

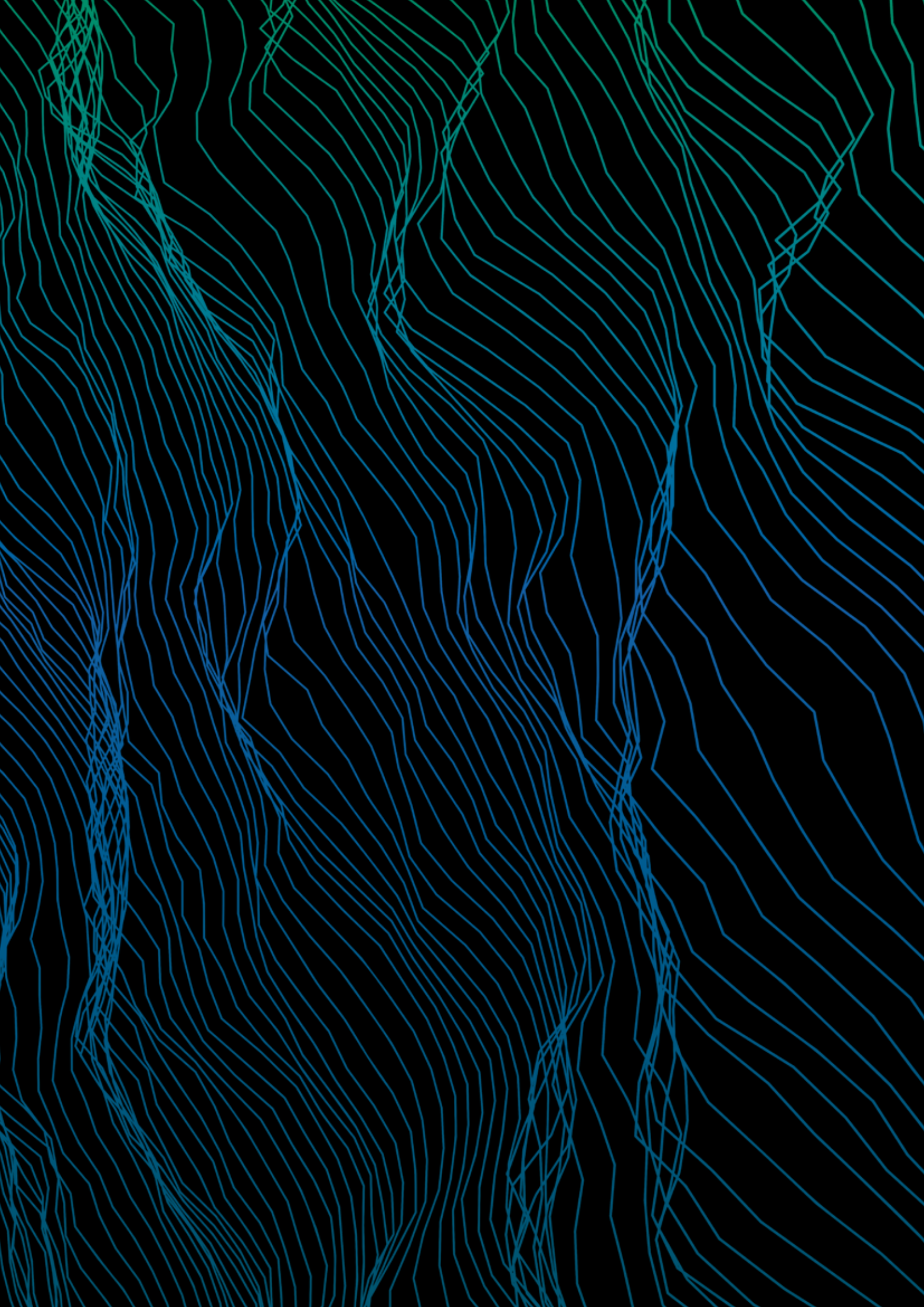
2023

Albion Venture Capital Trust PLC

Annual Report and Financial Statements
for the year ended 31 March 2023

AlbionCapital





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for the year ended 31 March 2023

AlbionCapital

COMPANY INFORMATION

Company name	Country of incorporation	Legal form
Albion Venture Capital Trust PLC (the “Company”)	United Kingdom	Public Limited Company
Directors	Company number	Auditor
Richard Glover, Chairman Ann Berresford ACA Neeta Patel CBE Richard Wilson	03142609	BDO LLP 55 Baker Street London, W1U 7EU
Manager, company secretary, AIFM and registered office	Registrar	Corporate broker
Albion Capital Group LLP 1 Benjamin Street London, EC1M 5QL	Computershare Investor Services PLC The Pavilions Bridgewater Road Bristol, BS99 6ZZ	Panmure Gordon (UK) Limited 40 Gracechurch Street London, EC3V 0BT
Taxation adviser	Legal adviser	Depository
Philip Hare & Associates LLP 6 Snow Hill London, EC1A 2AY	Howard Kennedy LLP 1 London Bridge London, SE1 9BG	Ocorian Depository (UK) Limited Level 5, 20 Fenchurch Street London, EC3M 3BY

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.

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Strategic



INVESTMENT POLICY

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% 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% of the adjusted share capital and reserves.

FINANCIAL CALENDAR

7 July 2023	Record date for first interim dividend
31 July 2023	Payment of first interim dividend
Noon on 7 September 2023	Annual General Meeting
December 2023	Announcement of Half-yearly results for the six months ending 30 September 2023
31 January 2024	Payment of second interim dividend (subject to Board approval)

FINANCIAL HIGHLIGHTS

0.3%

Shareholder return for the year ended 31 March 2023[†]
(2022: 7.6%)

2.65p

Total tax-free dividend per share paid during the year ended 31 March 2023
(2022: 25.30p)

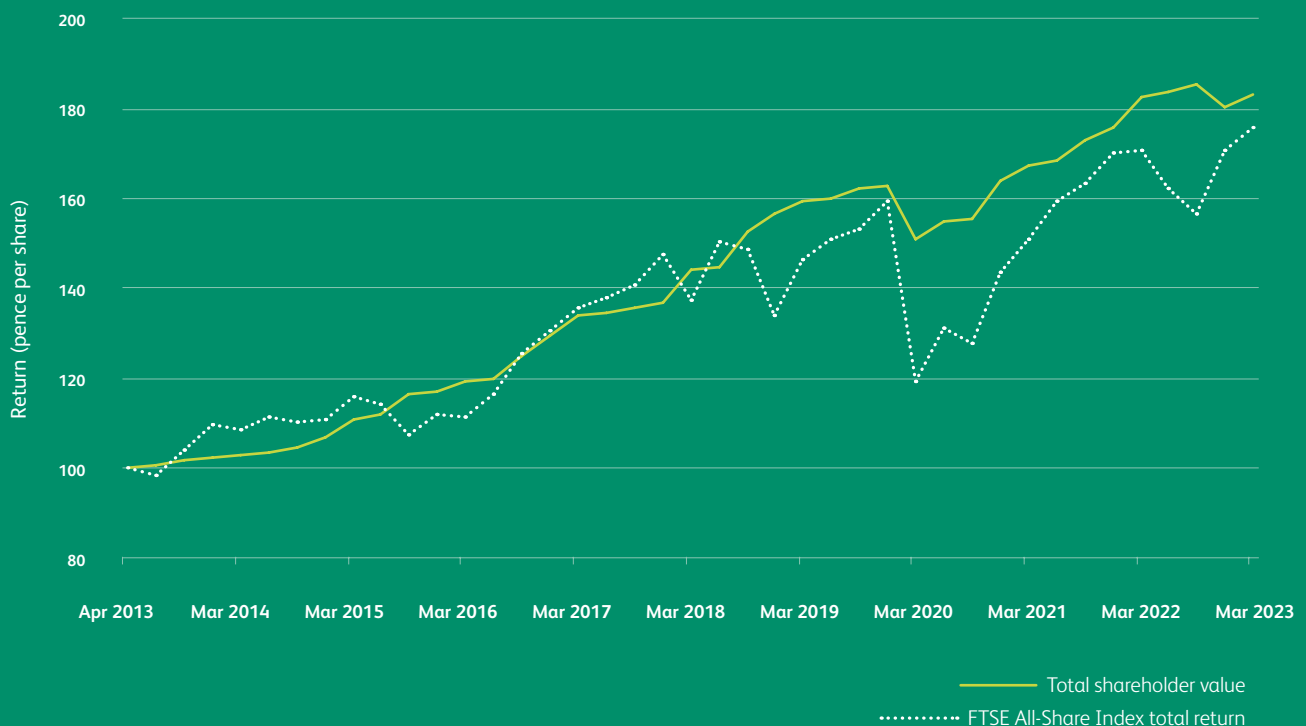
50.88p

Net asset value per share as at 31 March 2023
(2022: 53.38p)

242.87p

Total shareholder value per share from launch to 31 March 2023[†]
(2022: 242.72p)

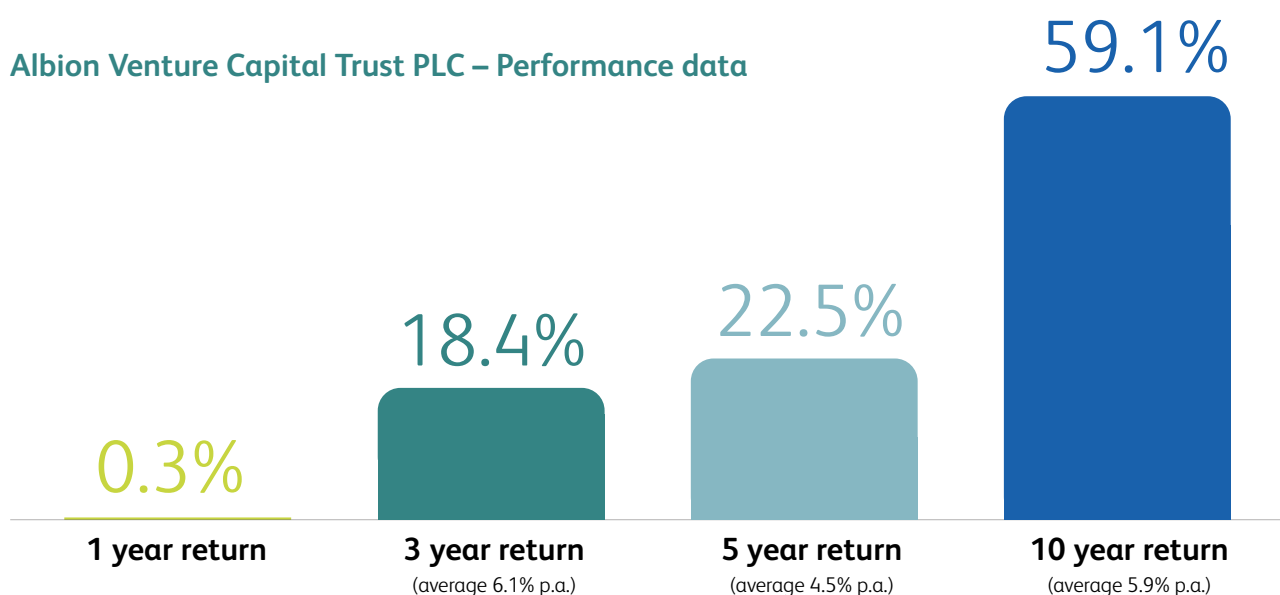
Total shareholder value relative to the FTSE All-Share Index total return
(in both cases with dividends reinvested)



Methodology: The total shareholder value including original amount invested from 1 April 2013 (rebased to 100) assuming that dividends were reinvested at the net asset value of the Company at the time that the shares were quoted ex-dividend. Transaction costs are not taken into account.

[†]These are considered Alternative Performance Measures, see notes 2 and 3 on page 17 of the Strategic report for further explanation.

Albion Venture Capital Trust PLC – Performance data



The diagram above shows the one year, three year, five year and ten year total return to shareholders. This return comprises of dividends paid and the change in net asset value over the relevant periods.

Movements in net asset value

	31 March 2023 (pence per share)	31 March 2022 (pence per share)
Opening net asset value	53.38	73.13
Capital (loss)/return	(0.34)	5.38
Revenue return	0.44	0.39
Total return	0.10	5.77
Dividends paid	(2.65)	(25.30)
Impact from share capital movements	0.05	(0.22)
Net asset value	50.88	53.38

Total shareholder value

	Ordinary shares (pence per share)
Total dividends paid to 31 March 2023	191.99
Net asset value on 31 March 2023	50.88
Total shareholder value to 31 March 2023	242.87

A more detailed breakdown of the dividends paid per year can be found at www.albion.capital/funds/AAVC under the 'Dividend History' section.

The financial highlights above are for 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 2024 of 1.27 pence per share to be paid on 31 July 2023 to shareholders on the register on 7 July 2023.



CHAIRMAN'S STATEMENT

Richard Glover

Over the course of the year, the Company's portfolio companies have encountered a difficult macroeconomic and geopolitical backdrop, particularly the war in Ukraine which has led to high inflation, rising interest rates and political instability. The year has also seen the valuation of quoted technology companies fall sharply. In spite of this, the Company has been able to generate a positive total return of 0.10 pence per share and a 0.3% increase in shareholder return for the year ended 31 March 2023.

Given the economic environment in the financial year, and the significant uncertainty the Company has faced, the Board continues to be encouraged by the progress being made by many of the portfolio companies, demonstrating their resilience despite challenging market conditions. The Board recognises the importance of evaluating the Company's returns over the longer-term, as a venture capital portfolio can, by its nature, experience periods of short term volatility.

Results and dividends

As at 31 March 2023, the net asset value ("NAV") was £71.0 million or 50.88 pence per share, compared to £63.9 million or 53.38 pence per share as at 31 March 2022. The total return before taxation was £0.1 million compared to a return of £6.0 million for the previous year. Further details of the progress of a number of our portfolio companies are discussed later in this statement.

In line with the variable dividend policy targeting around 5% of NAV per annum, the Company paid interim dividends totalling 2.65 pence per share during the year ended 31 March 2023 (31 March 2022: 3.30 pence per share).

The Board has declared a first dividend for the year ending 31 March 2024 of 1.27 pence per share to be paid on 31 July 2023 to shareholders on the register on 7 July 2023.

Investment performance and progress

Several of our portfolio companies have performed well despite the global uncertainties they faced, and this has contributed to the total uplift in value of £0.6 million to the Company's investments for the year (31 March 2022: £6.6 million). The key uplifts in the year were: Threadneedle Software Holdings (T/A Solidatus) (£0.8m uplift) which exhibited strong growth in the year; Kew Green VCT (Stansted) (£0.5m uplift),

which operates the Holiday Inn express hotel at Stansted airport and returned to pre-covid trading levels; and Runa Network (previously WeGift) (£0.4m uplift) which has been revalued after an externally led funding round. The Company has also benefitted from its renewable energy assets generating decent returns, largely driven by the availability of inflation linked income. Inevitably, some portfolio companies have been adversely impacted by the challenging economic climate including write downs in the following investments: uMotif (£0.9m), Elliptic Enterprises (£0.7m) and Cantab Research (T/A Speechmatics) (£0.6m) where growth has been slower than hoped.

The three largest investments in the Company's portfolio, being Chonais River Hydro, Seldon Technologies and Radnor House School (TopCo), are valued at £10.2 million and represent 14.4% of the Company's NAV.

The Company has been an active investor during the year investing a total of £9.4 million. Of this, £5.6 million was invested into 13 new portfolio companies, all of which are expected to require further investment as the companies prove themselves and grow. The five largest new investments during the year were:

Peppy	toqio	PeakData	csgenetics	Ophelos
£1.2 million into Peppy Health, a platform providing expert support for underserved areas of health and wellness (e.g., menopause) via content, video, chat support as an employee benefit	£0.8 million into Toqio FinTech Holdings, a provider of embedded FinTech solutions	£0.6 million into PeakData, a software platform providing insights and analytics to pharmaceutical companies	£0.5 million into GX Molecular (T/A CS Genetics), a developer of single-cell sequencing solutions	£0.4 million into Ophelos, an autonomous and ethical debt resolution platform

A further £3.8 million was invested into existing portfolio companies, the largest being: £0.8 million into Healios; £0.7 million into Gravitee TopCo (T/A Gravitee.io); and £0.7 million into Runa Network (previously WeGift).

The Company held £22.9m of cash at the year end which will enable it to invest in new opportunities that arise and also to support its existing portfolio companies as they grow. The Manager, Albion Capital, continues to target new investments in business-to-business (B2B) mission critical software and healthcare companies.

A full list of the Company's investments and disposals, including their movements in value for the year, can be found in the Portfolio of investments section on pages 27 and 28.

Risks and uncertainties

There are a number of significant risks faced by the Company, including rising interest rates, high levels of inflation, the ongoing impact of Russia's invasion of Ukraine, and an expected period of low or no economic growth, or even recession in the UK over the coming year.

Our investment portfolio, while concentrated mainly in the renewable energy, technology and healthcare sectors, remains diversified in terms of both sub-sector and stage of maturity.

A detailed analysis of the other risks and uncertainties facing the business is shown in the Strategic report on pages 23 to 25.

Share buy-backs

It remains the Board's policy to buy-back shares in the market, subject to the overall constraint that such purchases are in the Company's interest. This includes the maintenance of sufficient cash resources for investment in new and existing portfolio companies and the continued payment of dividends to shareholders.

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

The Board continues to review the use of buy-backs and is satisfied that it is an important means of providing market liquidity for shareholders.

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

Albion VCTs Prospectus Top Up Offers

Your Board, in conjunction with the boards of the other five VCTs managed by Albion Capital Group LLP, launched a prospectus top up offer of new Ordinary shares on 10 October 2022. The Board announced on 9 January 2023 that, following strong demand, it would opt to exercise its over-allotment facility, bringing the total to be raised to £11 million. The Offer was fully subscribed and closed to further applications on 21 February 2023.

The proceeds are being used to provide support to our existing portfolio companies and to enable us to take advantage of new investment opportunities. Details of share allotments made during and after the financial year end can be found in notes 15 and 19 respectively.

Annual General Meeting ("AGM")

The AGM will be held at noon on 7 September 2023 via the Lumi platform. Information on how to participate in the live webcast can be found on the Manager's website www.albion.capital/vct-hub/agms-events.

Our investment portfolio, while concentrated mainly in the renewable energy, technology and healthcare sectors, remains diversified in terms of both sub-sector and stage of maturity.

The Board welcomes questions from shareholders at the AGM and shareholders will be able to ask questions using the Lumi platform during the AGM. Alternatively, shareholders can email their questions to AAVCchair@albion.capital prior to the Meeting.

Shareholders' views are important, and the Board encourages shareholders to vote on the resolutions.

Further details on the format and business to be conducted at the AGM can be found in the Directors' report on pages 48 and 49 and in the Notice of the Meeting on pages 89 to 92.

Outlook and prospects

There remain many uncertainties facing the Company, including high levels of inflation, elevated interest rates, and the war in Ukraine, which makes it difficult to be entirely confident about what lies ahead. However, the results for the year demonstrate the resilience of our portfolio during challenging times. The portfolio is well diversified, with companies at different stages of maturity and targeted at sectors such as renewable energy, healthcare, and mission critical software, with minimal exposure to consumer expenditure. We believe that these sectors can continue to provide positive results for the Company and its shareholders over the longer-term.

Richard Glover

Chairman

4 July 2023

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 7.

Current portfolio analysis

The following pie charts show the split of the portfolio valuation as at 31 March 2023 by: sector; sector (excluding cash and net assets); stage of investment; and number of employees. This is a useful way of assessing how the Company and its portfolio is diversified across sector, portfolio companies' maturity measured by revenues and their size measured by the number of people employed. As the Company continues to invest in software and other technology companies, FinTech (which is technology specifically applicable to financial services companies) is included as a subsector below due to its increasing prominence. Details of the principal investments made by the Company are shown in the Portfolio of investments on pages 27 and 28.

