Limited	751	613	631	(120)	18
G&K Smart Developments VCT Limited	276	275	243	(33)	(32)
Loan stock repayments and other:					
TWCL Limited	801	833	842	41	9
G. Network Communications Limited	482	482	482	–	–
Alto Prodotto Wind Limited	37	47	47	10	–
Dragon Hydro Limited	11	11	11	–	–
Greenenerco Limited	6	9	9	3	–
Escrow adjustments** and other	–	–	31	31	31
Total realisations	11,071	12,003	12,295	1,224	292

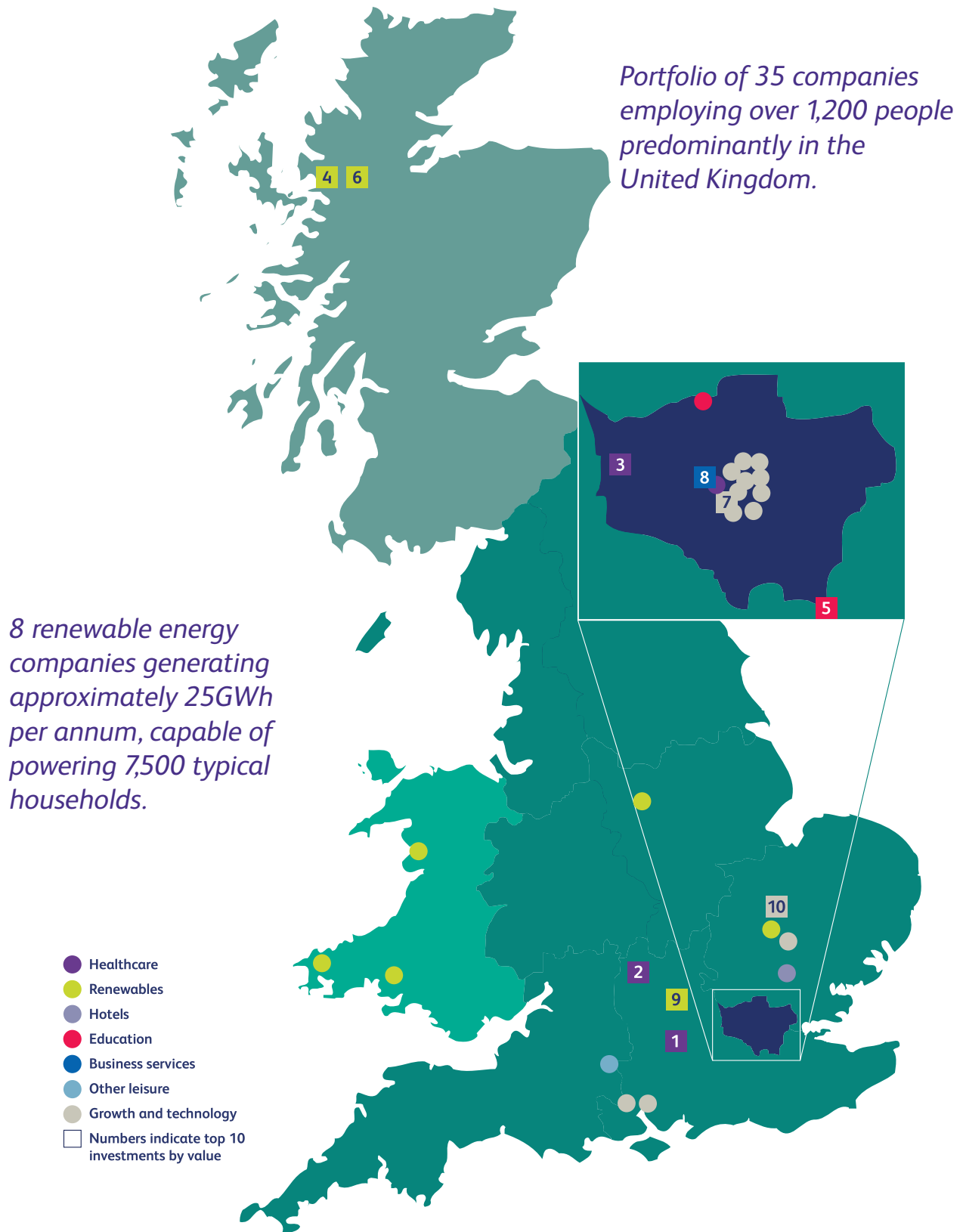
* The cost includes the original cost from Albion Venture Capital Trust PLC and the carried over value on merger from Albion Prime VCT PLC as at 25 September 2012.

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

Total change in value of investments for the year	(5,303)
Movement in loan stock accrued interest	86
Unrealised losses sub-total	(5,217)
Realised gain in current year	292
Total losses on investments as per Income statement	(4,925)

Portfolio companies

Geographical locations



The top ten investments by value are below.

1. Shinfield Lodge Care Limited

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. It provides the highest standard of care in spacious en-suite accommodation and large communal areas, which can be separated into individual units. The home was recently voted one of the Top 20 care homes in the South East of England. The home trades at mature occupancy.

Filleter audited results: year to 31 December 2018		£'000	Investment information		£'000
Net liabilities		(714)	Income recognised in the year		707
Basis of valuation:	Third party valuation – earnings multiple		Total cost		6,425
			Total valuation		11,725
			Voting rights		35.3 per cent.
			Voting rights for all Albion managed companies		50.0 per cent.

Website: www.shinfieldview.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. It provides the highest standard of care in spacious en-suite accommodation and large communal areas, which can be separated into individual units. The home is rated "Outstanding" by CQC, the regulatory body, which places it among the top 1% of care homes in England.

Filleter audited results: year to 31 December 2018		£'000	Investment information		£'000
Net liabilities	(2,288)		Income recognised in the year		614
Basis of valuation:	Third party valuation – earnings multiple		Total cost		4,810
			Total valuation		7,713
			Voting rights		22.2 per cent.
			Voting rights for all Albion managed companies		50.0 per cent.

Website: www.cumnorhillhouse.com

3. Ryefield Court Care Limited

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. It provides the highest standard of care in spacious en-suite accommodation and large communal areas, which can be separated into individual units.

Audited results: year to 30 April 2019		£'000	Investment information		£'000
Turnover	3,944		Income recognised in the year		481
EBITDA	1,159		Total cost		3,880
Loss before tax	(312)		Total valuation		6,074
Net liabilities	(1,692)		Voting rights		23.6 per cent.
Basis of valuation:	Third party valuation – earnings multiple		Voting rights for all Albion managed companies		50.0 per cent.

Website: www.ryefieldcourt.com

4. Chonais River Hydro Limited

Chonais 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.

Fillested audited results: year to 30 September 2018		£'000	Investment information	£'000
Net liabilities		(89)	Income recognised in the year	277
Basis of valuation:	Third party valuation – discounted cash flow		Total cost	3,074
			Total valuation	4,325
			Voting rights	9.2 per cent.
			Voting rights for all Albion managed companies	50.0 per cent.



5. Radnor House School (TopCo) Limited

Radnor House operates a co-educational independent school in Sevenoaks. The school, which was acquired in 2015 as a turnaround opportunity, is now growing strongly with over 450 children on the roll and further capacity to expand. It aims 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 him or her for a dynamic and rapidly changing world.

*Audited results: year to 31 August 2019		£'000	Investment information	£'000
Turnover		12,882	Income recognised in the year	125
EBITDA		3,086	Total cost	1,259
Profit before tax		612	Total valuation	2,056
Net assets		40,519	Voting rights	6.9 per cent.
Basis of valuation:	Third party valuation – earnings multiple		Voting rights for all Albion managed companies	48.3 per cent.

*These results include Radnor House School Twickenham which was sold after 31 August 2019

Website: www.radnorhouse.org

6. 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 2019

	£'000
Net assets	179
Basis of valuation:	Third party valuation – discounted cash flow

Investment information

	£'000
Income recognised in the year	119
Total cost	1,363
Total valuation	1,742
Voting rights	11.5 per cent.
Voting rights for all Albion managed companies	50.0 per cent.



7. Elliptic Enterprises Limited

Elliptic provides Anti Money Laundering services to digital asset (DA) institutions, e.g. crypto exchanges and banks, enabling them to detect financial crime and comply with emerging regulations. Elliptic is considered a key regulatory partner and spends considerable time liaising and advising the FCA, SEC and other state and regional regulators globally.

Filleted audited results: year to

31 March 2019	£'000	Investment information	£'000
Net assets	2,330	Income recognised in the year	–
Basis of valuation: Cost and price of recent investment (reviewed for impairment)		Total cost	1,244
		Total valuation	1,244
		Voting rights	1.6 per cent.
		Voting rights for all Albion managed companies	6.7 per cent.

