

Annual Report and Financial
Statements for the year ended
31 March 2016



Albion Enterprise VCT PLC

ALBIONVENTURES

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Company information

Company number	05990732
Directors	M Packe, Chairman Lady Balfour of Burleigh Lord St John of Bletso P H Reeve
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 1st Floor 4 Staple Inn London, WC1V 7QH
Legal adviser	Bird & Bird LLP 15 Fetter Lane London, EC4A 1JP

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

Shareholder information	For help relating to dividend payments, shareholdings and share certificates please contact Computershare Investor Services PLC: Tel: 0370 873 5860 (UK National Rate call, lines are open 8.30am – 5.30pm; Mon – Fri; calls may be recorded) Website: www.investorcentre.co.uk Shareholders can access holdings and valuation information regarding any of their shares held with Computershare by registering on Computershare's website.
Financial adviser information	For enquiries relating to the performance of the Company and information for financial advisers please contact Albion Ventures LLP: Tel: 020 7601 1850 (lines are open 9.00am – 5.30pm; Mon – Fri; calls may be recorded) Email: info@albion-ventures.co.uk Website: www.albion-ventures.co.uk

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

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") was introduced. The legislation requires venture capital trust companies to provide personal information to HMRC on certain investors who purchase shares in the trusts. As an affected company, Albion Enterprise 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

The investment objective of Albion Enterprise VCT PLC (the “Company”) is to provide investors with a regular and predictable source of income, combined with the prospect of longer term capital growth.

The Company achieves this by investing up to 50 per cent. of the net funds raised in an asset-based portfolio of more stable businesses (the “Asset-based Portfolio”). The balance of the net funds raised, other than funds retained for liquidity purposes, are invested in a portfolio of higher growth businesses across a variety of sectors of the UK economy. These range from more stable, income producing businesses to higher risk technology companies (the “Growth Portfolio”). In neither category do portfolio companies normally have any external borrowing with a charge ranking ahead of the Company. Up to two-thirds of qualifying investments by cost comprise loan stock secured with a first charge on the portfolio company’s assets. Funds awaiting investment in Qualifying Investments or retained for liquidity purposes are held on deposit with banks with high credit ratings assigned by international credit ratings agencies.

The Company’s investment portfolio is structured to provide a balance between income and capital growth for the longer term. The Asset-based Portfolio is designed to provide stability and income whilst still maintaining the potential for capital growth. The Growth Portfolio is intended to provide diversified exposure through its portfolio of investments in unquoted UK companies. Stock specific risk will be reduced by the Company’s policy of holding a diversified portfolio of Qualifying Investments.

Financial calendar

Record date for first dividend	5 August 2016
Annual General Meeting	11.00am on 25 August 2016
Payment date for first dividend	31 August 2016
Announcement of half-yearly results for the six months ended 30 September 2016	November 2016
Payment of second dividend (subject to Board approval)	February 2017

