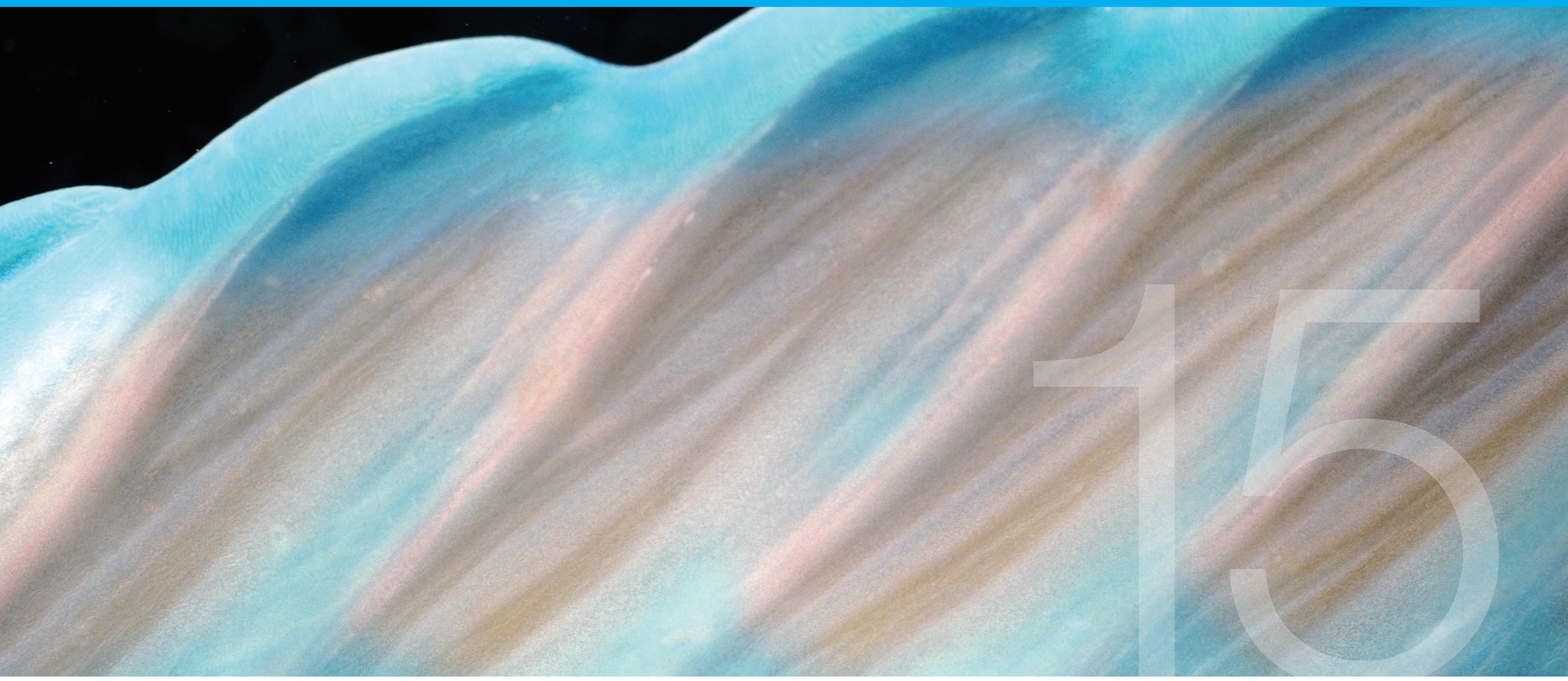
Annual Report and Financial Statements for the year ended 31 December 2015



Albion Development VCT PLC

ALBION VENTURES

Contents

Company information

Company number	03654040
Directors	G O Vero FCA, Chairman A Phillipps PhD MBA P H Reeve MA ACA J G T Thornton MA MBA FCA
Country of incorporation	United Kingdom
Legal form	Public Limited Company
Manager, company secretary, AIFM and registered office	Albion Ventures LLP 1 King's Arms Yard London, EC2R 7AF
Registrar	Computershare Investor Services PLC The Pavilions Bridgwater Road Bristol, BS99 6ZZ
Auditor	BDO LLP 55 Baker Street London, W1U 7EU
Taxation adviser	Philip Hare & Associates LLP 4 Staple Inn London, WC1V 7QH
Legal adviser	Bird & Bird LLP 15 Fetter Lane London, EC4A 1JP

Albion Development VCT PLC is a member of The Association of Investment Companies (www.theaic.co.uk).

Shareholder enquiries	For help relating to dividend payments, shareholdings and share certificates please contact Computershare Investor Services PLC: Tel: 0370 873 5853 (UK national rate call, lines are open 8.30am – 5.30pm; Mon – Fri, calls may be recorded) Website: www.investorcentre.co.uk Shareholders can access holdings and valuation information regarding any of their shares held by Computershare by registering on Computershare's website.
Financial adviser enquiries	For enquiries relating to the performance of the Company and information for financial advisers please contact Albion Ventures LLP: Tel: 0207 601 1850 (lines are open 9.00am – 5.30pm; Mon – Fri, calls may be recorded) Email: info@albion-ventures.co.uk Website: www.albion-ventures.co.uk **Please note that these contacts are unable to provide financial or taxation advice.**

With effect from 1 January 2016 new tax legislation under The Organisation for Economic Co-operation and Development (OECD) Common Reporting Standard for Automatic Exchange of Financial Account Information ("The Common Reporting Standard") is being introduced. The legislation will require Venture Capital trust companies to provide personal information to HMRC on certain investors who purchase shares in the trusts. As an affected company, Albion Development VCT PLC will have to provide information annually to HMRC in respect of any non-UK based certificated shareholders and corporate entities.

All new non-UK based certificated shareholders, excluding those whose shares are held in CREST, who are entered onto the share register from 1 January 2016 will be sent a certification form for the purposes of collecting this information.

For further information, please see HMRC's Quick Guide: Automatic Exchange of Information – information for account holders https://www.gov.uk/government/publications/exchange-of-information-account-holders

Investment objective and policy

Albion Development VCT PLC's (the "Company's") investment policy is intended to provide investors with a regular and predictable source of dividend income combined with the prospects of long term capital growth. This is achieved by establishing a diversified portfolio of holdings in smaller, unquoted companies whilst at the same time selecting and structuring investments in such a way as to reduce the risks normally associated with investment in such companies. It is intended that this will be achieved as follows:

- Through investment in a number of higher risk companies with greater growth prospects in sectors such as software and computer services, and medical technology.
- This is balanced by investment in more stable, often asset-backed investments that provide a strong income stream. These include asset-based businesses in the leisure, healthcare, education and renewable energy sectors, as well as stable and profitable businesses in other sectors. Such investments will constitute the majority of investments by cost.
- In neither category do portfolio companies normally have any external borrowings with a prior charge ranking ahead of the VCT.
- Up to two-thirds of qualifying investments by cost comprise loan stock secured with a first charge on the portfolio company's assets.

Background to the Company

The Company is a venture capital trust which raised a total of £33.3 million through the issue of shares between 1999 and 2004. The C shares merged with the Ordinary shares in 2007.

A further £6.3 million was raised through an issue of new D shares in 2009/2010. The D shares converted to Ordinary shares on 31 March 2015 on the basis of their respective audited net asset value per share at 31 December 2014, in line with the original prospectus. Accordingly, D shareholders received 1.4975 Ordinary shares for each D share they owned.

An additional £17.3 million has been raised for the Ordinary shares through the Albion VCTs Top Up Offers since January 2011. The funds raised have been invested in accordance with the Company's existing investment policy.

Financial calendar

Record date for first dividend	6 May 2016
Payment of first dividend	31 May 2016
Annual General Meeting	12pm on 26 May 2016
Announcement of half-yearly results for the six months ending 30 June 2016	August 2016
Payment of second dividend (subject to Board approval)	30 September 2016

Financial highlights

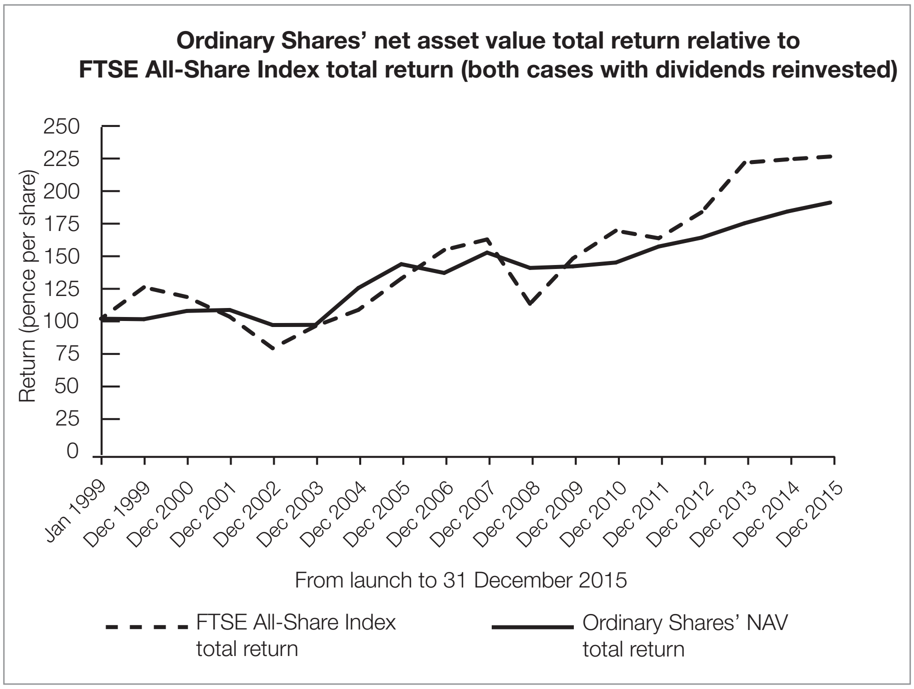
Ordinary shares

153.9p Total shareholder return per Ordinary share from launch to 31 December 2015

4.2% Total return on opening net asset value for the year ended 31 December 2015

5.0p Total tax free dividends per Ordinary share paid in the year to 31 December 2015

71.1p Net asset value per Ordinary share as at 31 December 2015



Source: Albion Ventures LLP

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

Financial highlights (continued)

Ordinary shares	31 December 2015 pence per share	31 December 2014 pence per share
Dividends paid	**5.0**	5.0
Revenue return	**1.5**	1.0
Capital return	**1.6**	3.0
Net asset value	**71.1**	73.1

Total shareholder return to 31 December 2015:	**Ordinary shares (pence per share)(ii)**	**C shares (pence per share)(ii)(iv)**	**D shares (pence per share)(ii)(v)**
Total dividends paid during the year ended:			
31 December 1999(i)	1.0	–	–
31 December 2000	2.9	–	–
31 December 2001	3.9	–	–
31 December 2002	4.2	–	–
31 December 2003(iii)	4.5	0.7	–
31 December 2004	4.0	2.0	–
31 December 2005	5.2	5.9	–
31 December 2006	3.0	4.5	–
31 December 2007(iv)	5.0	5.3	–
31 December 2008	12.0	12.8	–
31 December 2009	4.0	4.3	–
31 December 2010	8.0	8.6	1.0
31 December 2011	5.0	5.4	2.5
31 December 2012	5.0	5.4	3.5
31 December 2013	5.0	5.4	5.0
31 December 2014	5.0	5.4	5.0
31 December 2015(v)	5.0	5.4	7.5
Total dividends paid to 31 December 2015	**82.8**	**71.1**	**24.5**
Net asset value as at 31 December 2015	**71.1**	**76.2**	**106.5**
Total shareholder return to 31 December 2015	**153.9**	**147.3**	**131.0**

In addition to the dividends paid above, the Board has declared a first dividend for the year ending 31 December 2016 of 2.5 pence per Ordinary share payable on 31 May 2016 to shareholders on the register as at 6 May 2016.

Notes

(i) Assuming subscription for Ordinary shares by the First Closing on 26 January 1999.

(ii) Excludes tax benefits upon subscription.

(iii) Those subscribing for C shares after 30 June 2003 were not entitled to the interim dividend.

(iv) The C shares were converted into Ordinary shares on 31 March 2007, with a conversion ratio of 1.0715 Ordinary shares for each C share. The net asset value per share and all dividends paid subsequent to the conversion of the C shares to the Ordinary shares are multiplied by the conversion factor of 1.0715 in respect of the C shares return, in order to give an accurate picture of the shareholder value since launch relating to the C shares.

(v) The D shares were converted into Ordinary shares on 31 March 2015, with a conversion ratio of 1.4975 Ordinary shares for each D share. The net asset value per share and all dividends paid subsequent to the conversion of the D shares to the Ordinary shares are multiplied by the conversion factor of 1.4975 in respect of the D shares return, in order to give an accurate picture of the shareholder value since launch relating to the D shares.

Chairman's statement

Introduction
The results for Albion Development VCT PLC for the year to 31 December 2015 showed total return of 3.1 pence per Ordinary share, against 4.0 pence per Ordinary share and 7.1 pence per D share for 2014.

Investment performance and progress
We had three principal exits in 2015 namely: Orchard Portman Group, Kensington Health Club and Lowcosttravelgroup, which, in total, returned disposal proceeds in excess of £3.0 million. Orchard Portman Group, which owns and operates a psychiatric hospital outside Taunton, was sold at a multiple, including interest income, of 1.6 times cost. The exit of Kensington Health Club achieved a return, including interest, of 1.4 times cost and Lowcosttravelgroup achieved a return, including interest, of 1.7 times cost. In addition, our investment in Rostima Holdings, which provided staff scheduling services for ports and which, although a leader in its field, had difficulty penetrating a complex global market and was sold for a nominal sum, realising a loss of £0.3 million. In aggregate, however, these sales were at a slightly lower level than their holding value of £4.4 million at the start of the year, resulting in an aggregate write-down of £0.6 million. The other realisations during the year were mainly made up of loan stock repayments, and more details can be found in the realisations table on page 19.

Investment activity continued to be strong, with a total of £4.0 million invested during the year in both new investments and continued support for existing investments. Investments in new companies comprised £110,000 in Panaseer Limited, a cybersecurity company offering a visualisations and data integrations platform to the financial services sector; and £84,000 in Dickson Financial Services Limited, a company trading as Innovation Broking offering commercial insurance broking services to the UK SME sector. Notable further investments in existing portfolio companies included £1.6 million in Radnor House School (Holdings) to fund the purchase and development of Combe Bank School in Sevenoaks; £331,000 in Earnside Energy, which provides energy from biogas; and £256,000 in Relayware, a company providing channel partner automation software.

Companies that performed particularly well during the period included; Radnor House School (Holdings) which continues to grow profitably; Exco Intouch, a relatively new investment in the portfolio which is making excellent progress; MyMeds&Me which continues to experience a growing pipeline of potential customers; and Chonais River Hydro which completed construction of a hydropower project in early 2015 and is now successfully generating electricity.

Against this, the valuations in Blackbay and the Weybridge Health Club were reduced in the period as a result of their current trading levels.

For a review of business and future prospects please see the Strategic report on page 9.