Investment portfolio by sector (including cash and net assets)



- Cash and net assets 34% (41%)
- Healthcare (including digital healthcare) 13% (11%)
- Renewable energy 14% (16%)
- FinTech 12% (10%)
- Software & other technology 16% (13%)
- Other (including education) 11% (9%)

Comparatives for 31 March 2022 are shown in brackets

Investment portfolio by sector (excluding cash and net assets)



- Healthcare (including digital healthcare) 20% (18%)
- Renewable energy 22% (27%)
- FinTech 19% (18%)
- Software & other technology 24% (21%)
- Other (including education) 15% (16%)

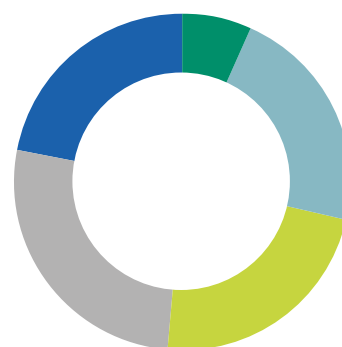
Investment portfolio by stage of investment



- Early Stage (revenue less than £1 million) 13% (15%)
- Growth (revenue between £1 million and £5 million) 36% (37%)
- Scale up (revenue over £5 million) 51% (48%)

Comparatives for 31 March 2022 are shown in brackets

Investment portfolio by number of employees



- Under 20 7% (7%)
- 21 - 50 22% (23%)
- 51 - 100 22% (19%)
- 101+ 27% (24%)
- Renewable energy* 22% (27%)

*Renewable energy companies have no employees

Direction of portfolio

The analysis of the Company's investment portfolio shows that it is well diversified and evenly spread across the FinTech, healthcare (including digital healthcare), software and technology and renewable energy sectors.

Due to the timing of the share allotments under the 2021/22 and 2022/23 Prospectus Top Up Offers, cash and net current assets are a significant proportion of the portfolio at 34%. The Manager has a deep sector knowledge in healthcare, FinTech and software investing, and these funds are expected to be invested predominantly into higher growth technology companies within these sectors.

Further details on portfolio companies can be found in the Portfolio of investments on pages 27 and 28.

Results and dividends

	£'000
Net capital loss for the year ended 31 March 2023	(421)
Net revenue return for the year ended 31 March 2023	546
Total return for the year ended 31 March 2023	125
First interim dividend of 1.33 pence per share paid on 29 July 2022	(1,614)
Second interim dividend of 1.32 pence per share paid on 31 January 2023	(1,716)
Unclaimed dividends returned to the Company	12
Transferred from reserves	(3,193)
Net assets as at 31 March 2023	71,015
Net asset value as at 31 March 2023	50.88 pence per share

Result and dividends

The Company paid dividends totalling 2.65 pence per share during the year ended 31 March 2023 (2022: 25.30 pence per share, which included 22.00 pence per share of special dividends). The Board has a variable dividend policy which targets an annual dividend yield of around 5% on the prevailing net asset value. As a result, the Board has declared a first dividend for the year ending 31 March 2024 of 1.27 pence per share to be paid on 31 July 2023 to shareholders on the register on 7 July 2023.

As shown in the Company's Income statement on page 70, the total return for the year was 0.10 pence per share (2022: 5.77 pence per share). The total investment income increased to £1,202,000 (2022: £1,037,000), which was due mainly to dividend income increasing to £121,000 (2022: £7,000) and bank interest and income from fixed term funds increasing to £140,000 (2022: £4,000) as a result of rising interest rates. Loan stock income decreased slightly to £941,000 (2022: £1,026,000).

The capital return on investments for the year of £577,000 (2022: £6,553,000), has been discussed in the Chairman's statement on pages 10 and 11. The net asset value of the Company has decreased to 50.88 pence per share (2022: 53.38 pence per share), which was primarily due to the payment of dividends to shareholders in the year, totalling 2.65 pence per share.

There was a net cash outflow for the Company of £1,782,000 for the year (2022: net outflow of £18,894,000) resulting from the increased number of investments made into new and existing portfolio companies during the year, dividends paid and share buy backs, offset by the issue of Ordinary shares under the Albion VCTs Top Up Offers 2021/22 and 2022/23. The net cash outflow has decreased significantly from last year, mainly due to the payment of two special dividends in the previous year.

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 10 to 13. The total return before tax for the year was £125,000 (2022: £5,961,000).

There is a continuing focus on growing the healthcare (including digital healthcare), FinTech and software and other technology sectors. The majority of these

investment returns are delivered through equity and capital gains and are expected to be the key driver of success for the Company. Investment income, which is received primarily from our renewable energy investments, is expected to remain steady over the coming years.

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 Company's portfolio remains well balanced across sectors and risk classes, and is largely weathering the impacts of the ongoing global issues caused as a result of high levels of interest rates and inflation, and other economic headwinds. Although there remains much uncertainty, the Board considers that the current portfolio has the potential to deliver long term growth, whilst maintaining a predictable stream of dividend payments to shareholders. Further details on the Company's outlook and prospects can be found in the Chairman's statement on page 13.

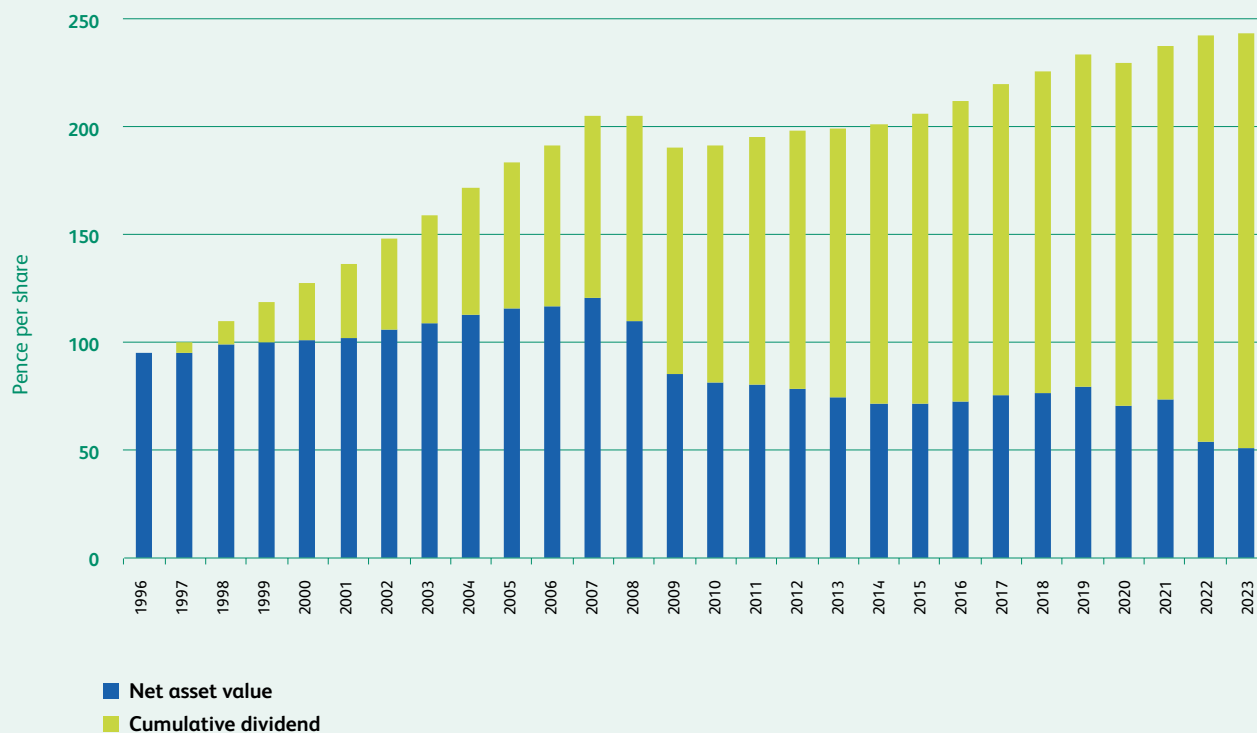
Key performance indicators ("KPIs") and Alternative Performance Measures ("APMs")

The Directors believe that the following KPIs (some of which are 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 8 shows the Company's total shareholder value relative to the FTSE All-Share Index total return, with dividends reinvested. The FTSE All-Share index is considered a reasonable benchmark as the Company is classed as a generalist UK VCT investor, and this index includes over 600 companies listed in the UK, including small-cap, covering a range of sectors. Details on the performance of the net asset value and return per share for the year are shown in the Chairman's statement.

Net asset value per share and total shareholder value*



* Total shareholder value is net asset value plus cumulative dividends

2. Net asset value per share and total shareholder value

Total shareholder value increased by 0.15 pence to 242.87 pence per share for the year ended 31 March 2023.

3. Movement in shareholder value in the year[†]

The diagram on page 9 shows the Company's total shareholder return over the previous ten years, five years, three years and the past year, and the annual returns for the same period are detailed out below.

The table below shows that total shareholder value has increased in 9 of the last 10 years, with an average return of 6.1% per annum.

Movement in shareholder value in the year[†]

2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
2.8%	7.4%	7.5%	11.8%	7.4%	10.5%	(4.9)%	10.3%	7.6%	0.3%

[†] Methodology: Calculated as the movement in total shareholder value for the year divided by the opening net asset value.

4. Dividend distributions

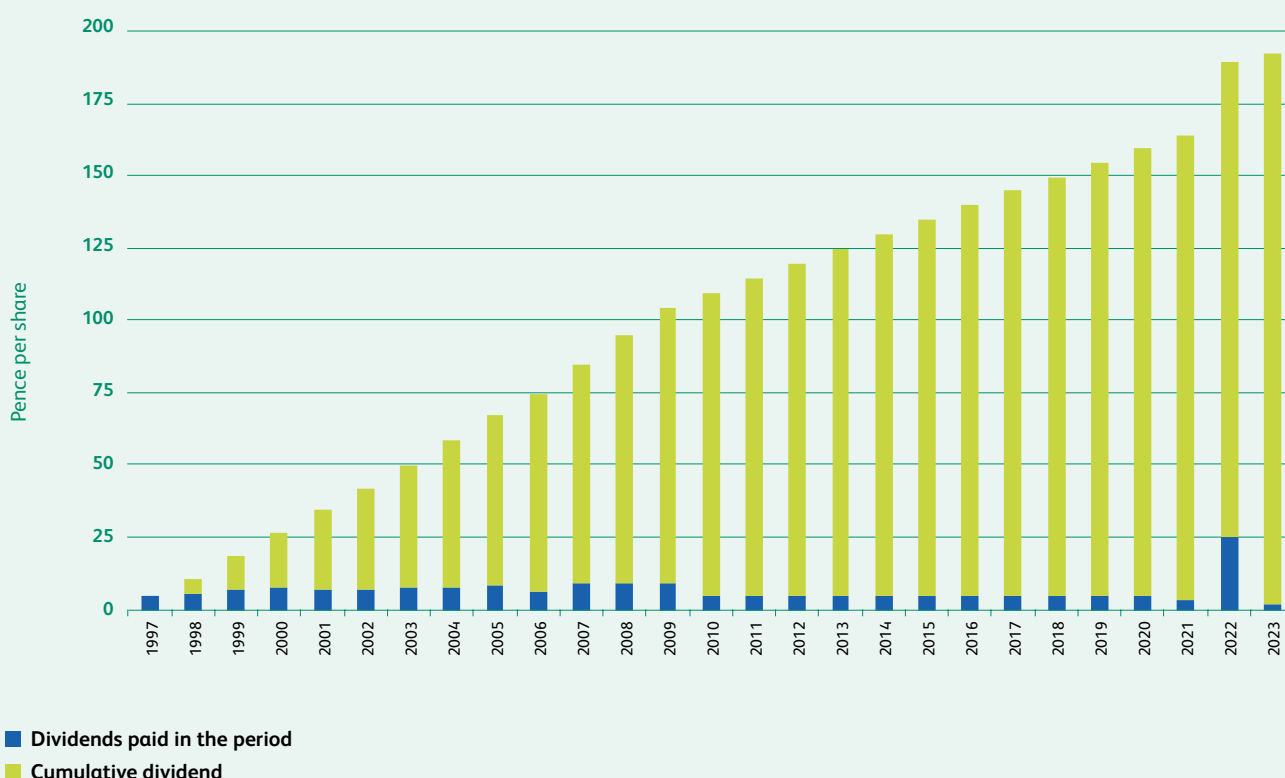
The chart that follows shows the dividends paid in each year and the cumulative dividends paid since launch.

Dividends paid in respect of the year ended 31 March 2023 were 2.65 pence per share (2022: 25.30 pence per share). Cumulative dividends paid since inception amount to 191.99 pence per Ordinary share.

5. Ongoing charges

The ongoing charges ratio for the year ended 31 March 2023 was 2.50% (2022: 2.44%). The ongoing charges ratio has been calculated using The Association of Investment Companies' ("AIC") recommended methodology. This figure shows shareholders the total

Dividends paid



recurring annual running expenses (including investment management fees charged to capital reserve) as a percentage of the average net assets attributable to shareholders. The cap on the ongoing charges ratio is 2.50%. During the year, the management fee was reduced by £27,000 as a result of this cap (2022: £nil). The Directors expect the ongoing charges ratio for the year ahead to be approximately 2.50%.

6. VCT compliance*

The investment policy is designed to ensure that the Company continues to qualify and is approved as a VCT by HMRC. In order to maintain its status under Venture Capital Trust legislation, a VCT must comply on a continuing basis with the provisions of Section 274 of the Income Tax Act 2007, details of which are provided in the Directors' report on page 45.

The relevant tests to measure compliance have been carried out and independently reviewed for the year

ended 31 March 2023. These showed that the Company has complied with all tests and continues to do so.

Gearing

As defined by the Articles of Association, the Company's maximum exposure in relation to gearing is restricted to 10% 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 the Manager, Albion Capital Group LLP, which is authorised and regulated by the Financial Conduct Authority. The Manager also provides company secretarial and other accounting and administrative support to the Company.

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

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% of the net asset value of the Company, and an annual secretarial and administrative fee of £60,000 (2022: £55,000) 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% on each new investment made and any applicable monitoring fees.

Management performance incentive

In order to align the interests of the Manager and the shareholders with regards to generating positive returns, the Manager is entitled to charge an incentive fee in the event that the returns exceed minimum target levels.

The performance 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.

There was no management performance incentive fee payable during the year. As at 31 March 2023 the cumulative shortfall of the target return was 13.31 pence per share (31 March 2022: shortfall of 5.18 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 the Manager. 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 HMRC tests for VCT status;
- the long term prospects of the current portfolio of investments;
- the management of treasury, including use of buy-backs and participation in fund raising; 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 the Manager as the Company's AIFM in 2014 as required by the AIFMD. The Manager is a full-scope Alternative Investment Fund Manager under the AIFMD. Ocorian Depository (UK) Limited is the appointed Depository and oversees the custody and cash arrangements and provides 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 in both the long and short term, 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.

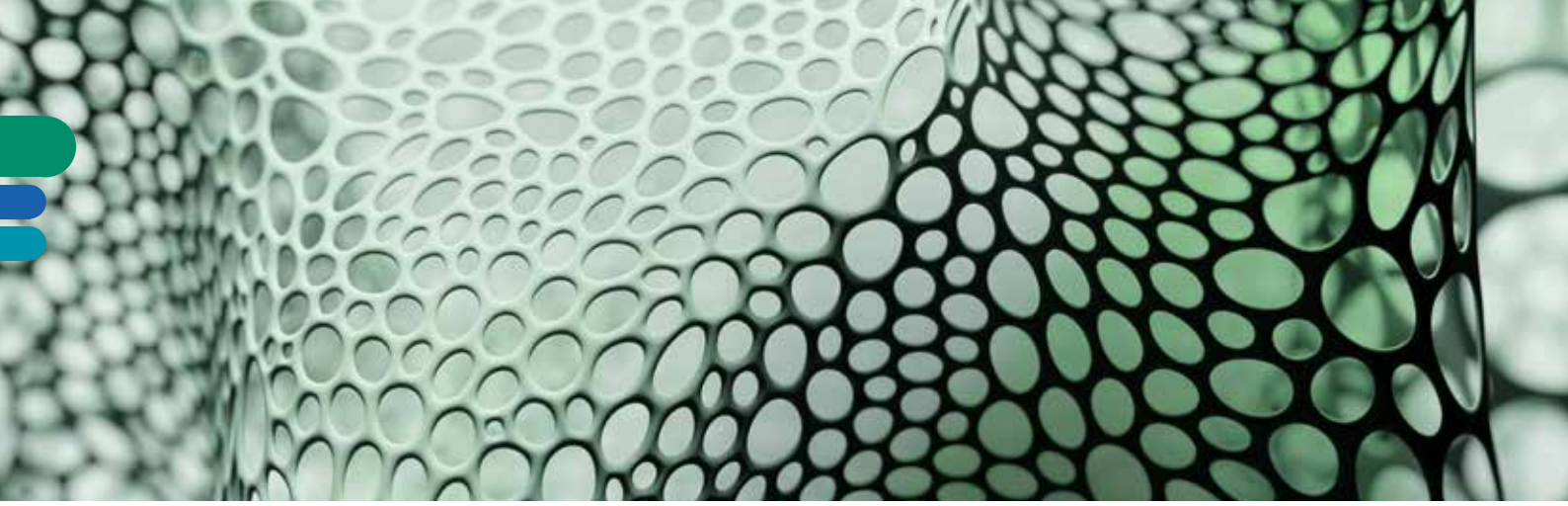
The Board is very conscious of these wider responsibilities in the ways it promotes the Company's culture and ensures, as part of its regular oversight, that the integrity of the Company's affairs is foremost in the way the activities are managed and promoted. This includes regular engagement with the 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 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 table that follows sets out the key stakeholders, details how the Board has engaged with these key stakeholders, and the effect of these considerations on the Company's decisions and strategies during the year.

Engagement with Stakeholder	Outcomes and decisions based on engagement
Shareholders	
<p>The key methods of engaging with Shareholders are as follows:</p> <ul style="list-style-type: none"> • Annual General Meeting ("AGM") • Shareholder seminar • Annual Report and Financial Statements, Half-yearly financial report, and Interim management statements • RNS announcements in accordance with Listing Rules and DTR covering such things as appointment of a new Director, and the publication of a Prospectus • Albion Capital website, social media pages, as well as publishing Albion News shareholder magazine 	<ul style="list-style-type: none"> • Shareholders' views are important and the Board encourages Shareholders to exercise their right to vote on the resolutions at the AGM. The Company's AGM is typically used as an opportunity to communicate with investors, including through a presentation made by the Manager. Undertaking this virtually enabled engagement with a wider audience of shareholders from across the country, and gave shareholders the opportunity to ask questions and vote during the virtual AGM last year. • Shareholders are also encouraged to attend the annual Shareholders' Seminar. Last year's event took place on 23 November 2022. The seminar included portfolio companies sharing insights into their businesses and also a Q&A 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. Representatives of the Board attend the seminar. The Board considers this an important interactive event, and invites shareholders to attend this year's event scheduled for 15 November 2023 at the Royal College of Surgeons. Further information will be available nearer the time. • The Board recognises the importance to Shareholders of maintaining a share buy-back policy, in order to provide market liquidity, and considered this when establishing the current policy. The Board closely monitors the discount to the net asset value to ensure this is in the region of 5%. • 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. The Board takes this into consideration when making the decision to pay dividends to Shareholders. The variable dividend policy has resulted in a dividend yield of 5.0% on opening net asset value. • During the year, the Board made the decision to participate in the Albion Prospectus Top Up Offer, launched on 10 October 2022, in order to raise funds for deployment into new and existing portfolio companies. The Board carefully considered whether further funds were required, whether the VCT tests would continue to be met, and whether it would be in the interest of Shareholders, before agreeing to publish the Prospectus. On allotment, an issue price formula based on the prevailing net asset value is used to ensure there is no dilution to existing Shareholders. • Cash management and liquidity of the Company are key quarterly discussions amongst the Board, with focus on deployment of cash for future investments, dividends and share buy-backs. • Shareholders can contact the Chairman using the email AAVCchair@albion.capital.