Financial highlights

5.3p

Total return per share for the year ended 31 March 2016

5.0p

Total tax-free dividend per share paid during the year ended 31 March 2016

96.4p

Net asset value per share as at 31 March 2016

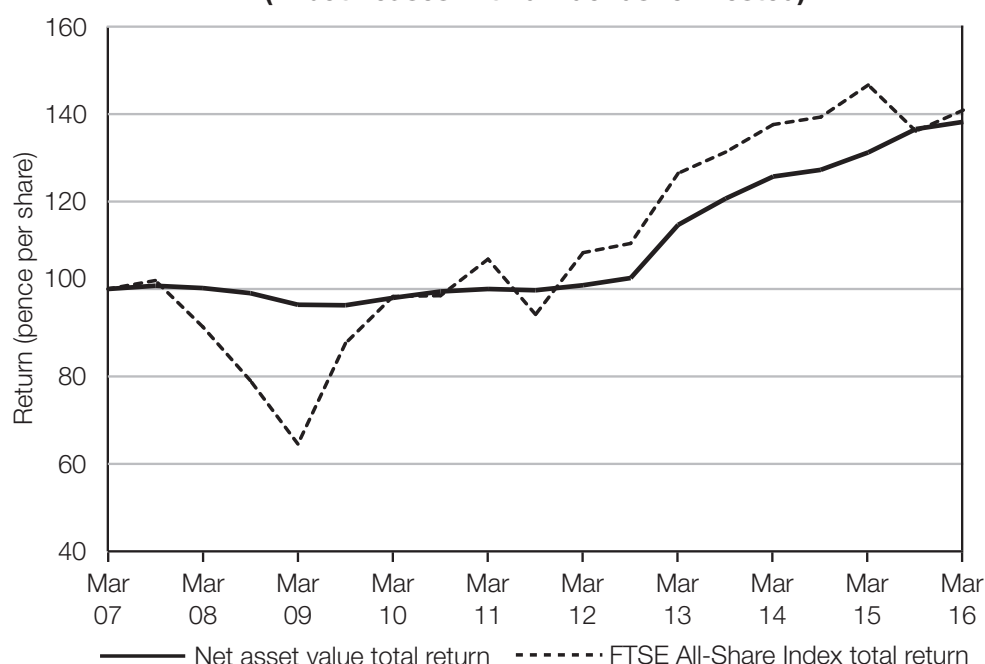
125.3p

Total shareholder return since launch to 31 March 2016

5.5%

Tax free yield on share price (dividend per annum/share price as at 31 March 2016)

**Net asset value total return relative to FTSE All-Share Index total return
(in both cases with dividends reinvested)**



Source: Albion Ventures LLP

Methodology: The net asset value total return to the shareholder, including original amount invested (rebased to 100) from launch, assuming that dividends were re-invested 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)

	31 March 2016 (pence per share)	31 March 2015 (pence per share)
Dividends paid	5.00	5.00
Revenue return	1.85	2.07
Capital return	3.48	2.18
Net asset value	96.41	96.22

Total shareholder return to 31 March 2016:		(pence per share)
Total dividends paid during the year ended:		
31 March 2008		0.70
31 March 2009		1.65
31 March 2010		2.00
31 March 2011		3.00
31 March 2012		3.00
31 March 2013		3.50
31 March 2014		5.00
31 March 2015		5.00
31 March 2016		5.00
Total dividends paid to 31 March 2016		28.85
Net asset value as at 31 March 2016		96.41
Total shareholder return to 31 March 2016		125.26

In addition to the dividends summarised above, the Board has declared a first dividend for the year ending 31 March 2017 of 2.50 pence per share to be paid on 31 August 2016 to shareholders on the register as at 5 August 2016.

Notes

- *The dividend of 0.70 pence per share paid during the period ended 31 March 2008 and the first dividend of 0.40 pence per share paid during the year ended 31 March 2009 were paid to shareholders who subscribed in the 2006/2007 offer only.*
- *All dividends paid by the Company are paid free of income tax. It is an H.M. Revenue & Customs requirement that dividend vouchers indicate the tax element should dividends have been subject to income tax. Investors should ignore this figure on the dividend voucher and need not disclose any income they receive from a VCT on their tax return.*
- *The net asset value of the Company is not its share price as quoted on the official list of the London Stock Exchange. The share price of the Company can be found in the Investment Companies – VCTs section of the Financial Times on a daily basis.*
- *Investors are reminded that it is common for shares in VCTs to trade at a discount to their net asset value as tax reliefs are only obtainable on initial subscription.*

Chairman's statement

Introduction

The Company achieved a total return of 5.33 pence per share, following the 4.25 pence per share total return for the previous year. We are encouraged by the continued development of the investment portfolio, while the income generated by the portfolio grew by 9 per cent. over that for the previous period.

Portfolio progress

During the year over £2.9 million was invested in new and existing companies, including £635,000 into Radnor House to help purchase the Combe Bank School in Sevenoaks, Kent; follow-on investments of £457,000 into DySIS Medical; £304,000 into Relayware; and £181,000 into Proveca. In addition, investments were made in new portfolio companies including Panaseer which provides cyber security services; Innovation Broking, which provides business insurance broking services for SMEs; and InCrowd Sports, which provides specialist consumer services to users of sports arenas. The key exits in the period were the sales of Silent Herdsman and Lowcosttravelgroup. Further information can be found in the realisations table on page 18.

Companies that performed particularly well during the period included Egress Software, whose encrypted email services achieved excellent growth; Radnor House School, where the existing Twickenham school is now close to being full; and Exco Intouch where the company's healthcare IT products are seeing strong customer demand. Against this, further provision was taken against DySIS Medical where sales, although encouraging, remain slower than hoped for. Importantly, however, the efficacy of DySIS' cervical cancer scanning products continue to be proven, with over 80,000 scans now achieved. Further details can be found in the Portfolio of investments section on pages 17 and 18.

Results and dividends

As at 31 March 2016, the net asset value was 96.41 pence per share compared to 96.22 pence per share at the end of 31 March 2015. The revenue return before taxation was £911,000 compared to £847,000 for the previous year. The Company will pay a first dividend for the financial year to 31 March 2017 of 2.50 pence per share, in line with its policy of a 5 pence per share annual dividend. The dividend will be paid on 31 August 2016 to shareholders on the register as at 5 August 2016.