Merger of the Ordinary shares and D shares
In accordance with the Articles of Association, on 31 March 2015, the D shares converted to Ordinary shares on the basis of the net assets attributable to the Ordinary shares and the D shares as disclosed in the audited accounts for the year ended 31 December 2014 and in accordance with the calculation as described and approved by shareholders' at the Extraordinary General Meeting on 28 October 2009. D shareholders received 1.4975 Ordinary shares for each D share they owned as at 31 March 2015. New certificates were sent to D shareholders in April 2015.

Changes in VCT legislation
The July 2015 budget introduced a number of changes to VCT legislation, including restrictions over the age of investments, a prohibition on management buyouts or the purchase of existing businesses and an overall lifetime investment cap of £12 million from tax-advantaged funds into any portfolio company. While these changes are significant, the Company has been advised that had they been in place previously they would have affected only a relatively small number of the investments that we have made into new portfolio companies over recent years. The Board's current view is that there will be no material change in our investment policy as a result.

Risks and uncertainties
The outlook for the domestic and global economies continues to be the key risk affecting your Company, despite the current growth in the UK. The task of the Manager is to allocate resources to those sectors and investment opportunities where growth can be both resilient and sustainable. Importantly, however, investment risk is mitigated through a variety of processes including our policy of ensuring that the VCT has a first charge over investee companies' assets wherever possible.

A detailed analysis of the other risks and uncertainties facing the business is shown in the Strategic report on pages 12 and 13.

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

During the year, the Company purchased 951,000 Ordinary shares to be held in treasury at a cost of £649,000, representing 2.3 per cent. of the opening shares in issue.

Chairman's statement (continued)

Transactions with the Manager

Details of transactions that took place with the Manager during the year can be found in note 5 and principally relate to the management fee.

Results and dividends

As at 31 December 2015, the net asset value was 71.1 pence per Ordinary Share (2014: 73.1 pence per Ordinary share). The Company will pay a first dividend for the financial year to 31 December 2016 of 2.5 pence per Ordinary share on 31 May 2016 to shareholders on the register on 6 May 2016.

Although not achieved this year, it remains a core aim of the Board to ensure dividends paid by the Company are covered by the total return per share.

Albion VCTs Prospectus Top Up Offers

The Albion VCTs Prospectus Top Up Offers 2014/2015 closed on 30 September 2015, the total raised by the Company under this offer was £5.8 million. The total raised under the Offers made by each of the Albion VCT's which participated was £34.7 million.

In November 2015, the Company announced the launch of the Albion VCTs Prospectus Top Up Offers 2015/2016. In aggregate, the Albion VCTs will be aiming to raise up to £36 million across six of the VCTs managed by Albion Ventures LLP. The Board is pleased to announce that it has reached its £6 million limit under its Offer, which as of 23 March 2016 is fully subscribed and has now closed.

The funds raised by your Company pursuant to its Offer will be added to the liquid resources available for investment so as to put the Company into a position to take advantage of attractive investment opportunities over the next two to three years. Accordingly, the proceeds of the Offer will be applied in accordance with the investment policy.

Outlook and prospects

Although the total return for the year is lower than we were hoping for, the portfolio remains well balanced, with strong asset-based investments, including in renewable energy, complementing a number of promising high growth businesses, including those investments in technology. We remain positive on the long term prospects of the Company.

Geoffrey Vero
Chairman
23 March 2016

Strategic report

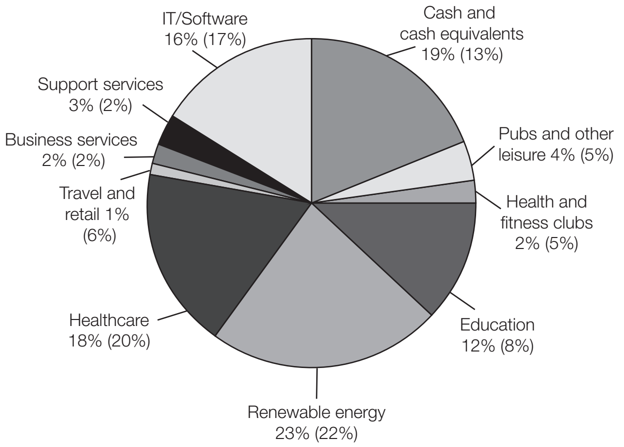
Investment objective and policy
The Company's investment policy is intended to provide investors with a regular and predictable source of dividend income combined with the prospects of long term capital growth. This is achieved by establishing a diversified portfolio of holdings in smaller, unquoted companies whilst at the same time selecting and structuring investments in such a way as to manage and mitigate the risks normally associated with investment in such companies. It is intended that this will be achieved as follows:

- Through investment in a number of higher risk companies with greater growth prospects in sectors such as software and computer services, and medical technology.
- This is balanced by investment in more stable, often asset-backed investments that provide a strong income stream. These include asset-based businesses in the leisure, healthcare, education and renewable energy sectors, as well as stable and profitable businesses in other sectors. Such investments will constitute the majority of investments by cost.
- In neither category do portfolio companies normally have any external borrowings with a prior charge ranking ahead of the VCT.
- Up to two-thirds of qualifying investments by cost comprise loan stock secured with a first charge on the portfolio company's assets.

Funds held pending investment or for liquidity purposes will be held as cash on deposit or in floating rate notes or similar instruments with banks or other financial institutions with high credit ratings assigned by international credit rating agencies.

Current portfolio sector allocation
As mentioned above, it is intended that the Company's investment portfolio will be split between higher risk companies with greater growth prospects, balanced by investment in more stable companies, which are often asset-backed, that provide a strong income stream combined with a protection of capital. The following pie chart shows the split of the portfolio valuation by industrial or commercial sector as at 31 December 2015. Details of the principal investments made by the Company are shown in the Portfolio of investments on pages 17 to 19.

Investment portfolio by sector



Comparatives for 31 December 2014 are shown in brackets
Source: Albion Ventures LLP

Direction of portfolio
The sector analysis of the Company's investment portfolio shows that health and fitness clubs now accounts for 2 per cent. compared to 5 per cent. in the previous financial year as a result of the disposal of the investment in Kensington Health Club. Similarly, travel and retail now accounts for 1 per cent. of the portfolio compared to 6 per cent previously, as a result of the disposal of Lowcosttravelgroup. Continued development of Radnor House School (Holdings), including the acquisition of Combe Bank School in Sevenoaks, Kent has increased the education sector by 4 per cent. in the financial year. The IT and Healthcare sectors are anticipated to be of increasing importance in the current period, as they are areas that the Manager has targeted for value creation and a good potential source of recurring income.

The sector analysis for the investment portfolio remain in line with the Board's target exposure with a view to maintaining a balanced portfolio of investments as new opportunities arise.

Results and dividend policy

	Ordinary shares £'000
Net revenue return for the year	769
Net capital gain for the year	850
Total return for the year ended 31 December 2015	**1,619**
Dividend of 2.5 pence per share paid on 29 May 2015	(1,335)
Dividend of 2.5 pence per share paid on 30 September 2015	(1,347)
Transferred from reserves	**(1,063)**
Net assets as at 31 December 2015	38,900
Net asset value per share as at 31 December 2015 (pence)	**71.1**

The Company paid dividends of 5.0 pence per Ordinary share (2014: 5.0 pence per Ordinary share).

As described in the Chairman's statement, the Board has declared a first dividend for the year ending 31 December 2016 of 2.5 pence per Ordinary share payable on 31 May 2016 to shareholders on the register as at 6 May 2016.

As shown in the Income statement on page 37, the total investment income increased to £1,335,000 (2014: £1,151,000) due, in part, to higher interest received on loan stock investments during the year. The total revenue return to equity holders has increased to £769,000 (2014: £553,000), due in part to the aforementioned 16 per cent. increase in investment income.

The total capital return for the year was £850,000 (2014: £1,374,000). This is mainly attributable to the unrealised revaluation movements in the Company's investment portfolio, in particular, increases in Radnor House School (Holdings), Exco Intouch and Chonais River Hydro outweighing reductions in Blackbay and Weybridge. The net upward movement in unrealised gains were offset slightly by net realised losses in the year on the disposal of Lowcosttravelgroup and Rostima Holdings.

The total return was 3.1 pence per share (2014: 4.0 pence per share). The balance sheet on page 38 shows that the net asset value has decreased over the last year to 71.1 pence per share (2014: 73.1 pence per share). The decrease in net asset value can be attributed to the payment of 5.0 pence per Ordinary share of dividends offset by movements in realised and unrealised gains and net revenue return.

The cash flow was positive for the year as a result of net cash inflow from operating activities, the disposal of investments and the issue of Ordinary shares, offset by a number of new investments made and dividends paid during the year.

Review of business and outlook
The results for the year to 31 December 2015 show total shareholder return of 153.9 pence per Ordinary share since launch (2014: 150.8 pence per share). We believe there should be further progress in the current year, with selected disposals and new investments, and particular focus in our core areas of healthcare and IT/software.

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

A detailed review of the Company's business during the year is contained in the Chairman's statement on pages 6 and 7. Details of significant events which have occurred since the end of the financial year are listed in note 21. Details of transactions with the Manager are shown in note 5.

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

As part of the Government's wider review of the VCT regime, new rules have been introduced under the Finance Act (No.2) 2015 which received Royal Assent on 18 November 2015, which include:

- Restrictions over the age of investments;
- A prohibition on management buyouts or the purchase of existing businesses; and
- An overall lifetime investment cap of £12 million from tax-advantaged funds into any portfolio company.

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

The relevant tests to measure compliance have been carried out and independently reviewed for the year ended 31 December 2015. These showed that the Company has complied with all tests and continues to do so.

Future prospects
The key drivers for returns within the portfolio are those sectors that are involved in longer-term global trends. These include the importance of healthcare in an ageing population, sustainable energy against a background of climate change, education amid the need to improve the national skills base and the developing use of information technology in an environment of universal information. The portfolio is well positioned to take advantage of these changes, with a longer term aim of total return exceeding dividends.

Conversion of D shares to Ordinary shares
The D shares were converted into Ordinary shares on 31 March 2015, with a conversion ratio of 1.4975 Ordinary shares for each D share. The net asset value per share and all dividends paid subsequent to the conversion of the D shares to the Ordinary shares are multiplied by the conversion factor of 1.4975 in respect of the D shares return, in order to give an accurate picture of the shareholder value since launch relating to the D shares.

Key performance indicators
The Directors believe that the following key performance indicators, which are typical for venture capital trusts, used in its own assessment of the Company, will provide shareholders with sufficient information to assess how effectively the Company is applying its investment policy to meet its

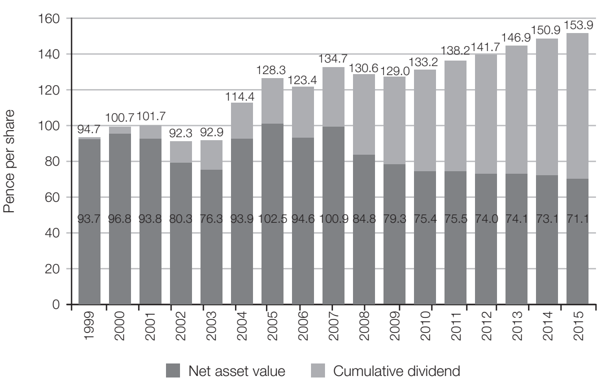
objectives. The Directors are satisfied that the results shown in the following key performance indicators give a good indication that the Company is achieving its investment objective and policy. These are:

1. *Net asset value total return relative to FTSE All-Share Index total return*

The graph on page 4 shows the net asset value total return against the FTSE All-Share Index total return, in both instances with dividends reinvested. Details on the performance of the net asset value and return per share for the year are shown above.

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

Ordinary share net asset value per share and total shareholder return*



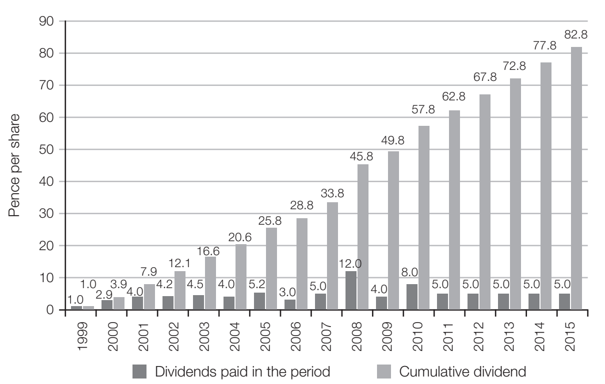
* Total shareholder return is net asset value plus cumulative dividends paid since launch to 31 December 2015.

Total return to shareholders increased by 2.0 per cent. to 153.9 pence per share for the year ended 31 December 2015 as a result of the positive total return of 3.1 pence per share.

Net asset value decreased by 2.7 per cent. to 71.1 pence per share.

3. *Dividend distributions*

Ordinary shares – Dividends paid



Dividends paid in respect of the year ended 31 December 2015 were 5.0 pence per share (2014: 5.0 pence per Ordinary share), in line with the Board's dividend objective. Cumulative dividends paid since inception are 82.8 pence per share.

4. *Ongoing charges*

The ongoing charges ratio for the year to 31 December 2015 was 2.8 per cent. (2014: 2.9 per cent.). The ongoing charges ratio has been calculated using The Association of Investment Companies' (AIC) recommended methodology. This figure shows shareholders the total recurring annual running expenses (including investment management fees charged to capital reserve) as a percentage of the average net assets attributable to shareholders. The Directors expect the ongoing charges ratio for the next year to be approximately 2.8 per cent.

Gearing

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

Operational arrangements

The Company has delegated the investment management of the portfolio to Albion Ventures LLP, which is authorised and regulated by the Financial Conduct Authority. Albion Ventures LLP also provides company secretarial and other accounting and administrative support to the Company. Further details of the fees paid to the Manager can be found in note 5.

Management agreement

Under the Management agreement, the Manager provides investment management, secretarial and administrative services to the Company. The Management agreement may be terminated by either party on 12 months' notice and is subject to earlier termination in the event of certain breaches or on the insolvency of either party. The Manager is paid an annual fee equal to 2.25 per cent. of the net asset value of the Company paid quarterly in arrears.

Total annual expenses, including the management fee, are limited to 3.0 per cent. of the net asset value.

In line with common practice, the Manager is also entitled to an arrangement fee, payable by each portfolio company, of approximately 2 per cent. on each investment made and also Directors' fees where the Manager has a representative on the portfolio company's board.

Management performance incentive

The management performance incentive structure sets a minimum target level whereby no performance fee is payable to the Manager until the total return exceeds 6.5 pence per share per annum from a base on 1 January 2007 of 98.7 pence for the Ordinary shares and 100 pence for the D shares from 6 April 2010. 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. To the extent that the total return exceeds the threshold over the relevant period, a performance fee will be paid to the Manager of an amount equal to 20 per cent. of the excess.

As at 31 December 2015, the total return since 1 January 2007 for Ordinary Shares was 125.1 pence and the total return since 6 April 2010 for the former D Shares was 131.0 pence, and the hurdle was 157.2 pence for Ordinary Shares and 137.3 pence for the former D Shares.

Any performance fee payable will be calculated based on the above hurdles, escalating at 6.5p per annum, and in respect of the relevant proportion of that share class' share of the Company's net assets as at 31 December 2015.