Engagement with Stakeholder	Outcomes and decisions based on engagement
Manager	
<p>The performance of Albion Capital Group LLP is essential to the long term success of the Company, including achieving the investment policy and generating returns to shareholders, as well as the impact the Company has on Environmental, Social and Governance (“ESG”) practice.</p>	<ul style="list-style-type: none"> • The Manager meets with the Board at least quarterly to discuss the performance of the Company, and is in regular contact in between these meetings, e.g. to share investment papers for new and follow-on investments. All strategic decisions are discussed in detail and minuted, with an open dialogue between the Board and the Manager. • 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. • Details of the Manager’s responsibilities can be found in the Statement of corporate governance on page 52.
Suppliers	
<p>The key suppliers are:</p> <ul style="list-style-type: none"> • Corporate broker • VCT taxation adviser • Depositary • Registrar • Auditor • Legal Advisor 	<ul style="list-style-type: none"> • The Manager, on behalf of the Company, is in regular contact with the suppliers and 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 Manager reviews the performance of the providers annually and was satisfied with their performance.
Portfolio companies	
<p>The portfolio companies are considered key stakeholders, not least because they are principal drivers of value for the Company. However, as discussed in the ESG report on pages 34 to 37, the portfolio companies’ impact on their stakeholders is also important to the Company.</p>	<ul style="list-style-type: none"> • The Board aims to have a diversified portfolio in terms of sector and stage of investment. Further details of this can be found in the pie charts on pages 14 and 15. • In most cases, an Albion executive has either a place on the board of a portfolio company or is an observer, in order to help with both business operation decisions, as well as good ESG practices. • The Manager provides access to deep expertise on growth strategy alignment, leadership team hiring, organisational scaling and founder leader development. • The Manager facilitates good dialogue with portfolio companies, and often puts on events in order to help portfolio companies benefit from the Albion network.
Community and environment	
<p>The Company, with no employees, has no effect itself on the community and environment. However, as discussed above, the portfolio companies’ ESG impact is extremely important to the Board.</p>	<ul style="list-style-type: none"> • The Board receives reports on ESG factors within its portfolio from the Manager as it is a signatory of the United Nations Principles for Responsible Investment (“UN PRI”). Further details of this are set out in the ESG report 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.



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, however, it is at the core of its responsible investment strategy as detailed above.

General Data Protection Regulation

The General Data Protection Regulation (“GDPR”) has the objective of unifying data privacy requirements across the European Union. GDPR forms part of the UK law after Brexit, now known as UK GDPR. The Manager continues to take action to ensure that the Manager and the Company are compliant with the regulation.

The Board has carried out a robust assessment of the Company’s principal risks and uncertainties and seeks to mitigate these risks through regular reviews of performance and monitoring progress and compliance.

Further policies

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

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

and these are set out in the Directors’ report on pages 46 and 47.

Risk management

The Board carries out a regular review of the risk environment in which the Company operates, together with 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 risks have been the emergence of rising interest rates and inflation, caused in part as a result of the Russian invasion of Ukraine, and pricing volatility in world markets, particularly affecting growth stocks. The full impacts of these risks are likely to continue to be uncertain for some time.

The Board has carried out a robust assessment of the Company’s principal risks and uncertainties and seeks to mitigate these risks through regular reviews of performance and monitoring progress and compliance. The Board applies the principles detailed in the Financial Reporting Council’s Guidance on Risk Management, Internal Control and Related Financial and Business Reporting, in the mitigation and management of these risks. More information on specific mitigation measures for the principal risks and uncertainties are explained below:

Possible consequence	Risk assessment during the year	Risk management
Risk: Investment, performance, technology, and valuation risk		
<p>The risk of investment in poor quality businesses, which could reduce the 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. Technology related risks are also likely to be greater in early, rather than later, stage technology investments, including the risks of the technology not becoming generally accepted by the market or the obsolescence of the technology concerned, often due to greater financial resources being available to competing companies.</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>Increased in the year due to the heightened economic and geopolitical issues as referred to in the Chairman's statement. In addition, in the current economic climate the valuations of technology companies are more volatile.</p>	<p>To reduce this risk, the Board places reliance upon the skills and expertise of the Manager and its track record of making successful investments in higher growth technology businesses. The Manager operates a structured investment appraisal and review process, which includes an Investment Committee, comprising investment professionals from the Manager for all investments, and at least one external investment professional for investments greater than £1 million in aggregate across all the Albion managed VCTs. The Manager also invites and takes account of comments from non-executive Directors of the Company on matters discussed at the Investment Committee meetings.</p> <p>Investments are actively and regularly monitored by the Manager (investment managers observe or 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. The Board and Manager regularly review the deployment of investments and cash resources available to the Company in assessing liquidity required for servicing the Company's buy-backs, dividend payments and operational expenses. The decision to issue a Prospectus for the 2022/23 Top Ups was due to careful analysis of these factors.</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 2022. 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>
Risk: VCT approval and regulatory change 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>No change in the year.</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>

Possible consequence	Risk assessment during the year	Risk management
Risk: Regulatory and compliance risk		
The Company is listed on The London Stock Exchange and is required to comply with the rules of the Financial Conduct 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.	No change in the year.	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, legal advisors and other professional bodies. The Company is subject to compliance checks through the Manager's compliance function, and any issues arising from compliance or regulation are reported to its own board every two months. 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.
Risk: Operational and internal control risk		
The Company relies on a number of third parties, in particular the Manager, for the provision of investment management and administrative functions. Failures in key systems and controls within the Manager's business could put assets of the Company at risk or result in reduced or inaccurate information being passed to the Board or to shareholders.	No change in the year.	The Company and its operations are subject to a series of rigorous internal controls and review procedures exercised throughout the year. The Board receives reports from the Manager on its internal controls and risk management. The Audit and Risk Committee reviews the Internal Audit Reports prepared by the Manager's internal auditors, Azets, and has access to their internal audit partner to whom it can 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 and cyber security, as mentioned below. Ocorian Depository (UK) Limited is the Company's Depository, appointed to oversee the custody and cash arrangements and provide other AIFMD duties. The Board reviews the quarterly reports prepared by Ocorian Depository (UK) Limited to ensure that the Manager is adhering to its policies and procedures as required by the AIFMD. In addition, the Board annually 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.
Risk: Cyber and data security risk		
A cyber-attack on one of the Company's third party suppliers could result in the security of, potentially sensitive, data being compromised, leading to financial loss, disruption or damage to the reputation of the Company.	Increased in the year, due to an increase in cyber-attacks worldwide.	The Manager outsources some of its IT services, including hardware and software procurement, server management, backup provision and day-to-day support through and outsourcing arrangement with an IT consultant. In house IT support is also provided. The Manager takes cyber risks seriously and the need to guard against these are in the Service level agreement with our key outsourced service provider. During the year, further investment was made in our IT infrastructure and awareness training. In addition, the Manager also has a business continuity plan which includes off-site storage of records and remote access provisions. This is revised and tested annually and is also subject to Compliance, Group Risk and Internal Audit reporting. Penetration tests are also carried out to ensure that IT systems are not susceptible to any cyber-attacks. The Manager's Internal Auditor performs reviews on IT general controls and data confidentiality and makes recommendations where necessary. The most recent internal audit focused specifically on IT systems, and was completed in February 2023.

Possible consequence	Risk assessment during the year	Risk management
Risk: Economic and political 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>Increased in the year due to the high levels of inflation, rising interest rates and the geopolitical risks from the invasion of Ukraine.</p>	<p>The Company invests in a diversified portfolio of companies across a number of industry sectors and in addition often invests in 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.</p> <p>The Board and Manager are continuously assessing the resilience of the portfolio, the Company and its operations and the robustness of the Company's external agents, as well as considering longer term impacts on how the Company might be positioned in how it invests and operates. Ensuring liquidity in the portfolio to cope with exigent and unexpected pressures on the finances of the portfolio and the Company is an important part of the risk mitigation in these uncertain times. The portfolio is structured as an all-weather portfolio with c.50 companies which are diversified as discussed above. Exposure is relatively small to at-risk sectors that include leisure, hospitality, retail and travel.</p>
Risk: Environmental, social and governance ("ESG") risk		
<p>An insufficient ESG policy could lead to an increased negative impact on the environment, including the Company's carbon footprint. Non-compliance with reporting requirements could lead to a fall in demand from investors, reputational damage and penalties. Climate risks could also negatively impact on the value of portfolio investments.</p>	<p>No change in the year.</p>	<p>The Manager is a signatory of the UN PRI and the Board is kept updated of the evolving ESG policies at quarterly Board meetings. Full details of the specific procedures and risk mitigation can be found in the ESG report on pages 34 to 37. These procedures ensure that this risk continues to be mitigated where possible.</p> <p>Whilst the Company itself has limited impact on climate change, due to no employees nor greenhouse gas emissions, the Board works closely with the Manager to ensure the Manager themselves are working towards reducing their impact on the environment, and that the Manager takes account of ESG factors, including climate change, when making new investment decisions. With specific respect to the Company, a key operation is increasing the use of electronic communications with Shareholders.</p>
Risk: Liquidity risk		
<p>The Company may not have sufficient cash available to meet its financial obligations. The Company's portfolio is primarily in smaller unquoted companies, which are inherently illiquid as there is no readily available market, and thus it may be difficult to realise their fair value at short notice.</p>	<p>No change in the year.</p>	<p>To reduce this risk, the Board reviews the Company's three year cash flow forecasts on a quarterly basis. These include potential investment realisations (which are closely monitored by the Manager), Top Up Offers, dividend payments and operational expenditure. This ensures that there are sufficient cash resources available for the Company's liabilities as they fall due.</p>

Viability statement

In accordance with the FRC UK Corporate Governance Code published in 2018 and provision 36 of the AIC Code of Corporate Governance, the Directors have assessed the prospects of the Company over three years to 31 March 2026. The Directors believe that three years is a reasonable period in which they can assess the ability of the Company to continue to operate and meet its liabilities as they fall due. This is the period used by the Board as part of its strategic planning process, which includes: the estimated timelines for finding, assessing and completing investments; the potential impact of any new regulations; and the availability of cash.

The Board has carried out a robust assessment of the principal and emerging risks facing the Company, including those that could threaten its business model, future performance, solvency or liquidity, and focused on the major factors which affect the economic, regulatory and political environment. The Board carefully assessed, and were satisfied with, the risk management processes in place to avoid or reduce the impact of these risks. The Board has carried out robust stress testing of cashflows which included; factoring in higher levels of inflation when budgeting for future expenses, only including proceeds from investment disposals where there is a high probability of completion, whilst also assessing the resilience of investee companies given the current decline in the global economy, including the requirement for any future financial support.

The Board has additionally considered the ability of the Company to comply with the ongoing conditions to ensure it maintains its VCT qualifying status under its current investment policy. As a result of the Board's quarterly valuation reviews, it has concluded that the portfolio is well balanced and geared towards delivering long term growth and strong returns to shareholders.

The Board has 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 2026. The Board is mindful of the ongoing risks and will continue to ensure that appropriate safeguards are in place, in addition to monitoring the quarterly cashflow forecasts to ensure the Company has sufficient liquidity.

Companies Act 2006

This Strategic report of the Company for the year ended 31 March 2023 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

4 July 2023

PORTFOLIO OF INVESTMENTS

	% voting rights	% voting rights held by all Albion managed companies	As at 31 March 2023			As at 31 March 2022			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	
Fixed asset investments									
Chonais River Hydro	9.2	50.0	3,074	1,454	4,528	3,074	1,304	4,378	150
Seldon Technologies	7.4	22.7	2,539	323	2,862	2,212	-	2,212	323
Radnor House School (TopCo)	6.9	48.3	1,259	1,549	2,808	1,259	1,229	2,488	320
The Ewell Group	5.2	33.0	1,272	1,484	2,756	1,272	1,154	2,426	330
Cantab Research (T/A Speechmatics)	2.6	14.4	2,234	392	2,626	1,798	1,026	2,824	(633)
Threadneedle Software Holdings (T/A Solidatus)	2.1	11.5	1,262	751	2,013	1,262	-	1,262	751
Gharagain River Hydro	11.5	50.0	1,363	650	2,013	1,363	521	1,884	129
Gravitee TopCo (T/A Gravitee.io)	3.7	18.1	1,524	391	1,915	813	223	1,036	167
Elliptic Enterprises	1.4	5.9	1,913	-	1,913	1,913	713	2,626	(713)
Healios	2.4	17.5	1,517	339	1,856	678	339	1,017	-
Runa Network (previously WeGift)	2.3	13.9	1,429	426	1,855	735	-	735	426
NuvoAir Holdings	2.3	11.2	943	425	1,368	943	344	1,287	81
TransFICC	2.1	13.0	1,025	271	1,296	1,025	271	1,296	-
Peppy Health	1.3	8.7	1,207	-	1,207	-	-	-	-
The Street by Street Solar Programme	6.5	50.0	675	529	1,204	675	548	1,223	(19)
Kew Green VCT (Stansted)	45.2	50.0	1,234	(118)	1,116	1,234	(637)	597	519
MHS 1	14.8	48.8	1,026	61	1,087	1,026	(169)	857	230
Beddlestead	9.1	49.0	1,142	(114)	1,028	1,142	133	1,275	(247)
Toqio FinTech Holdings	1.2	10.4	838	-	838	-	-	-	-
Alto Prodotto Wind	7.4	50.0	462	353	815	509	373	882	(3)
Brytlyt	3.4	14.8	727	-	727	577	-	577	-
Regenerco Renewable Energy	4.5	50.0	451	229	680	451	279	730	(50)
uMedeor (T/A uMed)	3.2	9.5	501	174	675	334	-	334	174
Accelex Technology	3.6	16.5	632	-	632	324	-	324	-
PeakData	1.3	11.2	564	37	601	-	-	-	37
PerchPeek	1.9	13.6	567	-	567	503	-	503	-
Erin Solar	18.6	50.0	520	15	535	520	(100)	420	115
GX Molecular (CS Genetics)	1.7	14.8	496	-	496	-	-	-	-
Dragon Hydro	7.3	30.0	250	185	435	264	169	433	16
Ophelos	1.7	12.3	433	-	433	-	-	-	-
OutThink	1.6	13.9	410	-	410	-	-	-	-
Diffblue	1.5	12.9	343	-	343	-	-	-	-
Harvest AD	-	-	307	33	340	307	(2)	305	35
AVESI	7.4	50.0	242	54	296	242	78	320	(24)
PetsApp	1.6	13.6	286	-	286	-	-	-	-
Arecor Therapeutics PLC	0.4	2.9	130	137	267	249	507	756	(130)
Imandra	1.3	8.1	175	87	262	175	272	447	(185)
Neurofenix	1.7	14.8	351	(105)	246	-	-	-	(105)
5Mins AI	1.3	11.1	229	-	229	-	-	-	-
Ramp Software	1.5	9.7	227	-	227	-	-	-	-
Premier Leisure (Suffolk)	9.9	47.4	175	34	209	175	(10)	165	44
Greenenerco	3.9	50.0	95	75	170	102	72	174	7

Portfolio of investments

	% voting rights	% voting rights held by all Albion managed companies	As at 31 March 2023			As at 31 March 2022			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	
Fixed asset investments (continued)									
Tem Energy	1.2	9.5	154	-	154	-	-	-	
Regulatory Genome Development	1.0	4.9	146	-	146	146	-	146	
Limitless Technology	1.8	11.0	471	(358)	113	471	(115)	356	
Symetrica	0.2	4.5	95	(5)	90	83	(17)	66	
InFact Systems (T/A InFact)	1.5	10.0	80	-	80	-	-	-	
uMotif	3.9	20.2	1,078	(1,008)	70	1,078	(76)	1,002	
Total fixed asset investments			38,073	8,750	46,823	27,991	8,085	36,076	582

*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 2022 do not agree to the Annual Report and Financial Statements for the year ended 31 March 2022 as the above list does not include brought forward investments that were fully disposed of in the year.

The following is a summary of fixed asset realisations for the year ended 31 March 2023:

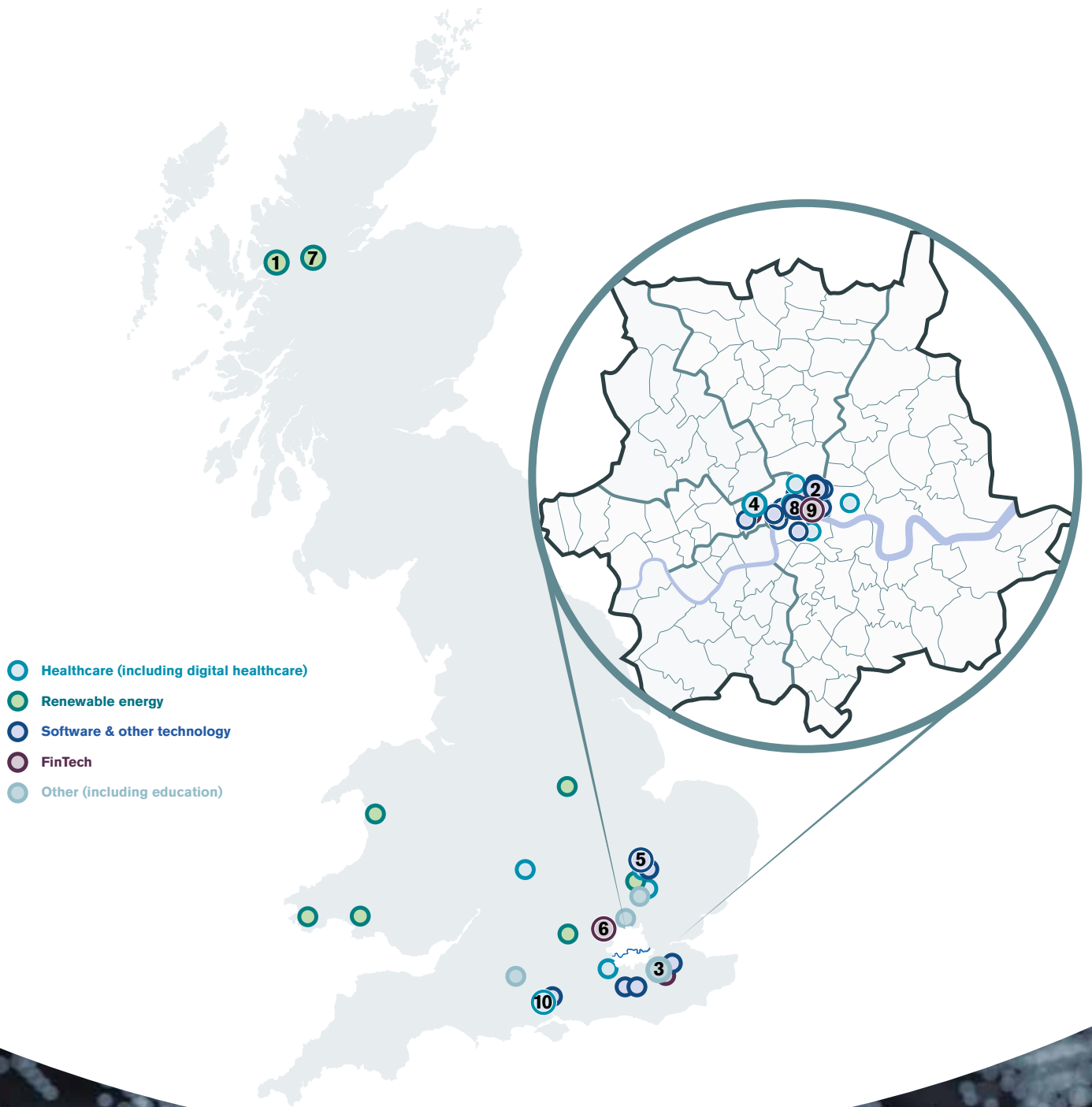
Realisations in the year to 31 March 2023	Cost* £'000	Opening carrying value £'000	Disposal proceeds £'000	Total realised gain/(loss) £'000	(Loss)/gain on opening value £'000
Disposals:					
Arecor Therapeutics PLC	118	359	248	130	(111)
Forward Clinical (T/A Pando)	149	2	-	(149)	(2)
Avora	750	17	-	(750)	(17)
Concirus	1,072	319	-	(1,072)	(319)
Loan stock repayments and other:					
Alto Prodotto Wind	48	63	63	15	-
Dragon Hydro	14	14	14	-	-
Greenenerco	9	12	12	3	-
Escrow adjustments**	-	-	273	273	273
Total	2,160	786	610	(1,550)	(176)

*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.

**These comprise fair value movements on deferred consideration on previously disposed investments and expenses which are incidental to the purchase or disposal of an investment.