Discount management and share buy-backs

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

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 Manager's assessment is that had these been in place previously they would have affected only a relatively small number of the investments 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.

Transactions with the Manager

Details of the transactions that took place with the Manager for the year can be found in note 5.

Risks and uncertainties

The outlook for the UK and global economies continues to be the key risk affecting your Company. The recent referendum calling for Britain to withdraw from the European Union is likely to have an effect on the Company and its investments, although the extent of this is not quantifiable at this time.

If the referendum to leave the European Union has a material adverse effect on the UK economy, the Company and its investment portfolio will not be immune. Any effect cannot be quantified now but we would expect it to be felt most in those sectors which are most exposed to the consumer and business cycle.

The regulatory environment in which the Company operates has had significant input from rules developed within the European Union and the Company cannot currently evaluate what changes may occur in a separate UK regulatory environment although the Treasury has always been supportive of the venture capital sector in the past.

Withdrawal from the European Union may create new instabilities in markets generally and these instabilities may affect the valuation and market liquidity of the Company's existing investments as well as the availability or pricing of new investments.

Investment risk is mitigated through a variety of processes, including our policy of ensuring that the Company has a first charge over portfolio companies' assets wherever possible and of ensuring that the portfolio is balanced through the inclusion of sectors that are less exposed to the business and consumer cycles. A detailed analysis of the other risks and uncertainties facing the business is shown on pages 12 and 13 of the Strategic report.

Chairman's statement (continued)

Albion VCTs Top Up Offers

In November 2015, the Company announced the launch of the Albion VCTs Prospectus Top Up Offers 2015/2016. In aggregate, the Albion VCTs aimed to raise up to £36 million across six of the VCTs managed by Albion Ventures LLP, with the Company aiming to raise up to £6 million.

During the year the Company raised £10.1m under the Company's Offer as part of the Albion VCTs Top Up Offers 2014/2015 and 2015/2016, as shown in note 15. The proceeds of the Offers will be used to provide further resources at a time when a number of attractive new investment opportunities are being seen. The Company was pleased to announce on 23 March 2016 that it had reached its £6m limit under its Offer which was fully subscribed and closed.

Outlook and prospect

A number of companies in our portfolio have exciting growth opportunities and overall we remain strongly positive of the Company's medium term prospects.

Maxwell Packe

Chairman

29 June 2016

Strategic report

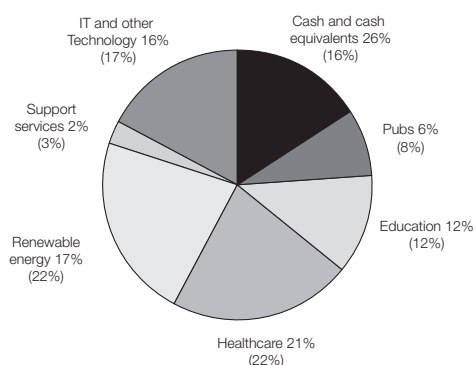
Investment objective and policy

The Company's investment objective is to provide investors with a regular and predictable source of income, combined with the prospect of longer term capital growth. The Company's investment portfolio is thus structured to provide a balance between income and capital growth for the longer term through a diversified, balanced approach to investment. The Asset-based Portfolio, which accounts for up to 50 per cent. of investments, is designed to provide stability and income whilst still maintaining the potential for capital growth. The Growth Portfolio is intended to provide diversified exposure through its portfolio of high growth businesses across a variety of sectors in the UK economy. In neither category do portfolio companies normally have any external borrowing with a charge ranking ahead of the Company.

Current portfolio sector allocation

The following pie chart shows the split of the portfolio valuation by industrial or commercial sector as at 31 March 2016. Details of the principal investments made by the Company are shown in the Portfolio of investments on pages 17 and 18.

Split of investment portfolio by sector



Comparatives for 31 March 2015 are shown in brackets
Source: Albion Ventures LLP

Direction of portfolio

The analysis of the Company's investment portfolio shows that the healthcare and renewable energy sectors continue to be the largest elements of the portfolio.

Looking ahead, we see healthcare continuing to be the largest sector for investment, followed by IT and other technology, where we continue to review and invest in a number of key longer term areas such as cyber security and the management of data. These two sectors are balanced by asset based areas such as education, with our two Radnor House schools, and renewable energy, neither of which are likely to be increasing in the future.