Website: www.elliptic.co

8. 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 £4.675 million in total in 2017. The Albion funds were used to ramp up the build out of street units, as well as building the team. Cube Infrastructure then invested £60m in October 2018 to continue the scale up of deployment as well as repaying £4.1m of VCT loan stock and interest.

Filleted audited results: year to

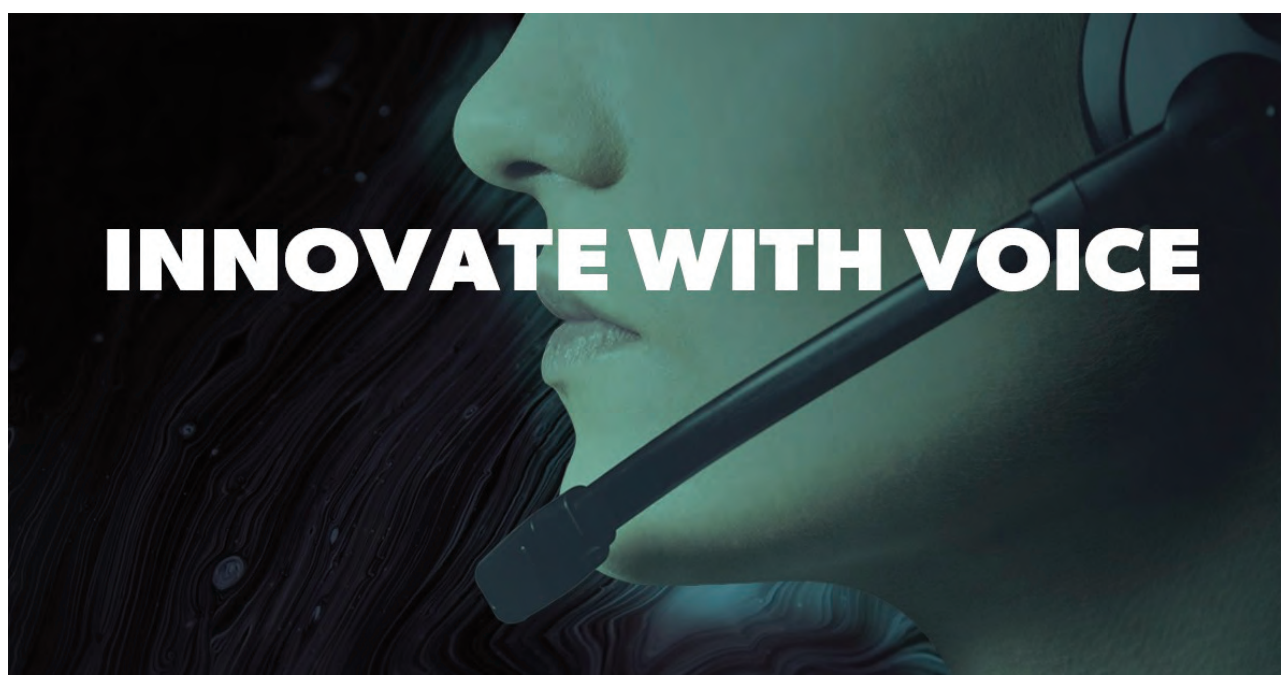
31 March 2019	£'000	Investment information	£'000
Net assets	11,994	Income recognised in the year	123
Basis of valuation: Cost and price of recent investment (reviewed for impairment or uplift)		Total cost	228
		Valuation	1,236
		Voting rights	2.3 per cent.
		Voting rights for all Albion managed companies	14.8 per cent.

Website: www.g.network

9. The Street By Street Solar Programme Limited

Street by Street owns and operates solar PV systems on circa 600 privately owned homes in England and Wales. It provides free and clean electricity to those homes, and benefits from inflation-protected renewable subsidies for a period of 20 to 25 years. Most of the PV systems were commissioned in 2011 and 2012.

Filleted audited results: year to 30 November 2018		£'000	Investment information	£'000
Net liabilities		(380)	Income recognised in the year	72
Basis of valuation:	Third party valuation – Discounted cash flow		Total cost	675
			Total valuation	1,215
			Voting rights	6.5 per cent.
			Voting rights of all Albion managed companies	50.0 per cent.



10. Cantab Research Limited (T/A Speechmatics)

Speechmatics provides advanced speech recognition software. Their technology can automatically transcribe any voice or audio assets from any live or recorded media and convert it into text in real time with leading accuracy across a wide range of languages. The software can be deployed using small footprint language models, which allow the speech to text processing to be performed at high accuracy both on premise and on device, as well as in the cloud. Albion funds invested alongside existing investors (IQ Capital and leading Cambridge angels) to accelerate growth.

Filleted audited results: year to 31 December 2018		£'000	Investment information	£'000
Net assets		2,148	Income recognised in the year	–
Basis of valuation:	Cost and price of recent investment (reviewed for impairment or uplift)		Total cost	1,144
			Total valuation	1,144
			Voting rights	2.8 per cent.
			Voting rights of all Albion managed companies	12.9 per cent.

Website: www.speechmatics.com

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 2020. The Statement of corporate governance on pages 36 to 40 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 pages 31 and 32 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 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 17,771,277 Ordinary shares (2019: 775,061 Ordinary shares), of which 16,948,338 Ordinary shares (2019: none) were issued under the Albion VCTs Top Up Offers; and 822,939 Ordinary shares (2019: 775,061 Ordinary shares) were issued under the Dividend Reinvestment Scheme.

Your Board, in conjunction with the boards of other VCTs managed by Albion Capital Group LLP, launched a prospectus top up offer of new Ordinary shares on 22 October 2019. The Company was pleased to announce on 11 December 2019 that it had reached its £6 million limit under the Albion VCTs Prospectus Top Up Offers 2019/20 which was fully subscribed and closed to further applications. In light of recent disposals made, the Board decided to not exercise its over-allotment facility.

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 2020 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 2020, 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 9 of the Chairman's statement and on page 11 of the Strategic report.

Results and dividends

Detailed information on the results and dividends for the year ended 31 March 2020 can be found in the Strategic report on page 11.

Going concern

In accordance with the Guidance on Risk Management, Internal Control and Related Financial and Business Reporting issued by the Financial Reporting Council in September 2014, the Board has assessed the Company's operation as a going concern. The Company has significant cash and liquid resources, its portfolio of investments is well diversified in terms of sector and the major cash outflows of the Company (namely investments, buy-backs and dividends) are within the Company's control. Cash flow forecasts are discussed quarterly at the Board level with regards to going concern. The cash flow forecasts have been updated and stress tested to allow for the forecast impact of coronavirus (Covid-19). 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. For this reason, the Directors have considered it appropriate to adopt the going concern basis of accounting.

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 2020 are shown in note 19.

Principal risks and uncertainties

A summary of the principal risks faced by the Company is set out on pages 17 to 19 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 has increased to 80 per cent. from 1 April 2020 for the Company);
- (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 2020. The Company has complied with all tests and continues to do so.

'Qualifying holdings' include shares or securities (including unsecured 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 10.

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.

As at 31 March 2020, the HMRC value of qualifying investments (which includes a 12 month disregard for disposals since 6 April 2019) was 99.90% (2019: 80.26%). The Board continues to monitor this and all the VCT qualification requirements very carefully in order to ensure that all requirements are met and that qualifying investments comfortably exceed the current minimum

threshold, which from 1 April 2020 is 80% (previously 70%) required for the Company to continue to benefit from VCT tax status. The Board and Manager are confident that the qualifying requirements can be met during the course of the year ahead.

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. Further details can be found in the Environmental, Social, and Governance ("ESG") section on pages 15 and 16.

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 conducts due diligence on 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 three 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 20.

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 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 remuneration policy together with the remuneration disclosures for the AIFM's reporting period for the year ended 31 March 2019 are available on the Company's webpage on the Manager's website.

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 42.

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 themselves in relation to the performance of their 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 and election of Directors

Directors' re-election is subject to the Articles of Association and the UK Corporate Governance Code. The AIC Code recommends that all Directors submit themselves for re-election annually, therefore in accordance with the AIC Code, Richard Glover, John Kerr and Ann Berresford will offer themselves for re-election.

As Richard Wilson has been appointed since the last Annual General Meeting, he will be subject to election at the forthcoming Annual General Meeting.

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 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.

There have been significant changes in the market for the provision of audit services, particularly for listed companies. As a result, there have been increases in the levels of audit fees being charged to listed companies and further pressure on fees is likely in future years. The Board continues to believe that the Company's auditor provides a good and competitively priced service for the audit of the Company.