	£'000
Total change in value of investments for the year	582
Movement in loan stock accrued interest	(90)
Unrealised gains sub-total	492
Realised losses in current year	(176)
Unwinding of discount on deferred consideration	261
Total gains on investments as per Income statement	577

PORTFOLIO COMPANIES



TOP TEN

1

Chonais River Hydro is a 2MW hydropower scheme near Loch Carron in the Scottish Highlands. It is a run-of-river scheme, taking water from a small river via an intake on the mountainside. The scheme is low visual impact with the only visible components being a small intake and a powerhouse, both of which are built using local material. It generates enough electricity to power approximately 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 for year ended:			Investment information		£'000
	30 Sept 2021	30 Sept 2020			
	£'000	£'000			
Net liabilities	(163)	(138)	Income recognised in the year		276
			Cost		3,074
			Valuation		4,528
			Voting rights		9.2%
			Voting rights for all Albion managed companies		50.0%
			Basis of valuation	Third party valuation – Discounted cash flow	

Seldon Technologies is a software company that enables enterprises to deploy Machine Learning models in production. Their open core platform allows data scientists and ML engineers to serve, monitor and explain their models - increasing efficiency by 93% and improving ROI of AI initiatives in enterprise. Tech is horizontal with customers in: Healthcare, Financial Sector, Automotive, Tech companies, Insurance, etc.

Fillested unaudited results for year ended:			Investment information		£'000
	31 Mar 2022	31 Mar 2021			
	£'000	£'000			
Net assets	1,342	7,911	Income recognised in the year		-
			Cost		2,539
			Valuation		2,862
			Voting rights		7.4%
			Voting rights for all Albion managed companies		22.7%
			Basis of valuation	Cost and price of recent investment (calibrated and reviewed for impairment)	

 SELDON
www.seldon.io

3

Radnor House School (TopCo) operates a co-educational independent school near Sevenoaks, Kent. The school is growing strongly with over 500 children on the roll and further capacity to expand. Significant further investment has been made into the school's facilities to enable it 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 in a supportive and nurturing environment.



Audited results for year ended:			Investment information		£'000
	31 Aug 2022	31 Aug 2021			
	£'000	£'000			
Turnover	9,338	7,548	Income recognised in the year		123
EBITDA	1,368	623	Cost		1,259
Loss before tax	(123)	(850)	Valuation		2,808
Net assets	12,238	12,205	Voting rights		6.9%
			Voting rights for all Albion managed companies		48.3%
			Basis of valuation	Third party valuation	
				– earnings multiple	

The Ewell owns and operates private women's health centres of excellence with one clinic open on Harley Street and another in Hammersmith, both focusing on fertility and IVF treatment but uniquely also covering all aspects of a woman's gynaecological health.

4

Filleed audited results for the year ended:			Investment information		£'000
	31 Dec 2021	31 Dec 2020			
	£'000	£'000			
Net liabilities	(978)	(3,354)	Income recognised in the year		220
			Cost		1,272
			Valuation		2,756
			Voting rights		5.2%
			Voting rights for all Albion managed companies		33.0%
			Basis of valuation	Earnings multiple	



5

Cantab Research (T/A 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.



Audited results for year ended:			Investment information		£'000
	31 Dec 2022	31 Dec 2021			
	£'000	£'000			
Turnover	11,579	9,533	Income recognised in the year		-
LBITDA	(11,002)	(4,983)	Cost		2,234
Loss before tax	(11,479)	(5,244)	Valuation		2,626
Net assets	29,076	1,353	Voting rights		2.6%
			Voting rights for all Albion managed companies		14.4%
			Basis of valuation	Cost and price of recent investment (calibrated and reviewed for impairment)	

6

Threadneedle Software Holdings (T/A Solidatus) was developed to help organisations understand how data flows through their systems by providing data lineage, discovery and visualisation solutions.


www.solidatus.com

Filted unaudited results for the year ended:		
	31 March 2021	31 March 2020
	£'000	£'000
Net assets	13,742	82,726

Investment information		£'000
Income recognised in the year		-
Cost		1,262
Valuation		2,013
Voting rights		2.1%
Voting rights for all Albion managed companies		11.5%
Basis of valuation		Revenue multiple

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.

7

Filted audited results for year ended:		
	30 Sept 2021	30 Sept 2020
	£'000	£'000
Net assets	175	177

Investment information		£'000
Income recognised in the year		119
Cost		1,363
Valuation		2,013
Voting rights		11.5%
Voting rights for all Albion managed companies		50.0%
Basis of valuation		Third party valuation – discounted cash flow

8

Gravitee TopCo (T/A Gravitee.io) is an open sources API management platform that enables enterprises to manage their APIs through their lifecycle (from design to publishing to controlling access and security).


www.gravitee.io

Audited results for year ended:		
	31 Dec 2021	
	£'000	
Turnover	1,836	n/a – first accounts to 31
LBITDA	(3,162)	December
Loss before tax	(3,188)	2021
Net assets	4,234	

Investment information		£'000
Income recognised in the year		-
Cost		1,524
Valuation		1,915
Voting rights		3.7%
Voting rights for all Albion managed companies		18.1%
Basis of valuation		Cost and price of recent investment (calibrated and reviewed for impairment)

9

Elliptic Enterprises 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.

ELLIPTIC
www.elliptic.co

Audited results for year ended:			Investment information		£'000
	31 Mar 2022	31 Mar 2021			
	£'000	£'000			
Turnover	6,117	4,359	Income recognised in the year		-
LBITDA	(14,767)	(6,849)	Cost		1,913
Loss before tax	(14,972)	(6,898)	Valuation		1,913
Net assets	36,823	7,686	Voting rights		1.4%
			Voting rights for all Albion managed companies		5.9%
			Basis of valuation	Cost and price of recent investment (calibrated and reviewed for impairment)	

Healios is an online platform delivering family centric psychological care primarily to children and adolescents. The Company provides assessment, treatment and early intervention for a variety of mental health conditions.

10

Audited results for year ended:			Investment information		£'000
	31 Dec 2021	31 Dec 2020			
	£'000	£'000			
Turnover	10,843	5,485	Income recognised in the year		-
LBITDA	(5,439)	(1,863)	Cost		1,517
Loss before tax	(5,625)	(2,012)	Valuation		1,856
Net assets/(liabilities)	50	(2,119)	Voting rights		2.4%
			Voting rights for all Albion managed companies		17.5%
			Basis of valuation	Revenue multiple	

Healios
Families feeling better
www.healios.org.uk

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (“ESG”) REPORT

The Company’s Manager, Albion Capital Group LLP (“Albion”), sees sustainable and responsible investment as an integral part of its investment mandate. In turn, the Board is kept apprised of ESG issues in both the portfolio and in how company affairs are conducted as part of regular Board oversight.

The United Nations Principles for Responsible Investment (“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.

As a signatory of the UN PRI, Albion (and the Board) recognise that applying the following six principles better aligns investors with broader objectives of society:

Principle 1: to incorporate ESG issues into investment analysis and decision-making processes.

Principle 2: to be active owners and incorporate ESG issues into our ownership policies and practices.

Principle 3: to seek appropriate disclosure on ESG issues by the entities in which we invest.

Principle 4: to promote acceptance and implementation of the Principles within the investment industry.

Principle 5: to work together to enhance our effectiveness in implementing the Principles.

Principle 6: to report on our activities and progress towards implementing the Principles.

The Board and Albion have been conscious in making responsible investments throughout the life of the Company by providing finance for promising companies in important sectors such as technology, healthcare and renewable energy. Through this, Albion is directly involved in the oversight and governance of these investments, including ensuring standards of reporting and visibility on business practices, all of which are reported to the Board.

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 grow and serve important societal demands. One of the most important drivers of performance is the quality of the investment portfolio, which goes beyond the individual valuations and examines the prospects of

each portfolio company and their sectors – all of which requires a long term view.

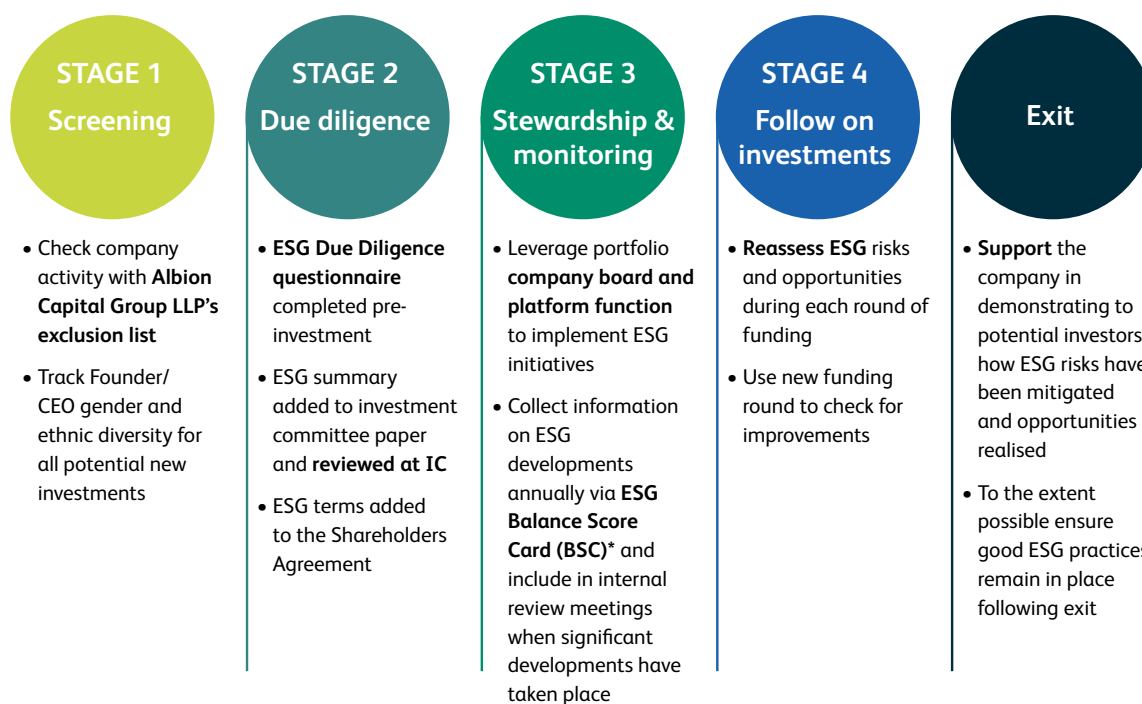
Given the nature of venture capital investment, Albion is more intimately involved in the affairs of portfolio companies than typical funds invested in listed securities. As such, Albion is able to influence good governance and behaviour in portfolio companies, many of which are relatively small without the support of a larger company’s administration and advisory infrastructure.

The Company adheres to the principles of the AIC Code of Corporate Governance and is also aware of other governance and corporate conduct guidance which it meets as far as practical. This includes the constitution

of a diversified and independent Board capable of providing constructive challenge.

ESG considerations are an integrated part of Albion’s investment process, from pre investment to exit, designed to create value for investors and develop sustainable long-term strategies for portfolio companies. This is reflected in the transparency of reporting, governance principles adopted by the Company and the portfolio companies, and increasingly in the positive environmental or socially impactful nature of investments made. Where relevant, climate-specific issues are also considered.

Albion integrates ESG through all aspects of the investment process:



* The ESG BSC contains sustainability metrics used to determine a company’s sustainability risks and opportunities, and track progress over time.



PRE-INVESTMENT STAGE

An exclusion list is used to rule out investments in unsustainable, socially detrimental areas. ESG due diligence is performed on each potential portfolio company to identify any sustainability risks, which are ranked from low to high and are reported to the relevant investment committee. If sustainability risks are identified, mitigations are assessed and, if necessary, mitigation plans are put in place. If this is not deemed sufficient, the committee would consider the appropriate level and structure of funding to balance the associated risks. If this is not possible, investment committee approval will not be provided, and the investment will not proceed.

Albion's investment deal documents includes a sustainability clause that reinforces individual portfolio company's commitment to driving principles of ESG as it scales.

INVESTMENT STAGE

An ESG clause is integrated into the shareholders' agreement for all new investments, which outlines the portfolio company's commitment to combine economic success with ecological and social success.

All new and existing portfolio companies are asked to report against the ESG BSC annually. It contains a number of sustainability factors against which a portfolio company is assessed and scored in order to determine the potential sustainability risks and opportunities arising from the investment. ESG score is reviewed annually, and key priority improvement areas are identified for the next 12 months. It forms part of Albion's internal broader risk review meetings and any outstanding issues are addressed in collaboration with the portfolio companies' senior management.

EXIT STAGE

Albion aims to ensure that good ESG practices remain in place following exit. For example, by ensuring that the portfolio company creates a self-sustaining ESG management system during our period of ownership, wherever feasible.

Environmental, Social, and Governance (“ESG”) report

The Manager’s ESG initiatives

ESG is incorporated into Albion’s own internal operations as follows:

Environmental: Committed to ensuring that the environmental impacts of its business operations are positive and, as far as possible, any negative impact is mitigated.

Social: Aims to conduct its business in a socially responsible manner, to contribute to the communities in which it operates and to respect the needs of all employees and stakeholders.

Governance: Seeks to conduct business activities in an honest, ethical and socially responsible manner. These values underpin its business model and strategy.

Overview of Albion’s ESG activity:

ENVIRONMENTAL

- Net Zero target by 2030
- Measuring carbon footprint with Plan A
- Purchased carbon removal permits for 2021/2022 emissions

SOCIAL

- Fair HQ score improvement (from 3.8 to 6.1 out of 10) within a year
- Mentoring for under-represented groups in VC
- Social and team activities
- Continued support for Whizz Kidz

GOVERNANCE

- ESG principles integrated across the full investment cycle
- Completion of 2022 ESG BSC portfolio reporting and targets set for 2023
- UN PRI score 2020/2021: 3/5 stars
- Regular ESG updates for all stakeholders

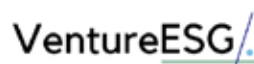
Signatories

As a signatory of UN Principles for Responsible Investment (UN PRI) Albion is committed to the six key principles to incorporate ESG into investment practice.

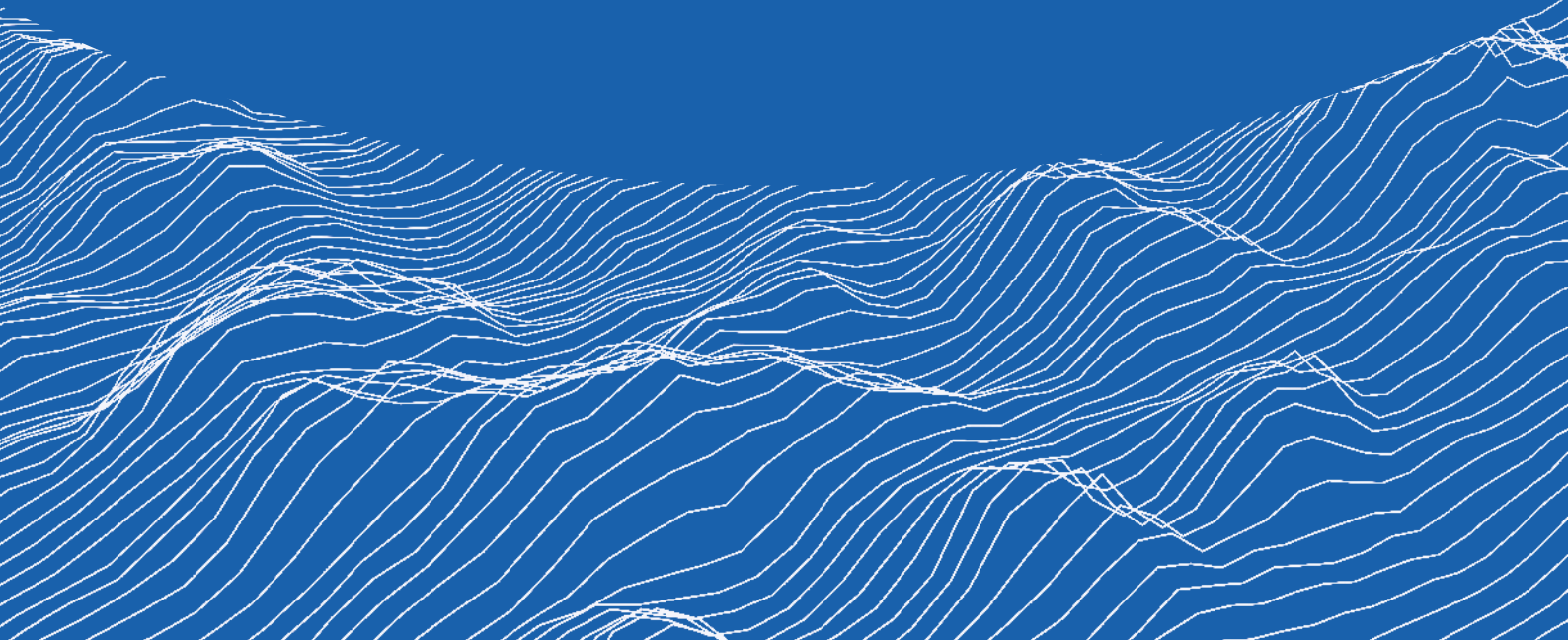
Albion is a member of VentureESG steering committee, a venture capital-based non-profit initiative to push the industry on ESG best practices. The current group consists of 300 venture funds and 90 limited partners

globally who work to make ESG a standard part of the due diligence, portfolio stewardship and internal fund management.

Albion is a proud signatory of the Investing in Women Code, and commits to adopt internal practices that aim to improve female entrepreneurs’ access to the tools, resources and finance required to scale their companies.



Governance



THE BOARD OF DIRECTORS

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

Richard Glover, (Chairman) (appointed 8 November 2017) 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.

Ann Berresford BSc (Hons), ACA (appointed 8 November 2017) is a chartered accountant with a background in the financial services and energy sectors. She has held positions at Bath Building Society, the Pensions Regulator, Triodos Renewables plc, the Pension Protection Fund, Bank of Ireland Group, Clyde Petroleum plc and Grant Thornton. Her career has given her experience in lending, pensions, operations, accounting, finance and risk. Her experience in the energy and renewables sector gives her a long term outlook. The varied insights she has gained from her career mean that she is a strong independent director and her financial experience makes her an excellent Chair of the Audit Committee. She is currently a non-executive director of Secure Trust Bank plc.

Neeta Patel CBE, (appointed 1 July 2022) is a non-executive director at the FTSE 250-listed Allianz Technology Trust, which invests in quoted mid to large cap listed technology companies. She has over 35 years of experience in the technology sector, including scaling companies. She has formerly led enterprise-wide web and technology implementation for Legal & General, ft.com – the Financial Times' online new site – and

the British Council, the government's international education and cultural agency. Neeta was previously the founding CEO at The Centre for Entrepreneurs, a board member at Tech London Advocates and an advisory board member at City Ventures, the entrepreneurship hub at City University, London. She was also an entrepreneur-in-residence at London Business school and is a mentor and a board adviser to numerous start-ups led by young entrepreneurs. She was awarded a CBE in the Queen's honours in October 2020 for services to technology and entrepreneurship.

Richard Wilson, (appointed 1 May 2020) 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. He 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, he moved to Gartmore Investment Management in 2003 as head of international equity investments before joining F&C in 2004. He is an independent non-executive director of Insight Investment Management.

All Directors are members of the Audit and Risk Committee and Ann Berresford is Chairman.

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

All Directors are members of the Remuneration Committee and Richard Wilson is Chairman.

Ann Berresford is the Senior Independent Director.

THE MANAGER

Albion Capital Group LLP, is authorised and regulated by the Financial Conduct Authority and is the Manager of Albion Venture Capital Trust PLC. Established in 1996, Albion Capital is an independent management firm providing investors with access to entrepreneurs who build enduring businesses.

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, has been managing partner since 2019 and chairs the investment committee. He is chairman of the VCTA and sits on the Venture Capital Committee of the BVCA. He joined Albion in 2001, became deputy managing partner in 2009. He qualified as a chartered accountant and has a BA in History from Southampton University.



Patrick Reeve, MA, FCA, was formerly the managing partner and became chairman in 2019. He is a director of Albion Technology and General VCT, Albion Enterprise VCT and Albion Development VCT. He is also a director of the AIC. He joined Close Brothers Group in 1989 before establishing Albion Capital (formerly Albion Ventures) in 1996. Patrick qualified as a chartered accountant and has an MA in Modern Languages from Oxford University.



Dr. Andrew Elder, MA, FRCS, practised as a neurosurgeon before starting his career in investment. He heads up the healthcare investment team and became deputy managing partner in 2019. He joined Albion in 2005 and became a partner in 2009. He has an MA plus Bachelor of Medicine and Surgery from Cambridge University. He is a Fellow of the Royal College of Surgeons (England).