Results and dividend policy

	£'000
Net revenue return for the year ended 31 March 2016	752
Net capital gain for the year ended 31 March 2016	1,410
Total return for the year ended 31 March 2016	2,162
Dividend of 2.50 pence per share paid on 28 August 2015	(999)
Dividend of 2.50 pence per share paid on 29 February 2016	(1,088)
Transferred to reserves	75
Net assets as at 31 March 2016	44,470
Net asset value per share as at 31 March 2016 (pence)	96.41

The Company paid dividends totaling 5.00 pence per share during the year ended 31 March 2016 (2015: 5.00 pence per share). As described in the Chairman's statement, the Board has declared a first dividend of 2.50 pence per share for the year ending 31 March 2017. This dividend will be paid on 31 August 2016 to shareholders on the register as at 5 August 2016.

As shown in the Company's Income statement on page 38, investment income has increased to £1,367,000 (2015: £1,258,000) due to higher interest received on loan stock investments during the year, principally driven by the Company's successful renewable energy development programme. Income continues to more than cover ongoing expenses.

The capital gain for the year of £1,410,000 (2015: £767,000), was mainly attributable to the upward unrealised revaluations in the Company's investment portfolio.

The total return was 5.33 pence per share (2015: 4.25 pence per share). The Balance sheet on page 39 shows that the net asset value has increased slightly over the last year to 96.41 pence per share (2015: 96.22 pence per share), attributable to the increased valuations as explained below.

The cash flow for the Company has been a net inflow of £3,359,000 for the year (2015: net inflow of £107,000), reflecting cash inflows from operations, disposal of investments and the issue of Ordinary shares under the Albion VCTs Top Up Offers which raised £10.1 million (£2.6 million received after the year end), offset by dividends paid, new investments in the year and the buy-back of shares.

Strategic report (continued)

Review of business and future changes

A review of the Company's portfolio performance and progress during the year is contained in the Chairman's statement on page 6. Total gains on investments for the year were £2.0 million (2015: £1.3 million). The key contributors to this were the increase in valuations of Exco Intouch of £860,000, Radnor House School of £460,000 and Egress Software Technologies of £321,000. These gains more than offset the reduction in value of a small number of our investments, the largest being DySIS Medical of £303,000 and Proveca of £180,000. Two of our small investments, Silent Herdsman and Lowcosttravelgroup, were sold during the year for a loss on opening value of £58,000.

Companies that are particularly worth noting include Radnor House School which under a strong management team has recently purchased a second school; Abcodia, which has completed a substantial further fundraising and whose diagnostic capabilities continue to develop; Egress, whose email encryption services are focusing on both sides of the Atlantic; Exco Intouch, whose healthcare IT services are showing good growth; and Hilson Moran, where its services to the construction industry continue to benefit from strong demand.

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.

Details of significant events which have occurred since the end of the financial year are listed in note 20. 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 22.

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.

Further restrictions have been introduced on non-qualifying investments with effect from 6 April 2016 (VCTs will only be able to make certain limited non-qualifying investments for liquidity purposes).

While these changes are significant, the Manager's assessment is that had they been in place previously, these would have affected only a relatively small minority 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 and the application of it as a result.

The relevant tests to measure compliance have been carried out and independently reviewed for the year ended 31 March 2016. 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 the 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.

It is encouraging to see that the revenue generated by the portfolio companies continues to grow and we look forward to further capital growth in the current year.

Key performance indicators

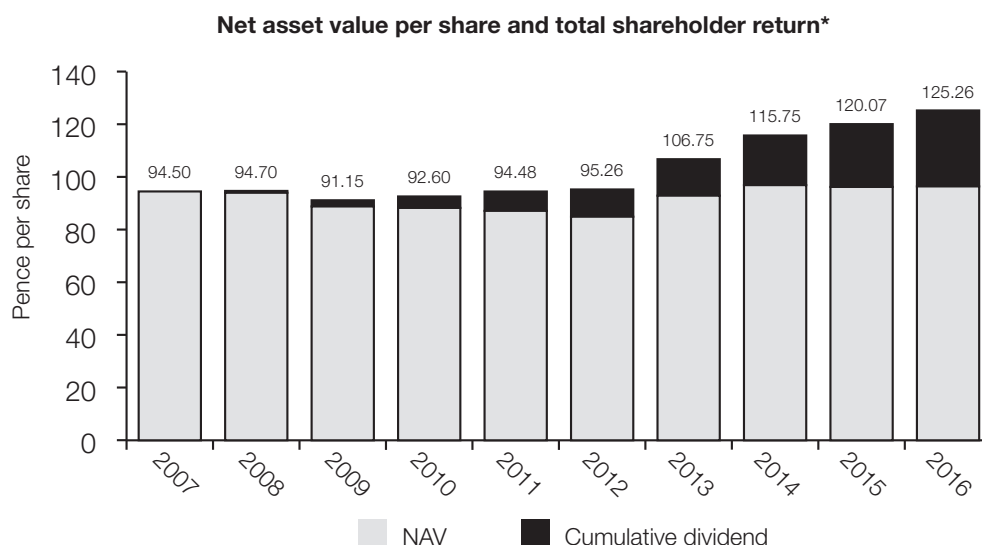
The Directors believe that the following key performance indicators, which are typical for venture capital trusts, used in their own assessment of the Company, will provide shareholders with sufficient information to assess how effectively the Company is applying its investment policy to meet its objectives. 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 Company's net asset value total return against the FTSE All-Share Index total return, with dividends reinvested.