There was no management performance incentive fee payable during the year (2014: nil).

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

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

Alternative Investment Fund Managers Directive ("AIFMD")
The Board appointed Albion Ventures LLP as the Company's AIFM as required by the AIFMD.

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 policies in these matters and as such these requirements do not apply.

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

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

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

Discount management and share buy-back policy
It remains the Board's primary objective to maintain sufficient resources for investment in existing and new portfolio companies and for the continued payment of dividends to shareholders. The Board's policy is to buy back shares in the market, subject to the overall constraint that such purchases are in the Company's interest.

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

Further details of shares bought back during the year ended 31 December 2015 can be found in note 15 of the Financial Statements.

Strategic report (continued)

Risk management

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

Risk	Possible consequence	Risk management
Economic risk	Changes in economic conditions, including, for example, interest rates, rates of inflation, industry conditions, competition, political and diplomatic events and other factors could substantially and adversely affect the Company's prospects in a number of ways.	To reduce this risk, in addition to investing equity in portfolio companies, the Company often invests in secured loan stock and has a policy of not normally permitting any external bank borrowings within portfolio companies. Additionally, the Manager has been rebalancing the sector exposure of the portfolio with a view to reducing reliance on consumer led sectors.
Investment risk	This is the risk of investment in poor quality assets which reduces the capital and income returns to shareholders, and negatively impacts on the Company's reputation. By nature, smaller unquoted businesses, such as those that qualify for venture capital trust purposes are more fragile than larger, long established businesses.	To reduce this risk, the Board places reliance upon the skills and expertise of the Manager and its strong track record for investing in this segment of the market. In addition, the Manager operates a formal and structured investment process, which includes an Investment Committee, comprising investment professionals from the Manager and at least one external investment professional. The Manager also invites and takes account of comments from non-executive Directors of the Company on investments discussed at the Investment Committee meetings. Investments are actively and regularly monitored by the Manager (investment managers normally sit on portfolio company boards) and the Board receives detailed reports on each investment as part of the Manager's report at quarterly board meetings.
Valuation risk	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.	As described in note 2 of the Financial Statements, the 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. These guidelines set out recommendations, intended to represent current best practice on the valuation of venture capital investments. These investments are valued on the basis of forward looking estimates and judgments about the business itself, its market and the environment in which it operates, together with the state of the mergers and acquisitions market, stock market conditions and other factors. In making these judgments the valuation takes into account all known material facts up to the date of approval of the Financial Statements by the Board. The values of a number of investments are also underpinned by independent third party professional valuations and the Board critically reviews key valuations on a quarterly basis.
VCT approval risk	The Company's current approval as a venture capital trust allows investors to take advantage of tax reliefs on initial investment and ongoing tax free capital gains and dividend income. Failure to meet the qualifying requirements could result in investors losing any tax relief received. In addition, failure to meet the qualifying requirements could result in a loss of listing of the shares.	To reduce this risk, the Board has appointed the Manager, which has a team with significant experience in venture capital trust management, used to operating within the requirements of the venture capital trust legislation. In addition, to provide further formal reassurance, the Board has appointed Philip Hare & Associates LLP as its taxation adviser. Philip Hare & Associates LLP report quarterly to the Board to independently confirm compliance with the venture capital trust legislation, to highlight areas of risk and to inform on changes in legislation. Each investment in a new portfolio company is also pre-cleared with H.M. Revenue & Customs.

Strategic report (continued)

Compliance risk	The Company is listed on The London Stock Exchange and is required to comply with the rules of the UK Listing Authority, as well as with the Companies Act, Accounting Standards and other legislation. Failure to comply with these regulations could result in a delisting of the Company's shares, or other penalties under the Companies Act or from financial reporting oversight bodies.	Board members and the Manager have experience of operating at senior levels within or advising quoted businesses. In addition, the Board and the Manager receive regular updates on new regulation from its auditor, lawyers and other professional bodies. The Company is subject to compliance checks via the Manager's Compliance Officer. The Manager reports monthly to its Board on any issues arising from compliance or regulation. These controls are also reviewed as part of the quarterly Manager Board meetings, and also as part of the review work undertaken by the Manager's Compliance Officer. The report on controls is evaluated by Internal Audit during its reports.
Internal control risk	Failures in key controls, within the Board or within the Manager's business, could put assets of the Company at risk or result in reduced or inaccurate information being passed to the Board or to shareholders.	The Audit Committee meets with the Manager's Internal Auditor, PKF Littlejohn LLP, when required, receiving a report regarding the last formal internal audit performed on the Manager, and providing the opportunity for the Audit Committee to ask specific and detailed questions. Jonathan Thornton, as Chairman of the Audit Committee, met with the internal audit Partner of PKF Littlejohn LLP in January 2016 to discuss the most recent Internal Audit Report on the Manager. The Manager has a comprehensive business continuity plan in place in the event that operational continuity is threatened. Further details regarding the Board's management and review of the Company's internal controls through the implementation of the Turnbull guidance are detailed on pages 29 and 30. Measures are in place to mitigate information risk in order to ensure the integrity, availability and confidentiality of information used within the business.
Financial risk	By its nature, as a venture capital trust, the Company is exposed to investment risk (which comprises investment price risk and cash flow interest rate risk), credit risk and liquidity risk.	The Company's policies for managing these risks and its financial instruments are outlined in full in note 19 to the Financial Statements. All of the Company's income and expenditure is denominated in sterling and hence the Company has no foreign currency risk. The Company is financed through equity and does not have any borrowings. The Company does not use derivative financial instruments for speculative purposes.
Reputational risk	Arises from broader performance and ethical issues, including investment in businesses and sectors that are inconsistent with the values of the Board and the VCT or, the Boards of portfolio companies take actions which similarly are inconsistent with the values of the VCT.	The Board clearly articulates to the Investment Manager its broader aims and standards including those sectors which are consistent with the values of the Board. The Board regularly reviews the performance and investment strategy of the Investment Manager. The Investment Manager periodically attends Board meetings of the VCT's portfolio companies and across the portfolio receives periodic management information and is alert to potential threats to reputation.

Strategic report (continued)

Viability statement

In accordance with the FRC UK Corporate Governance Code published in September 2014 and principle 21 of the AIC Code of Corporate Governance published by the AIC in February 2015, the Directors have assessed the prospects of the Company over three years to 31 December 2018. The Directors have taken a three year period as the Code does not specify a time period but it must be longer than 12 months. The Directors believe that three years is a reasonable period in which they can assess the future of the Company to continue to operate and meet its liabilities as they fall due and that looking to five years would incorporate too much uncertainty and not have any meaningful benefit to shareholders. It is also the period used by the Board in the strategic planning process and is considered reasonable for a business of our nature and size.

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

The Board assessed the ability of the Company to raise finance. As explained in this Strategic report the Company's income more than covers on-going expenses which going forward should increase as our asset-backed investments continue to mature. The portfolio is well balanced and geared towards long term growth delivering dividends and capital growth to shareholders. In assessing the prospects of the Company the Directors have considered the cash flow by looking at the Company's income and expenditure projections and funding pipeline over the assessment period of three years and they appear realistic.

Taking into account the processes for mitigating risks, monitoring costs, share price discount, the Manager's compliance with the investment objective, policies and business model and the balance of the portfolio, the Directors have concluded that there is a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the three year period to 31 December 2018.

This Strategic report of the Company for the year ended 31 December 2015 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.

On behalf of the Board,

Geoffrey Vero
Chairman
23 March 2016

The Board of Directors

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

Geoffrey Vero (Chairman), FCA (appointed 2 July 2007), has spent much of his career in venture capital, serving as a director of Causeway Capital Limited and ABN Amro Private Equity (UK) Limited which invested in small and medium sized unquoted businesses. He is a non-executive Chairman of EPE Special Opportunities PLC and a non-executive director of Numis Corporation PLC, where he chairs the Audit and Risk Committee.

Jonathan Thornton, MA, MBA, FCA (appointed 8 December 1998), has extensive experience in the management of unquoted investments. He was a director of Close Brothers Group plc from 1984 to 1998 and was responsible for establishing Close Brothers Private Equity LLP (now CBPE Capital), the private equity fund management arm of Close Brothers Group plc. Prior to this he worked for 3i plc and Cinven. Over the past 30 years he has been a non-executive director of a number of smaller unquoted companies which have raised institutional capital and he is an external member of the Manager's investment committee.

Dr Andrew Phillipps, PhD, MBA (appointed 30 October 2007), co-founded Active Hotels, an online hotels reservation business in 1999. As chief executive, he grew the business to become a European market leader, before selling it to Priceline Inc. for US$161 million in 2004. He was retained to run Priceline's international operations until 2006. He subsequently bought into, and was chairman of the online restaurant booking company, Toptable, which was successfully sold to Opentable in Q4 2010 for US$55 million. He is currently an investor and director of a number of private companies, including Reevoo.com. He also lectures in entrepreneurship at INSEAD and London Business School.

Patrick Reeve, MA, ACA (appointed 12 November 2013), qualified as a chartered accountant before joining Cazenove & Co where he spent three years in the corporate finance department. He joined Close Brothers Group in 1989, working in both the development capital and corporate finance divisions before establishing Albion Ventures (formerly Close Ventures Limited) in 1996. He is the managing partner of Albion Ventures and is a director of Albion Enterprise VCT PLC and Albion Technology & General VCT PLC, both managed by Albion Ventures. He is also chief executive of Albion Community Power PLC, a member of the Audit Committee of the University College London, a director of The Association of Investment Companies and is on the Council of the BVCA.

All Directors, except for Patrick Reeve, are members of the Audit Committee and Jonathan Thornton is Chairman.

All Directors, except for Patrick Reeve, are members of the Nomination Committee and Geoffrey Vero is Chairman.

All Directors, except for Patrick Reeve, are members of the Remuneration Committee and Jonathan Thornton is Chairman.

The Manager

Albion Ventures LLP, is authorised and regulated by the Financial Conduct Authority and is the Manager of Albion Development VCT PLC. In addition, it manages a further five venture capital trusts, the UCL Technology Fund and provides management services to Albion Community Power PLC. It currently has total assets under management or administration of approximately £400 million.

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

Patrick Reeve MA, ACA, details included in the Board of Directors section.

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

Adam Chirkowski, MA, having graduated in Industrial Economics, followed by a Masters in Corporate Strategy, spent five years at N M Rothschild & Sons, specialising in mergers and acquisitions principally in the natural resources and then healthcare sectors, before joining Albion Ventures in 2013, where he currently concentrates on renewable energy projects and healthcare.

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

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

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

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

Robert Henderson, BA (Hons), ACA, graduated from Newcastle University with a first-class degree in business management. Prior to joining Albion Ventures in 2015, he qualified as a chartered accountant with KPMG, spending four years working in transactions and restructuring, primarily in turnaround and M&A situations.

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

Dr Christoph Ruedig, MBA, initially practised as a radiologist before spending 3 years at Bain & Company. In 2006 he joined 3i plc working for their healthcare venture capital arm leading investments in biotechnology, pharmaceuticals, and medical technology. Most recently he has worked for General Electric UK, where he was responsible for mergers and acquisitions in the medical technology and healthcare IT sectors. He joined Albion Ventures in October 2011 and became a partner in 2014. He holds a degree in medicine from Ludwig-Maximilians University, Munich and an MBA from INSEAD.

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

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

Marco Yu, MPhil, MA, MRICS, spent two and a half years at Bouygues (UK), before moving to EC Harris in 2005 where he advised senior lenders on large capital projects. Since joining Albion Ventures in 2007, Marco has been involved in hotel, cinema, pub, residential property and garden centre investments and is, more recently, responsible for a number of renewable energy investments. Marco graduated from Cambridge University with a first class degree in economics and is a Chartered Surveyor.

Portfolio of investments

The following is a summary of investments as at 31 December 2015:

			As at 31 December 2015			As at 31 December 2014			
Asset-backed investments	**% voting rights**	**% voting rights of AVL* managed companies**	**Cost £'000**	**Cumulative movement in value £'000**	**Value £'000**	Cost £'000	Cumulative movement in value £'000	Value £'000	**Change in value for the year** £'000**
Radnor House School (Holdings) Limited	8.8	50.0	**2,948**	**1,811**	**4,759**	1,481	1,379	2,860	**431**
Chonais River Hydro Limited	4.6	25.0	**1,705**	**358**	**2,063**	1,705	26	1,731	**332**
The Street by Street Solar Programme Limited	12.4	50.0	**1,291**	**555**	**1,846**	1,291	434	1,725	**121**
Regenerco Renewable Energy Limited	11.9	50.0	**1,204**	**361**	**1,565**	1,140	152	1,292	**208**
Alto Prodotto Wind Limited	9.4	50.0	**842**	**399**	**1,241**	842	288	1,130	**111**
Bravo Inns II Limited	6.7	50.0	**1,080**	**28**	**1,108**	1,080	27	1,107	**1**
Earnside Energy Limited	10.2	50.0	**941**	**118**	**1,059**	610	65	675	**53**
Albion Investment Properties Limited	48.4	100.0	**929**	**(119)**	**810**	929	(150)	779	**31**
The Weybridge Club Limited	9.4	50.0	**1,581**	**(981)**	**600**	1,548	(674)	874	**(307)**
The Q Garden Company Limited†	16.6	50.0	**713**	**(238)**	**475**	1,198	(776)	422	**53**
AVESI Limited	10.5	50.0	**341**	**92**	**433**	324	34	358	**58**
Dragon Hydro Limited	5.5	30.0	**233**	**110**	**343**	233	48	281	**63**
The Charnwood Pub Company Limited†	3.3	50.0	**305**	**(70)**	**235**	982	(646)	336	**(69)**
Greenenerco Limited	4.0	50.0	**140**	**74**	**214**	140	48	188	**26**
Bravo Inns Limited	2.6	50.0	**267**	**(84)**	**183**	230	(85)	145	**1**
Erin Solar Limited	4.3	50.0	**120**	**(3)**	**117**	120	–	120	**(3)**
Premier Leisure (Suffolk) Limited†	6.2	47.4	**109**	**(4)**	**105**	480	(375)	105	**–**
Infinite Ventures (Goathill) Limited	0.8	31.0	**32**	**–**	**32**	32	–	32	**–**
Total asset-backed investments			**14,781**	**2,407**	**17,188**	14,365	(205)	14,160	**1,110**

Portfolio of investments (continued)