Annual General Meeting

The Annual General Meeting will be held at the registered office of, 1 Benjamin Street, London EC1M 5QL at noon on 19 August 2020. The Notice of Annual General Meeting is at the end of this document.

The proxy form enclosed with this Annual Report and Financial Statements permits shareholders to disclose votes 'for', 'against',

and 'withheld'. A 'vote withheld' is not a vote in law and will not be counted in the proportion of the votes for and against the resolution. Summary of proxies lodged at the Annual General Meeting will be published at www.albion.capital/funds/AAVC under the "Financial Reports and Circulars" section.

The ordinary business resolutions 1 to 10 includes receiving and adopting the Company's accounts, to approve the Directors' remuneration policy and report, to re-elect or elect all Directors and to appoint BDO as auditor for the next year end and to fix their remuneration.

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.

Resolution numbers 10 to 12 replace the authorities given to the Directors at the Annual General Meeting in 2019. The authorities sought at the forthcoming Annual General Meeting will expire 15 months from the date that 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 10 will request the authority to allot up to an aggregate nominal amount of £231,451 representing approximately 20 per cent. of the issued Ordinary share capital of the Company as at the date of this Report.

During the year, Ordinary shares were allotted as described in detail in note 15.

The Directors' current intention is to allot shares under the Dividend Reinvestment Scheme and any Albion VCTs Top Up Offers. The Company currently holds 14,084,031 Ordinary shares in treasury which represents 12.3 per cent. of the total Ordinary share capital in issue as at 31 March 2020.

Disapplication of pre-emption rights

Special resolution number 11 will request the authority for the Directors to allot equity securities for cash without first being required to offer such securities to existing members. This will include the sale on a non pre-emptive basis of any shares the Company holds in treasury for cash. The authority relates to a maximum aggregate of £231,451 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 12 will request the authority to purchase a maximum of 17,347,257 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 12.

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.

During the financial year under review, the Company purchased 2,566,843 Ordinary shares for treasury representing 2.2 per cent. of called up share capital, at an aggregate consideration of £1,866,000. No Ordinary shares were purchased for cancellation.

Update of Articles of Association to allow Virtual and Hybrid meetings

The current coronavirus (Covid-19) pandemic has illustrated the difficulties which companies may encounter in holding general meetings. Accordingly, the directors believe that it is desirable to amend the Company's Articles of Association to reflect the latest developments regarding electronic meetings and Resolution 13 sets out the proposed changes. The changes will allow meetings to be held, and for shareholders to participate, both wholly by electronic means (a "virtual meeting") or partly by electronic means (a "hybrid meeting" i.e. where a physical meeting is held but some shareholders participate electronically). The Company does not intend to hold virtual or hybrid meetings other than in exceptional circumstances.

Recommendation

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

Disclosure of information to 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 2020

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 Company's webpage is maintained on the Board's behalf by the Manager.

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 2020

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 2018.

The Board has considered the Principles and Provisions of the AIC Code of Corporate Governance (“AIC Code”). The AIC Code addresses the Principles and Provisions set out in the Code, as well as setting out additional Provisions on issues that are of specific relevance to the Company and other investment companies. Closed-ended investment companies have particular factors which have an impact on their governance arrangements, principally from four features: outsourcing their day to day activities to external service providers and being governed by boards of non-executive directors; the importance of the Manager in the outsourcing compared to a typical supplier; having no executive directors or employees and consequently no executive remuneration packages; and no customers in the traditional sense, only shareholders.

The Board considers that reporting against the Principles and Provisions of the AIC Code, which has been endorsed by the FRC, provides more relevant information to shareholders. The Company has complied with the Principles and Provisions of the AIC Code.

The AIC Code is available on the AIC website (www.theaic.co.uk). It includes an explanation of how the AIC Code adapts the Principles and Provisions set out in the Code to make them relevant for investment companies.

Board of Directors

The Board consists solely of independent non-executive Directors. Richard Glover is the Chairman, Ann Berresford is the Senior Independent Director and John Kerr is Chairman of the Audit Committee. All Directors are non-executive and day-to-day management responsibilities are sub-contracted to the Manager. 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.

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. As such, John Kerr who has been a Director of the Company for more than nine years, is still considered to be an independent Director and the Board continues to benefit from his experience of the Company.

The AIC Code requires that all Directors submit themselves for re-election annually, therefore in accordance with the AIC Code, Richard Glover, John Kerr and Ann Berresford will offer themselves for re-election. As Richard Wilson has been appointed since the last Annual General Meeting, he will be subject to election at the forthcoming Annual General Meeting.

The Directors have a range of business and financial skills, including serving on the boards of other investment companies, which are relevant to the Company; these are described in the Board of Directors section of this Report, on page 20. All of the Directors have demonstrated that they have sufficient time, skill and experience to acquit their Board responsibilities and to work together effectively. Directors are provided with key information on the Company’s activities, including regulatory and statutory requirements, and internal controls, by the Manager. The Board has access to secretarial advice and compliance services by the Manager, who is responsible for ensuring that Board procedures are followed and applicable procedures complied with. All Directors are able to take independent professional advice in furtherance of their duties if necessary. The Company has in place Directors’ & Officers’ Liability Insurance.

The Directors have considered diversity in relation to the composition of the Board and have concluded that its membership is diverse in relation to experience and balance of skills. Further details on the recruitment of new directors can be found in the Nomination Committee section on page 39.

The Board met four times during the year as part of its regular programme of quarterly Board meetings. In addition, and in accordance with best practice, a further meeting took place without the Manager present. All Directors attended all meetings, apart from Jeff Warren who sadly passed away on 6 January 2020 and Ebbe Dinesen who retired on 1 August 2019. A sub-committee 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; and to approve the terms and contents of the Offer documents under the Albion VCTs Prospectus Top Up Offers 2019/2020.

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.

Statement of corporate governance

continued

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

- the appointment, evaluation, removal and remuneration of the Manager;
- the consideration and approval of future developments or changes to the investment policy, including risk and asset allocation;
- consideration of corporate strategy and corporate events that arise;
- application of the principles of the AIC Code, corporate governance and internal control;
- review of sub-committee recommendations, including the recommendation to shareholders for the appointment and remuneration of the Auditor;
- approval of dividend policy and payments of appropriate dividends to shareholders;
- the performance of the Company, including monitoring of the discount of the net asset value and the share price;
- share buy-back and treasury share policy; and
- monitoring shareholder profile and considering shareholder communications.

It is the responsibility of the Board to present an Annual Report 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 consistently identified that the Board works well together and has the right balance of skills, experience, independence and knowledge of the Company amongst the Directors. Diversity within the Board is achieved through the appointment of directors with different backgrounds and skills.

Directors are offered training, both at the time of joining the Board and on other occasions where required. The Directors attend external courses and industry events which provides further experience to help them fulfil their responsibilities. The Board also undertakes a proper and thorough evaluation of its committees on an annual basis.

In light of the performance of the individual Directors and the structured performance evaluation, Richard Glover, John Kerr, Ann Berresford and Richard Wilson, 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 re-appoint these Directors at the forthcoming Annual General Meeting and has nominated them for re-election accordingly. For more details on the specific background, skills and experience of each Director, please see the Board of Directors section on page 20.

Remuneration Committee

Ann Berresford 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 members of the Committee at the time the meeting was held.

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

John Kerr is Chairman of the Audit Committee and all Directors are members of this Committee. In accordance with the AIC Code, members of the Audit Committee have recent and relevant financial experience, as well as experience relevant to the sector. Given the size of the Board and the complexity of the business, Richard Glover is both Chairman of the Board and a member of the Audit Committee as his background, skills and experience are relevant for the Committee's responsibilities. The Committee met twice during the year ended 31 March 2020, which were fully attended by all the members of the Committee, except for Jeff Warren who sadly passed away on 6 January 2020 and Ebbe Dinesen who retired on 1 August 2019.

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.

Statement of corporate governance

continued

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;
- 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 and viability statements. 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 to back up the discussions. Taking into account risk factors that impact on the Company both as reflected in the annual accounts and in a detailed risk matrix, both of which are reviewed periodically in detail, including in the context of emerging risks;
- 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.

The Board, and particularly the Audit Committee, monitors closely developments in the provision of audit services and is aware that the costs of rendering audit services from most audit firms are increasing significantly, with more pressure on those firms who provide services to listed companies and for those companies operating in a regulated environment. The Board is satisfied from discussions with the current audit firm and from scrutiny of what is happening elsewhere, that BDO continues to provide the Company with an independent and expert review of its financial reporting from an audit firm with significant experience in the sector and on a competitive fee base for the work required in reporting on an extensive portfolio of unquoted investments.