Strategic report (continued)

2. Net asset value per share and total shareholder return



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

Net asset value per share increased by 0.2 per cent. to 96.41 pence per share for the year ended 31 March 2016.

Total shareholder return increased by 4.3 per cent. to 125.26 pence per share for the year ended 31 March 2016.

3. Dividend distributions

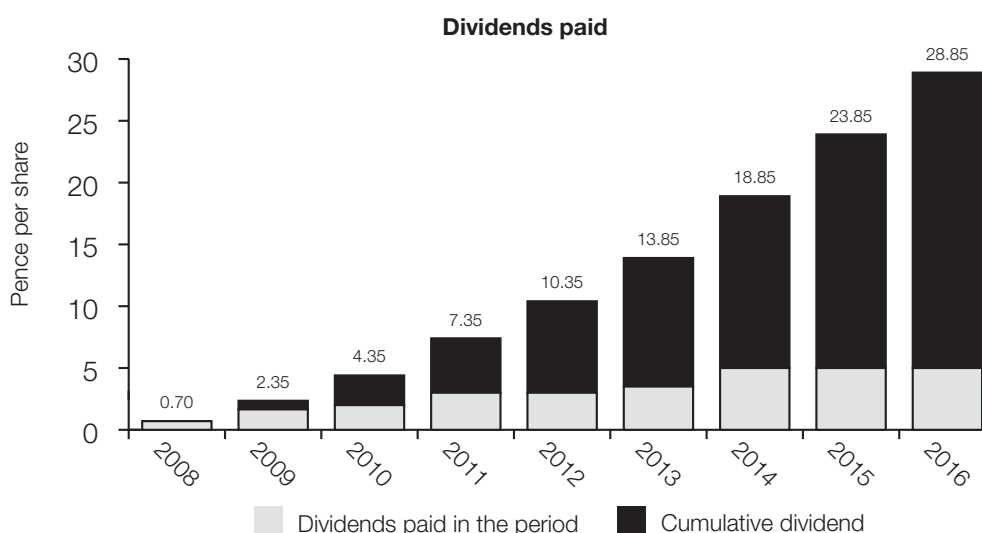
Dividends paid in respect of the year ended 31 March 2016 were 5.00 pence per share (2015: 5.00 pence per share), in line with the Board's dividend objective. The cumulative dividend paid since inception is 28.85 pence per share.

4. Ongoing charges

The ongoing charges ratio for year to 31 March 2016 was 3.0 per cent. (2015: 3.08 per cent.) against a cap of 3.0 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 year ahead to be approximately 3.0 per cent.

5. Maintenance of VCT qualifying status

The Company continues to comply with H.M. Revenue & Customs ("HMRC") rules in order to maintain its status under Venture Capital Trust legislation as highlighted above.



Strategic report (continued)

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.

Management agreement

Under the Management agreement, the Manager provides investment management, secretarial and administrative services to the Company. The Management agreement can be terminated by either party on 12 months' notice. The Management agreement is subject to earlier termination in the event of certain breaches or on the insolvency of either party. The Manager is paid an annual fee equal to 2.5 per cent. of the net asset value of the Company, payable 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 Directors' fees where the Investment Manager has a representative on the portfolio company's board.

Management performance incentive

In order to provide the Manager with an incentive to maximise the return to investors, the Company has entered into a Management performance incentive arrangement with the Manager. Under the incentive arrangement, the Company will pay an incentive fee to the Manager of an amount equal to 20 per cent. of such excess return that is calculated for each financial year.

The minimum target level, comprising dividends and net asset value, will be equivalent to an annualised rate of return of the average base rate of the Royal Bank of Scotland plc plus 2 per cent. per annum on the original subscription price of £1. Any shortfall of the target return will be carried forward into subsequent periods and the incentive fee will only be paid once all previous and current target returns have been met.

For the year to 31 March 2016, no incentive fee became due to the Manager (2015: £nil).