Growth investments	% voting rights	% voting rights of AVL* managed companies	As at 31 December 2015 Cost £'000	Cumulative movement in value £'000	Value £'000	As at 31 December 2014 Cost £'000	Cumulative movement in value £'000	Value £'000	Change in value for the year** £'000
Exco Intouch Limited	6.0	17.3	**1,015**	**556**	**1,571**	840	22	862	**533**
Relayware Limited	4.4	17.3	**1,151**	**13**	**1,164**	895	22	917	**(9)**
Blackbay Limited	7.4	34.9	**836**	**262**	**1,098**	836	730	1,566	**(468)**
Hilson Moran Holdings Limited	8.0	34.7	**292**	**784**	**1,076**	379	392	771	**423**
Mirada Medical Limited	7.8	45.0	**500**	**480**	**980**	454	516	970	**(37)**
Egress Software Technologies Limited	6.1	22.0	**610**	**284**	**894**	610	111	721	**173**
MyMeds&Me Limited	7.0	29.9	**546**	**303**	**849**	423	(6)	417	**310**
Proveca Limited	10.9	45.9	**620**	**172**	**792**	500	277	777	**(102)**
OmPrompt Holdings Limited	5.1	19.7	**650**	**15**	**665**	650	7	657	**8**
Grapeshot Limited	3.5	12.7	**559**	**86**	**645**	400	–	400	**87**
Masters Pharmaceuticals Limited	4.2	19.7	**316**	**316**	**632**	567	254	821	**116**
Aridhia Informatics Limited	5.1	14.7	**894**	**(267)**	**627**	825	(121)	704	**(146)**
Abcodia Limited	5.4	22.7	**471**	**109**	**580**	208	2	210	**107**
Cisiv Limited	6.9	27.2	**446**	**110**	**556**	350	(1)	349	**112**
DySIS Medical Limited	3.4	23.9	**624**	**(236)**	**388**	479	(122)	357	**(113)**
Silent Herdsman Holdings Limited	9.1	36.4	**389**	**(39)**	**350**	260	(142)	118	**103**
Process Systems Enterprise Limited	1.3	19.8	**131**	**214**	**345**	118	186	304	**28**
memsstar Limited	2.8	44.7	**123**	**46**	**169**	124	41	165	**4**
Sandcroft Avenue Limited	1.7	5.6	**150**	**14**	**164**	105	(12)	93	**27**
AMS Sciences Limited	4.2	49.6	**222**	**(107)**	**115**	222	(12)	210	**(95)**
Panaseer Limited	2.2	7.8	**110**	**–**	**110**	–	–	–	**–**
Oxsensis Limited	1.4	20.6	**224**	**(125)**	**99**	213	(120)	93	**(6)**
Dickson Financial Services Limited	8.4	30.0	**84**	**–**	**84**	–	–	–	**–**
Chichester Holdings Limited†	2.7	15.0	**33**	**(6)**	**27**	564	(523)	41	**(15)**
Elements Software Limited	0.6	4.5	**3**	**–**	**3**	3	–	3	**–**
Total growth investments			**10,999**	**2,984**	**13,983**	10,025	1,501	11,526	**1,040**
Total unquoted fixed asset investments			**25,780**	**5,391**	**31,171**	24,390	1,296	25,686	**2,150**

Portfolio of investments (continued)

Quoted investments	As at 31 December 2015 Cost £'000	Cumulative movement in value £'000	Value £'000	As at 31 December 2014 Cost £'000	Cumulative movement in value £'000	Value £'000	Change in value for the year** £'000
Mi-Pay Group PLC	**823**	**(439)**	**384**	772	(371)	401	**(68)**
ComOps Limited	**11**	**(1)**	**10**	–	–	–	**(1)**
Total quoted investments	**834**	**(440)**	**394**	772	(371)	401	**(69)**
Total fixed asset investments	**26,614**	**4,951**	**31,565**	25,162	925	26,087	**2,081**

Total change in value of investments for the year	**2,081**
Movement in accrued loan stock interest	(110)
Unrealised gains sub-total	**1,971**
Realised loss in current year	(604)
Total gains on investments as per Income statement	**1,367**

* Albion Ventures LLP

** as adjusted for additions and disposals during the year; including realised gains/(losses)

† The accounting cost as shown above is after deducting realised losses of £643,000 for The Charnwood Pub Company Limited, £531,000 for Chichester Holdings Limited, £485,000 for The Q Garden Company Limited and £371,000 for Premier Leisure (Suffolk) Limited which are still held at the Balance sheet date

The comparative cost and valuations for 31 December 2014 do not agree to the Annual Report and Financial Statements for the year ended 31 December 2014 as the above list does not include brought forward investments that were fully disposed of in the year.

Fixed asset investment realisations in the year to 31 December 2015	Cost £'000	Opening carrying value £'000	Disposal proceeds £'000	Total realised gain/(loss) £'000	Gain/(loss) on opening value £'000
Orchard Portman Group	925	1,310	1,325	400	15
Kensington Health Clubs Limited	1,140	648	1,117	(23)	469
Lowcosttravelgroup Limited	435	1,528	690	255	(838)
Masters Pharmaceuticals Limited	252	306	315	63	9
Hilson Moran Holdings Limited *(loan stock repayment)*	88	119	119	31	–
Radnor House School (Holdings) Limited *(loan stock repayment)*	94	94	94	–	–
Consolidated PR Limited	–	–	79	79	79
The Charnwood Pub Company Limited*	680	37	37	(643)	–
Rostima Holdings Limited	354	354	11	(343)	(343)
Tower Bridge Health Club Limited	–	–	8	8	8
Chichester Holdings Limited*	531	–	–	(531)	–
Premier Leisure (Suffolk) Limited*	371	–	–	(371)	–
The Q Garden Company Limited*	485	–	–	(485)	–
Opta Sports Data Limited *(write-off remaining escrow)*	–	–	(3)	(3)	(3)
Total realisations	**5,355**	**4,396**	**3,792**	**(1,563)**	**(604)**

* The accounting cost as shown above represents realised losses of investments still held at the Balance sheet date.

Portfolio companies

The top ten investments by value are as follows:

Radnor House School (Holdings) Limited

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

	Audited results year to 31 August 2014 £'000
Turnover	5,017
EBITDA	1,721
Profit before tax	852
Net assets	323
Basis of valuation:	Net asset value supported by third party valuation

Investment information	£'000
Income recognised in the year	220
Total cost	2,948
Total valuation	4,759
Voting rights	8.8 per cent.
Voting rights for all AVL managed companies	50.0 per cent.

Website: www.radnorhouse.org

Chonais River Hydro Limited

A company that has developed a 2 megawatt hydroelectricity plant near Loch Carron in Scotland.

	Abbreviated Audited results year to 30 September 2015 £'000
Net liabilities	(7)
Basis of valuation:	Net asset value supported by third party valuation

Investment information	£'000
Income recognised in the year	157
Total cost	1,705
Total valuation	2,063
Voting rights	4.6 per cent.
Voting rights for all AVL managed companies	25.0 per cent.

The Street by Street Solar Programme Limited

The company installs, owns and operates domestic photovoltaic systems on homes in England.

	Abbreviated Audited results year to 30 November 2014 £'000
Net assets	382
Basis of valuation:	Net asset value supported by third party valuation

Investment information	£'000
Income recognised in the year	123
Total cost	1,291
Total valuation	1,846
Voting rights	12.4 per cent.
Voting rights for all AVL managed companies	50.0 per cent.

Website: www.engensa.com

Exco Intouch Limited

Exco InTouch is a provider of digital patient engagement and data capture solutions for clinical research and healthcare providers

	Abbreviated Audited results year to 30 April 2015 £'000
Net assets	669
Basis of valuation:	Revenue multiple

Investment information	£'000
Income recognised in the year	41
Total cost	1,015
Total valuation	1,571
Voting rights	6.0 per cent.
Voting rights for all AVL managed companies	17.3 per cent.

Website: www.excointouch.com

Regenerco Renewable Energy Limited

The Company installs, owns and operates a portfolio of photovoltaic systems on small and medium enterprises and social housing with a total capacity above 2.3MW.

	Abbreviated Audited results year to 30 November 2014 £'000
Net assets	624
Basis of valuation:	Net asset value supported by third party valuation

Investment information	£'000
Income recognised in the year	114
Total cost	1,204
Total valuation	1,565
Voting rights	11.9 per cent.
Voting rights for all AVL managed companies	50.0 per cent.

Website: www.regenerco.co.uk

Portfolio companies (continued)

Alto Prodotto Wind Limited

The company builds, owns and operates medium scale (100kWp to 1500kWp) wind projects in the UK.

	Abbreviated Audited results year to 31 March 2015 £'000	Investment information	£'000
Net assets	1,513	Income recognised in the year	109
Basis of valuation:	Net asset value supported by third party valuation	Total cost	842
		Total valuation	1,241
		Voting rights	9.4 per cent.
		Voting rights for all AVL managed companies	50.0 per cent.

Website: www.infinite-energy.org.uk

Relayware Limited

Relayware provides business-to-business collaboration and multichannel communication solutions.

	Audited results year to 31 December 2014 £'000	Investment information	£'000
Turnover	4,198	Income recognised in the year	18
EBITDA	(147)	Total cost	1,151
Loss before tax	(880)	Total valuation	1,164
Net assets	533	Voting rights	4.4 per cent.
Basis of valuation:	Revenue multiple	Voting rights for all AVL managed companies	17.3 per cent.

Website: www.relayware.com

Bravo Inns II Limited

The company owns and operates a number of freehold pubs in the North of England.

	Abbreviated Audited results year to 31 March 2015 £'000	Investment information	£'000
Net assets	3,017	Income recognised in the year	89
Basis of valuation:	Net asset value supported by third party valuation	Total cost	1,080
		Total valuation	1,108
		Voting rights	6.7 per cent.
		Voting rights for all AVL managed companies	50.0 per cent.

Website: www.bravoinns.com

Blackbay Limited

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

	Audited results year to 31 December 2014 £'000	Investment information	£'000
Turnover	8,374	Income recognised in the year	69
EBITDA	(817)	Total cost	836
Loss before tax	(1,747)	Total valuation	1,098
Net liabilities	(4,141)	Voting rights	7.4 per cent.
Basis of valuation:	Revenue multiple	Voting rights for all AVL managed companies	34.9 per cent.

Website: www.blackbay.com

Hilson Moran Holdings Limited

The company provides consultancy in building services, sustainability and facilities management.

	Audited results year to 31 December 2014 £'000	Investment information	£'000
Turnover	18,410	Income recognised in the year	16
EBITDA	762	Total cost	292
Profit before tax	125	Total valuation	1,076
Net assets	2,400	Voting rights	8.0 per cent.
Basis of valuation:	Earnings multiple	Voting rights for all AVL managed companies	34.7 per cent.

Website: www.hilsonmoran.com

Net assets of a portfolio company where a recent third party valuation has taken place, may have a higher valuation in Albion Development VCT PLC accounts than in its own, where the portfolio company does not have a policy of revaluing its fixed assets.

Directors' report

The Directors submit their Annual Report and the audited Financial Statements on the affairs of Albion Development VCT PLC (the "Company") for the year ended 31 December 2015.

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 9 of the Strategic report. Approval for the year ended 31 December 2015 is subject to review should there be any subsequent enquiry under corporation tax self-assessment.

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

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

Capital structure

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

All Ordinary shares (except for treasury shares, which have no right to dividend and no voting rights) rank *pari passu* for voting rights, and each Ordinary share is entitled to one vote. The Directors are not aware of any restrictions on the transfer of shares or on voting rights.

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

Conversion of D shares to Ordinary shares

In accordance with the Articles of Association, on 31 March 2015, the D shares converted to Ordinary shares on the basis of the net assets attributable to the Ordinary shares and the D shares as disclosed in the audited accounts for the year ended 31 December 2014 and in accordance with the calculation as described and approved by shareholders' at the Extraordinary General Meeting on 28 October 2009. D shareholders received 1.4975 Ordinary shares for each D share they owned as at 31 March 2015. New certificates were sent to D shareholders in April 2015.

Issue and buy-back of Ordinary shares

During the year the Company issued a total of 18,131,438 Ordinary shares, of which 9,566,325 Ordinary shares were issued as a result of the conversion of D shares on 31 March 2015, 8,024,356 Ordinary shares (2014: 4,157,248 Ordinary shares) were issued under the Albion VCTs Top Up Offers; and 540,757 Ordinary shares (2014: 288,791 Ordinary shares and 32,218 D shares) were issued under the Company's Dividend Reinvestment Scheme. Further information on the share capital is detailed in note 15.

The Company is currently engaged in the Albion VCTs Prospectus Top Up Offers 2015/2016 with the aim of raising £36 million across the six Albion VCTs. Further details of the Offer are available on the Manager's website at www.albion-ventures.co.uk.

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

Substantial interests and shareholder profile

As at 31 December 2015 and at the date of this report, the Company was not aware of any beneficial interest exceeding 3 per cent. of the aggregate voting rights of the Company. There have been no disclosures in accordance with Disclosure and Transparency Rule 5 made to the Company during the year ended 31 December 2015, and to the date of this report.

Future developments of the business

Details on the future developments of the business can be found on page 7 of the Chairman's statement and on page 9 of the Strategic report.

Results and dividends

Detailed information on the results and dividends for the year ended 31 December 2015 can be found in the Strategic report on pages 8 and 9.

Going concern

In accordance with the Guidance on Risk Management Internal Control and Related Financial and Business Reporting issued by the Financial Reporting Council in September 2014, the Board has assessed the Company's operation as a going concern. The Company has significant cash and liquid resources, its portfolio of investments is well diversified in terms of sector, and the major cash outflows of the Company (namely investments, buy-backs and dividends) are within the Company's control. Accordingly, after making diligent enquiries the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, the Directors have adopted the going concern basis in preparing the accounts.

Directors' report (continued)

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

Post balance sheet events
Details of events that have occurred since 31 December 2015 are shown in note 21.

Principal risks and uncertainties
A summary of the principal risks faced by the Company is set out on pages 12 and 13 of the Strategic report.

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

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

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

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

(4) At the time of investment, or addition to an investment, the Company's holdings in any one company (other than another VCT) must not have exceeded 15 per cent. by HMRC value of its investments;

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

(6) The Company's shares, throughout the year, must have been listed on a regulated European market;

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

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

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

These tests drive a spread of investment risk through disallowing holdings of more than 15 per cent. in any portfolio company. The tests have been carried out and independently reviewed for the year ended 31 December 2015. The Company has complied with all tests and continues to do so.

'Qualifying holdings' include shares or securities (including loans with a five year or greater maturity period) in companies which operate a 'qualifying trade' wholly or mainly in the United Kingdom. Eligible shares must comprise at least 10 per cent. by HMRC value of the total of the shares and securities that the Company holds in any one portfolio company. 'Qualifying trade' excludes, amongst other sectors, dealing in property or shares and securities, insurance, banking and agriculture. Details of the sectors in which the Company is invested can be found in the pie chart on page 8.

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

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

Global greenhouse gas emissions
The Company has no greenhouse gas emissions to report from 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.

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

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

Diversity
The Board currently consists of four male Directors. 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. More details on the Directors can be found in the Board of Directors section on page 15.

The Manager has an equal opportunities policy and currently employees 13 men and 10 women.

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

Directors
The Directors who held office throughout the year, and their interests in the shares of the Company (together with those of their immediate family) are shown in the Directors' remuneration report on page 32.

All Directors, except Patrick Reeve, are members of the Audit Committee of which Jonathan Thornton is Chairman.

Patrick Reeve, as managing partner of Albion Ventures LLP, is deemed to have an interest in the Management agreement and Management performance incentive to which the Company is party.

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

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

Re-election and election of Directors
Directors' retirement and re-election is subject to the Articles of Association and the UK Corporate Governance Code. At the forthcoming Annual General Meeting, Geoffrey Vero will retire by rotation in accordance with the Articles and will offer himself for re-election and Jonathan Thornton, having served as a Director for longer than nine years, will retire and offer himself for re-election. Patrick Reeve is not considered to be independent, as he is the managing partner of the Manager, Albion Ventures LLP, and will therefore also retire and offer himself for re-election at the forthcoming Annual General Meeting.