The Committee also examines going concern and viability statements, using financial projections provided by the Manager on the Company and by examining the liquidity in the Company's portfolio, including cash and realisable investments, the committed costs of the Company and where liquidity might be found if required. The Audit Committee also receives regular reports on compliance with VCT status, which is subject to various internal controls and external review when investment commitments are made.

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 the issues were discussed with the external Auditor prior to the completion of the audit of the Financial Statements. No major conflicts arose between the Audit Committee and the external Auditor in respect of their work during the period.

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

The valuation of the Company's investments

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

Revenue recognition

The revenue generated from loan stock interest and dividend income has been considered by the Audit Committee as part of its review of the 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 detailed reviews of the Annual Report and Financial Statements and consideration of the key areas of risk identified, the Board as a whole have concluded that 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

Statement of corporate governance

continued

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 2020.

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 2020, 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 13 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.

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.

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 Nomination Committee held one formal meeting during the year, which was fully attended by all the members of the Committee at the time the meeting was held.

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 AIC 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, such a system is designed to manage, rather than eliminate the risks of failure to achieve the Company's business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

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

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

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

- segregation of duties between the preparation of valuations and recording into accounting records;
- independent third party valuations of the majority of the asset-based investments within the portfolio are undertaken annually;
- reviews of valuations are carried out by the Valuation Committee and reviews of financial reports are carried out by the operations partner of Albion Capital Group LLP;

Statement of corporate governance

continued

- bank reconciliations are carried out monthly, and stock reconciliations are carried out six-monthly by the Manager;
- all published financial reports are reviewed by Albion Capital Group LLP's compliance department;
- the Board reviews financial information; and
- a separate Audit Committee of the Board reviews published financial information.

During the year, as the Board has delegated the investment management and administration to Albion Capital Group LLP, the Board feels that it is not necessary to have its own internal audit function. Instead, the Board 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 Board reviewed internal audit reports prepared by PKF Littlejohn LLP, and have access to the internal audit partner of PKF Littlejohn LLP.

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 any changes reviewed and noted at the beginning of each Board meeting. A Director who has conflicts of interest has two independent Directors authorise those conflicts, 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.

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 30, 33 and 34 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 is on 19 August 2020. The Annual General Meeting typically includes a presentation from the Manager on the portfolio and on the Company, and a presentation from a portfolio company, however please see the Chairman's statement on pages 8 and 9 for further information relating to special circumstances for this year's Meeting.

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. More information on share buy-backs can be found in the Chairman's statement on page 8.

Statement of compliance

The Directors consider that the Company has complied throughout the year ended 31 March 2020 with all the relevant provisions set out in the AIC Code issued in 2019. By reporting against the AIC Code, the Board are meeting their obligations in relation to the 2018 UK Corporate Governance Code (and associated disclosure requirements under paragraph 9.8.6 of the Listing Rules). The Directors also consider that they are complying with their statutory responsibilities and other regulatory provisions which have a bearing on the Company.

For and on behalf of the Board

Richard Glover

Chairman

1 July 2020

Directors' remuneration report

Introduction

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

Ordinary resolutions will be proposed at the Annual General Meeting of the Company to be held on 19 August 2020 for the approval of the Directors' Remuneration Policy, a three yearly requirement, and the Annual Remuneration Report as set out below.

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

Annual statement from the Chairman of the Remuneration Committee

The Remuneration Committee comprises all of the Directors with Ann Berresford as Chairman.

The Remuneration Committee met after the year end to review Directors' responsibilities and fees against the market and concluded that the current level of remuneration, which was last increased for the Chairman in 2019, and for all other Directors in 2015, remained appropriate and so proposed no increase for the forthcoming year.

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.

This policy was last voted on at the 2017 Annual General Meeting where 95% of shareholders voted for the resolution, (5% voted against the resolution and, of the total votes cast, 206,154 votes were withheld (being 0.2% of total voting rights)) approving the Directors' remuneration policy. An ordinary resolution to approve the Directors' remuneration policy will be put to shareholders at the Annual General Meeting this year.

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 AIC Code requires that all Directors submit themselves for re-election annually, therefore in accordance with the AIC Code, Richard Glover, John Kerr and Ann Berresford will offer themselves for re-election. As Richard Wilson has been appointed since the last Annual General Meeting, he will offer himself for election at the forthcoming Annual General Meeting.

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 communicate their thoughts to the Board, which it takes into account where appropriate when formulating its policy. At the last Annual General Meeting, 91% of shareholders voted for the resolution approving the Directors' remuneration report, 9% of shareholders voted against the resolution and of the total votes cast, 374,054 were withheld (being 0.4% of total voting rights), 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. The Committee meets at least once a year and met once during the year under review with full attendance from all of its members.

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

Directors' remuneration report continued

Directors' remuneration

The following items have been audited.

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

	2020 £'000	2019 £'000
Richard Glover	26	23
John Kerr	24	24
Ann Berresford	22	22
Ebbe Dinesen (retired 1 August 2019)	7	22
Jeff Warren (passed away 6 January 2020)	18	22
David Watkins (retired 1 August 2018)	–	8
	97	121

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.

The Directors' remuneration for the year ending 31 March 2021 is expected to be approximately £93,000.

In addition to Directors' remuneration, the Company pays an annual premium in respect of Directors' & Officers' Liability Insurance of £8,932 (2019: £8,932).

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 2020 (Number of shares)	31 March 2019 (Number of shares)
Richard Glover	50,441	–
John Kerr	29,876	13,109
Ann Berresford	10,389	–
Ebbe Dinesen (retired 1 August 2019)	n/a	36,552
Jeff Warren (passed away 6 January 2020)	n/a	20,000
	90,706	69,661

There have been no changes in the holdings of the Directors between 31 March 2020 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 861,962 shares in the Company as at 31 March 2020.

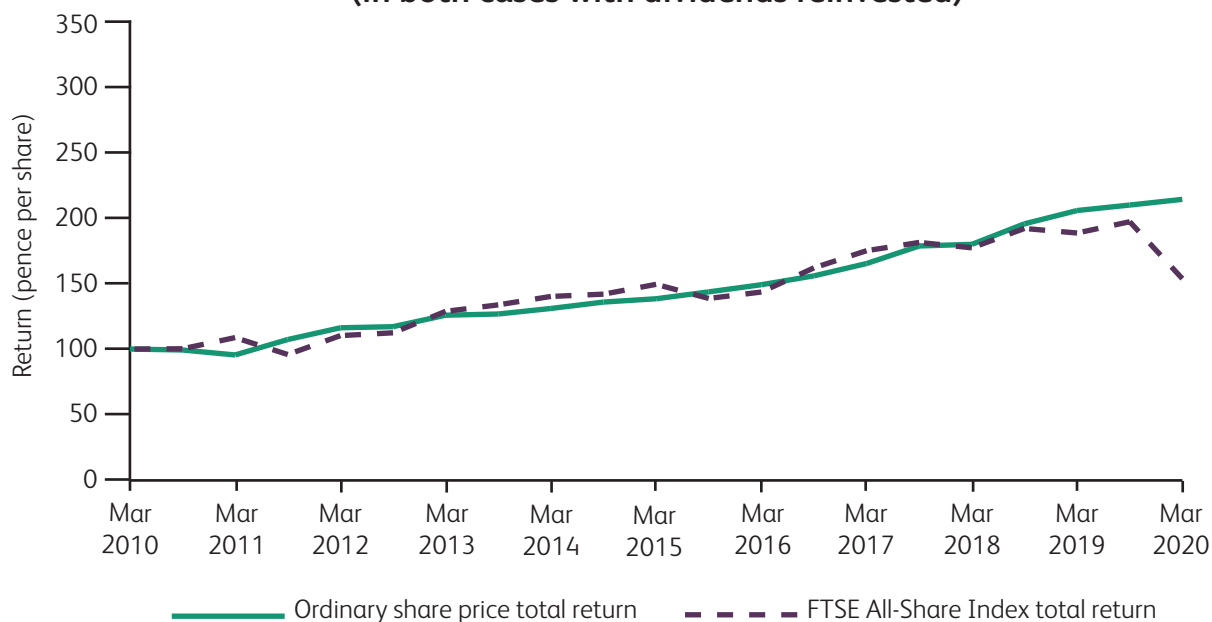
Performance graph

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 2010. 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.