The fee if applicable, will be payable annually. As of 31 March 2016 the total return amounted to 125.26 pence which compared to the hurdle of 130.58 pence per share at that date.

Investment and co-investment

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

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 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 and remuneration of the Manager to other service providers. The Board believes that it is in the interest 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 in June 2014 as required by the AIFMD.

Social and community issues, employees and human rights

The Board recognises the requirement under section 414C of the Companies Act 2006 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 22 and 23.

Strategic report (continued)

Risk management

The Board carries out a robust 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.
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 the tax relief on initial investment and loss of tax relief on any tax-free income or capital gains received. In addition, failure to meet the qualifying requirements could result in a loss of listing of the shares.	To reduce this risk, the Board has appointed the Manager, which has a team with significant experience in venture capital trust management, used to operating within the requirements of the venture capital trust legislation. In addition, to provide further formal reassurance, the Board has appointed Philip Hare & Associates LLP as its taxation adviser. Philip Hare & Associates LLP reports 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.
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 classified at fair value through profit or loss and valued in accordance with the International Private Equity and Venture Capital Valuation Guidelines. These guidelines set out recommendations, intended to represent current best practice on the valuation of venture capital investments. These investments are valued on the basis of forward looking estimates and judgements about the business itself, its market and the environment in which it operates, together with the state of the mergers and acquisitions market, stock market conditions and other factors. In making these judgements the valuation takes into account all known material facts up to the date of approval of the Financial Statements by the Board. The values of a number of investments are also supported by independent third party professional valuations and the Board critically reviews key valuations on a quarterly basis.

Strategic report (continued)

Risk	Possible consequence	Risk management
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 also evaluated by the internal auditors.
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.	<p>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. Patrick Reeve on behalf of the Board, 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 Guidance on Risk Management, Internal Control and Related Financial and Business Reporting are detailed on page 29.</p> <p>Measures are in place to mitigate information risk in order to ensure the integrity, availability and confidentiality of information used within the business.</p>
Reliance upon third parties risk	The Company is reliant upon the services of Albion Ventures LLP for the provision of investment management and administrative functions.	There are provisions within the Management agreement for the change of Manager under certain circumstances (for further detail, see the Management agreement paragraph on page 11). In addition, the Manager has demonstrated to the Board that there is no undue reliance placed upon any one individual within Albion Ventures LLP.
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.	<p>The Company's policies for managing these risks and its financial instruments are outlined in full in note 18 to the Financial Statements.</p> <p>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.</p>

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 March 2019. The Directors have taken a three year period as the Code does not specify a time period, except 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 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. 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 March 2019.

This Strategic report of the Company for the year ended 31 March 2016 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,

Maxwell Packe
Chairman
29 June 2016

The Board of Directors

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

Maxwell Packe (Chairman) FCA (appointed 28 November 2006) is also chairman of Kelvin Hughes Limited. Since 1996 he has been chairman of a number of private equity-backed companies with successful trade sales, including Crestacare PLC, Corgi Classics Limited and Paragon Book Services Limited. Previously he was founder and chief executive of Household Mortgage Corporation PLC from 1986 until its sale in 1994 to Abbey National Plc.

Lord St John of Bletso (Chairman of the Audit Committee and Senior Independent Director) (appointed 28 November 2006) qualified as a solicitor in South Africa. He was a consultant to Merrill Lynch until November 2008 after 9 years in equity sales/research with Smith New Court. He is currently Chairman of Integrated Diagnostic Holding plc, Global Resources Investment Trust and is Non-Executive Chairman of Strand Hanson. He is on the Advisory Boards of Silicon Valley Bank, Milio International and Betway. He has been an active Crossbench Member of the House of Lords since 1979 and an extra Lord-in-Waiting to HM The Queen since 1998.

Lady Balfour of Burleigh CBE (appointed 28 November 2006) is a non-executive director of The Scottish Oriental Smaller Companies Trust plc. She was formerly chairman of the Nuclear Liabilities Financing Assurance Board and the Nuclear Liabilities Fund and was a director of Cable and Wireless plc, Midlands Electricity plc, WH Smith plc, Stagecoach Group plc, Murray International Investment Trust plc and a number of other companies.

Patrick Reeve MA, ACA, (appointed 28 November 2006) qualified as a chartered accountant before joining Cazenove & Co where he spent three years in the corporate finance department. He joined Close Brothers Group plc 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 Development 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 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 Lord St John of Bletso is Chairman.

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

All Directors, except for Patrick Reeve, are members of the Remuneration Committee and Lady Balfour of Burleigh is Chairman.

Lord St John of Bletso is the Senior Independent Director.