Auditor
The Audit Committee annually reviews and evaluates the standard and quality of service provided by the Auditor, as well as value for money in the provision of these services. Further details of this evaluation can be found in the Audit Committee section in the Statement of Corporate Governance on pages 28 to 29. A resolution to re-appoint BDO LLP will be put to the Annual General Meeting.

Annual General Meeting
The Annual General Meeting will be held at the City of London Club, 19 Old Broad Street, London, EC2N 1DS at 12:00pm on 26 May 2016. The notice of the Annual General Meeting is at the end of this document.

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

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

Authority to allot shares
Ordinary resolution number 8 will request the authority to allot up to an aggregate nominal amount of £128,709 representing approximately 20 per cent. of the issued Ordinary share capital as at the date of this report.

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

The Directors current intention is to allot shares under any Albion VCTs Share Offers, the Dividend Reinvestment Schemes and reissuing treasury shares where it is in the Company's interest to do so. The Company currently holds 5,257,700 Ordinary shares in treasury representing 8.8 per cent. of the Ordinary share capital in issue as at 31 December 2015.

This resolution replaces the authority given to the Directors at the General Meeting in January 2016. The authority sought at the forthcoming Annual General Meeting will expire 18 months from the date that this resolution is passed or at the conclusion of the next Annual General Meeting of the Company, whichever is earlier.

Disapplication of pre-emption rights
Special resolution number 9 will request authority for 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

Directors' report (continued)

maximum aggregate of £128,709 of the nominal value of the share capital representing approximately 20 per cent. of the issued Ordinary share capital of the Company as at the date of this Report.

This resolution replaces the authority given to the Directors at the General Meeting in January 2016. The authority sought at the forthcoming Annual General Meeting will expire 18 months from the date this resolution is passed or at the conclusion of the next Annual General Meeting of the Company, whichever is earlier. Members should note that this resolution also applies to treasury shares.

Purchase of own shares
Special resolution number 10 will request the authority to purchase approximately 14.99 per cent. of the Company's issued Ordinary share capital at, or between, the minimum and maximum prices specified in resolution 10. Shares bought back under this authority may be cancelled or held in treasury.

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

This resolution would renew the 2015 authority, which was on similar terms. During the financial year under review, the Company purchased 951,000 Ordinary shares for Treasury. No Ordinary shares were purchased for cancellation. The Company cancelled 25,625 D shares before the conversion of D shares to Ordinary shares on 31 March 2015. Further information is shown in note 15.

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

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

Special resolution number 11 will request the authority to permit Directors to sell treasury shares at the higher of the prevailing share price and the price bought in at.

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

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

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

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

By Order of the Board

Albion Ventures LLP
Company Secretary
1 King's Arms Yard
London, EC2R 7AF
23 March 2016

Statement of Directors' responsibilities

The Directors are responsible for preparing the Annual Report and the 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 are required to prepare Financial Statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss 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 judgments and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with applicable UK accounting standards, 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;
- prepare a Director's report, a Strategic report and Director's 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 and, as regards the Company Financial Statements, Article 4 of the IAS Regulation. 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 accounts, taken as a whole, are fair, balanced, and understandable and provides 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 the Financial Statements are made available on a website. Financial Statements are published on the Company's webpage on the Investment Manager's website (www.albion-ventures.co.uk) in accordance with legislation in the United Kingdom governing the preparation and dissemination of Financial Statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Manager's website is, so far as it relates to the Company, the responsibility of 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 DTR4
The Directors confirm to the best of their knowledge:

The Financial Statements have been prepared in accordance with applicable UK Generally Accepted Accounting Practice 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 they face.

Geoffrey Vero
Chairman
23 March 2016

Statement of corporate governance

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

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

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

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

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

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

Geoffrey Vero is the Chairman of the Company, and he, Andrew Phillipps and Jonathan Thornton are considered independent Directors. Jonathan Thornton is the Senior Independent Director. Patrick Reeve is not an independent Director as he is Managing Partner of Albion Ventures LLP, the Manager.

Jonathan Thornton has been a Director of the Company for more than nine years and, in accordance with the recommendations of the AIC code, is subject to annual re-election. The Board does not have a policy of limiting the tenure of any Director as the Board does not consider that a Director's length of service reduces his ability to act independently of the Manager. Patrick Reeve is also subject to annual re-election as he is not considered to be an independent Director. Geoffrey Vero will also retire by rotation in accordance with the Articles and offer himself for re-election.

The Directors have a range of business and financial skills which are relevant to the Company; these are described in the Board of Directors section of this Report, on page 15. Directors are provided with key information on the Company's activities, including regulatory and statutory requirements, and internal controls, by the Manager. The Board has access to secretarial advice and compliance services by the Manager, who is responsible for ensuring that Board procedures are followed and applicable procedures complied with. All Directors are able to take independent professional advice in furtherance of their duties if necessary. In accordance with the UK Corporate Governance Code, the Company has in place Directors' & Officers' Liability Insurance.

The Directors have considered diversity in relation to the composition of the Board and have concluded that its membership is diverse in relation to experience and balance of skills. Further details on the recruitment of new directors can be found in the Nomination Committee section on page 29.

The Board met four times during 2015 as part of its regular programme of Board meetings. In addition, and in accordance with best practice, a further meeting took place without the Manager present. All of the Directors attended each meeting. A sub-committee comprising at least two Directors met during the year to allot shares issued under the Dividend Reinvestment Scheme and the various Albion VCTs Top Up Offers. A sub-committee comprising at least two Directors also met during the year to approve the terms and contents of the Offer documents under the Albion VCTs Prospectus Top Up Offers 2015/2016.

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

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

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

Statement of corporate governance (continued)

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

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

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

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

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

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

As a result of the performance evaluation process, Jonathan Thornton, Patrick Reeve and Geoffrey Vero, all of whom are subject to re-election at the forthcoming Annual General Meeting, are considered to be effective Directors and demonstrate strong commitment to the role. The Board believes it to be in the best interests of the Company to appoint these Directors at the forthcoming Annual General Meeting.

Remuneration Committee
The Remuneration Committee consists of all Directors except Patrick Reeve, with Jonathan Thornton as Chairman. The Committee held one formal meeting during the year, which was fully attended by all the members of the Committee. Directors' fees have not increased since 2005 and will be reviewed again in the current year.

The terms of reference for the Remuneration Committee can be found on the Manager's website at www.albion-ventures.co.uk within the 'Our Funds' section by clicking on Albion Development VCT PLC and looking under the Corporate Governance section.

Audit Committee
The Audit Committee consists of all Directors, except Patrick Reeve, and Jonathan Thornton is Chairman. In accordance with the Code, the members of the Audit Committee have recent and relevant financial experience. The Committee met twice during the year ended 31 December 2015; all members attended.

Written terms of reference have been constituted for the Audit Committee and can be found on the Company's website at www.albion-ventures.co.uk within the 'Our Funds' section by clicking on Albion Development VCT PLC and looking under the Corporate Governance section.

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

- formally reviewing the final Annual Report and Financial Statements, the Half-yearly Report, the Interim Management Statements and the associated announcements, with particular focus on the main areas requiring judgment and on critical accounting policies;
- reviewing the effectiveness of the internal controls system and examination of the Internal Controls Report produced by the Manager;
- meeting with the external Auditor and reviewing their findings;
- reviewing the performance of the Manager and making recommendations regarding their re-appointment to the Board;
- highlighting the key risks and specific issues relating to the Financial Statements including the reasonableness of valuations, compliance with accounting standards and UK law, corporate governance and listing and disclosure rules as well as going concern. These issues were addressed through detailed review, discussion and challenge by the Board of these matters, as well as by reference to underlying technical information;
- advising the Board on whether the Annual Report and Financial Statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position, performance, business model and strategy; and
- reporting to the Board on how it has discharged its responsibilities.

Financial Statements
The Audit Committee has initial responsibility for reviewing the Financial Statements and reporting on any significant issues that arise in relation to the audit of the Financial Statements as outlined below. Such issues were discussed with the

Statement of corporate governance (continued)

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

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

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

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

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

Relationship with the external Auditor
The Committee reviews the performance and continued suitability of the Company's external Auditor on an annual basis. They assess the external Auditor's independence, qualification, extent of relevant experience, effectiveness of audit procedures as well as the robustness of their quality assurance procedures. In advance of each audit, the Committee obtains confirmation from the external Auditor that they are independent and of the level of non-audit fees earned by them and their affiliates. No non-audit services were provided during the financial year ended 31 December 2015.

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

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

In order to form a view of the effectiveness of the external audit process, the Committee took into account information from the Manager regarding the audit process, the formal documentation issued to the Audit Committee and the Board by the external Auditor regarding the external audit for the year ended 31 December 2015, and assessments made by individual Directors.

In 2007 the Committee undertook a tendering exercise for provision of audit services. As a result of this process, BDO LLP was appointed as Auditor with effect from 2008. The Audit Committee annually reviews and evaluates the standard and quality of service provided by the Auditor, as well as value for money in the provision of these services.

A new audit engagement partner was assigned to the audit for the year ending 31 December 2015 as the previous audit engagement partner had served five years in this role following the completion of the 31 December 2014 audit. The Audit Engagement rotation requirement allows a maximum rotation period of five years.

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

Nomination Committee
The Nomination Committee consists of all Directors, except Patrick Reeve, with Geoffrey Vero as Chairman. The terms of reference of the Nomination Committee are to evaluate the balance of skills, experience and time commitment of the current Board members and make recommendations to the Board as and when a particular appointment arises.

The 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, bearing in mind gender and other diversity within the Board.

The Nomination Committee did not meet during the year.

Terms of reference for the Nomination Committee can be found on the Company's website at www.albion-ventures.co.uk within the 'Our Funds' section by clicking on Albion Development VCT PLC and looking within the Corporate Governance section.

Internal control
In accordance with the UK Corporate Governance Code, the Board has an established process for identifying, evaluating and managing the significant risks faced by the Company. This process has been in place throughout the year and continues to be subject to regular review by the Board in accordance with the Internal Control Guidance for Directors in the UK Corporate Governance Code published in September 1999 and updated in 2005 (the "Turnbull guidance"). The Board is responsible for the Company's system of internal control and for reviewing its effectiveness. However, acknowledging that such a system is designed to manage, rather than eliminate,

the risks of failure to achieve the Company's business objectives, such controls can only provide reasonable and not absolute assurance against material misstatement or loss.

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

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

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

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

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

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. Procedures to disclose and authorise conflicts of interest have been adhered to throughout the year.

Capital structure and Articles of Association

Details regarding the Company's capital structure, substantial interests and Directors' powers to buy and issue shares are detailed in full on pages 22, 24 and 25 of the Directors' report. The Company is not party to any significant agreements that may take effect, alter or terminate upon a change of control of the Company following a takeover bid.

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

Relationships with shareholders

The Company's Annual General Meeting on 26 May 2016 will be used as an opportunity to communicate with investors. The Board, including the Chairman of the Audit Committee, will be available to answer questions at the Annual General Meeting.

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

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

Shareholders are able to access the latest information on holdings and performance using the contact details provided on page 2.

Statement of compliance

The Directors consider that, with the exception of the requirement for the appointment of a Chief Executive Officer, the Company has complied throughout the year ended 31 December 2015 with all the relevant provisions set out in the Code issued in September 2014 and with the AIC Code of Corporate Governance. The Company continues to comply with the Code, as at the date of this report.

By Order of the Board

Geoffrey Vero
Chairman
23 March 2016

Directors' remuneration report

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

An Ordinary resolution will be proposed at the Annual General Meeting for the approval of the Annual Remuneration Report as set out below.

The current Remuneration Policy was approved by shareholders (97.5 per cent. of shareholders voted for the resolution) at the Annual General Meeting held on 4 June 2015 and will remain in place for a three year period.

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

Annual statement from the Chairman of the Remuneration Committee
The Remuneration Committee comprises all of the Directors excluding Patrick Reeve, with Jonathan Thornton as Chairman.

Directors' fees have not increased since 2005. A review is currently underway to determine whether the current fees remain both competitive and reflective of the workload and responsibilities required from the Directors. Any change in remuneration levels would be in line with the remuneration policy as detailed below. Patrick Reeve continues to waive his fees for his services.

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

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

This policy will continue for the year ended 31 December 2016. An ordinary resolution to approve the Directors' Remuneration Policy will be put to shareholders at least once every three years, and will next be put to shareholders at the 2017 Annual General Meeting.

The Company's Articles of Association provide for the resignation and, if approved, re-election of the Directors every three years at the Annual General Meeting. In accordance with the recommendations of the AIC Code, Directors who have served the Company for longer than nine years are subject to annual re-election, and any non-independent Directors are also subject to annual re-election. At the forthcoming Annual General Meeting Jonathan Thornton, Patrick Reeve and Geoffrey Vero will retire and be proposed for re-election.

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

Shareholders' views in respect of Directors' remuneration are regarded highly and the Board encourages Shareholders' to attend its Annual General Meeting in order to communicate their thoughts, which it takes into account where appropriate when formulating its policy. At the last Annual General Meeting, 97.6 per cent. of shareholders voted for the resolution approving the Directors' Remuneration Report, which shows significant Shareholder support.

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

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

Directors' remuneration
The following items have been audited.

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

	31 December 2015 £'000	31 December 2014 £'000
Andrew Phillipps	**20.5**	20.5
Patrick Reeve	**–**	–
Jonathan Thornton	**20.5**	20.5
Geoffrey Vero	**20.5**	20.5
	61.5	61.5

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

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

Directors' remuneration report (continued)

In addition to Directors' remuneration, the Company pays an annual premium in respect of Directors' & Officers' Liability Insurance of £7,181 (2014: £8,586).

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 below:

	31 December 2015 Ordinary Shares	31 December 2014 Ordinary shares	D shares
Andrew Phillipps	**175,979**	137,606	25,625
Patrick Reeve	**134,753**	64,832	42,798
Jonathan Thornton	**112,627**	93,713	10,400
Geoffrey Vero	**41,394**	25,820	10,400
Total	**464,753**	321,971	89,223

There have been no further changes in the holdings of the Directors between 31 December 2015 and the date of this report.

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

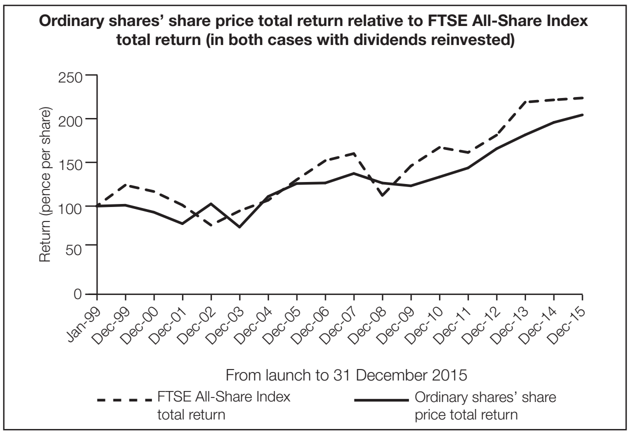
The following items have not been audited.