Vikash Hansrani, BA (Hons), FCA, is a partner and oversees the finance and administration of all funds under Albion's management. He qualified as a chartered accountant with RSM before joining Albion in 2010. He has a BA in Accountancy & Finance from Nottingham Business School.



Valerie Aelbrecht, MSc, MSc, joined as investment associate in 2022. She was at Cherry Ventures after being a founder and operator for 8 years in the FoodTech space. She holds an MSc in Applied Economics from the University of Antwerp and an MSc in International Business Management & Entrepreneurship from Kingston University.



Lauren Apostolidis, BA (Hons), joined as platform director in 2022. She was previously at Huckletree where she built and managed the support network of ambassadors and investors to help connect founders. Prior to this, she managed FinTech partnerships at Thomson Reuters.



Adam Chirkowski, MA (Hons), is an investment director focusing on B2B and ClimateTech investments. Prior to joining Albion in 2013, he spent five years working in corporate finance at Rothschild. He holds a first-class degree in Industrial Economics and a Masters in Corporate Strategy and Governance from Nottingham University.



Emil Gigov, BA (Hons), FCA, is a partner focusing on B2B SaaS businesses. He joined Albion in 2000 and became a partner in 2009. He graduated from the European Business School, London, with a BA in European Business Administration.



Dr. Molly Gilmartin, BA, joined in 2022 as an investment manager from McKinsey & Company. Before that, she was Chief Commercial Officer of Induction Healthcare Group which completed an IPO on AIM in 2019. Before this she was a founding team member of start-up Pando and an NHS Clinical Entrepreneur as a medical doctor.



Gita Kler, BSc, joined in 2022 as platform analyst. Before this, she worked on data analytics at a Dutch re-commerce start-up. Gita holds a BSc in Economics and Finance from the University of Amsterdam and an MA in Management of Information Systems and Digital Innovation from the LSE.



Ed Lascelles, BA (Hons), heads up the technology investment team. He joined in 2004 having started his career advising public companies and became a partner in 2009. He holds a first-class honours degree in Philosophy from UCL.



Paul Lehair, MSc, MA, is an investment director who joined in 2019 having spent five years at Citymapper. He also worked at Viagogo and in M&A at Citigroup. He holds a dual Masters' degree in European Political Economy from the LSE and Political Science and Sciences Po Paris.

The Manager



Catriona McDonald, BA (Hons), is an investment director specialising in technology investing. She joined in 2018 from Goldman Sachs where she worked on IPOs, M&A and leveraged buyouts in New York and London. She graduated from Harvard University, majoring in Economics.



Kibriya Rahman, MMath, joined as investment associate in 2022. He was previously at Funding Circle and Formula 1. Before this, he worked at OC&C Strategy Consultants. Kibriya graduated from Oxford University with an MMath degree.



Jane Reddin, BA (Hons), heads up the platform team. She joined Albion in 2020 and became partner in 2022. Prior to Albion, she spent six years as Talent Advisor at Balderton Capital and then co-founded The Talent Stack. She graduated from Durham University with a BA in French and German.



Dr. Christoph Ruedig, MBA, is a partner focusing on digital health. He originally practiced radiology and was responsible for M&A in healthcare at GE and venture capital with 3i. He joined Albion in 2011 and became a partner in 2014. He holds a degree in medicine from Ludwig-Maximilians University and an MBA from INSEAD.



Nadine Torbey, MSc, BEng, is an investment director who joined in 2018 from Berytech Fund Management. She holds a BSc in Electrical and Computer Engineering from the American University of Beirut and an MSc in Innovation Management and Entrepreneurship from Brown University.



Robert Whitby-Smith, BA (Hons), FCA, is a partner focusing on software investing. His background was in corporate finance at KPMG, CSFB and ING Barings, after qualifying as a chartered accountant. He joined Albion in 2005 and became a partner in 2009. He graduated from Reading University with a BA in History.



Jay Wilson, MBA, MMath, is an investment director focusing on FinTech. He joined in 2019 from Bain & Co, where he had been a consultant since 2016. Prior to this he graduated from the London Business School with an MBA having spent eight years as a broker at ICAP Securities.



Marco Yu, PhD, MRICS, is head of renewables. Prior to joining Albion in 2007, he qualified as a Chartered Surveyor with Bouygues and advised on large capital projects with EC Harris. He has a degree in economics from University of Cambridge and a PhD in construction economics from UCL.

DIRECTORS' REPORT

The Directors submit their Annual Report and the audited Financial Statements on the affairs of the Company for the year ended 31 March 2023. The Statement of corporate governance on pages 51 to 57 forms a part of the Directors' report.

BUSINESS REVIEW

Principal activity and status

The principal activity of the Company is that of a Venture Capital Trust. It has been approved by H.M. Revenue & Customs ("HMRC") as a Venture Capital Trust in accordance with the Income Tax Act 2007 and, in the opinion of the Directors, the Company has conducted its affairs so as to enable it to continue to obtain such approval. In order to maintain its status under Venture Capital Trust legislation, a VCT must comply on a continuing basis with the provisions of Section 274 of the Income Tax Act 2007 and further details of this can be found on page 45 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 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.

Ordinary shares represent 100% of the total share capital and voting rights. 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. The Directors are not aware of any restrictions on the transfer of shares or on voting rights.

Shareholders are entitled to receive dividends and the return 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

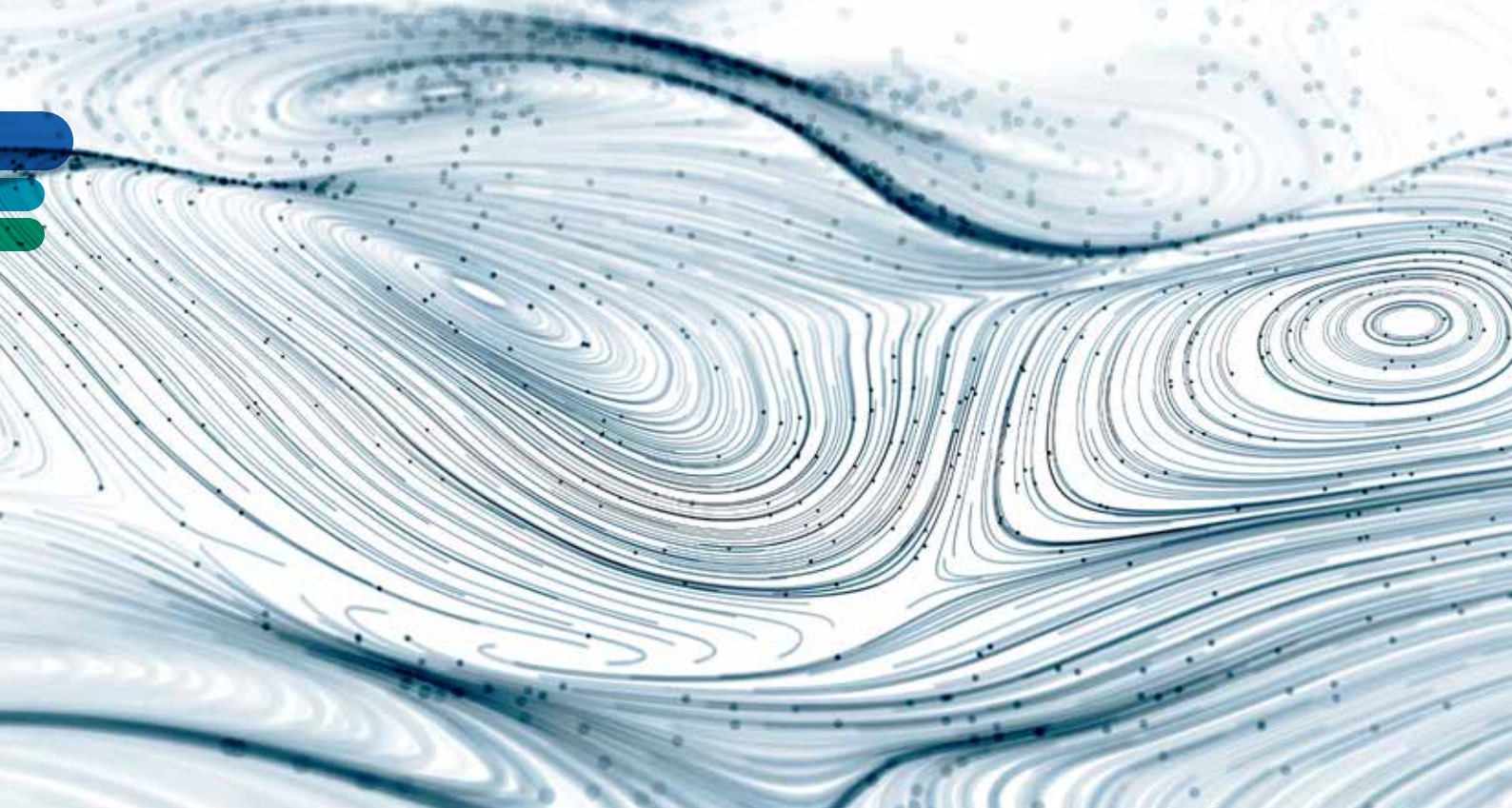
During the year the Company issued a total of 22,703,401 Ordinary shares (2022: 24,297,674 Ordinary shares), of which 21,631,183 Ordinary shares (2022: 17,365,249 Ordinary shares) were issued under the Albion VCTs Top Up Offers; and 1,072,218 Ordinary shares (2022: 6,932,425 Ordinary shares) were issued under the Dividend Reinvestment Scheme (details of which can be found on www.albion.capital/funds/AAVC under the Dividend Reinvestment Scheme section).

Your Board, in conjunction with the boards of the other five VCTs managed by Albion Capital Group LLP, launched a prospectus top up offer of new Ordinary shares on 10 October 2022. The Board announced on 9 January 2023 that, following strong demand, it would opt to exercise its over-allotment facility, bringing the total amount to be raised to £11 million. On 21 February 2023 the offers were fully subscribed and closed to further applications.

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 in the Chairman's statement on page 12 and details of share buybacks during the year can be found in note 15.

Substantial interests and shareholder profile

As at 31 March 2023 and at the date of this Report, the Company was not aware of any shareholder who had a beneficial interest exceeding 3% 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 2023, and to the date of this Report.



Results and dividends

Detailed information on the results and dividends for the year ended 31 March 2023 can be found in the Strategic report on pages 15 and 16.

Future developments of the business

Details on the future developments of the business can be found on page 13 of the Chairman's statement and on page 16 of the Strategic report.

Going concern

In accordance with the Guidance on Risk Management, Internal Control and Related Financial and Business Reporting issued by the Financial Reporting Council ("FRC") in 2014, and the subsequent updated Going concern, risk and viability guidance issued by the FRC due to Covid-19 in 2020, the Board has assessed the Company's operation as a going concern. The Company has sufficient 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 Board level with regards to going concern. The cash flow forecasts have been updated and stress tested, which included assessing the resilience of portfolio companies, incorporating the requirement for any future financial support, including proceeds

from investment disposals only when there is a high probability of completion, and evaluating the impact of high inflation, both within the Company and within its portfolio. 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 adopted the going concern basis in preparing the accounts. The Directors do not consider there to be any material uncertainty over going concern.

The Company's policies for managing its capital and financial risks are shown in note 17 and include the Board's assessment of areas including liquidity risk, credit risk and price risk. 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 2023 are shown in note 19.

Principal risks and uncertainties

A summary of the principal risks faced by the Company is set out on pages 23 to 25 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 80% of the HMRC value of its investments must have been represented throughout the year by shares or securities that are classified as 'qualifying holdings';
3	At least 70% 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% of funds raised in accounting periods beginning on or after 6 April 2018 must be invested in qualifying holdings by the anniversary of the end 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% by HMRC value of its investments;
6	The Company must not have retained greater than 15% 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 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% by HMRC value in any portfolio company. The tests have been carried out and independently reviewed for the year ended 31 March 2023. 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 have a permanent establishment in the UK and operate a 'qualifying trade' wholly or mainly in the United Kingdom. The investment must bear a sufficient level of risk to meet a risk-to-capital condition. Eligible shares must comprise at least 10% 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 14.

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.

On 31 March 2023, the HMRC value of qualifying investments (which includes a 12 month disregard for disposals) was 90.76% (2022: 91.84%). 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 is 80% 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. Initiatives designed to minimise the Company's impact on the environment include recycling, favouring digital over printing and reducing energy consumption. Further details can be found in the Environmental, Social, and Governance ("ESG") report on pages 34 to 37.

Global greenhouse gas emissions

The Company qualifies as a low energy user with regards to greenhouse gas emissions, producing less than 40,000kWh of energy, and therefore is not required to report emissions 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' reports) Regulations 2013, including those within our underlying investment portfolio. Therefore, the Company is outside of the scope of Streamlined Energy Carbon Reporting.

Anti-bribery

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.

The Manager reviews the anti-bribery policies and procedures of all portfolio companies.

Anti-facilitation of tax evasion

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'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 Board is required to disclose their compliance in relation to the targets on board diversity set out under paragraph 9.8.6R (9) of the Listing Rules (and corresponding AIC guidance). These are as follows:

- (i) At least 40% of the individuals on the Board of Directors are women;
- (ii) At least one of the senior positions on the Board of Directors is held by a woman; and
- (iii) At least one individual on the Board of Directors is from a minority ethnic background.

The Board of Directors self-reported their gender identity and ethnic background, which offered each of the categories noted in the table below, along with the additional option to indicate an 'other category', should they wish to do so.

As at 31 March 2023, the breakdown of the gender identity and ethnic background of the Board is as follows:

	Number of Board members	Percentage of the Board
Gender Identity		
Men	2	50%
Women	2	50%
Not specified/prefer not to say	-	-
Ethnic Background		
White British or other White (including minority-white groups)	3	75%
Mixed/Multiple Ethnic Groups	-	-
Asian/Asian British	1	25%
Black/African/Caribbean/Black British	-	-
Other ethnic group, including Arab	-	-
Not specified/prefer not to say	-	-

The Board notes that they are fully compliant with the above targets.

More details on the Directors can be found in the Board of Directors section on page 39.

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 determining the risks, costs and potential returns are prescribed by the law.

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 Depository (UK) Limited provides depository 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 most recent reporting period are available on the Company’s webpage on the Manager’s website.

Employees

The Company is managed by Albion Capital Group LLP and has no employees.

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 60.

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 with each Director is available at the registered office of the Company.

Re-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, Ann Berresford and Richard Wilson will offer themselves for re-election. As Neeta Patel has been appointed since the last Notice of Annual General Meeting was announced, she will be subject to election at the forthcoming AGM.

Approval of the Directors’ remuneration policy

Shareholder approval of the Directors’ remuneration policy is required every three years. The remuneration policy was last approved by shareholders at the 2020 AGM and is therefore being submitted for shareholder approval at the forthcoming AGM. There are no proposed changes to the remuneration policy. The policy is set out on pages 58 and 59.

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 Albion Capital Group LLP managed VCTs. Allocation of investments is on the basis of an allocation agreement which is based, inter alia, on the ratio of cash available for investment in each of the entities and the HMRC VCT qualifying tests.

Auditor

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

Annual General Meeting

The Company's Annual General Meeting ("AGM") will be held virtually at noon on 7 September 2023. Information on how to participate in the live webcast can be found on the Manager's website at www.albion.capital/vct-hub/agms-events.

The AGM will include a presentation from the Manager, the answering of questions received from shareholders and the formal business of the AGM, which includes voting on the resolutions proposed by the Board by way of a poll. Registration details for the webcast will be emailed to shareholders and will be available at www.albion.capital/vct-hub/agms-events prior to the AGM.

The Board welcomes questions from shareholders at the AGM and shareholders will be able to ask questions using the Lumi platform during the AGM. Alternatively, shareholders can email their questions to AAVCchair@albion.capital prior to the AGM. Questions asked will be answered during the meeting so far as possible.

Shareholders will be able to vote during the AGM using the Lumi platform. Shareholders are encouraged to complete and return proxy cards in advance of the AGM but those participating in the meeting will be able to cast their votes through the Lumi platform once the Chairman declares the poll open.

The results of the poll held at the Meeting will be announced through a Regulatory Information Service and will be published on the Company's webpage on the Manager's website at www.albion.capital/funds/AAVC as soon as reasonably practicable following the Meeting.

Shareholders' views are important, and the Board encourages shareholders to vote on the resolutions. You can cast your vote by using the proxy form enclosed with this Annual Report or electronically

at www.investorcentre.co.uk/eproxy. The Board has carefully considered the business to be approved at the AGM and recommends shareholders to vote in favour of all the resolutions being proposed.

Full details of the business to be conducted at the AGM are given in the Notice of the Meeting on pages 89 to 92.

The ordinary business resolutions 1 to 9 includes receiving and adopting the Company's accounts, to approve the Directors' remuneration policy and annual remuneration report, to elect or re-elect Directors, and to re-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 2022. 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 £319,049 representing approximately 20% 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.

Annual General Meeting (continued)

The Directors' current intention is to allot shares under the Dividend Reinvestment Scheme and any Albion VCTs Top Up Offers. The Company currently holds 19,137,781 Ordinary shares in treasury which represents 12.1% of the total Ordinary share capital in issue as at 31 March 2023.

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 £319,049 of the nominal value of the share capital representing approximately 20% 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 23,912,693 shares representing 14.99% 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 end under review, the Company purchased 1,984,350 Ordinary shares which were held in treasury, representing 1.3% of called up share capital, at an aggregate consideration of £985,000. The Company also purchased 914,702 Ordinary shares for cancellation, representing 0.6% of called up share capital, at an aggregate consideration of £455,000.

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 Section 418 of the Companies Act 2006.

By Order of the Board

Albion Capital Group LLP

Company Secretary
1 Benjamin Street
London, EC1M 5QL
4 July 2023

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;
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business; 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.

The work carried out by the Auditor does not involve consideration of the maintenance and integrity of this website and, accordingly, the Auditor accepts no responsibility for any changes that have occurred to the Financial Statements since they were initially presented on the website.

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
4 July 2023

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 the Chairman of the Audit and Risk 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.

The AIC Code requires that all Directors submit themselves for re-election annually, therefore in accordance with the AIC Code, Richard Glover, Ann Berresford and Richard Wilson will offer themselves for re-election. As Neeta Patel has been appointed since the last Notice of Annual General Meeting was announced, she will be subject to election at the forthcoming AGM.

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 39. 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 diversity can be found on pages 46 and 47. Further details on the recruitment of new directors can be found in the Nomination Committee section on page 55.

Statement of corporate governance

The Board met four times during the year as part of its regular programme of Board meetings, with all Directors attending each meeting, who were appointed at the time. A sub-committee of the Board comprising at least two Directors met during the year to allot shares issued under the Dividend Reinvestment Scheme and the Albion VCTs Top Up Offers. A sub-committee of the Board also met to approve the terms and contents of the Offer Documents under the Albion VCTs' Prospectus Top Up Offers 2022/23. There is regular contact between individual members of the Board. Representatives of the Manager attend Board meetings and participate in Board discussions, other than on matters where there might be a perceived conflict of interest between the Manager and the Company.

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

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

- the appointment, evaluation, remuneration and removal 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;
- approving the Annual Report and Financial Statements, the Half-yearly Financial Report, the Interim Management Statements (which the Company will continue to publish), net asset value updates (where required), and the associated announcements;
- approval of the dividend policy and payments of appropriate dividends to shareholders;
- the performance of the Company, including monitoring of the discount of share price to the net asset value;
- share buy-back and treasury share policies;
- participation in dividend re-investment schemes and Top Up Offers; and
- monitoring shareholder profile and considering shareholder communications.

Given the size, nature and complexity of the Company, the Board considers it unnecessary to establish a Management Engagement Committee.

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, Ann Berresford, Neeta Patel 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 or election accordingly. For more details on the specific background, skills and experience of each Director, please see the Board of Directors section on page 39.

Remuneration Committee

The Remuneration Committee consists of all Directors and Richard Wilson became Chairman of the Committee on 6 September 2022. Given the size of the Board and the complexity of the business, all Directors are members of this committee as their background, skills and experience are relevant for the Committee's responsibilities. The Committee meets once a year and held one formal meeting during the year which was attended by all the members of the Committee.

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

Audit and Risk Committee

The Audit and Risk Committee consists of all Directors and following John Kerr's retirement from the Board on 6 September 2022, Ann Berresford became Chairman of the Committee. In accordance with the AIC Code, members of the Audit and Risk 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 and Risk Committee as his background, skills and experience are relevant for the Committee's responsibilities. The Committee met twice during the year ended 31 March 2023, which were fully attended by all the members of the Committee, at the time the meetings were held.