The Manager

Albion Ventures LLP, is authorised and regulated by the Financial Conduct Authority and is the Manager of Albion Enterprise VCT PLC. In addition, it manages a further five venture capital trusts, the UCL Technology Fund LP and provides management services to Albion Community Power PLC. It currently has total assets under management or administration of approximately £450 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 (Hons), 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 LLP in 2005 and became a partner in 2009. He is also Managing Director of Albion Community Power PLC. David has a BSc in Economics from Warwick University.

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 & Restructuring primarily in turnaround and M&A situations.

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 & Finance from Nottingham Business School.

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 partner in 2009 and is responsible for a number of Albion's technology investments. He graduated from University College London with a first class degree in Philosophy.

Dr Christoph Ruedig, MA, MBA, initially practiced as a radiologist, before spending 3 years at Bain & Company. In 2006 he joined 3i plc working for their Healthcare Venture Capital arm leading investments in biotechnology, pharmaceuticals and medical technology. Most recently he has worked for General Electric UK, where he was responsible for mergers and acquisitions in the medical technology and healthcare IT sectors. He joined Albion Ventures in 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 in Albion Ventures in 2009. He holds an MA degree in Classics from Oxford University.

Robert Whitby-Smith, BA (Hons), MSI, FCA. After graduating in History at Reading University, Robert qualified as a chartered accountant at KPMG and subsequently worked in corporate finance at Credit Suisse First Boston and ING Barings. Since joining in 2005, Robert has assisted in the workout of portfolios formerly managed by other fund managers (now named Crown Place VCT and Kings Arms Yard VCT) and is responsible for investments primarily in the advanced manufacturing, digital media and technology sectors. Robert became a partner in Albion Ventures in 2009.

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. He became an Investment Director in 2014. Marco graduated from Cambridge University with a first class degree in economics and is a Chartered Surveyor.

Portfolio of investments

			As at 31 March 2016			As at 31 March 2015			Change in value for the year** £'000
			Cost £'000	Cumulative movement in value £'000	Value £'000	Cost £'000	Cumulative movement in value £'000	Value £'000	
Fixed asset investments	% voting rights	% voting rights of AVL* managed companies							
Asset-based investments									
Radnor House School (Holdings) Limited	9.8	50.0	3,323	1,948	5,271	2,776	1,488	4,264	460
Bravo Inns II Limited	13.1	50.0	2,150	123	2,273	2,150	34	2,184	89
Regenerco Renewable Energy Limited	12.5	50.0	1,263	357	1,620	1,263	307	1,570	50
Greenenerco Limited	28.6	50.0	997	558	1,555	1,000	498	1,498	62
Earnside Energy Limited	16.4	50.0	1,394	153	1,547	1,314	278	1,592	(125)
Alto Prodotto Wind Limited	11.1	50.0	1,000	529	1,529	1,000	462	1,462	67
The Street by Street Solar Programme Limited	8.6	50.0	894	373	1,267	894	334	1,228	39
Bravo Inns Limited	8.4	50.0	755	(270)	485	742	(267)	475	(3)
AVESI Limited	5.5	50.0	181	40	221	181	37	218	3
The Charnwood Pub Company Limited	1.2	50.0	83	-	83	247	(134)	113	(19)
Total asset-based investments			12,040	3,811	15,851	11,567	3,037	14,604	623
Growth investments									
Exco Intouch Limited	6.0	17.3	1,015	903	1,918	928	42	970	860
Mirada Medical Limited	15.1	45.0	800	933	1,733	636	889	1,525	44
Egress Software Technologies Limited	8.8	22.0	880	502	1,382	880	180	1,060	321
Relayware Limited	5.3	17.3	1,369	6	1,375	1,065	34	1,099	(28)
Masters Pharmaceuticals Limited	7.3	19.7	553	555	1,108	993	598	1,591	62
Process Systems Enterprise Limited	4.1	20.7	406	689	1,095	366	567	933	122
DySIS Medical Limited	9.4	25.5	1,724	(630)	1,094	1,267	(326)	941	(303)
Grapeshot Limited	4.7	12.7	744	123	867	570	-	570	123
Hilson Moran Holdings Limited	6.9	34.7	236	579	815	324	364	688	246
Aridhia Informatics Limited	6.6	22.3	1,061	(291)	770	909	(208)	701	(83)
OmPrompt Holdings Limited	5.1	19.7	650	15	665	650	11	661	3
Cisiv Limited	8.1	27.2	522	130	652	522	169	691	(39)
MyMeds&Me Limited	5.4	29.9	418	233	651	324	-	324	233
Abcodia Limited	6.5	22.7	555	72	627	369	36	405	37
Mi-Pay Group plc	6.3	34.7	1,504	(899)	605	1,504	(990)	514	91
Proveca Limited	8.7	48.3	560	14	574	380	194	574	(180)
memsstar Limited	8.8	44.7	384	141	525	384	187	571	(46)
Oxsensis Limited	3.8	20.6	588	(330)	258	588	(330)	258	-
PayAsUGym.com	1.8	5.6	160	15	175	112	(13)	99	28
Dickson Financial Services Limited	8.4	30.0	84	-	84	-	-	-	-
Panaseer Limited	1.6	7.8	80	-	80	-	-	-	-
InCrowd Sports Limited	1.5	6.8	67	-	67	-	-	-	-
Total growth investments			14,360	2,760	17,120	12,771	1,404	14,175	1,491
Total fixed asset investments			26,400	6,571	32,971	24,338	4,441	28,779	2,114