Directors' remuneration report continued

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 2020 £'000	31 March 2019 £'000	Percentage change
Total dividend distribution to shareholders	4,725	4,278	10.4%
Share buybacks	1,866	1,300	43.5%
Total Directors fees	97	121	(19.8)%

For and on behalf of the Board

Richard Glover

Director

1 July 2020

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 2020 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 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 directors' confirmation in the annual report that they have carried out a robust assessment of the company's emerging and principal risks and the disclosures in the annual report that describe the principal risks and the procedures in place to identify emerging risks and explain how they are being managed or mitigated;
- 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 investments (Notes 2 and 11 to the financial statements)</p> <p>There is a high level of estimation uncertainty involved in determining the unquoted investment valuations; consisting both equity and loan stock portions.</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.</p>	<p>We tested a sample of 87% of the unquoted investment portfolio by value of investment holdings.</p> <p>18% of the unquoted portfolio is based on valuations using net assets, cost (where the investment was recently acquired) or the price of a recent investment. For such investments, we checked the cost or net assets to supporting documents 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 2020.</p> <p>The remaining 82% of the investment portfolio is valued with reference to more subjective techniques with 77% supported by a valuation performed by third party management's experts (20% based on discounted cash flows and 57% using earnings multiples). The remaining 5% of the portfolio is valued using multiples of revenue or earnings, as described in note 11.</p> <p>We performed preliminary analytical procedures to determine our investment sample and the extent of our work considering, inter alia, the value of individual investments, the nature of the investment and the extent of the fair value movement.</p> <p>Our detailed testing for such investments, performed on all investments within our sample comprised:</p> <ul style="list-style-type: none"> • Considered whether the valuation methodology is the most appropriate in the circumstances under the International Private Equity and Venture Capital Valuation ("IPEV") Guidelines • Re-performed the calculation of the investment valuations • Challenged the assumptions inherent in the valuation of unquoted investments, such as comparable trading multiples, and assessing the impact of the estimation uncertainty concerning these assumptions and the disclosure of these uncertainties in the financial statements • Where a valuation has been performed by a third party management's expert, we assessed the competence and capabilities of that expert and their qualifications, as well as challenging the basis of inputs and assumptions used by the expert. We also considered any updates for subsequent information to the valuation made by the investment manager and obtained appropriate evidence for those changes • Where appropriate, we have performed sensitivity analysis on the valuation calculations where there was sufficient evidence to suggest reasonable alternative inputs might exist • Considered the economic environment in which the investment operates to identify factors that could impact the investment valuation • Verified and benchmarked key inputs and estimates to independent information from our own research and against metrics from the most recent investments • Checked the consistency of the valuation approach year-on-year and across similar asset types, in accordance with IPEV guidelines, including the special guidance issued in March 2020

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 • Performed analytical procedures, by considering any changes to the valuation methodology from last year <p>For a sample of loans held at fair value included above, 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 • Reviewed the treatment of accrued redemption premium/other fixed returns in line with the SORP <p>Key observations: Based on the procedures performed we concluded that the valuation of the portfolio of investments was not materially misstated.</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.

Materiality measure	Purpose	Key considerations and benchmarks	Quantum (£)
<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 value of gross investments • The level of judgement inherent in the valuation • The range of reasonable alternative valuations 	£1,008,000 (31 March 2019: £1,230,000)
<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 • History of prior errors (if any) 	£756,000 (31 March 2019: £920,000)

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

We have set a lower testing threshold for those items impacting revenue return of £214,000 which is based on 10% of revenue return before tax.

In the prior year we set a specific materiality threshold for those items which impacted on revenue return of £220,000 which was based on 10% of revenue return before tax.

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £20,000 (2019: £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.

Capability of the audit to detect irregularities, including fraud

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 October 2019. 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.

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 year.

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 position, performance, business model and strategy, is materially inconsistent with our knowledge obtained in the audit; or

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

- **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
- 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 were reappointed as auditors in respect of the year ended 31 March 2020 by the Board. The period of total uninterrupted engagement is 13 years, covering the years ending 31 March 2008 to 31 March 2020.

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

Our audit opinion is consistent with the report to the Audit Committee.

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

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 2020

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

Income statement

	Note	Year ended 31 March 2020			Year ended 31 March 2019		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
(Losses)/gains on investments	3	–	(4,925)	(4,925)	–	5,707	5,707
Investment income	4	2,858	–	2,858	2,842	–	2,842
Investment management fees	5	(340)	(1,020)	(1,360)	(318)	(954)	(1,272)
Other expenses	6	(375)	–	(375)	(357)	–	(357)
(Loss)/profit on ordinary activities before tax		2,143	(5,945)	(3,802)	2,167	4,753	6,920
Tax (charge)/credit on ordinary activities	8	(333)	194	(139)	(330)	181	(149)
(Loss)/profit and total comprehensive income attributable to shareholders		1,810	(5,751)	(3,941)	1,837	4,934	6,771
Basic and diluted (loss)/return per share (pence)*	10	1.88	(5.98)	(4.10)	2.13	5.73	7.86

* adjusted for treasury shares

The accompanying notes on pages 54 to 66 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 2020 £'000	31 March 2019 £'000
Fixed asset investments	11	49,243	61,459
Current assets			
Trade and other receivables less than one year	13	252	514
Cash and cash equivalents		21,782	6,205
		22,034	6,719
Total assets		71,277	68,178
Payables: amounts falling due within one year			
Trade and other payables	14	(649)	(631)
Total assets less current liabilities		70,628	67,547
Equity attributable to equity holders			
Called up share capital	15	1,148	970
Share premium		39,477	26,042
Capital redemption reserve		7	7
Unrealised capital reserve		13,178	19,327
Realised capital reserve		6,549	6,151
Other distributable reserve		10,269	15,050
Total equity shareholders' funds		70,628	67,547
Basic and diluted net asset value per share (pence)*	16	70.13	79.00

* excluding treasury shares

The accompanying notes on pages 54 to 66 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 2020, 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 2019	970	26,042	7	19,327	6,151	15,050	67,547
(Loss)/return and total comprehensive income for the year	-	-	-	(5,217)	(534)	1,810	(3,941)
Transfer of previously unrealised gains on realisations of investments	-	-	-	(932)	932	-	-
Purchase of treasury shares	-	-	-	-	-	(1,866)	(1,866)
Issue of equity	178	13,751	-	-	-	-	13,929
Cost of issue of equity	-	(316)	-	-	-	-	(316)
Net dividends paid (note 9)	-	-	-	-	-	(4,725)	(4,725)
At 31 March 2020	1,148	39,477	7	13,178	6,549	10,269	70,628
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

* These reserves amount to £16,818,000 (2019: £21,201,000) which is considered distributable.

Statement of cash flows

	Year ended 31 March 2020 £'000	Year ended 31 March 2019 £'000
Cash flow from operating activities		
Loan stock income received	2,810	2,868
Deposit interest received	87	30
Dividend income received	50	56
Investment management fees paid	(1,345)	(1,263)
Other cash payments	(360)	(350)
UK Corporation tax paid	(178)	(68)
Net cash flow from operating activities	1,064	1,273
Cash flow from investing activities		
Purchase of fixed asset investments	(4,650)	(2,292)
Disposal of fixed asset investments	12,129	5,449
Net cash flow from investing activities	7,479	3,157
Cash flow from financing activities		
Issue of share capital	13,019	–
Cost of issue of equity	(32)	(3)
Dividends paid*	(4,087)	(3,683)
Purchase of own shares (including costs)	(1,866)	(1,301)
Net cash flow from financing activities	7,034	(4,987)
Increase/(decrease) in cash and cash equivalents	15,577	(557)
Cash and cash equivalents at start of the year	6,205	6,762
Cash and cash equivalents at end of the year	21,782	6,205

*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”) in October 2019. The Financial Statements have been prepared on a going concern basis.

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 as issued in 2018 and further detail on the valuation techniques used are in note 2 below.

Company information is shown 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 other distributable reserve 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

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 fees, performance incentive fees 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. (Losses)/gains on investments

	Year ended 31 March 2020 £'000	Year ended 31 March 2019 £'000
Unrealised (losses)/gains on fixed asset investments	(5,217)	5,782
Realised gains/(losses) on fixed asset investments	292	(75)
(Losses)/gains on investments	(4,925)	5,707

4. Investment income

	Year ended 31 March 2020 £'000	Year ended 31 March 2019 £'000
Loan stock interest and other fixed returns	2,719	2,755
Dividend income	50	56
Bank interest	89	31
	2,858	2,842

5. Investment management fees

	Year ended 31 March 2020 £'000	Year ended 31 March 2019 £'000
Investment management fee charged to revenue	340	318
Investment management fee charged to capital	1,020	954
	1,360	1,272

Further details of the Management agreement under which the investment management fee and any performance incentive fee is paid are given in the Strategic report on pages 13 and 14.

During the year, services of a total value of £1,413,000 (2019: £1,324,000), were purchased by the Company from Albion Capital Group LLP; this includes £1,360,000 (2019: £1,272,000) of investment management fee and £53,000 (2019: £52,000) 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 £349,000 (2019: £334,000).