The Independent Auditor, BDO LLP, attended the Audit and Risk Committee meeting at which the Annual Report and Financial Statements for the year ended 31 March 2023 were discussed. BDO LLP also met with the

Audit and Risk Committee prior to the meeting without the presence of the Manager.

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

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

- formally reviewing the Annual Report and Financial Statements and the Half-yearly Financial Report, 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, reviewing their findings, and evaluating their performance;
- 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 and Risk Committee, monitors closely developments in the provision of audit services and is aware that the costs

Statement of corporate governance

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. Further details on the relationship with the external auditor can be found in this report.

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 and Risk 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 and Risk Committee has initial responsibility for reviewing the Financial Statements and reporting on any significant issues that arise in relation to the audit of the Financial Statements as outlined below. Such issues were communicated with the external Auditor with the approval of the audit strategy and at the completion of the audit of the Financial Statements. No conflicts arose between the Audit and Risk 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 and Risk Committee reviewed the estimates and judgements made in relation to these investments and were satisfied that they were appropriate. The Audit and Risk 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 and Risk 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 and Risk 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.

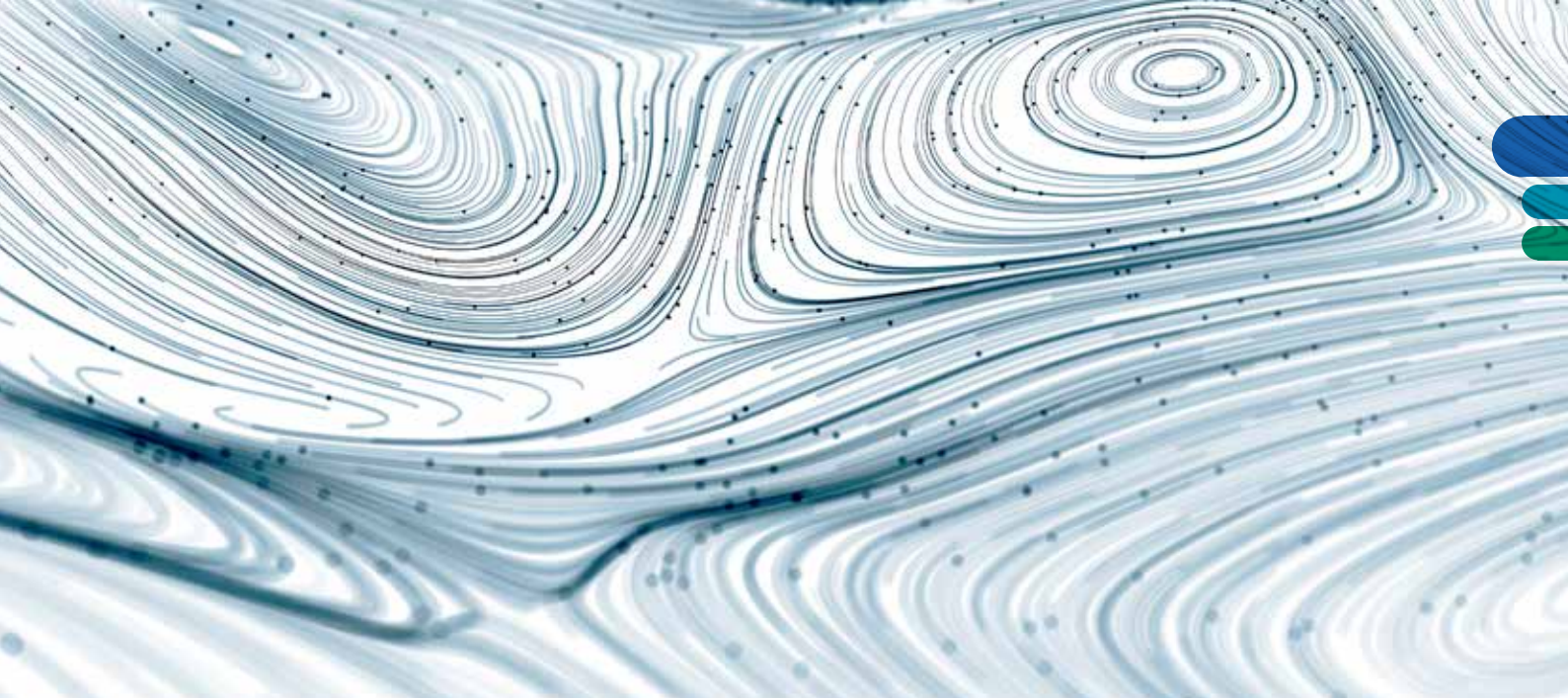
Relationship with the External Auditor

The Audit and Risk Committee reviews the performance and continued suitability of the Company's external Auditor on an annual basis. They assess the external Auditor's independence, qualification, extent of relevant experience, effectiveness of audit procedures as well as the robustness of their quality assurance procedures. In advance of each audit, the Committee obtains confirmation from the external Auditor that they are independent and of the level of non-audit fees earned by them and their affiliates. No non-audit services were provided during the financial year ended 31 March 2023.

As part of its work, the Audit and Risk 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 Audit and Risk Committee took into account information from the Manager regarding the audit process, the formal documentation issued to the Audit and Risk Committee and the Board by the external Auditor regarding the external audit for



the year ended 31 March 2023, and assessments made by individual Directors.

In 2017 the Audit and Risk 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 16 of their tenure. In order to safeguard the quality of the audit team, the audit engagement partner is rotated every five years. This year is the third year that Peter Smith has acted as audit engagement partner and rotation will take place before the year ended 31 March 2026. The Audit and Risk 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 and Risk Committee also has an annual meeting with the external Auditor, without the Manager present, at which pertinent questions are asked to help the Audit and Risk Committee determine if the Auditor's skills and approach to the annual audit and issues that arise during the course of the audit match all the relevant and appropriate criteria for the audit to have been an effective and objective review of the Company's year-end reporting.

Based on the assurance obtained, the Audit and Risk 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. All Directors sit

on the Nomination Committee as their balance of skills and knowledge are relevant to the Committee's responsibilities. The terms of reference of the Nomination Committee are to evaluate the balance of skills, experience and time commitment of the current Board members and make recommendations to the Board as and when a particular appointment arises.

The 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 Board is also mindful of the importance of creating good working relationships within the Board and with external agents. The Nomination Committee reviews succession planning regularly which includes considering tenure of existing Board members and any potential skills gaps that might need to be addressed when Board membership changes.

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 Nomination Committee carried out a formal and extensive process to identify appropriately qualified people, and following a detailed interviewing and referencing process, the Nomination Committee recommended the appointment of Neeta Patel CBE as a new Director from 1 July 2022.

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, acknowledging that 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 and Risk Committee, monitors all controls, including financial, operational and compliance controls, and risk management. The Audit and Risk 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 and Risk Committee’s attention.

The Board, through the Audit and Risk 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 and Risk 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;
- reviews of valuations are carried out by the Valuations Committee and reviews of financial reports are carried out by the operations partner of Albion Capital Group LLP;
- independent third party valuations of the majority of the asset-based investments within the portfolio are undertaken annually;
- bank reconciliations are carried out monthly by the Manager;
- all published financial reports are reviewed by the Manager’s compliance department;
- the Board reviews financial information; and
- a separate Audit and Risk Committee of the Company reviews financial information (including valuations) to be published.

As the Board has delegated the investment management and administration to Albion Capital Group LLP, the Board feels that it is not necessary to have its own internal audit function. Instead, it has access to Azets, which, as internal auditor for Albion Capital Group LLP from 2021, undertakes periodic examination of the business processes and controls environment at Albion Capital Group LLP, and ensures that any recommendations to implement improvements in controls are carried out. During the year, the Audit and Risk Committee and the Board reviewed internal audit reports prepared by Azets. The Audit and Risk Committee Chairman met with the Manager’s internal auditor, providing the opportunity to ask specific and detailed questions. The Board will continue to monitor its system of internal control in order to provide assurance that it operates as intended.

In addition to this, Ocorian Depository (UK) Limited, the Company’s external Depository, 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 and Risk 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 page 43 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 7 September 2023. The Annual General Meeting typically includes a presentation from the Manager on the portfolio and on the Company, as well as answering questions that shareholders may have. The AGM will be held virtually.

Shareholders are also encouraged to attend the annual Shareholders' Seminar. Last year's event was held on 23 November 2022. The seminar included some of the portfolio companies sharing insights into their businesses and 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. Representatives of the Board attended the seminar. The Board considers this an important interactive event, and invites shareholders to attend this year's event scheduled for 15 November 2023 at the Royal College of Surgeons. Further information will be available nearer the time.

Shareholders and financial advisers are able to obtain information on holdings and performance using the contact details provided on page 4.

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 12.

Statement of compliance

The Directors consider that the Company has complied throughout the year ended 31 March 2023 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

4 July 2023

DIRECTORS' REMUNERATION REPORT

Introduction

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

Ordinary resolutions will be proposed at the Annual General Meeting of the Company to be held on 7 September 2023 for the approval of the Director's Remuneration Policy and the Annual Remuneration Report as set out below.

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

Annual statement from the Chairman of the Remuneration Committee

The Remuneration Committee comprises all of the Directors with Richard Wilson as Chairman, appointed from 6 September 2022.

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 (£27,500 for the Chairman, £25,500 for the Chairman of the Audit and Risk Committee and £23,500 for all other Directors), which were last increased in April 2022, should be increased to remain competitive and reflective of the workload and responsibilities required from the Directors. The Committee agreed to raise the fee for the Chairman to £31,000 from £27,500, the Chairman of the Audit and Risk Committee to £29,000 from £25,500 and all other Directors to £26,000 from £23,500. The change in remuneration took place from 1 April 2023, and is in line with the remuneration policy detailed below. It is expected that, having rebased the remuneration in this way to be in line with the market, it will be reviewed every three years thereafter, at the same time as considering and approving the Company's remuneration policy.

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 and should be sufficient to enable candidates of high calibre to be recruited. In determining the level of non-executive remuneration, market equivalents are considered in comparison to the overall activities and size of the Company. There is no performance related pay criteria applicable to non-executive Directors.

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

The AIC Code requires that all Directors submit themselves for re-election annually, therefore in accordance with the AIC Code, Richard Glover, Ann Berresford and Richard Wilson will offer themselves for re-election. As Neeta Patel has been appointed since the last Notice of Annual General Meeting was announced, she will be subject to election at the forthcoming AGM.

None of the Directors have a service contract with the Company, and as such there is no policy on termination payments. There is no notice period and no payments for loss of office were made during the year. On being appointed to the Board, Directors receive a letter from the Company setting out the terms of their appointment and their specific duties and responsibilities, which are kept at the Manager's registered address. The Company is managed by Albion Capital Group LLP and has no employees. The Board consists solely of non-executive Directors, who are considered key management personnel.

Shareholders' views in respect of Directors' remuneration are regarded highly and the Board encourages Shareholders to participate in its Annual General Meeting in order to communicate their thoughts to the Board, which it takes into account where appropriate when formulating its policy. At the

last Annual General Meeting, 97.9% of shareholders voted for the resolution approving the Directors' remuneration report, 2.1% of shareholders voted against the resolution and of the total votes cast, 107,574 were withheld (being 0.1% 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 at the time of the meeting.

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

The total figure for Directors' remuneration and table of Directors' interests below have been audited.

The following tables show analysis of the remuneration, excluding National Insurance, of individual Directors who served during the last three years.

The base remuneration of each of the Directors' positions has increased during the year, effective from 1 April 2022. The Committee agreed to raise the fee for the Chairman to £27,500 from £27,000, the Chairman of the Audit and Risk Committee to £25,500 from £24,000 and all other Directors to £23,500 from £22,000.

The changes from the prior year are due to: Neeta Patel being appointed on 1 July 2022, John Kerr retiring on 6 September 2022 and Ann Berresford becoming Audit and Risk Committee Chairman from 6 September 2022.

The Directors' remuneration for the year ending 31 March 2024 is expected to be approximately £112,000.

Total Directors' remuneration

	31 March 2023	31 March 2022
	£'000	£'000
Richard Glover	27.5	27.0
Ann Berresford	24.6	22.0
Neeta Patel (appointed 1 July 2022)	17.6	-
Richard Wilson	23.5	22.0
John Kerr	11.0	24.0
	104.2	95.0

Annual percentage change in Directors' remuneration

	Percentage change 2022 to 2023	Percentage change 2021 to 2022	Percentage change 2020 to 2021
	%	%	%
Richard Glover	1.9	-	3.8
Ann Berresford	11.8	-	-
Neeta Patel (appointed 1 July 2022)	n/a	n/a	n/a
Richard Wilson	6.8	10.0	n/a
John Kerr	(54.2)	-	-
	9.7	2.2	4.2

Directors' remuneration report

In addition to Directors' remuneration, the Company pays an annual premium in respect of Directors' & Officers' Liability Insurance of £25,193 (2022: £23,965).

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. There are therefore no variable elements to the Directors' remuneration.

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

Directors' interests

The Directors who held office throughout the year and their interests in the shares of the Company (together with those of their immediate family) are shown below.

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

There have been no changes in the holdings of the Directors between 31 March 2023 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 1,434,141 shares in the Company as at 31 March 2023.

Performance graph

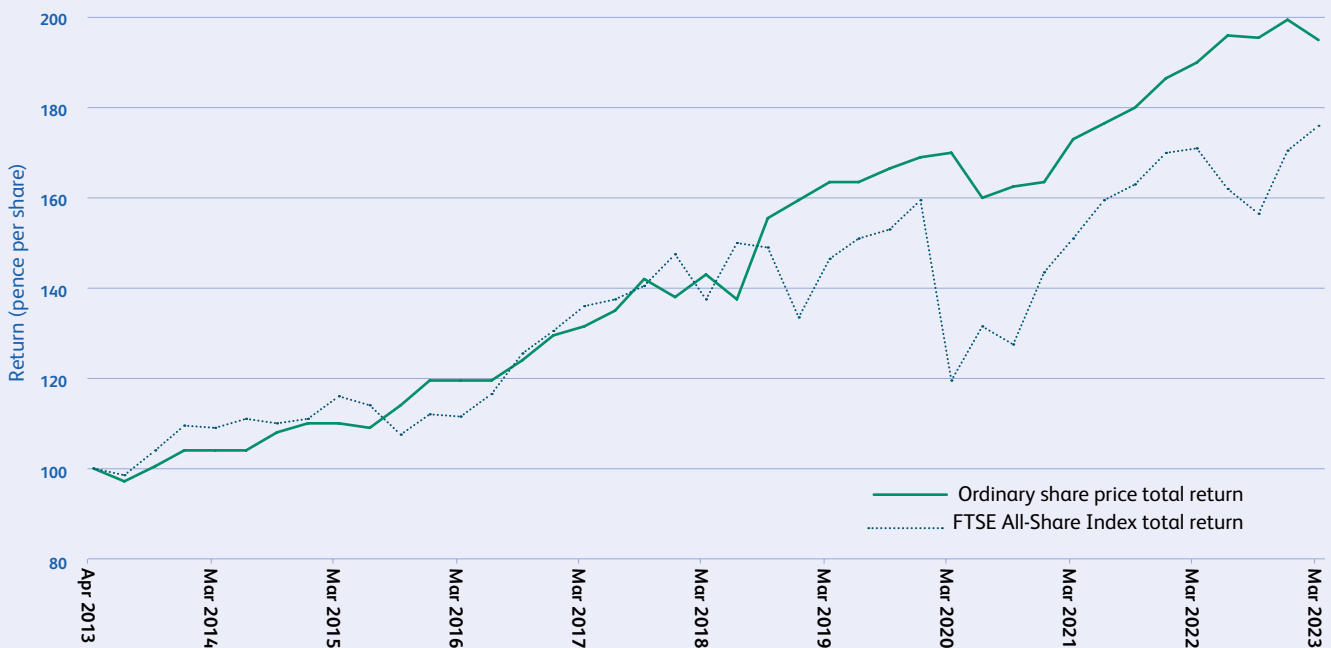
The graph that follows shows the Company's Ordinary share price total return against the FTSE All-Share Index total return, in both instances with dividends reinvested, since 1 April 2013. The Directors consider the FTSE All-Share Index to be the most appropriate benchmark for the Company as it contains 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' interests

	31 March 2023 (Number of shares)	31 March 2022 (Number of shares)
Richard Glover	88,681	88,681
Ann Berresford	26,917	15,765
Neeta Patel	11,111	n/a
Richard Wilson	86,957	25,000
John Kerr (retired 7 September 2022)	n/a	34,656
	213,666	164,102

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



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

	31 March 2023 £'000	31 March 2022 £'000	31 March 2021 £'000	Percentage change from 2022 to 2023	Percentage change from 2021 to 2022
Total dividend distribution to shareholders	3,318	25,382	4,263	(87)%	495%
Share buybacks	1,440	2,013	2,043	(28)%	(1)%
Total Directors fees (excluding NIC)	104	95	93	10%	2%

The Company paid a total of 22.00 pence per share in special dividends in the year ended 31 March 2022 which is the reason for the large percentage change in distributions to shareholders.

For and on behalf of the Board

Richard Glover

Director

4 July 2023

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ALBION VENTURE CAPITAL TRUST VCT PLC

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Albion Venture Capital Trust VCT PLC (the 'Company') for the year ended 31 March 2023 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).

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit opinion is consistent with the additional report to the Audit & Risk Committee.

Independence

Following the recommendation of the Audit & Risk Committee, we were appointed by the Board of

Directors in 2008 to audit the financial statements for the year ended 31 March 2008 and subsequent financial periods. The period of total uninterrupted engagement including retenders and reappointments is 16 years, covering the years ended 31 March 2008 to 31 March 2023. We remain 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. The non-audit services prohibited by that standard were not provided to the Company.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included:

- Obtaining the VCT compliance reports prepared by management's expert during the year and as at year end and reviewing the calculations therein to check that the Company was meeting its requirements to retain VCT status;
- Consideration of the Company's expected future compliance with VCT legislation, the absence of bank debt, contingencies and commitments and any market or reputational risks;
- Reviewing the forecasted cash flows that support the Directors' assessment of going concern, challenging assumptions and judgements made in the forecasts, and assessing them for reasonableness. In particular, we considered the available cash resources relative to the forecast expenditure which was assessed against the prior year for reasonableness; and

- Evaluating the Directors' method of assessing the going concern in light of market volatility and the present uncertainties in economic recovery created by rising inflation.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In relation to the Company's reporting on how it has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' statement in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Overview		2023	2022
Key audit matters	Valuation of unquoted investments	✓	✓
Materiality	Company financial statements as a whole £1.2m (2022: £1.1m) based on 2% (2022: 2%) of Net assets adjusted for significant fundraising in the year		

An overview of the scope of our audit

Our audit was scoped by obtaining an understanding of the Company and its environment, including the Company's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Directors that may have represented a risk of material misstatement.

Key audit matters

Key audit matters are those matters that, in our professional judgement, 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.