Partners and staff of Albion Ventures LLP (excluding Patrick Reeve's holdings shown above) hold a total of 212,215 Ordinary shares in the Company.

Performance graph

The graph below shows the Company's Ordinary share price total return against the FTSE All-Share Index total return, in both instances with dividends reinvested, since launch. The Directors consider this 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.



Source: Albion Ventures LLP

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

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

Relative importance of spend on pay

	2015 £'000	2014 £'000	Percentage increase
Total Directors' fees	**61.5**	61.5	**–**
Total distribution to shareholders including dividends and share buybacks	**3,331**	2,756	**20.9**

By Order of the Board

Geoffrey Vero
Director
23 March 2016

Independent Auditor's report to the Members of Albion Development VCT PLC

Our opinion on the Financial Statements

In our opinion the Albion Development VCT plc Financial Statements for the year ended 31 December 2015, which have been prepared by the Directors in accordance with applicable law and United Kingdom Accounting Standards including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland':

- give a true and fair view of the state of the Company's affairs as at 31 December 2015 and its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Accounting Standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

What our opinion covers

Our audit opinion on the Financial Statements covers the:

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

Respective responsibilities of Directors and auditor

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

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

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

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

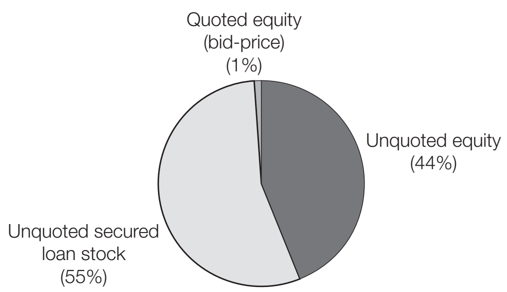
Investments

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

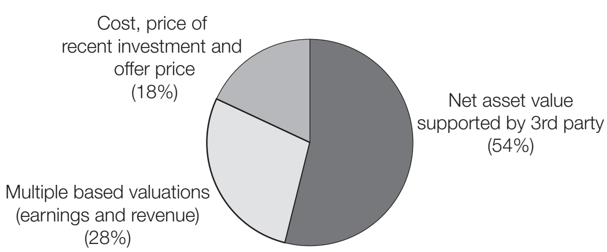
The valuation of investments is a key accounting estimate where there is an inherent risk of management override arising from the investment valuations being prepared by the Investment Manager, who is remunerated based on the net asset value of the Company.

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

Investment Portfolio by Type



Unquoted Investment-Valuation Method



Independent Auditor's report to the Members of Albion Development VCT PLC (continued)

We tested a sample of 87% of the unquoted investment portfolio having regard to the subjectivity of the inputs to the valuations.

72% of the unquoted portfolio is based on net asset value supported by a third party valuation, price of recent investment, cost (where the investment was recently acquired) or offer price. For such investments, we verified the cost or price of recent investment to supporting documentation and reviewed the Investment Manager's determination of whether there were any reasons why the valuation did not remain appropriate.

28% of the portfolio is valued with reference to more subjective techniques including multiples of earnings and revenue. For detailed testing we:

- Considered whether the valuation methodology is the most appropriate in the circumstances under the International Private Equity and Venture Capital Valuation ("IPEV") Guidelines
- Re-performed the calculation of the investment valuations
- Verified and benchmarked key inputs and estimates to independent information and our own research
- Challenged the assumptions inherent in the valuation of unquoted investments, and we assessed the impact of the estimation uncertainty concerning these assumptions and the disclosure of these uncertainties in the Financial Statements
- Considered the economic environment in which the investment operates to identify factors that could impact the investment valuation
- For all investments tested, we developed our own point estimate where alternative assumptions could reasonably be applied and considered the overall impact of such sensitisations on the portfolio of investments in determining whether the valuations as a whole are reasonable and unbiased.

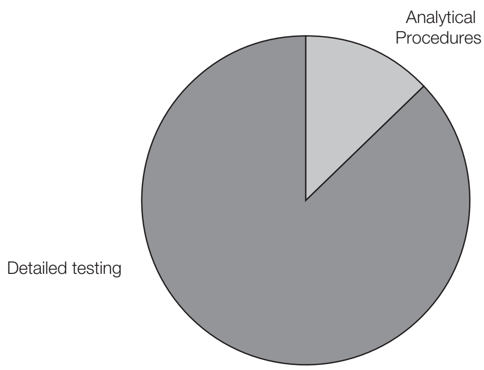
For a risk-weighted sample of loans held at fair value, we:

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

In respect of quoted equity investments, we confirmed that bid price had been used and that there were no contra indicators, such as liquidity considerations, to suggest bid price was not the most appropriate indication of fair value. 1% of the portfolio is valued at bid price.

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

Investments by value



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

Independent Auditor's report to the Members of Albion Development VCT PLC (continued)

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

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

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

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

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

Materiality measure	**Purpose**	**Key considerations and benchmarks**	**Quantum (£)**
Financial statement materiality – Based on 2 per cent. of invested assets	Assessing whether the Financial Statements as a whole present a true and fair view	● The value of investments ● The level of judgment inherent in the valuation ● The range of reasonable alternative valuation	650,000
Specific materiality – classes of transactions and balances which impact on revenue profits – Based on 10 per cent. of the revenue return before tax	Assessing those classes of transactions, balances or disclosures for which misstatements of lesser amounts than materiality for the Financial Statements as a whole could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Statements	● The level of net income return	95,000

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £7,000 as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

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

- the part of the Directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006;
- 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 information given in the Corporate Governance Statement set out on pages 29 and 30 of the Annual Report with respect to internal control and risk management systems in relation to financial reporting processes and about share capital structures is consistent with the Financial Statements.

Independent Auditor's report to the Members of Albion Development VCT PLC (continued)

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

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

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

Matters on which we are required to report by exception

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

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

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

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

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

Under the Listing Rules we are required to review:

- the Directors' statements, set out on page 22 and 23, in relation to going concern and on page 14 in relation to longer-term viability; and
- the part of the corporate governance statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified for our review.

We have nothing to report in respect of these matters.

Vanessa-Jayne Bradley (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
London
United Kingdom
23 March 2016

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

Income statement

		Ordinary shares Year ended 31 December 2015			Combined Ordinary and D shares Year ended 31 December 2014		
	Note	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains on investments	3	**–**	**1,367**	**1,367**	–	1,817	1,817
Investment income	4	**1,335**	**–**	**1,335**	1,151	–	1,151
Investment management fees	5	**(215)**	**(646)**	**(861)**	(187)	(562)	(749)
Other expenses	6	**(202)**	**–**	**(202)**	(305)	–	(305)
Return on ordinary activities before tax		**918**	**721**	**1,639**	659	1,255	1,914
Tax (charge)/credit on ordinary activities	8	**(149)**	**129**	**(20)**	(106)	119	13
Return and total comprehensive income attributable to shareholders		**769**	**850**	**1,619**	553	1,374	1,927
Basic and diluted return per share (pence)*							
– Ordinary shares	10	**1.5**	**1.6**	**3.1**	1.0	3.0	4.0
– D shares		**–**	**–**	**–**	3.0	4.1	7.1
– Proforma combined Ordinary and D shares†		**–**	**–**	**–**	1.2	3.0	4.2

** excluding treasury shares*

† Proforma basic and diluted return per share assuming the D shares had converted to Ordinary shares at 1 January 2014, further details are provided in note 10.

The accompanying notes on pages 41 to 54 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.

There is no other comprehensive income other than the results for the year disclosed above, accordingly a Statement of total comprehensive income is not required.

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

Balance sheet

	Note	Ordinary shares 31 December 2015 £'000	Combined Ordinary and D shares 31 December 2014 £'000
Fixed asset			
Investments	11	**31,565**	29,873
Current assets			
Trade and other receivables less than one year	13	**685**	201
Cash at bank and in hand		**6,972**	4,645
		7,657	4,846
Total assets		**39,222**	34,719
Creditors: amounts falling due within one year			
Trade and other payables less than one year	14	**(322)**	(284)
Total assets less current liabilities		**38,900**	34,435
Equity attributable to equityholders			
Called up share capital	15	**600**	482
Share premium		**11,652**	5,560
Capital redemption reserve		**12**	12
Unrealised capital reserve		**4,883**	1,954
Realised capital reserve		**4,820**	4,500
Other distributable reserve		**16,933**	21,927
Total equity shareholders' funds		**38,900**	34,435
Basic and diluted net asset value per share (pence)*			
– Ordinary shares	16	**71.1**	73.1
– D shares		**–**	109.5

* *excluding treasury shares*

The accompanying notes on pages 41 to 54 form an integral part of these Financial Statements.

These Financial Statements were approved by the Board of Directors, and authorised for issue on 23 March 2016 and were signed on its behalf by

Geoffrey Vero
Chairman

Company number: 03654040

Statement of changes in equity

	Called up share capital £'000	Share premium £'000	Capital redemption reserve £'000	Unrealised capital reserve £'000	Realised capital reserve* £'000	Other distributable reserve* £'000	Total £'000
As at 1 January 2015	**482**	**5,560**	**12**	**1,954**	**4,500**	**21,927**	**34,435**
Return/(loss) and total comprehensive income for the period	**–**	**–**	**–**	**1,971**	**(1,121)**	**769**	**1,619**
Transfer of unrealised losses on disposal of investments	**–**	**–**	**–**	**958**	**(958)**	**–**	**–**
Purchase of shares for treasury	**–**	**–**	**–**	**–**	**–**	**(649)**	**(649)**
Issue of equity	**118**	**6,275**	**–**	**–**	**–**	**(33)**	**6,360**
Cost of issue of equity	**–**	**(183)**	**–**	**–**	**–**	**–**	**(183)**
Transfer from other distributable reserve to realised capital reserve**	**–**	**–**	**–**	**–**	**2,399**	**(2,399)**	**–**
Dividends paid	**–**	**–**	**–**	**–**	**–**	**(2,682)**	**(2,682)**
As at 31 December 2015	**600**	**11,652**	**12**	**4,883**	**4,820**	**16,933**	**38,900**
As at 1 January 2014	441	2,343	8	125	3,772	25,313	32,002
Return and total comprehensive income for the period	–	–	–	1,254	120	553	1,927
Transfer of unrealised losses on disposal of investments	–	–	–	575	(575)	–	–
Cancellation of treasury shares	(1)	–	1	–	–	–	–
Purchase of shares for cancellation	(3)	–	3	–	–	(190)	(190)
Purchase of treasury shares	–	–	–	–	–	(423)	(423)
Issue of equity	45	3,310	–	–	–	–	3,355
Cost of issue of equity	–	(93)	–	–	–	–	(93)
Transfer from other distributable reserve to realised capital reserve**	–	–	–	–	1,183	(1,183)	–
Dividends paid	–	–	–	–	–	(2,143)	(2,143)
As at 31 December 2014	482	5,560	12	1,954	4,500	21,927	34,435

* Included within these reserves is an amount of £21,753,000 (2014: £26,427,000) which is considered distributable.

**A transfer of £2,399,000 (2014: £1,183,000) representing gross realised losses on disposal of investments during the year ended 31 December 2015 has been made from the other distributable reserve to the realised capital reserve.

Statement of cash flows

	Note	Ordinary shares Year ended 31 December 2015 £'000	Combined Ordinary and D shares Year ended 31 December 2014 £'000
Cash flow from operating activities			
Loan stock income received		**1,076**	1,012
Deposit interest received		**64**	67
Dividend income received		**82**	53
Investment management fees paid		**(835)**	(736)
Other cash payments		**(213)**	(195)
Net cash flow from operating activities	17	**174**	201
Cash flow from investing activities			
Purchase of fixed asset investments		**(3,995)**	(5,157)
Disposal of fixed asset investments		**3,302**	2,814
Disposal of current asset investments		**–**	71
Net cash flow from investing activities		**(693)**	(2,272)
Cash flow from financing activities			
Issue of share capital		**5,807**	3,029
Cost of issue of shares (including D share conversion)		**(17)**	(7)
Equity dividends paid		**(2,295)**	(1,902)
Purchase of own shares (including costs)	15	**(649)**	(614)
Net cash flow from financing activities		**2,846**	506
Increase/(decrease) in cash and cash equivalents		**2,327**	(1,565)
Cash and cash equivalents at start of period		**4,645**	6,210
Cash and cash equivalents at end of period		**6,972**	4,645
Cash and cash equivalents comprise:			
Cash at bank and in hand		**6,972**	4,645
Cash equivalents		**–**	–
Total cash and cash equivalents		**6,972**	4,645

Notes to the Financial Statements

1. Basis of preparation

The Financial Statements have been prepared in accordance with the historical cost convention, modified to include the revaluation of investments, in accordance with applicable United Kingdom law and accounting standards, including Financial Reporting Standard 102 ("FRS 102"), and with the 2014 Statement of Recommended Practice "Financial Statements of Investment Trust Companies and Venture Capital Trusts" ("SORP") issued by The Association of Investment Companies ("AIC"). This is the first period in which the Financial Statements have been prepared under FRS 102 which became mandatory for companies with a financial year beginning on or after 1 January 2015. On adoption of, and in accordance with, FRS 102, loans and receivables previously measured at amortised cost using the effective interest rate method less impairment have been classified at fair value through profit and loss ("FVTPL"). This has not led to a material change in value and so has not led to a restatement of comparatives, please see transition note 18 for further details.

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

2. Accounting policies

Fixed asset investments

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

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

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

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

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

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

Investment income

Unquoted equity income

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

Notes to the Financial Statements (continued)

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

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

Investment management fees and other expenses
All expenses have been accounted for on an accruals basis. Expenses are charged through the revenue column of the Income statement except the following which are charged through the realised capital reserve:

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

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

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

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

Reserves
Share premium reserve
This reserve accounts for the difference between the price paid for shares and the nominal value of the shares, less issue costs and transfers to the other distributable reserve.

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

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

Realised capital reserve
The following are disclosed in this reserve:

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

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

Notes to the Financial Statements (continued)

3. Gains on investments

	Ordinary shares Year ended 31 December 2015 £'000	Combined Ordinary and D shares Year ended 31 December 2014 £'000
Unrealised gains on fixed asset investments	**1,971**	1,254
Unrealised gains sub-total	**1,971**	1,254
Realised (losses)/gains on fixed asset investments	**(604)**	525
Realised gains on current asset investments	**–**	38
Realised (losses)/gains sub-total	**(604)**	563
	1,367	1,817

4. Investment income

	Ordinary shares Year ended 31 December 2015 £'000	Combined Ordinary and D shares Year ended 31 December 2014 £'000
Income recognised on investments		
Loan stock interest and other fixed returns	**1,186**	1,034
UK dividend income	**82**	51
Bank deposit interest	**67**	66
	1,335	1,151

Interest income earned on impaired investments at 31 December 2015 amounted to £45,000 (2014: £104,000).

5. Investment management fees

	Ordinary Shares Year ended 31 December 2015 £'000	Combined Ordinary and D shares Year ended 31 December 2014 £'000
Investment management fee charged to revenue	**215**	187
Investment management fee charged to capital	**646**	562
	861	749

Further details of the Management agreement under which the investment management fee is paid are given in the Strategic report on page 10.