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 2020, fees of £232,000 attributable to the investments of the Company were received by Albion Capital Group LLP pursuant to these arrangements (2019: £137,000).

Albion Capital Group LLP, its partners and staff hold a total of 861,962 shares in the Company as at 31 March 2020.

The Company has entered into an offer agreement relating to the Offers with the Company's investment manager Albion Capital Group LLP ("Albion"), pursuant to which Albion will receive a fee of 2.5 per cent. of the gross proceeds of the Offers and out of which Albion 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 2020 £'000	Year ended 31 March 2019 £'000
Directors' fees (inc. NIC)	106	132
Auditor's remuneration for statutory audit services (exc. VAT)	34	28
Secretarial and administration fee	53	52
Other administrative expenses	182	145
	375	357

7. Directors' fees

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

	Year ended 31 March 2020 £'000	Year ended 31 March 2019 £'000
Directors' fees	97	121
National insurance	9	11
	106	132

The Company's key management personnel are the Directors. Further information regarding Directors' remuneration can be found in the Directors' remuneration report on page 42.

8. Tax charge/(credit) on ordinary activities

	Year ended 31 March 2020			Year ended 31 March 2019		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
UK corporation tax in respect of current year	397	(194)	203	401	(181)	220
UK corporation tax in respect of prior year	(64)	–	(64)	(71)	–	(71)
Total	333	(194)	139	330	(181)	149

Factors affecting the tax charge:

	Year ended 31 March 2020 £'000	Year ended 31 March 2019 £'000
(Loss)/return on ordinary activities before taxation	(3,802)	6,920
Tax (credit)/charge on (loss)/profit at the standard rate of 19% (2019: 19%)	(722)	1,315
Factors affecting the charge:		
Non-taxable losses/(gains)	935	(1,084)
Income not taxable	(10)	(11)
Consortium relief in respect of prior years	(64)	(71)
	139	149

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. (2019: 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 2020 £'000	Year ended 31 March 2019 £'000
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
Dividend of 2.50p per share paid on 31 July 2019	2,382	–
Dividend of 2.50p per share paid on 31 January 2020	2,365	–
Unclaimed dividends	(22)	(22)
	4,725	4,278

In addition to the dividends summarised above, the Board has declared a first dividend for the year ending 31 March 2021 of 2.50 pence per share to be paid on 31 July 2020 to shareholders on the register on 10 July 2020. The total dividend will be approximately £2,541,000. All dividends are paid from the other distributable reserve. The details of the new dividend policy can be found in the Chairman's statement on page 7.

During the year, unclaimed dividends older than twelve years of £22,000 (2019: £22,000) 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 2020			Year ended 31 March 2019		
	Revenue	Capital	Total	Revenue	Capital	Total
The (loss)/return per share has been based on the following figures:						
(Loss)/return attributable to equity shares (£'000)	1,810	(5,751)	(3,941)	1,837	4,934	6,771
Weighted average shares in issue (adjusted for treasury shares)		96,167,014			86,066,296	
(Loss)/return attributable per equity share (pence)	1.88	(5.98)	(4.10)	2.13	5.73	7.86

The weighted average number of shares is calculated after adjusting for treasury shares of 14,084,031 (2019: 11,517,188).

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 2020 £'000	31 March 2019 £'000
Investments held at fair value through profit or loss		
Unquoted equity	25,773	29,550
Unquoted loan stock	23,470	31,909
	49,243	61,459
	31 March 2020 £'000	31 March 2019 £'000
Opening valuation	61,459	59,451
Purchases at cost	5,090	1,851
Disposal proceeds	(12,295)	(5,438)
Realised gains/(losses)	292	(75)
Movement in loan stock accrued income	(86)	(113)
Unrealised (losses)/gains	(5,217)	5,782
Closing valuation	49,243	61,459
Movement in loan stock accrued income		
Opening accumulated loan stock accrued income	838	951
Movement in loan stock accrued income	(86)	(113)
Closing accumulated loan stock accrued income	752	838
Movement in unrealised gains		
Opening accumulated unrealised gains	19,327	13,789
Transfer of previously unrealised gains to realised reserve on realisations of investments	(932)	(244)
Unrealised (losses)/gains	(5,217)	5,782
Closing accumulated unrealised gains	13,178	19,327
Historic cost basis		
Opening book cost	41,294	44,712
Purchases at cost	5,090	1,851
Sales at cost	(11,071)	(5,269)
Closing book cost	35,313	41,294

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 2020 £'000	31 March 2019 £'000
Third party valuation – Earnings multiple	28,110	37,919
Third party valuation – Discounted cash flow	9,968	10,195
Cost or price of recent investment (reviewed for impairment or uplift)	6,607	5,095
Revenue multiple	2,524	–
Net assets	2,034	3,155
Offer price	–	5,095
	49,243	61,459

When using the cost or price of a recent investment in the valuations the Company looks to 're-calibrate' this price at each valuation point by reviewing progress within the investment, comparing against the initial investment thesis, assessing if there are any significant events or milestones that would indicate the value of the investment has changed and considering whether a market-based methodology (i.e. using multiples from comparable public companies) or a discounted cashflow forecast would be more appropriate.

The main inputs into the calibration exercise, and for the valuation models using multiples, are revenue, EBITDA and P/E multiples (based on the most recent revenue, EBITDA or earnings achieved and equivalent corresponding revenue, EBITDA or earnings multiples of comparable companies), quality of earnings assessments and comparability difference adjustments. Revenue multiples are often used, rather than EBITDA or earnings, due to the nature of the Company's investments, being in growth and technology companies which are not normally expected to achieve profitability or scale for a number of years. Where an investment has achieved scale and profitability the Company would normally then expect to switch to using an EBITDA or earnings multiple methodology.

In the calibration exercise and in determining the valuation for the Company's equity instruments, comparable trading multiples are used. In accordance with the Company's policy, appropriate comparable companies based on industry, size, developmental stage, revenue generation and strategy are determined and a trading multiple for each comparable company identified is then calculated. The multiple is calculated by dividing the enterprise value of the comparable group by its revenue, EBITDA or earnings. The trading multiple is then adjusted for considerations such as illiquidity, marketability and other differences, advantages and disadvantages between the portfolio company and the comparable public companies based on company specific facts and circumstances.

Fair value investments had the following movements between valuation methodologies between 31 March 2019 and 31 March 2020:

Change in valuation methodology (2019 to 2020)	Value as at 31 March 2020 £'000	Explanatory note
Cost to revenue multiple	1,060	More appropriate valuation methodology
Cost to net assets	180	More appropriate valuation methodology

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, there are no other more relevant methods of valuation which would be reasonable as at 31 March 2020.

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

Notes to the Financial Statements continued

11. Fixed asset investments (continued)

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 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 £1,217,000 or a decrease in the valuation of investments by £2,053,000. 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.

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, 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 2020 as described below.

Company	Registered address and country of incorporation	Profit/(loss) before tax £'000	Aggregate capital and reserves £'000	Results for year ended	% class and share type	% total voting rights
Active Lives Care Limited	EC1M 5QL, UK	n/a*	(2,288)	31 December 2018	22.2% Ordinary	22.2%
Kew Green VCT (Stansted) Limited	EC1M 5QL, UK	680	3,573	31 August 2018	45.2% Ordinary	45.2%
Ryefield Court Care Limited	EC1M 5QL, UK	(312)	(1,692)	30 April 2019	23.6% Ordinary	23.6%
Shinfield Lodge Care Limited	EC1M 5QL, UK	n/a*	(714)	31 December 2018	35.3% Ordinary	35.3%

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

13. Current assets

	31 March 2020 £'000	31 March 2019 £'000
Trade and other receivables		
Other receivables	172	22
Investments awaiting completion	–	441
UK corporation tax receivable	64	42
Prepayments and accrued income	16	9
	252	514

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 2020 £'000	31 March 2019 £'000
Trade payables	13	12
UK Corporation tax payable	203	220
Accruals and deferred income	433	399
	649	631

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
97,018,262 Ordinary shares of 1 penny each at 31 March 2019	970
17,771,277 Ordinary shares of 1 penny each issued during the year	178
114,789,539 Ordinary shares of 1 penny each at 31 March 2020	1,148
11,517,188 Ordinary shares of 1 penny each held in treasury at 31 March 2019	(115)
2,566,843 Ordinary shares purchased during the year to be held in treasury	(26)
14,084,031 Ordinary shares of 1 penny each held in treasury at 31 March 2020	(141)
100,705,508 Ordinary shares of 1 penny each in circulation* at 31 March 2020	1,007

* Carrying one vote each

The Company purchased 2,566,843 Ordinary shares (2019: 1,787,000) to be held in treasury at a cost of £1,866,000 (2019: £1,300,000) representing 2.2 per cent. (2019: 1.8 per cent.) of its issued share capital as at 31 March 2020. The shares purchased for treasury were funded from the other distributable reserve.