Key audit matter	How the scope of our audit addressed the key audit matter
<p>Valuation of unquoted investments (Notes 2, 3 and 11 to the financial statements)</p> <p>There is a high level of estimation uncertainty involved in determining the unquoted investment's valuation; consisting of both equity and loan stock instruments.</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 misstatement of investment valuations by management override.</p> <p>For these reasons we considered the valuation of unquoted investments to be a key audit matter.</p>	<p>For a sample of loans held at fair value we:</p> <ul style="list-style-type: none"> • Agreed security held to confirmation statements and Depository stock sheet. • Reviewed the treatment of accrued redemption premium/other fixed returns in line with the Statement of Recommended Practice ("SORP"): Financial Statements of Investment Trust Companies and Venture Capital Trusts (Issued by Association of Investment Companies in July 2022). <p>For a sample of the unquoted investment portfolio, we performed the following:</p> <ul style="list-style-type: none"> • Considered whether the valuation methodology is appropriate in the circumstances under the International Private Equity and Venture Capital Valuation ("IPEV") Guidelines. Where there has been a change in valuation methodology from prior year, we assessed whether the change was appropriate. • Considered the change in market multiples and discount applied from prior year to see if these were supported by the performance of the underlying investment. • Checked that the valuation was based on recent financial information and reviewed the arithmetic accuracy of the valuation. <p>For investments based on valuations using net assets, cost (where the investment was recently acquired), the price of a recent investment or an offer to acquire the investee company, we checked the cost, net assets or third party offer to supporting evidence, reviewed the calibration of fair value 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 2023. This is particularly pertinent in those circumstances where the impact of rising inflation and other market conditions may call into question whether the price of recent investment remains reflective of fair value.</p> <p>For a sample of investments valued with reference to more subjective techniques such as calibrated price of recent investment, discounted cash flow, revenue and earnings multiple, we:</p> <ul style="list-style-type: none"> • Re-performed the calculation of the investment valuation. • Agreed and benchmarked key inputs and estimates to independent information from our own research and against metrics from the most recent management accounts of the investee companies. • Challenged the consistency and appropriateness of adjustments made to such market data in establishing the revenue, cash flow or earnings multiple applied in arriving at the valuations adopted by considering the individual performance of investee companies against plan and relative to the peer group, the market and sector in which the investee company operates and other factors as appropriate. • Where a valuation has been performed by a third party management's expert, we have assessed the competence and capabilities of that expert, the quality of their work and their qualifications, as well as challenging the basis of inputs and assumptions used by the expert. We have 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 performed sensitivity analysis on the valuation calculations where there is sufficient evidence to suggest reasonable alternative inputs might exist. <p>Key observations</p> <p>Based on the procedures performed we consider the investment valuations to be appropriate considering the level of estimation uncertainty.</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 as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole and performance materiality as follows:

	Company financial statements	
	2023	2022
Materiality	£1,197,000	£1,100,000
Basis for determining materiality	2% of Net assets adjusted for significant fundraising in the year	
Rationale for the benchmark applied	In setting materiality, we have had regard to the nature and disposition of the investment portfolio. Given that the VCT's portfolio is comprised of unquoted investments which would typically have a wider spread of reasonable alternative possible valuations, we have applied a percentage of 2% of net assets adjusted for significant fundraising in the year.	
Performance materiality	£897,000	£825,000
Basis for determining performance materiality	75% of materiality	
Rationale for the percentage applied for performance materiality	The level of performance materiality applied was set after having considered a number of factors including the expected total value of known and likely misstatements and the level of transactions in the year.	

Lower testing threshold

We determined that for Revenue return before tax, a misstatement of less than materiality for the financial statements as a whole, could influence users of the financial statements as it is a measure of the Company's performance of income generated from its investments after expenses. As a result, we determined a lower testing threshold for those items impacting revenue return of £82,000 (2022: £80,000) based on 5% of expenditure (2022: 5% of expenditure).

Reporting threshold

We agreed with the Audit & Risk Committee that we would report to them all individual audit differences in excess of £59,000 (2022: £55,000). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report and Financial Statements 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Corporate governance statement

The Listing Rules require us to review the Directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or our knowledge obtained during the audit.

Going concern and longer-term viability	<ul style="list-style-type: none"> • The Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified, set out on page 44; and • The Directors' explanation as to their assessment of the Company's prospects, the period this assessment covers and why the period is appropriate, set out on page 26.
Other Code provisions	<ul style="list-style-type: none"> • Directors' statement on fair, balanced and understandable, set out on page 54; • Board's confirmation that it has carried out a robust assessment of the emerging and principal risks, set out on page 26; • The section of the annual report that describes the review of effectiveness of risk management and internal control systems, set out on page 56; and • The section describing the work of the Audit & Risk Committee, set out on pages 53 and 54.

Other Companies Act 2006 reporting

Based on the responsibilities described below and our work performed during the course of the audit, we are required by the Companies Act 2006 and ISAs (UK) to report on certain opinions and matters as described below.

Strategic report and Directors' report	<p>In our opinion, based on the work undertaken in the course of the audit:</p> <ul style="list-style-type: none"> • 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. <p>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.</p>
Directors' remuneration	<p>In our opinion, the part of the Directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.</p>
Matters on which we are required to report by exception	<p>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:</p> <ul style="list-style-type: none"> • adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or • the financial statements and the part of the Directors' remuneration report to be audited are not in agreement with the accounting records and returns; or • certain disclosures of Directors' remuneration specified by law are not made; or • we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the Statement of Directors' responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, 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.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Non-compliance with laws and regulations

Based on:

- Our understanding of the Company and the industry in which it operates;
- Discussion with management, those charged with governance and Audit & Risk Committee; and
- Obtaining an understanding of the Company's policies and procedures regarding compliance with laws and regulations.

we considered the significant laws and regulations to be the Companies Act 2006, the FCA listing and DTR rules, the principles of the UK Corporate Governance Code, industry practice represented by the SORP and

updated in 2022 with consequential amendments and the applicable financial reporting framework. We also considered the Company's qualification as a VCT under UK tax legislation.

Our procedures in respect of the above included:

- Agreement of the financial statement disclosures to underlying supporting documentation;
- Enquiries of management and those charged with governance relating to the existence of any non-compliance with laws and regulations;
- Obtaining the VCT compliance reports prepared by management's expert during the year and as at year end and reviewing their calculations to check that the Company was meeting its requirements to retain VCT status; and
- Reviewing minutes of meetings of those charged with governance throughout the period for instances of non-compliance with laws and regulations.

Fraud

We assessed the susceptibility of the financial statements to material misstatement including fraud.

Our risk assessment procedures included:

- Enquiry with management and those charged with governance also considered Audit & Risk Committee regarding any known or suspected instances of fraud;
- Obtaining an understanding of the Company's policies and procedures relating to:
 - Detecting and responding to the risks of fraud; and
 - Internal controls established to mitigate risks related to fraud.
- Review of minutes of meetings of those charged with governance for any known or suspected instances of fraud;
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements;
- Considering performance incentive schemes and performance targets and the related financial statement areas impacted by these.

Based on our risk assessment, we considered the areas most susceptible to fraud to be the valuation of unquoted investments and management override of controls.

Our procedures in respect of the above included:

- The procedures set out in the Key Audit Matters section above;
- Obtaining independent evidence to support the ownership of investments;
- Recalculating investment management fees in total;
- Obtaining independent confirmation of bank balances; and
- Testing journals which met a defined risk criteria by agreeing to supporting documentation and evaluating whether there was evidence of bias by the Investment Manager and Directors that represented a risk of material misstatement due to fraud.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members who were all deemed to have appropriate competence and capabilities and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, 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. There are inherent limitations in the audit procedures performed 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 are to become aware of it.

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

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.

Peter Smith (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London, UK
4 July 2023

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

Company information and Financials



INCOME STATEMENT

	Note	Year ended 31 March 2023			Year ended 31 March 2022		
		Revenue	Capital	Total	Revenue	Capital	Total
		£'000	£'000	£'000	£'000	£'000	£'000
Net gains on investments	3	-	577	577	-	6,553	6,553
Investment income	4	1,202	-	1,202	1,037	-	1,037
Investment Manager's fees	5	(122)	(1,097)	(1,219)	(122)	(1,097)	(1,219)
Other expenses	6	(435)	-	(435)	(411)	-	(411)
Profit/(loss) on ordinary activities before tax		645	(520)	125	504	5,456	5,960
Tax (charge)/credit on ordinary activities	8	(99)	99	-	(97)	98	1
Profit/(loss) and total comprehensive income attributable to shareholders		546	(421)	125	407	5,554	5,961
Basic and diluted return/(loss) per share (pence)*	10	0.44	(0.34)	0.10	0.39	5.38	5.77

* Adjusted for treasury shares

The accompanying notes on pages 74 to 88 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 2023 £'000	31 March 2022 £'000
Fixed assets investments	11	46,823	37,604
Current assets			
Trade and other receivables	13	1,960	1,926
Cash in bank and at hand		22,886	24,668
		24,846	26,594
Payables: amounts falling due within one year			
Trade and other payables	14	(654)	(261)
Net current assets		24,192	26,333
Total assets less current liabilities		71,015	63,937
Equity attributable to equity holders			
Called-up share capital	15	1,587	1,369
Share premium		21,531	10,047
Capital redemption reserve		31	22
Unrealised capital reserve		8,415	6,550
Realised capital reserve		2,089	7,693
Other distributable reserve		37,362	38,256
Total equity shareholders' funds		71,015	63,937
Basic and diluted net asset value per share (pence)*	16	50.88	53.38

*Excluding treasury shares

The accompanying notes on pages 74 to 88 form an integral part of these Financial Statements.

These Financial Statements were approved by the Board of Directors and authorised for issue on 4 July 2023, and were signed on its behalf by:

Richard Glover

Chairman

Company number: 03142609

STATEMENT OF CHANGES IN EQUITY

	Called-up share capital	Share premium	Capital redemption reserve	Unrealised capital reserve	Realised capital reserve*	Other distributable reserve*	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 April 2022	1,369	10,047	22	6,550	7,693	38,256	63,937
Return/(loss) and total comprehensive income for the year	-	-	-	492	(913)	546	125
Transfer of previously unrealised losses on realisations of investments	-	-	-	1,373	(1,373)	-	-
Purchase of shares for cancellation	(9)	-	9	-	-	(455)	(455)
Purchase of treasury shares	-	-	-	-	-	(985)	(985)
Issue of equity	227	11,754	-	-	-	-	11,981
Cost of issue of equity	-	(270)	-	-	-	-	(270)
Net dividends paid (note 9)	-	-	-	-	(3,318)	-	(3,318)
At 31 March 2023	1,587	21,531	31	8,415	2,089	37,362	71,015
At 1 April 2021	1,165	40,668	7	3,588	21,829	5,431	72,688
Return and total comprehensive income for the year	-	-	-	3,784	1,770	407	5,961
Transfer of previously unrealised gains on realisations of investments	-	-	-	(822)	822	-	-
Purchase of shares for cancellation	(39)	-	39	-	-	(2,013)	(2,013)
Issue of equity	243	12,694	-	-	-	-	12,937
Cost of issue of equity	-	(254)	-	-	-	-	(254)
Reduction of share premium and capital redemption reserve	-	(43,061)	(24)	-	-	43,085	-
Net dividends paid (note 9)	-	-	-	-	(16,728)	(8,654)	(25,382)
At 31 March 2022	1,369	10,047	22	6,550	7,693	38,256	63,937

*These reserves include an amount of £20,254,000 (2022: £26,804,000) which is considered distributable. Over the next three years an additional £17,018,000 will become distributable. This is due to the HMRC requirement that the Company cannot use capital raised in the past three years to make a payment or distribution to shareholders. On 1 April 2023, £13,435,000 became distributable in line with this.

The accompanying notes on pages 74 to 88 form an integral part of these Financial Statements.

STATEMENT OF CASH FLOWS

	Year ended 31 March 2023	Year ended 31 March 2022
	£'000	£'000
Cash flow from operating activities		
Loan stock income received	851	978
Dividend income received	121	7
Income from fixed term funds received	85	2
Bank interest received	55	2
Investment Manager's fees paid	(1,019)	(1,434)
Other cash payments	(431)	(389)
UK Corporation tax paid	-	(42)
Net cash flow used in operating activities	(338)	(876)
Cash flow from investing activities		
Purchase of fixed asset investments	(9,425)	(7,771)
Proceeds from disposals of fixed asset investments	834	4,649
Net cash flow used in investing activities	(8,591)	(3,122)
Cash flow from financing activities		
Issue of share capital	11,159	8,941
Cost of issue of equity	(6)	(35)
Dividends paid*	(2,758)	(21,589)
Purchase of own shares (including costs)	(1,248)	(2,213)
Net cash flow from/(used in) financing activities	7,147	(14,896)
Decrease in cash in bank and at hand	(1,782)	(18,894)
Cash in bank and at hand at start of the year	24,668	43,562
Cash in bank and at hand at end of the year	22,886	24,668

*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 and the timing of unclaimed dividends.

The accompanying notes on pages 74 to 88 form an integral part of these Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

1. Basis of preparation

The Financial Statements have been prepared in accordance with applicable United Kingdom law and accounting standards, including Financial Reporting Standard 102 (“FRS 102”), and with the Statement of Recommended Practice “Financial Statements of Investment Trust Companies and Venture Capital Trusts” (“SORP”) issued by The Association of Investment Companies (“AIC”). The Financial Statements have been prepared on a going concern basis and further details can be found in the Directors’ report on page 44.

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”) in accordance with FRS 102 sections 11 and 12. The Company values investments by following the International Private Equity and Venture Capital Valuation (“IPEV”) Guidelines as updated in 2022 and further detail on the valuation techniques used are outlined below.

Company information is shown on page 4.

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% 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, discounted cash flows 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 (including debtors due after more than one year), payables and cash are carried at amortised cost, in accordance with FRS 102. Deferred consideration meets the definition of a financing transaction held at amortised cost, and interest will be recognised through capital over the credit period using the effective interest method. There are no financial liabilities other than payables.

Investment income

Dividend 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.

Fixed term funds income

Funds income is recognised on an accruals basis using the agreed rate of interest.

Bank interest income

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

Investment management fee, performance incentive fee and other expenses

All expenses have been accounted for on an accruals

basis. Expenses are charged through the other distributable reserve except the following which are charged through the realised capital reserve:

- 90% of management fees and 100% of performance incentive fees, if any, are allocated to the realised capital reserve; 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

Called-up share capital

This accounts for the nominal value of the Company's shares.

Share premium

This accounts for the difference between the price paid for shares and the nominal value of the shares, less issue costs and transfers on cancellation of share premium once consent of the court is given.

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, less any transfers on cancellation of share premium once consent of the court is given.

Notes to the Financial Statements

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, or permanent diminutions in value (including gains recognised on the realisation of investment where consideration is deferred that are not distributable as a matter of law);
- finance income in respect of the unwinding of the discount on deferred consideration that is not distributable as a matter of law;
- expenses, together with the related taxation effect, charged in accordance with the above policies; and
- dividends paid to equity holders where paid out by capital.

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, transfers from the share premium and capital redemption reserve, and other non-capital realised movements.

Dividends

Dividends by the Company are accounted for when the liability to make the payment (record date) has been established.

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.

3. Gains/(losses) on investments

	Year ended 31 March 2023 £'000	Year ended 31 March 2022 £'000
Unrealised gains on fixed asset investments	492	3,784
Realised (losses)/gains on fixed asset investments	(176)	2,546
Unwinding of discount on deferred consideration	261	223
	577	6,553

4. Investment income

	Year ended 31 March 2023 £'000	Year ended 31 March 2022 £'000
Loan stock interest	941	1,026
Dividend income	121	7
Income from fixed term funds	85	2
Bank interest	55	2
	1,202	1,037

5. Investment Manager's fees

	Year ended 31 March 2023 £'000	Year ended 31 March 2022 £'000
Investment management fee charged to revenue	122	122
Investment management fee charged to capital	1,097	1,097
	1,219	1,219

Further details of the Management agreement under which the investment manager fee is paid are given in the Strategic report on page 19.

During the year, services of a total value of £1,279,000 (2022: £1,274,000), were purchased by the Company from Albion Capital Group LLP ("Albion"); this includes £1,219,000 (2022: £1,219,000) of investment management fee and £60,000 (2022: £55,000) of secretarial and administration fee. At the financial year end, the amount due to Albion in respect of these services disclosed within payables was £345,000 (2022: £144,000). The total annual running costs of the Company are capped at an amount equal to 2.5% of the Company's net assets, with any excess being met by Albion by a way of a reduction in management fees. During the year, the management fee was reduced by £27,000 as a result of this cap (2022: £nil).

Albion is, from time to time, eligible to receive arrangement fees and monitoring fees from portfolio companies. During the year ended 31 March 2023, fees of £193,000 attributable to the investments of the Company were received by Albion pursuant to these arrangements (2022: £155,000).

Albion, its partners and staff hold a total of 1,434,141 shares in the Company as at 31 March 2023.

The Company entered into an offer agreement relating to the Offers pursuant to which Albion received a fee of 2.5% of the gross proceeds of the Offers and out of which Albion paid the costs of the Offers, as detailed in the Prospectus.

6. Other expenses

	Year ended 31 March 2023 £'000	Year ended 31 March 2022 £'000
Directors' fees (including NIC)	114	103
Auditor's remuneration for statutory audit services (excluding VAT)	48	39
Secretarial and administration fee	60	55
Other administrative expenses	213	214
	435	411

7. Directors' fees

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

	Year ended 31 March 2023 £'000	Year ended 31 March 2022 £'000
Directors' fees	104	95
National insurance	10	8
	114	103

The Company's key management personnel are the Directors. Further information regarding Directors' remuneration can be found in the Directors' remuneration report on page 59.

8. Tax (charge)/credit on ordinary activities

	Year ended 31 March 2023			Year ended 31 March 2022		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
UK corporation tax in respect of current year	99	(99)	-	98	(98)	-
UK corporation tax in respect of prior year	-	-	-	(1)	-	(1)
	99	(99)	-	97	(98)	(1)

	Year ended 31 March 2023 £'000	Year ended 31 March 2022 £'000
Reconciliation of profit on ordinary activities to taxation charge		
Return on ordinary activities before taxation	125	5,960
Tax charge on profit at the standard rate of 19.00% (2022: 19.00%)	24	1,132
Factors affecting the charge:		
Non-taxable gains	(110)	(1,245)
Income not taxable	(23)	(1)
Prior year refund	-	1
Excess management expenses carried forward	109	112
	-	(1)

The tax charge for the year shown in the Income statement is lower than the standard rate of corporation tax in the UK of 19.00% (2022: 19.00%). The differences are explained above. From 1 April 2023, the Company's rate of corporation tax will increase in the UK from 19% to 25%.

Notes

- (i) Venture Capital Trusts are not subject to corporation tax on capital gains.
- (ii) Tax relief on expenses charged to capital has been determined by allocating tax relief to expenses by reference to the applicable corporation tax rate and allocating the relief between revenue and capital in accordance with the SORP.
- (iii) The Company has excess management expenses of £1,154,000 (2022: £582,000) that are available for offset against future profits. A deferred tax asset of £289,000 (2022: £146,000) has not been recognised in respect of these losses as they will be recoverable only to the extent that the Company has sufficient future taxable profits.

9. Dividends

	Year ended 31 March 2023 £'000	Year ended 31 March 2022 £'000
First interim dividend of 1.33p per share paid on 29 July 2022 (31 July 2021: First interim and first special dividend of 16.83p per share)	1,614	16,728
Second special dividend of 7.00p per share paid on 31 December 2021	-	7,141
Second interim dividend of 1.32p per share paid on 31 January 2023 (31 January 2022: Second interim dividend of 1.47p per share)	1,716	1,523
Unclaimed dividends	(12)	(10)
	3,318	25,382

In addition to the dividends summarised above, the Board has declared a first dividend for the year ending 31 March 2024 of 1.27 pence per share to be paid on 31 July 2023 to shareholders on the register on 7 July 2023. The total dividend will be approximately £1,783,000.

During the year, unclaimed dividends older than twelve years of £12,000 (2022: £10,000) 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/(loss) per share

	Year ended 31 March 2023			Year ended 31 March 2022		
	Revenue	Capital	Total	Revenue	Capital	Total
Return/(loss) attributable to equity shares (£'000)	546	(421)	125	407	5,554	5,961
Weighted average shares in issue (adjusted for treasury shares)	123,938,910			103,265,706		
Return/(loss) attributable per equity share (pence)	0.44	(0.34)	0.10	0.39	5.38	5.77

The weighted average number of shares is calculated after adjusting for treasury shares of 19,137,781 (2022: 17,153,431).

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

11. Fixed asset investments

	31 March 2023 £'000	31 March 2022 £'000
Investments held at fair value through profit or loss		
Unquoted equity	34,202	24,388
Unquoted loan stock	12,354	12,460
Quoted equity	267	756
	46,823	37,604
Opening valuation	37,604	28,355
Purchases at cost	9,425	7,771
Disposal proceeds	(612)	(4,899)
Realised (losses)/gains	(176)	2,546
Movement in loan stock accrued income	90	47
Unrealised gains	492	3,784
Closing valuation	46,823	37,604
Movement in loan stock accrued income		
Opening accumulated loan stock accrued income	246	199
Movement in loan stock accrued income	90	47
Closing accumulated loan stock accrued income	336	246
Movement in unrealised gains		
Opening accumulated unrealised gains	6,550	3,588
Transfer of previously unrealised losses/(gains) to realised reserve on realisations of investments	1,373	(822)
Unrealised gains	492	3,784
Closing accumulated unrealised gains	8,415	6,550
Historic cost basis		
Opening book cost	30,808	24,568
Purchases at cost	9,425	7,771
Disposals at cost	(2,160)	(1,531)
Closing book cost	38,073	30,808

Purchases and disposals detailed above may not agree to purchases and disposals in the Statement of cash flows due to restructuring of investments, conversion of convertible loan stock and settlement of receivables and payables.