During the year, services of a total value of £861,000 (2014: £749,000) were purchased by the Company from Albion Ventures LLP in respect of management fees. At the financial year end, the amount due to Albion Ventures LLP in respect of these services disclosed as accruals was £219,000 (2014: £193,000).

During the year, the Company was not charged by Albion Ventures LLP in respect of Patrick Reeve's services as a Director (2014: £nil).

Albion Ventures LLP, the Manager, holds 39,236 Ordinary shares in the Company.

Albion Ventures LLP is, from time to time, eligible to receive transaction fees and Directors' fees from portfolio companies. During the year ended 31 December 2015, fees of £179,000 attributable to the investments of the Company were received by Albion Ventures LLP pursuant to these arrangements (2014: £212,000).

Notes to the Financial Statements (continued)

6. Other expenses

	Ordinary shares Year ended 31 December 2015 £'000	Combined Ordinary and D shares Year ended 31 December 2014 £'000
Directors' fees (including NIC)	**67**	66
Other administrative expenses	**108**	110
Auditor's remuneration for statutory audit services (excluding VAT)	**27**	27
Impairment of accrued interest	**–**	102
	202	305

7. Directors' fees

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

	Ordinary shares Year ended 31 December 2015 £'000	Combined Ordinary and D shares Year ended 31 December 2014 £'000
Directors' fees	**62**	62
National insurance	**5**	4
	67	66

Further information regarding Directors' remuneration can be found in the Directors' remuneration report on pages 31 and 32.

8. Tax (charge)/credit on ordinary activities

	Ordinary shares Year ended 31 December 2015 £'000	Combined Ordinary and D shares Year ended 31 December 2014 £'000
UK corporation tax charge in respect of current year	**(39)**	(9)
UK corporation tax credit in respect of prior years	**19**	22
	(20)	13

Factors affecting the tax charge:

	Ordinary shares Year ended 31 December 2015 £'000	Combined Ordinary and D shares Year ended 31 December 2014 £'000
Return on ordinary activities before taxation	**1,639**	1,914
Tax charge on profit at the small companies rate of 20 per cent. (2014: 21.50 per cent.)	**(328)**	(412)
Factors affecting the charge:		
Non-taxable gains	**273**	391
Income not taxable	**16**	11
Marginal relief	**–**	1
Adjustment in respect of prior years	**19**	22
	(20)	13

The tax (charge)/credit for the year shown in the Income statement is lower than the small companies rate of corporation tax in the UK of 20 per cent. (2014: standard companies rate of 21.50 per cent.). The differences are explained above.

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

Notes

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

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

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

Notes to the Financial Statements (continued)

9. Dividends

	Year ended 31 December 2015 Ordinary shares £'000	Year ended 31 December 2014 Ordinary shares £'000	Year ended 31 December 2014 D shares £'000
Dividend of 2.5p per Ordinary share paid on 30 May 2014	**–**	911	–
Dividend of 2.5p per D share paid on 30 May 2014	**–**	–	159
Dividend of 2.5p per Ordinary share paid on 30 September 2014	**–**	914	–
Dividend of 2.5p per D share paid on 30 September 2014	**–**	–	159
Dividend of 2.5p per Ordinary share paid on 29 May 2015	**1,335**	–	–
Dividend of 2.5p per Ordinary share paid on 30 September 2015	**1,347**	–	–
	2,682	1,825	318

In addition to the dividends summarised above, the Board has declared a first dividend of 2.5 pence per Ordinary share for the year ending 31 December 2016, payable on 31 May 2016 to shareholders on the register as at 6 May 2016. The total dividend will be approximately £1,477,000.

10. Basic and diluted return per share

	Year ended 31 December 2015 Revenue	**Year ended 31 December 2015 Capital**	**Year ended 31 December 2015 Total**
Return attributable to equity shares (£'000)	**769**	**850**	**1,619**
Weighted average shares in issue (excluding treasury shares)		**52,626,429**	
Return attributable per equity share (pence)	**1.5**	**1.6**	**3.1**

	Year ended 31 December 2014					
	Ordinary shares			D shares		
	Revenue	Capital	Total	Revenue	Capital	Total
Return attributable to equity shares (£'000)	363	1,111	1,474	190	263	453
Weighted average shares in issue (excluding treasury shares)		36,282,578			6,369,555	
Return attributable per equity share (pence)	1.0	3.0	4.0	3.0	4.1	7.1

The weighted average number of Ordinary shares is calculated excluding the treasury shares of 5,257,700 (2014: 4,306,700).

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

As per the requirements of IAS 33 'Earnings per Share', a proforma combined Ordinary and D shares return attributable per equity share has been calculated. This calculation is based on retrospectively assuming the D shares had converted to Ordinary shares on 1 January 2014 and therefore the combined return attributable to equity shares for the year ended 31 December 2014 of £1,927,000 is divided by 45,820,987 (being the total of 36,282,578 weighted average Ordinary shares in issue plus 6,369,555 weighted average D shares in issue multiplied by the conversion ratio of 1.4975) to achieve a total return of 4.2 pence per share.

Notes to the Financial Statements (continued)

11. Fixed asset investments

	Ordinary Shares 31 December 2015 £'000	Combined Ordinary and D shares 31 December 2014 £'000
Investments held at fair value through profit or loss		
Unquoted equity and preference shares	**13,777**	12,349
Quoted equity	**394**	401
Unquoted loan stock	**17,394**	17,123
	31,565	29,873

	Ordinary Shares 31 December 2015 £'000	Combined Ordinary and D shares 31 December 2014 £'000
Opening valuation	**29,873**	25,997
Purchases at cost	**4,007**	5,142
Disposal proceeds	**(3,792)**	(2,968)
Realised (losses)/gains	**(604)**	525
Movement in loan stock accrued income	**110**	(77)
Unrealised gains	**1,971**	1,254
Closing valuation	**31,565**	29,873
Movement in loan stock accrued income		
Opening accumulated movement in loan stock accrued income	**134**	211
Movement in loan stock accrued income	**110**	(77)
Closing accumulated movement in loan stock accrued income	**244**	134
Movement in unrealised gains		
Opening accumulated unrealised gains	**1,777**	(88)
Transfer of previously unrealised (gains)/losses to realised reserve on disposal of investments	**(1,072)**	611
Transfer of previously unrealised losses to realised reserves on investments written off but still held	**2,030**	–
Movement in unrealised gains	**1,971**	1,254
Closing accumulated unrealised gains	**4,706**	1,777
Historic cost basis		
Opening book cost	**27,962**	25,873
Purchases at cost	**4,007**	5,142
Sales at cost	**(3,325)**	(3,053)
Cost of investments written off but still held	**(2,030)**	–
Closing book cost	**26,614**	27,962

Purchases and disposals detailed above do not agree to the Cash flow statement due to restructuring of investments, conversion of convertible loan stock and settlement debtors and creditors.

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

Notes to the Financial Statements (continued)

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

Valuation methodology	**Ordinary Shares 31 December 2015 £'000**	Combined Ordinary and D shares 31 December 2014 £'000
Net asset value supported by third party or desktop valuation	**16,804**	12,925
Revenue multiple	**6,812**	4,169
Cost and price of recent investment (reviewed for impairment)	**5,418**	6,866
Earnings multiple	**1,902**	3,426
Discount to third party offer	**235**	2,086
	31,171	29,472

Fair value investments had the following movements between valuation methodologies between 31 December 2014 and 31 December 2015:

Change in valuation methodology (2014 to 2015)	Value as at 31 December 2015 £'000	Explanatory note
Cost (reviewed for impairment) to revenue multiple	**2,678**	More relevant valuation methodology
Cost (reviewed for impairment) to net asset value supported by third party valuation	**2,063**	Third party valuation has recently taken place
Discount to third party offer to price of recent investment (reviewed for impairment)	**792**	Agreed new investment price

The valuation will be the most appropriate valuation methodology for an investment within its market, with regard to the financial health of the investment and the IPEVCV Guidelines. The Directors believe that, within these parameters, there are no other possible methods of valuation which would be reasonable as at 31 December 2015.

FRS 102 and the SORP requires the Company to disclose the inputs to the valuation methods applied to its investments measured at fair value through profit or loss in a fair value hierarchy according to the following definitions:

Fair value hierarchy	Definition
Level A	Quoted prices in an active market
Level B	Price of a recent transaction for identical instruments
Level C (i)	Inputs to valuations are from observable sources and are directly or indirectly derived from prices
Level C (ii)	Inputs to valuations not based on observable market data

Quoted AIM investments are valued according to Level A valuation methods. Unquoted equity, preference shares and loan stock are all valued according to Level C (ii) valuation methods.

Notes to the Financial Statements (continued)

Investments held at fair value through profit or loss (Level C (ii)) had the following movements in the year to 31 December 2015:

	Ordinary shares 31 December 2015			Combined Ordinary and D shares 31 December 2014		
	Equity £'000	**Unquoted Loan stock £'000**	**Total £'000**	Equity £'000	Unquoted Loan stock £'000	Total £'000
Opening balance	**12,349**	**17,123**	**29,472**	10,236	6,539	16,775
Adjustment to fair value**	**–**	**–**	**–**	–	9,017	9,017
Opening balance (adjusted to fair value)	**12,349**	**17,123**	**29,472**	10,236	15,556	25,792
Additions	**1,123**	**2,821**	**3,944**	2,711	1,588	4,299
Disposals	**(1,690)**	**(2,102)**	**(3,792)**	(1,775)	(3)	(1,778)
Transfer to Level A*	**–**	**–**	**–**	(772)	(164)	(936)
Accrued loan stock interest	**–**	**110**	**110**	–	30	30
Realised (losses)/gains	**(467)**	**(137)**	**(604)**	663	(240)	423
Debt/equity swap and restructurings	**480**	**(480)**	**–**	–	–	–
Unrealised gains	**1,982**	**59**	**2,041**	1,286	356	1,642
Closing balance	**13,777**	**17,394**	**31,171**	12,349	17,123	29,472

*Mi-Pay Group plc was quoted on AiM and transferred to Level A fair value hierarchy

**As per FRS 102 adoption the unquoted loan stock balance for 2014 has been adjusted to include £9,017,000 of investments at fair value that were previously held under amortised cost.

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. The valuation methodology applied to 72 per cent. of the equity and unquoted loan stock investments (by valuation) is based on third-party independent evidence, cost, recent investment price and agreed offer price. The Directors believe that changes to reasonable possible alternative assumptions (by adjusting up and down the revenue and earnings multiples) for the valuations of Exco Intouch Limited, Process System Enterprise Limited, Blackbay Limited and Mirada Medical Limited could result in an increase in the valuation of investments by £883,000 or a decrease in the valuation of investments by £642,000.

12. Significant interests

The principal activity of the Company is to select and hold a portfolio of investments in unquoted securities. Although the Company, through the Manager, will, in some cases, be represented on the board of the portfolio company, it will not take a controlling interest or become involved in the management. The size and structure of the companies with unquoted securities may result in certain holdings in the portfolio representing a participating interest without there being any partnership, joint venture or management consortium agreement. The investments listed below are held as part of an investment portfolio and therefore, as permitted by FRS 102 section 9.9B, they are measured at fair value through profit and loss and not accounted for using the equity method.

The Company has interests of greater than 20 per cent. of the nominal value of any class of the allotted shares in the portfolio companies as at 31 December 2015 as described below:

Company	**Country of incorporation**	**Profit/(loss) before tax £'000**	**Net assets/ (liabilities) £'000**	**Results for year ended**	**Principal activity**	**% class and share type**	**% total voting rights held by the Company**
Albion Investment Properties Limited	Great Britain	n/a*	(969)	31 December 2014	Owner of residential property	48.4% A Ordinary	48.4%
Blackbay Limited	Great Britain	(1,747)	(4,141)	31 December 2014	Mobile data solutions	34.9% A Ordinary	7.4%
Masters Pharmaceuticals Limited	Great Britain	186	429	31 December 2014	International specialist distributor of pharmaceuticals	21.1% A Ordinary	4.2%

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

Notes to the Financial Statements (continued)

13. Current assets

Trade and other receivables less than one year	**Ordinary shares 31 December 2015 £'000**	Combined Ordinary and D shares 31 December 2014 £'000
Prepayments and accrued income	**19**	17
Corporation tax receivable	**19**	1
Other debtors	**647**	183
	685	201

14. Creditors: amounts falling due within one year

	Ordinary shares 31 December 2015 £'000	Combined Ordinary and D shares 31 December 2014 £'000
Accruals and deferred income	**266**	251
Trade creditors	**17**	31
UK corporation tax payable	**39**	2
	322	284

15. Called up share capital

	31 December 2015 £'000	31 December 2014 £'000
Allotted, called up and fully paid shares		
59,965,643 Ordinary shares of 1 penny each (2014: 41,834,205 Ordinary shares)	**600**	418
Nil D shares (2014: 6,413,822 D shares)	**–**	64

Voting rights

54,707,943 Ordinary shares of 1 penny each (net of treasury shares) (2014: 37,527,505 Ordinary shares and 6,388,197 D shares of 1 penny each (net of treasury shares)).

The D shares converted to Ordinary shares on 31 March 2015 at a ratio of 1.4975 Ordinary shares for each D share. As a result, 6,388,197 D shares were cancelled and 9,566,325 Ordinary shares were issued at a total nominal value of £95,663.

The Company purchased 951,000 Ordinary shares (2014: 605,700) at a cost of £649,000 including stamp duty (2014: £424,000) to be held in treasury during the year to 31 December 2015. The Company cancelled 25,625 D shares from treasury before the conversion of D shares to Ordinary shares.

The Company did not purchase any Ordinary shares for cancellation (2014: 272,000 Ordinary shares at a cost of £190,000).

The Company holds a total of 5,257,700 Ordinary shares in treasury (2014: 4,306,700), representing 8.8 per cent. of the issued Ordinary share capital as at 31 December 2015 (2014: 10.3 per cent.).

Under the terms of the Ordinary shares' Dividend Reinvestment Scheme, the following Ordinary shares of nominal value 1 penny each were allotted during the year:

Date of allotment	**Number of shares issued**	**Aggregate nominal amount of shares (£'000)**	**Issue price (pence per share)**	**Net consideration received £'000**	**Opening market price on allotment date (pence per share)**
29 May 2015	256,848	3	71.75	181	69.0
30 September 2015	283,909	3	71.20	200	69.0
	540,757			381	

Notes to the Financial Statements (continued)

Under the terms of the Albion VCTs Prospectus Top Up Offers 2014/2015, the following Ordinary shares of nominal value 1 penny each, were allotted during the year:

Date of allotment	Number of shares issued	Aggregate nominal amount of shares (£'000)	Issue price (pence per share)	Net consideration received £'000	Opening market price on allotment date (pence per share)
30 January 2015	1,287,521	13	72.9	920	70.0
30 January 2015	693,078	7	73.2	495	70.0
2 April 2015	4,323,601	43	75.4	3,162	69.0
30 June 2015	761,410	8	74.0	547	69.0
30 June 2015	39,242	–	73.3	28	69.0
30 June 2015	11,321	–	73.6	8	69.0
30 September 2015	908,183	9	73.5	647	69.0
	8,024,356	80		5,807	

16. Basic and diluted net asset value per share

	31 December 2015 (pence per share)	31 December 2014 (pence per share)
Basic and diluted net asset value per Ordinary share	**71.1**	73.1
Basic and diluted net asset value per D share	**–**	109.5

The basic and diluted net asset values per share at the year end are calculated in accordance with the Articles of Association and are based upon total shares in issue (less treasury shares) of 54,707,943 Ordinary shares as at 31 December 2015 (2014: 37,527,505 Ordinary shares and 6,388,197 D shares).