The Company holds a total of 14,084,031 shares (2019: 11,517,188) in treasury at a nominal value of £141,000, representing 12.3 per cent. of the issued Ordinary share capital as at 31 March 2020.

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 2019	414,275	4	76.50	302	72.75
31 January 2020	408,664	4	75.46	292	71.25
	822,939	8		594	

During the year, the Company issued the following new Ordinary shares of nominal value 1 penny each under the Albion VCTs Prospectus Top Up Offers 2018/19 and the Albion VCTs Prospectus Top Up Offers 2019/20:

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
31 January 2020	2,668,571	27	76.70	2,016	71.25
31 January 2020	592,553	6	77.00	447	71.25
31 January 2020	3,620,503	36	77.40	2,733	71.25
	16,948,338	169		13,019	

Notes to the Financial Statements continued

16. Basic and diluted net asset value per share

	31 March 2020	31 March 2019
Basic and diluted net asset value per share (pence)	70.13	79.00

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 100,705,508 Ordinary shares (2019: 85,501,074).

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 30 of the Directors' report.

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.

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 pages 23 and 24. 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 companies 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 reviews investment risk (which includes market price risk), both at the time of initial investment and at quarterly Board meetings.

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

The maximum investment risk as at the Balance sheet date is the value of the fixed investment portfolio which is £49,243,000 (2019: £61,459,000). Fixed asset investments form 70 per cent. of the net asset value as at 31 March 2020 (2019: 91 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. 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.

Notes to the Financial Statements continued

17. Capital and financial instruments risk management (continued)

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 industries in which investments have been made are contained in the pie chart on page 10 of the Strategic report.

As required under FRS 102 the Board is required to illustrate by way of a sensitivity analysis the extent to which the assets are exposed to market risk. The Board considers that the value of the fixed asset investment portfolio is sensitive to a change of between 10% to 20% based on the current economic climate. The impact of a 10% to 20% change has been selected as this is a range which is considered reasonable given the current level of volatility observed. When considering the appropriate level of sensitivity to be applied, the Board has considered both historic performance and future expectations.

At the lower end of the range, the sensitivity of a 10% increase or decrease in the valuation of the fixed asset investment portfolio (keeping all other variables constant) would increase or decrease the net asset value and return for the year by £4,924,000. At the higher end of the range, the sensitivity of a 20% increase or decrease in the valuation of the fixed asset investment portfolio (keeping all other variables constant) would increase or decrease the net asset value and return for the year by £9,849,000.

Interest rate risk

It is the Company's policy to accept a degree of interest rate risk on its financial assets through the effect of interest rate changes. On the basis of the Company's analysis, it 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 £222,000 (2019: £102,000). 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 12.8 per cent. (2019: 9.5 per cent.). The weighted average period to maturity for the fixed rate assets is approximately 6.0 years (2019: 4.5 years).

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

	31 March 2020				31 March 2019			
	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	–	–	25,773	25,773	–	–	29,550	29,550
Unquoted loan stock	22,730	257	483	23,470	31,311	270	328	31,909
Receivables*	–	–	175	175	–	–	465	465
Payables*	–	–	(446)	(446)	–	–	(411)	(411)
Cash	–	21,782	–	21,782	–	6,205	–	6,205
	22,730	22,039	25,985	70,754	31,311	6,475	29,932	67,718

* 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 and other similar instruments prior to investment, and as part of its ongoing monitoring of investments. In doing this, it takes into account the extent and quality of any security held. For loan stock investments made prior to 6 April 2018, which account for 92.5 per cent. of loan stock by value, typically loan stock instruments have a fixed or floating charge, which may or may not have been subordinated, over the assets of the portfolio company in order to mitigate the gross credit risk.

Notes to the Financial Statements continued

17. Capital and financial instruments risk management (continued)

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 2020 was limited to £23,470,000 of unquoted loan stock instruments (2019: £31,909,000), £21,782,000 cash deposits with banks (2019: £6,205,000) and £252,000 of other receivables (2019: £514,000).

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.

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.

Impaired loan stock instruments have a first fixed charge or a fixed and floating charge over the assets of the portfolio company and the Board estimate that the security value approximates to the carrying value.

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 £6,809,000 as at 31 March 2020 (2019: £6,516,000).

The Company has no committed borrowing facilities as at 31 March 2020 (2019: £nil) and had cash balances of £21,782,000 (2019: £6,205,000). 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 £649,000 for the year to 31 March 2019 (2019: £631,000).

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

Redemption date	31 March 2020				31 March 2019			
	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	7,643	488	917	9,048	6,368	2,318	4,305	12,991
1-2 years	2,110	–	–	2,110	4,403	299	–	4,702
2-3 years	544	–	–	544	2,110	1,061	–	3,171
3-5 years	1,511	–	–	1,511	820	–	–	820
5+ years	9,809	448	–	10,257	9,725	500	–	10,225
Total	21,617	936	917	23,470	23,426	4,178	4,305	31,909

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 £1,026,000 (2019: £5,039,000).

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

Notes to the Financial Statements continued

17. Capital and financial instruments risk management (continued)

Fair values of financial assets and financial liabilities

All the Company's financial assets and liabilities as at 31 March 2020 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 2020.

There are no contingent liabilities or guarantees given by the Company as at 31 March 2020 (31 March 2019: nil).

19. Post balance sheet events

Since 31 March 2020 the Company has had the following post balance sheet events:

- Investment of £286,000 in TransFICC Limited;
- Investment of £97,000 in Credit Kudos Limited;
- Investment of £30,000 in The Ewell (Harley Street) Limited; and
- Investment of £12,000 in Symetrica Limited.

Albion VCTs Prospectus Top Up Offers 2019/20

The following new Ordinary shares of nominal value 1 penny per share were allotted under the Albion VCTs Prospectus Top Up Offers 2019/20 after 31 March 2020:

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)
30 April 2020	193,917	2	72.50	138	63.50
30 April 2020	742,072	7	73.20	530	63.50
	935,989	9		668	

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

SHAREHOLDERS, WHILST ENCOURAGED TO VOTE ON THE RESOLUTIONS BEING PROPOSED, SHOULD TAKE NOTE OF THE SPECIAL ARRANGEMENTS FOR THIS YEARS AGM (SEE PAGES 8 AND 9). BASED ON THE CURRENT GOVERNMENT ADVICE, SHAREHOLDERS WILL NOT BE ALLOWED ENTRY INTO THE BUILDING WHERE THE AGM IS BEING HELD. ANY CHANGES TO THESE ARRANGEMENTS WILL BE MADE AVAILABLE AT WWW.ALBION.CAPITAL/FUNDS/AAVC.

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Albion Venture Capital Trust PLC (the “Company”) will be held at the registered office of, 1 Benjamin Street, London EC1M 5QL on 19 August 2020 at noon for the following purposes:

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

Ordinary Business

1. To receive and adopt the Company’s accounts for the year ended 31 March 2020 together with the Strategic report and the reports of the Directors and Auditor.
2. To approve the Directors’ remuneration policy.
3. To approve the Directors’ remuneration report for the year ended 31 March 2020.
4. To re-elect Richard Glover as a Director of the Company.
5. To re-elect John Kerr as a Director of the Company.
6. To re-elect Ann Berresford as a Director of the Company.
7. To elect Richard Wilson as a Director of the Company.
8. 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.
9. To authorise the Directors to agree the Auditor’s remuneration.

Special Business

10. Authority to allot shares

That the Directors be generally and unconditionally authorised in accordance with section 551 of the Companies Act 2006 (the “Act”) to allot Ordinary shares in the capital of the Company (“Ordinary shares”) up to an aggregate nominal amount of £231,451 (which comprises approximately 20 per cent. of the Company’s issued Ordinary shares as at the date of this 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 of the Company, but so that the Company may, before such expiry, make an offer or agreement which would or might require shares to be allotted or rights to subscribe for or convert securities into shares to be granted after such expiry and the Directors may allot shares or grant rights to subscribe for or convert securities into shares pursuant to such an offer or agreement as if this authority had not expired.

11. Authority for the disapplication of pre-emption rights

That, subject to the authority and conditional on the passing of resolution number 10, the Directors be empowered, pursuant to section 570 of the Act, to allot equity securities (within the meaning of section 560 of the Act) for cash pursuant to the authority conferred by resolution number 10 and/or 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.

Notice of Annual General Meeting continued

12. 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 17,347,257 or, if lower, such number of Ordinary shares as shall equal 14.99 per cent. of the issued Ordinary share capital of the Company at the date of the passing of this resolution;
- (b) the minimum price which may be paid for an Ordinary share shall be 1 penny;
- (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.