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.

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

	31 March 2023	31 March 2022
	£'000	£'000
Valuation methodology		
Cost and price of recent investment (calibrated and reviewed for impairment)	20,040	16,678
Third party valuation – Discounted cash flow	10,140	10,026
Revenue multiple	6,497	1,595
Third party valuation - Earnings multiple	4,953	3,085
Earnings multiple	2,756	2,426
Net assets	2,170	3,038
	46,556	36,848

When using the cost or price of 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 background to the transaction is also considered when the price of investment may not be an appropriate measure of fair value, for example, disproportionate dilution of existing investors from a new investor coming on board or the market conditions at the time of investment no longer being a true reflection of fair value.

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 2022 and 31 March 2023:

Change in valuation methodology (2022 to 2023)	Value as at 31 March 2023 £'000	Explanatory note
Cost and price of recent investment (calibrated and reviewed for impairment) to revenue multiple	3,927	Revenue multiple more relevant based on current trading
Cost and price of recent investment (calibrated and reviewed for impairment) to earnings multiple	2,756	Earnings multiple more relevant based on current trading
Net assets to third party valuation – earnings multiple	1,028	Third party valuation conducted

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 2023.

Notes to the Financial Statements

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 FRS 102 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

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

Investments held at fair value through profit or loss (Level 3) had the following movements:

	31 March 2023 £'000	31 March 2022 £'000
Opening valuation	36,848	28,355
Purchases at cost	9,425	7,771
Movement from Level 3 to Level 1*	-	(356)
Unrealised gains	622	3,384
Movement in loan stock accrued income	90	47
Realised net gains on disposal	(66)	2,546
Disposal proceeds	(363)	(4,899)
Closing valuation	46,556	36,848

*This relates to Arcor Therapeutics PLC, which listed on the AIM stock exchange during the prior year.

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. 68% of the portfolio of investments, consisting of equity and loan stock, is based on recent investment price, net assets and cost, which is considered and as such the Board believes that changes to reasonable possible alternative input assumptions (by adjusting the earnings and revenue multiples) for the valuation of the remainder of the portfolio could lead to a significant change in the fair value of the portfolio. Therefore, for the remainder of the portfolio, the Board has adjusted the inputs for a number of the largest portfolio companies (by value) resulting in a total coverage of 80% of the portfolio of investments. The main inputs considered for each type of valuation is as follows:

Valuation technique	Portfolio company sector	Input	Base Case*	Change in input	Change in fair value of investments (£'000)	Change in NAV (pence per share)
Third party valuation – Discounted cashflow	Renewable energy	Discount rate	6.5%	+0.5%	118	0.08
				-0.5%	(109)	(0.08)
Third party valuation – Earnings multiple	Education	Earnings multiple	18.8x	+1.9x	223	0.16
				-1.9x	(223)	(0.16)
Earnings multiple	Healthcare (including digital healthcare)	Earnings multiple	8.0x	+0.8x	177	0.13
				-0.8x	(177)	(0.13)

*As detailed in the accounting policies on pages 74 and 75, the base case is based on market comparables, discounted where appropriate for marketability, in accordance with the IPEV guidelines.

The impact of these changes could result in an overall increase in the valuation of the unquoted equity investments by £517,000 (1.5%) or a decrease in the valuation of unquoted equity investments by £508,000 (1.5%).

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 of a portfolio company. The size and structure of the companies with unquoted securities may result in certain holdings in the portfolio representing a participating interest without there being any partnership, joint venture or management consortium agreement.

The Company has interests of greater than 20% 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 2023 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
Kew Green VCT (Stansted) Limited	EC1M 5QL, UK	n/a*	2,331	31 December 2021	45.2% Ordinary	45.2%

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

13. Trade and other receivables

	31 March 2023 £'000	31 March 2022 £'000
Other receivables	115	342
Prepayments	25	24
Deferred consideration over one year	-	1,560
Deferred consideration under one year	1,820	-
	1,960	1,926

The deferred consideration under one year relates to the sale of G. Network Communications Limited in December 2020. These proceeds are receivable in January 2024, and have been discounted to present value at the prevailing market rate, including a provision for counterparty risk. This constitutes a financing transaction, and has been accounted for using the policy disclosed in note 2.

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

14. Trade and other payables

	31 March 2023 £'000	31 March 2022 £'000
Trade payables	208	27
Accruals and deferred income	446	234
	654	261

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

15. Called-up share capital

Allotted, called-up and fully paid	£'000
136,927,633 Ordinary shares of 1 penny each at 31 March 2022	1,369
22,703,401 Ordinary shares of 1 penny each issued during the year	227
914,702 Ordinary shares of 1 penny each cancelled during the year	(9)
158,716,332 Ordinary shares of 1 penny each at 31 March 2023	1,587
17,153,431 Ordinary shares of 1 penny each held in treasury at 31 March 2022	(172)
1,984,350 Ordinary shares of 1 penny each purchased during the year to be held in treasury	(19)
19,137,781 Ordinary shares of 1 penny each held in treasury at 31 March 2023	(191)
139,578,551 Ordinary shares of 1 penny each in circulation* at 31 March 2023	1,396

* Carrying one vote each

The Company purchased 1,984,350 Ordinary shares which were held in treasury (2022: nil) at a cost of £985,000 (2022: £nil), representing 1.3% (2022: nil%) of issued share capital as at 31 March 2023. The Company also purchased 914,702 Ordinary shares for cancellation (2022: 3,919,566 shares) at a cost of £455,000 (2022: £2,013,000) representing 0.6% (2022: 2.9%) of issued share capital as at 31 March 2023. The shares purchased for treasury were funded from the other distributable reserve.

The Company holds a total of 19,137,781 shares (2022: 17,153,431) in treasury at a nominal value of £191,000, representing 12.1% of the issued Ordinary share capital as at 31 March 2023.

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

Date of allotment	Number of shares allotted	Aggregate nominal value of shares £'000	Issue price (pence per share)	Net invested £'000	Opening market price on allotment date (pence per share)
29 July 2022	525,971	5	52.05	272	49.55
31 January 2023	546,247	6	51.58	280	49.00
	1,072,218	11		552	

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 2021/22 and 2022/23:

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)
11 April 2022	446,260	5	52.30	230	48.60
11 April 2022	23,806	-	52.50	12	48.60
11 April 2022	1,126,685	11	52.80	580	48.60
2 December 2022	2,520,630	25	53.80	1,336	50.00
2 December 2022	575,473	6	54.00	305	50.00
2 December 2022	7,301,049	73	54.30	3,866	50.00
31 March 2023	9,637,280	96	51.40	4,830	47.60
	21,631,183	216		11,159	

16. Basic and diluted net asset value per share

	31 March 2023	31 March 2022
Basic and diluted net asset value per share (pence)	50.88	53.38

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 139,578,551 Ordinary shares (2022: 119,774,202).

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.

The Company's financial instruments comprise equity and loan stock investments in quoted and 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:

- Market and investment 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.

Market risk

As a Venture Capital Trust, it is the Company's specific nature to evaluate the market risk of its portfolio in unquoted companies. Market risk is the exposure of the Company to the revaluation and devaluation of investments as a result of macroeconomic changes. The main driver of market risk is the dynamics of market quoted comparators, as well as the financial and operational performance of portfolio companies. The Board seeks to reduce this risk by having a spread of investments across a variety of sectors. More details on the sectors the Company invests in can be found in the pie chart on page 14.

The Manager and the Board formally review market 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.

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. In order to show the impact of sensitivity in market movements on the Company, 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 £4,682,000. Accordingly, 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 £9,365,000. Further sensitivity analysis on fixed asset investments is included in note 11.

Investment risk (including investment price risk)

Investment risk (including 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 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 Directors monitor the Manager's compliance with the investment policy, review and agree policies for managing this risk and monitor the overall level of risk on the investment portfolio on a regular basis.

Valuations are based on the most appropriate valuation methodology for an investment within its market, with regard to the financial health of the investment and the IPEV Guidelines. Details of the industries in which investments have been made are contained in the pie chart in the Strategic report on page 14.

The maximum investment risk on the balance sheet date is the value of the fixed asset investment portfolio which is £46,823,000 (2022: £37,604,000). Fixed asset investments form 66% of the net asset value on 31 March 2023 (2022: 59%).

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% in all interest rates would have increased total return before tax for the year by approximately £238,000 (2022: £341,000). 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 8.8% (2022: 7.3%). The weighted average period to maturity for the fixed rate assets is approximately 5.3 years (2022: 6.0 years).

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

	31 March 2023				31 March 2022			
	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	-	-	34,202	34,202	-	-	24,388	24,388
Quoted equity	-	-	267	267	-	-	756	756
Unquoted loan stock	11,795	219	340	12,354	11,922	233	305	12,460
Receivables*	-	-	1,935	1,935	-	-	1,902	1,902
Payables	-	-	(654)	(654)	-	-	(261)	(261)
Cash	-	22,886	-	22,886	-	24,668	-	24,668
	11,795	23,105	36,090	70,990	11,922	24,901	27,090	63,913

* The receivables do not reconcile to the Balance sheet as prepayments 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 75% 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.

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 2023 was limited to £12,354,000 of unquoted loan stock instruments (2022: £12,460,000), £22,886,000 cash deposits with banks (2022: £24,668,000) and £1,960,000 of other receivables (2022: £1,926,000).

At the Balance sheet date, the cash in bank and at hand held by the Company was held with Lloyds Bank plc, Scottish Widows Bank plc (part of Lloyds Banking Group), Barclays Bank plc, National Westminster Bank plc and Bank of Montreal. 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% of net asset value for any one counterparty.

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

Liquidity risk

Liquid assets are held as cash on current account, on deposit or short term money market account. Under the terms of its Articles, the Company has the ability to borrow up to 10% of its adjusted capital and reserves of the latest published audited Balance sheet, which amounts to £6,923,000 as at 31 March 2023 (2022: £6,232,000).

The Company has no committed borrowing facilities as at 31 March 2023 (2022: £nil) and had cash balances of £22,886,000 (2022: £24,668,000). 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 £654,000 as at 31 March 2023 (2022: £261,000).

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

Redemption date	31 March 2023				31 March 2022			
	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	1,823	1,636	-	3,459	1,741	469	857	3,067
1-2 years	1,406	-	-	1,406	-	-	-	-
2-3 years	-	-	-	-	1,395	-	2	1,397
3-5 years	1,915	-	-	1,915	2,422	-	-	2,422
5+ years	5,039	535	-	5,574	5,154	420	-	5,574
Total	10,183	2,171	-	12,354	10,712	889	859	12,460

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 £nil (2022: £1,045,000).

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

Notes to the Financial Statements

In view of the availability of adequate cash balances and the repayment profile of loan stock investments, the Board considers that the Company is subject to low liquidity risk.

Fair values of financial assets and financial liabilities

All the Company's financial assets and liabilities as at 31 March 2023 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 2023 (2022: £nil).

There are no contingent liabilities or guarantees given by the Company as at 31 March 2023 (2022: £nil).

19. Post balance sheet events

Since the year end, the Company has not made any material investment transactions.

The following new Ordinary shares of nominal value 1 penny each were allotted under the Albion VCTs Prospectus Top Up Offers 2022/23 after 31 March 2023:

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)
14 April 2023	377,529	4	50.90	189	47.60
14 April 2023	48,922	-	51.10	25	47.60
14 April 2023	381,518	4	51.40	191	47.60
	807,969	8		405	

20. Related party transactions

Other than transactions with the Manager as disclosed in note 5, and the Directors' remuneration disclosed in the Directors' remuneration report on pages 59 and 60, there are no other related party transactions or balances requiring disclosure.

NOTICE OF ANNUAL GENERAL MEETING

SHAREHOLDERS SHOULD TAKE NOTE THAT THIS WILL BE A VIRTUAL AGM AND FURTHER DETAILS WILL BE MADE AVAILABLE AT WWW.ALBION.CAPITAL/VCT-HUB/AGMS-EVENTS.

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Albion Venture Capital Trust PLC (the “Company”) will be held virtually at noon on 7 September 2023 for the purposes of considering and, if thought fit, passing the following resolutions, of which resolutions 1 to 10 will be proposed as ordinary resolutions and resolutions 11 and 12 will be proposed as special resolutions.

Ordinary Business

1. To receive and adopt the Company’s accounts for the year ended 31 March 2023 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 2023.
4. To re-elect Richard Glover as a Director of the Company.
5. To re-elect Ann Berresford as a Director of the Company.
6. To re-elect Richard Wilson as a Director of the Company.
7. To elect Neeta Patel 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

The Directors be generally and unconditionally authorised in accordance with section 551 of the Companies Act 2006 (the “Act”) to allot Ordinary shares of nominal value 1 penny per share in the Company up to a maximum aggregate nominal amount of £319,049 (representing approximately 20% of the issued share capital 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, the conclusion of the next Annual General Meeting of the Company, but so that the Company may, before the 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 the 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 sections 570 and 573 of the Act, to allot equity securities (within the meaning of section 560 of the Act) for cash pursuant to the authority conferred by resolution number 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.

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 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 23,912,693 or, if lower, such number of Ordinary shares as shall equal 14.99% of the issued Ordinary share capital of the Company at the date of the passing of this resolution;
- (b) the minimum price, exclusive of any expenses, which may be paid for an Ordinary share is 1 penny;
- (c) the maximum price, exclusive of any expenses, which may be paid for each Ordinary share is an amount equal to the higher of (a) 105% of the average of the middle market quotations for an Ordinary share, as derived from the London Stock Exchange Daily Official List, for the five business days immediately preceding the day on which the Ordinary share is purchased; and (b) the amount stipulated by Article 5(1) of the Buy-back and Stabilisation Regulation 2003;
- (d) the authority hereby conferred shall, unless previously revoked, 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 make a contract or contracts to purchase Ordinary shares under this authority before the expiry of the authority which will or may be executed wholly or partly after the expiry of the authority, and may make a purchase of shares in pursuance of any such contract or contracts as if the authority conferred hereby had not expired.

By Order of the Board

Albion Capital Group LLP

Company Secretary
Registered office
1 Benjamin Street,
London, EC1M 5QL
4 July 2023

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

Notes

1. Members entitled to participate in, 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 AGM. 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 6ZY; or
- 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 participating in the meeting and voting. 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 5 September 2023.

In accordance with good governance practice, the Company is offering shareholders use of an online service, offered by the Company’s registrar, Computershare Investor Services, at www.investorcentre.co.uk/eproxy. Shareholders can use this service to vote or appoint a proxy online. The same voting deadline of noon on 5 September 2023 applies as if you were using your Personalised Voting Form to vote or appoint a proxy by post to vote for you. Shareholders who hold their shares electronically may submit their votes through CREST, by submitting the appropriate and authenticated CREST message so as to be received by the Company’s registrar not later than two business days before the start of the meeting. Instructions on how to vote through CREST can be found by accessing the following website: www.euroclear.com/CREST. Shareholders should not show this information to anyone unless they wish to give proxy instructions on their behalf.

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

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

3. To be entitled to participate 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 5 September 2023 (or, in the event of any adjournment, on the date which is two business 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 participate 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 5 September 2023. 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 provider(s) 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 members and, where applicable, their CREST sponsors or voting service provider(s) are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

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

5. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.
6. A copy of this Notice, and other information regarding the meeting, as required by section 311A of the Act, is available from www.albion.capital/funds/AAVC under the 'Fund reports' section.
7. Any member participating in the meeting has the right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the meeting but no such answer need be given if (a) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information, (b) the answer has already been given on a website in the form of an answer to a question, or (c) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.
8. Copies of contracts of service and letters of appointment between the Directors and the Company, together with the Register of Directors' Interests in the Ordinary shares of the Company, will be available for inspection at the Registered Office of the Company during normal business hours from the date of this Notice until the conclusion of the meeting, and at the place of the meeting for at least 15 minutes prior to the meeting until its conclusion. In addition, a copy of the Articles of Association will be available for inspection at the Company's registered office from the date of 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.
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 3 July 2023 being the latest practicable date prior to the publication of this Notice, the Company's issued share capital consists of 159,524,301 Ordinary shares with a nominal value of 1 penny each. The Company also holds 19,137,781 Ordinary shares in treasury. Therefore, the total voting rights in the Company as at 3 July 2023 are 140,386,520.



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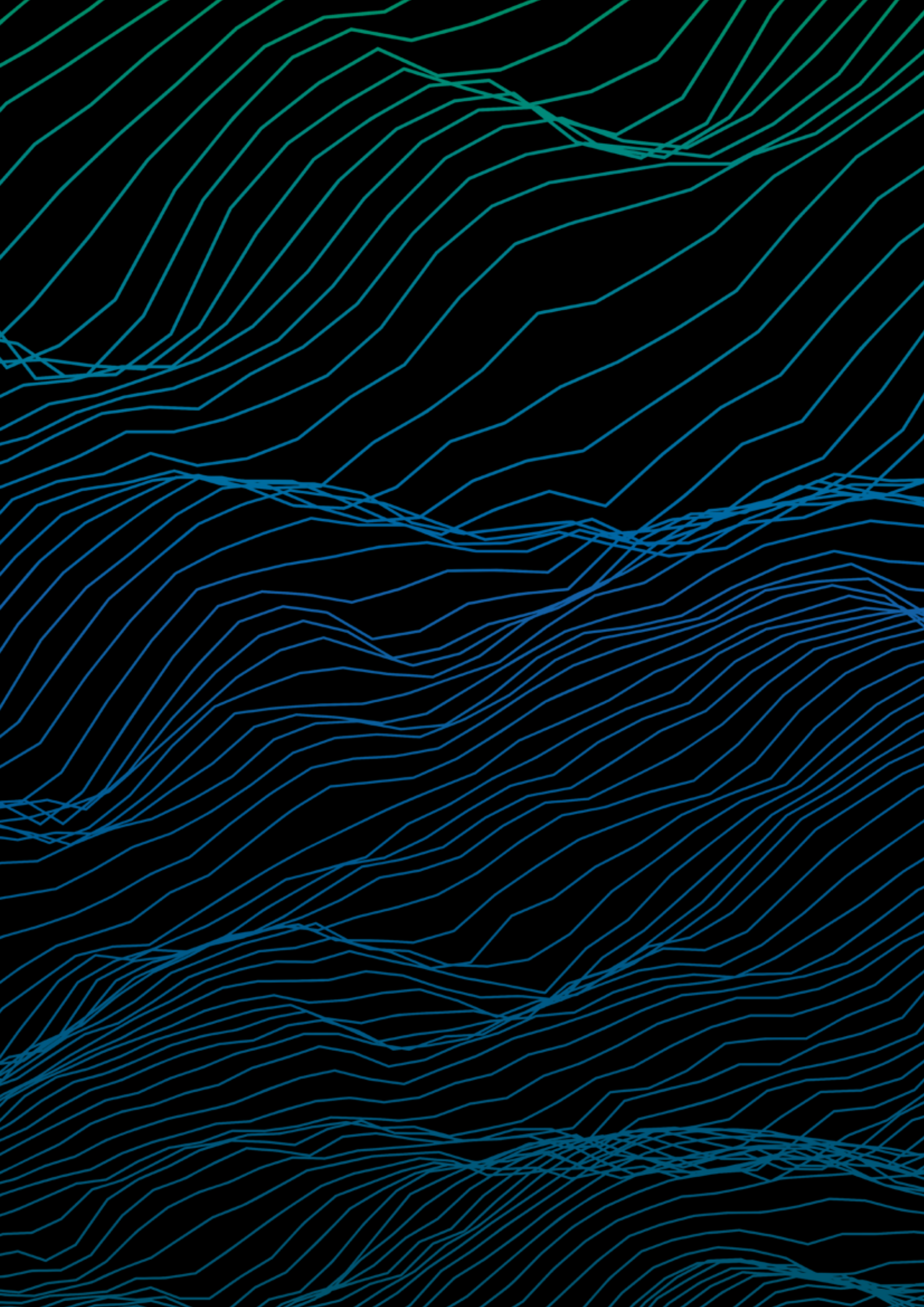
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