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

	Ordinary shares Year ended 31 December 2015 £'000	Combined Ordinary and D shares Year ended 31 December 2014 £'000
Revenue return on ordinary activities before taxation	**918**	659
Investment management fee charged to capital	**(646)**	(562)
Movement in accrued loan stock interest	**(110)**	77
(Increase)/decrease in debtors	**(2)**	2
Increase in creditors	**14**	25
Net cash flow from operating activities	**174**	201

18. First time adoption of FRS 102

In the prior year Financial Statements, unquoted loan stock (excluding convertible bonds and debt issued at a discounted) were classified as loans and receivables as permitted by FRS 26 and measured at amortised cost using the Effective Interest Rate method less impairment. This is the first year of application of FRS 102 and if FRS 102 had been applied in the prior year and unquoted loan stock had been valued at "fair value" this would have seen a reduction in value of loan stock by £35,000 which would have been a 0.2 per cent. difference as a percentage of total loan stock valuation (£17,123,000). As the first time adoption of FRS 102 had no material impact, no restatement of comparatives is necessary.

Notes to the Financial Statements (continued)

19. Capital and financial instruments risk management

The Company's capital comprises Ordinary shares as described in note 15. The Company is permitted to buy back its own shares for cancellation or treasury purposes, and this is described in more detail on page 22 of the Directors' report.

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

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

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

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

Investment risk

As a venture capital trust, it is the Company's specific nature to evaluate and control the investment risk of its portfolio in quoted and unquoted investments, details of which are shown on pages 17 to 19. Investment risk is the exposure of the Company to the revaluation and devaluation of investments. The main driver of investment risk is the operational and financial performance of the portfolio company and the dynamics of market quoted comparators. The Manager receives management accounts from portfolio companies and members of the investment management team often sit on the boards of unquoted portfolio companies; this enables the close identification, monitoring and management of investment risk.

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

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

The maximum investment risk as at the Balance sheet date is the value of the fixed asset investment portfolio which is £31,565,000 (2014: £29,873,000). Fixed asset and current asset investments form 81 per cent. of the net asset value as at 31 December 2015 (2014: 87 per cent.).

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

Investment price risk

Investment price risk is the risk that the fair value of future investment cash flows will fluctuate due to factors specific to an investment instrument or to a market in similar instruments. To mitigate the investment price risk for the Company as a whole, the strategy of the Company is to invest in a broad spread of industries with up to two-thirds of the unquoted investments comprising debt securities, which, owing to the structure of their yield and the fact that they are usually secured, have a lower level of price volatility than equity. Details of the industries in which investments have been made are contained in the Portfolio of investments section on pages 17 to 19 and in the Strategic report.

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

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

The sensitivity of a 10 per cent. (2014: 10 per cent.) increase or decrease in the valuation of the fixed asset investments (keeping all other variables constant) would increase or decrease the net asset value and return for the year by £3,156,500 (2014: £2,987,000).

Interest rate risk

It is the Company's policy to accept a degree of interest rate risk on its financial assets through the effect of interest rate changes. On the basis of the Company's analysis, it is estimated that a rise of one percentage point in all interest rates would have increased total return before tax for the year by approximately £35,000. Furthermore, it is considered that a fall of interest rates below current levels during the year would have been very unlikely.

Notes to the Financial Statements (continued)

The weighted average effective interest rate applied to the Company's fixed rate assets during the year was approximately 7.4 per cent. for the Ordinary shares (2014: 6.5 per cent. for Ordinary shares and 9.7 per cent. for D shares). The weighted average period to maturity for the fixed rate assets is approximately 6.5 years (2014: 5.5 years for Ordinary shares and 6.5 years for D shares).

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

	Ordinary shares 31 December 2015				Combined Ordinary and D shares 31 December 2014			
	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	**–**	**–**	**13,777**	**13,777**	–	–	12,349	12,349
Quoted equity	**–**	**–**	**394**	**394**	–	–	401	401
Unquoted loan stock	**16,889**	**–**	**505**	**17,394**	14,171	–	2,952	17,123
Debtors*	**–**	**–**	**655**	**655**	–	–	188	188
Current liabilities*	**–**	**–**	**(283)**	**(283)**	–	–	(282)	(282)
Cash	**–**	**6,972**	**–**	**6,972**	–	4,645	–	4,645
Total	**16,889**	**6,972**	**15,048**	**38,909**	14,171	4,645	15,608	34,424

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

Credit risk

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

The Manager evaluates credit risk on loan stock 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. Typically loan stock instruments have a first fixed charge or a fixed and floating charge over the assets of the portfolio company in order to mitigate the gross credit risk. The Manager receives management accounts from portfolio companies, and members of the investment management team 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 debtors) and other risks, both at the time of initial investment and at quarterly Board meetings.

The Company's total gross credit risk for Ordinary shares at 31 December 2015 was limited to £17,394,000 (2014: £17,123,000) of unquoted loan stock instruments (all are secured on the assets of the portfolio company), £6,972,000 (2014: £4,645,000) of cash deposits with banks and £647,000 (2014: £183,000) of other debtors.

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

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

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

The cost, impairment and carrying value of impaired loan stocks in the Ordinary share portfolio held at fair value through profit and loss at 31 December 2015 and 31 December 2014 are as follows:

	31 December 2015			31 December 2014		
	Cost £'000	**Impairment £'000**	**Carrying value £'000**	Cost £'000	Impairment £'000	Carrying value £'000
Impaired loan stock	**3,287**	**(865)**	**2,422**	4,849	(1,539)	3,310

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

Liquidity risk
Liquid assets are held as cash on current account, cash on deposit or short term money market account. Under the terms of its Articles, the Company has the ability to borrow up to 10 per cent. of its adjusted capital and reserves of the latest published audited Balance sheet, which amounts to £3,742,000 (2014: £3,321,000) as at 31 December 2015.

The Company had no committed borrowing facilities as at 31 December 2015 (2014: nil) and the Company had cash and fixed term deposit balances of £6,972,000 (2014: £4,645,000). 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. With the exception of corporation tax payable, all of the Company's financial liabilities are short term in nature and total £283,000 (2014: £282,000).

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

Redemption date	**Fully performing £'000**	**Impaired £'000**	**Past due £'000**	**Total £'000**
Less than one year	**3,676**	**1,910**	**7**	**5,593**
1-2 years	**714**	**475**	**–**	**1,189**
2-3 years	**340**	**–**	**629**	**969**
3-5 years	**3,326**	**37**	**425**	**3,788**
Greater than 5 years	**4,250**	**–**	**1,605**	**5,855**
	12,306	**2,422**	**2,666**	**17,394**

Loan stock categorised as past due includes;

- loan stock valued at £988,000 yielding an average 8.3 per cent. which has interest past due by less than 12 months;
- loan stock valued at £1,154,000 yielding an average 1.9 per cent. has interest past due by greater than 12 months but less than 2 years;
- loan stock valued at £524,000 has interest past due between 2 and 3 years.

The carrying value of the combined Ordinary shares and D shares loan stock investments at 31 December 2014, analysed by expected maturity dates is as follows:

Redemption date	Fully performing £'000	Impaired £'000	Past due £'000	Total £'000
Less than one year	3,340	1,982	636	5,958
1-2 years	1,167	1,306	234	2,707
2-3 years	495	–	–	495
3-5 years	2,707	22	–	2,729
Greater than 5 years	4,429	–	805	5,234
	12,138	3,310	1,675	17,123

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 December 2015 are stated at fair value as determined by the Directors, with the exception of debtors and creditors and cash which are carried at amortised cost, in accordance with FRS 102. There are no financial liabilities other than creditors. The Company's financial liabilities are all non-interest bearing. It is the Directors' opinion that the book value of the financial liabilities is not materially different to the fair value and all are payable within one year.

20. Contingencies and commitments
The Company had the following financial commitments in respect of investments:

- Grapeshot Limited; £117,000
- Aridhia Informatics Limited; £69,000
- DySIS Medical Limited; £28,000

Notes to the Financial Statements (continued)

21. Post balance sheet events

Since the year end, the Company had the following material investment transactions:

- Disposal of Silent Herdsman Holdings Limited for £350,000, of which, £112,000 is deferred and held in escrow.
- Investment of £119,000 in Proveca Limited;
- Investment of £91,000 in Earnside Energy Limited;
- Investment of £72,000 in InCrowd Sports Limited;
- Investment of £69,000 in Aridhia Informatics Limited;
- Investment of £28,000 in DySIS Medical Limited; and
- Investment of £18,000 in The Weybridge Club Limited.

On 17 November 2015 the Company announced the publication of a prospectus in relation to an offer for subscription for new Ordinary shares. A Securities Note, which forms part of the prospectus, has been sent to shareholders.

The following Ordinary shares of nominal value 1 penny each were allotted under the Offers after 31 December 2015:

Date of allotment	Number of shares allotted	Aggregate nominal value of shares £'000	Issue price (pence per share)	Net consideration received £'000	Opening market price on allotment date (pence per share)
29 January 2016	2,807,295	28	72.8	2,003	68.3
29 January 2016	1,581,367	16	73.2	1,129	68.3
	4,388,662	**44**		**3,132**	

The Board is pleased to announce that it has reached its £6 million limit under its Offer, which as of 23 March 2016 is fully subscribed and has now closed.

22. Related party transactions

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

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Albion Development VCT PLC (the "Company") will be held at the City of London Club, 19 Old Broad Street, London EC2N 1DS on 26 May 2016 at 12:00pm for the following purposes:

To consider and, if thought fit, to pass the following resolutions, of which numbers 1 to 8 will be proposed as ordinary resolutions and numbers 9 to11 as special resolutions.

Ordinary Business

1. To receive and adopt the Company's accounts for the year ended 31 December 2015 together with the report of the Directors and Auditor.

2. To approve the Directors' remuneration report for the year ended 31 December 2015.

3. To re-elect Geoffrey Vero as a Director of the Company.

4. To re-elect Jonathan Thornton as a Director of the Company.

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

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

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

Special Business

8. Authority to allot shares

That the Directors be generally and unconditionally authorised in accordance with section 551 of the Companies Act 2006 (the "Act") to allot shares in the Company up to an aggregate nominal amount of £128,709 for Ordinary shares provided that this authority shall expire 18 months from the date that this resolution is passed, or, if earlier, the conclusion of the next annual general meeting of the Company but so that the Company may, before such expiry, make an offer or agreement which would or might require shares to be allotted or rights to subscribe for or convert securities into shares to be granted after such expiry and the Directors may allot shares or grant rights to subscribe for or convert securities into shares pursuant to such an offer or agreement as if this authority had not expired.

9. Authority for the disapplication of pre-emptive rights

That, subject to and conditional on the passing of resolution number 8, the Directors be empowered, pursuant to section 570 of the Act, to allot equity securities (within the meaning of section 560 of the Act) for cash pursuant to the authority conferred by resolution number 8 as if section 561(1) of the Act did not apply to any such allotment, provided that this power shall be limited to the allotment of equity securities:

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

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

(c) in connection with the Albion VCTs Prospectus Top Up Offers 2015/2016 and similar Offers; and

(d) otherwise than pursuant to paragraphs (a) to (c) above, up to an aggregate nominal amount of £128,709 for Ordinary shares.

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

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

Notice of Annual General Meeting (continued)

This power applies in relation to a sale of shares which is an allotment of equity securities by virtue of section 560(2)(b) of the Act as if in the first paragraph of the resolution the words "pursuant to the authority conferred by resolution number 8" were omitted.

10. Authority to purchase own shares

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

(a) the maximum number of shares hereby authorised to be purchased is equal to 14.99 per cent. of the shares in issue;

(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 per cent. of the average of the middle market quotations for an Ordinary share, as derived from the London Stock Exchange Daily Official List, for the five business days immediately preceding the day on which the Ordinary share is purchased; and (b) the amount stipulated by Article 5(1) of the Buy-back and Stabilisation Regulation 2003;

(d) the authority hereby conferred shall, unless previously revoked, varied or renewed, expire 18 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.

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

11. Authority to sell treasury shares

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

By order of the Board

Albion Ventures LLP
Company Secretary
Registered office
1 King's Arms Yard
London EC2R 7AF

23 March 2016

Albion Development VCT PLC is registered in England and Wales with company number 03654040

Notice of Annual General Meeting (continued)

Notes

1. Members entitled to attend, speak and vote at the Annual General Meeting ("AGM") may appoint a proxy or proxies (who need not be a member of the Company) to exercise these rights in their place at the meeting. A member may appoint more than one proxy, provided that each proxy is appointed to exercise the rights attached to different shares. Proxies may only be appointed by:

   - completing and returning the Form of Proxy enclosed with this Notice to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS99 6ZZ;
   - going to www.investorcentre.co.uk and following the instructions provided there; or
   - by having an appropriate CREST message transmitted, if you are a user of the CREST system (including CREST personal members).

   Return of the Form of Proxy will not preclude a member from attending the meeting and voting in person. 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 12:00pm on 24 May 2016.

2. Any person to whom this Notice is sent who is a person nominated under section 146 of the Companies Act 2006 ('the Act') to enjoy information rights (a "Nominated Person") may, under an agreement between him or her and the member by whom he or she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the AGM. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he or she may, under any such agreement, have a right to give instructions to the member as to the exercise of voting rights. The statement of rights of members in relation to the appointment of proxies in note 1 above does not apply to Nominated Persons. The rights described in that note can only be exercised by members of the Company.

3. To be entitled to attend and vote at the AGM (and for the purpose of the determination by the Company of the votes they may cast), members must be registered in the register of members of the Company at 12:00pm on 24 May 2016 (or, in the event of any adjournment, on the date which is two days before the time of the adjourned meeting). Changes to the register of members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.

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

   In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK and Ireland Limited's specifications, and must contain the information required for such instruction, as described in the CREST Manual (available via www.euroclear.com/CREST). The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent by 12:00pm 24 May 2016. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Application Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

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

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

5. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.

6. A copy of this Notice, and other information regarding the meeting, as required by section 311A of the Act, is available from www.albion-ventures.co.uk, Our Funds, Albion Development VCT PLC.

Notice of Annual General Meeting (continued)

7. Any member attending the meeting has the right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the meeting but no such answer need be given if (a) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information, (b) the answer has already been given on a website in the form of an answer to a question, or (c) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.

8. As at 21 March 2016 (being the latest practicable date prior to the publication of this Notice), the Company's issued share capital consists of 64,354,305 Ordinary shares. The Company holds 5,257,700 Ordinary shares in treasury. At that date, the total voting rights for the Company were 59,096,605.

9. 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.

10. 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.

Albion Development VCT PLC

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