13. Amendments to the Articles of Association

That, the Company's Articles of Association be amended to enable the Company to hold general meetings either wholly or partly by electronic means, as follows:

Article 2.1: A new definition for "electronic facility" shall be inserted underneath the definition of "dividend"

"electronic facility" includes, without limitation, website addresses and conference call systems, and any device, system, procedure, method or other facility whatsoever providing an electronic means of attendance at or participation in (or both attendance at and participation in) a general meeting determined by the Board pursuant to Article 45.10"

New Article 2.8: A new Article 2.8 shall be inserted below Article 2.7:

*"A reference to a meeting shall mean a meeting convened and held in any manner permitted by these Articles, including a general meeting at which some or all of those entitled to be present attend and participate by means of electronic facility or facilities, and such persons shall be deemed to be present at that meeting for all purposes of the Act and these Articles, and **attend, participate, attending, participating, attendance and participation** shall be construed accordingly."*

New Article 45.3A: A new Article 45.3A shall be inserted below 45.3:

"If a general meeting is held wholly or partly by means of an electronic facility or facilities pursuant to Article 45.10, the Board and the chairman may make any arrangement and impose any requirement or restriction that is:

- (d) *necessary to ensure the identification of those taking part by means of such electronic facility or facilities and the security of the electronic communication; and*
- (e) *in its or his or her view, proportionate to those objectives.*

In this respect, the Board may authorise any voting application, system or facility for attendance and participation as it sees fit."

Article 45.4(a): the words *"including wholly or partly by means of electronic facility or facilities,"* shall be inserted after "Main Meeting Place)".

Article 45.4(b): *","* shall be deleted from the end of the paragraph and replaced with *"or who wish to attend at the other place or any of such other places; and"*

Notice of Annual General Meeting continued

New Article 45.4(c): a new Article 45.4(c) shall be inserted below Article 45.4(b):

“make arrangements for simultaneous attendance and participation by means of electronic facility or facilities pursuant to Article 45.10 (and for the avoidance of doubt, the Board shall be under no obligation to offer or provide such facility or facilities, whatever the circumstances).”

New Article 45.4A: a new Article 45.4A shall be inserted below the new Article 45.4(c):

“If, at any general meeting at which members are entitled to participate by means of electronic facility or facilities determined by the Board pursuant to Article 45.10, any document is required to be on display or to be available for inspection at the meeting (whether prior to or for the duration of the meeting or both), the Company shall ensure that it is available in electronic form to persons entitled to inspect it for at least the required period of time, and this will be deemed to satisfy any such requirement.”

Article 45.6: “.” shall be deleted from the end of the sentence at 45.6(c) and a new paragraph shall be inserted below (c) as follows:

“and the meeting shall be deemed to take place at the place where the chairman of the meeting presides (the principal meeting place, with any other location where that meeting takes place being referred in these Articles as a satellite meeting). The chairman shall be present at, and the meeting shall be deemed to take place at, the principal meeting place and the powers of the chairman shall apply equally to each satellite meeting place, including his or her power to adjourn the meeting as referred to in Article 52.”

Article 45.8: the wording below will be inserted into Article 45.8:

*“If after the sending of notice of a general meeting but before the meeting is held, or after the adjournment of a general meeting but before the adjourned meeting is held (whether or not notice of the adjourned meeting is required), the board decides that it is impracticable or unreasonable to hold the meeting on the date or at the time or at the Main Meeting Place specified in the notice calling the meeting (or any of the other places, in the case of a meeting to which Article 45.4(b) applies), **and/or by means of the electronic facility or facilities specified in the notice, it may postpone the meeting to another date, time and place (or in the case of a general meeting to be held at a principal meeting place and one or more satellite meeting places, to such other places) and/or change the electronic facility or facilities.** When a meeting is postponed, notice of the date, time and place **(or places, in the case of a general meeting to which Article 45.4(b) applies) of and/or electronic facility or facilities** of the postponed meeting shall, be placed in at least two national newspapers in the United Kingdom. No new notice of the meeting need be sent. The board must take reasonable steps to ensure that a member trying to attend the meeting at the original date, time and place **(or places in the case of a meeting to which Article 45.4(b) applies) or by electronic facility or facilities, is informed of the new arrangements.”***

New Article 45.10: A new Article 45.10 shall be inserted below Article 45.9:

“Without prejudice to Article 45.6, the Board may resolve to enable persons entitled to attend and participate in a general meeting to do so wholly by means of electronic facility or facilities or partly by simultaneous attendance and participation by means of electronic facility or facilities, and may determine the means, or all different means, of attendance and participation used in relation to the general meeting. The members present in person or by proxy by means of an electronic facility or facilities (as so determined by the Board) shall be counted in the quorum for, and be entitled to participate in, the general meeting in question. That meeting shall be duly constituted and its proceedings valid if the chair is satisfied that adequate facilities are available throughout the meeting to ensure that members attending the meeting by all means (including the means of an electronic facility or facilities) are able to:

- (a) participate in the business for which the meeting has been convened;*
- (b) hear all persons who speak at the meeting; and*
- (c) be heard by all other persons attending and participating in the meeting.”*

New Article 46.5: A new Article 46.5 shall be inserted below Article 46.4:

“If pursuant to Article 45.10 the Board determines that a general meeting shall be held wholly or partly by means of electronic facility or facilities, the notice shall:

- (a) include a statement to that effect;*
- (b) specify the means, or all different means, of attendance and participation threat, and any access, identification and security arrangements determined pursuant to Article 45.3A; and*
- (c) state how it is proposed that persons attending or participating in the meeting electronically should communicate with each other during the meeting.”*

Notice of Annual General Meeting continued

New Article 46.6: A new Article 46.6 shall be inserted below the new Article 46.5:

“The notice shall specify such arrangements as have at that time been made for the purpose of Article 45.6.”

Article 49.3: In the seventh line down the words *“or places, with such means of attendance and participation (including wholly or partly by means of electronic facility or facilities,”* shall be inserted after *“such other time and place”*.

Article 51: the first paragraph shall be renumbered “51.1” and a new Article 51.2 shall be inserted as follows:

“All persons seeking to attend and participate in a general meeting by way of electronic facility or facilities shall be responsible for maintaining adequate facilities to enable them to do so. Subject only to the requirement for the chairman to adjourn a general meeting in accordance with the provisions of Article 52.6, any inability of a person or persons to attend or participate in a general meeting by way of electronic facility or facilities shall not invalidate the proceedings of that meeting.”

Article 52.1: at the end of the paragraph the following wording shall be inserted after the word “place”:

“(or, in the case of a meeting held at a principal meeting place and one or more satellite meeting places, such other places) and/or from such electronic facility or facilities for attendance and participation to such other electronic facility or facilities as the meeting shall determine”

Article 52.2: in the third line down the following wording shall be inserted after the word “place”:

“(or places in the case of a meeting to which Article 45.6 applies) and/or from such electronic facility or facilities for attendance and participation to such other electronic facility or facilities as the meeting shall determine,”

New Article 52.6: A new Article 52.6 shall be inserted below Article 52.5:

“If it appears to the chairman that the facilities at the principal meeting place or any satellite meeting place or an electronic facility or facilities or that security at any general meeting have become inadequate for the purposes referred to in Articles 45.6 or 45.10 or are otherwise not sufficient to allow the meeting to be conducted substantially in accordance with the provisions set out in the notice of meeting, then the chairman shall, without the consent of the meeting, interrupt or adjourn the general meeting.”

Article 53.1: At the beginning of the paragraph the following wording shall be inserted:

“A resolution put to the vote at a general meeting held wholly or partly by means of electronic facility or facilities shall be decided by such electronic means as the Board, in its sole discretion, deems appropriate for the purposes of the meeting.”

Article 54.1: in the third line down after the word “manner” the following wording shall be inserted:

“(including at such place or places and/or by means of such electronic facility or facilities)”.

By Order of the Board

Albion Capital Group LLP

Company Secretary

Registered office

1 Benjamin Street,

London, EC1M 5QL

1 July 2020

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 17 August 2020.

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 17 August 2020 (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 17 August 2020. 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.
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 and a draft copy of the Articles incorporating the amendments proposed in Resolution 13, 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 29 June 2020 being the latest practicable date prior to the publication of this Notice, the Company's issued share capital consists of 115,725,528 Ordinary shares with a nominal value of 1 penny each. The Company also holds 14,084,031 Ordinary shares in treasury. Therefore, the total voting rights in the Company as at 29 June 2020 are 101,641,497.



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Investment Companies

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of Investment Companies



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