* Albion Ventures LLP

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

Portfolio of investments (continued)

Total change in value of investments for the year	2,114
Movement in loan stock accrued interest	(67)
Unrealised gains on fixed asset investments	2,047
Realised losses on fixed asset investments	(44)
Total gains on investments as per Income statement	2,003

The comparative cost and valuations for 31 March 2015 do not agree to the Annual Report and Financial Statements for the year ended 31 March 2015 as the above list does not include brought forward investments that were fully disposed of in the year.

The following is a summary of fixed asset realisations in the year to 31 March 2016:


Fixed asset realisations	Cost £'000	Opening carrying value £'000	Disposal proceeds £'000	Total realised gain/(loss) £'000	Gain/(loss) on opening value £'000
Masters Pharmaceuticals Limited (<i>loan stock repaid and redemption premium</i>)	440	545	552	112	7
Silent Herdsman Holdings Limited	466	325	417	(49)	92
Lowcosttravelgroup Limited	270	273	123	(147)	(150)
Hilson Moran Holdings Limited (<i>loan stock repaid and redemption premium</i>)	89	120	120	31	–
Radnor House School (Holdings) Limited (<i>loan stock repaid</i>)	88	88	88	–	–
The Charmwood Pub Company Limited [†]	165	13	13	(152)	–
Orchard Portman Group	–	–	7	7	7
Greenenerco Limited (<i>loan stock repaid</i>)	3	4	4	1	–
Total fixed asset realisations	1,521	1,368	1,324	(197)	(44)


[†] 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 shown below.


The most recently audited results are included for each portfolio company. Valuations are often based upon the most recent information available, which may include more up to date management accounts. The audited results are therefore not necessarily the figures used for the valuation.

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.		Website: www.radnorhouse.org	
Audited results:		Investment information	
year to 31 August 2015			
	£'000		£'000
Turnover	7,234	Income recognised in the year	250
EBITDA	1,350	Total cost	3,323
Profit before tax	171	Valuation	5,271
Net assets	21,108	Voting rights	9.8 per cent.
Basis of valuation:	Valuation supported by third party valuation	Voting rights for all AVL managed companies	50.0 per cent.

Bravo Inns II Limited			
The company owns and operates a group of freehold pubs in the north of England. The pubs are trading well with considerable demand for the value offering.		Website: www.bravoinsns.com	
Audited results:		Investment information	
year to 31 March 2015			
	£'000		£'000
Turnover	6,311	Income recognised in the year	175
EBITDA	925	Total cost	2,150
Loss before tax	(216)	Valuation	2,273
Net assets	3,017	Voting rights	13.1 per cent.
Basis of valuation	Valuation supported by third party valuation	Voting rights for all AVL managed companies	50.0 per cent.

Exco Intouch Limited			
Exco Intouch is a provider of digital patient engagement and data capture solutions for clinical research and healthcare providers.		Website: www.excointouch.com	
Abbreviated audited results:		Investment information	
year to 30 April 2015			
	£'000		£'000
Net assets	669	Income recognised in the year	47
Basis of valuation	Revenue multiple	Total cost	1,015
		Valuation	1,918
		Voting rights	6.0 per cent.
		Voting rights for all AVL managed companies	17.3 per cent.

Mirada Medical Limited			
Mirada Medical has developed software that allows images from multiple sources to be combined to provide greater clinical certainty in diagnosis and treatment of cancer.		Website: www.mirada-medical.com	
Abbreviated audited results:		Investment information	
year to 31 December 2014			
	£'000		£'000
Net assets	408	Income recognised in the year	34
Basis of valuation	Revenue multiple	Total cost	800
		Valuation	1,733
		Voting rights	15.1 per cent.
		Voting rights for all AVL managed companies	45.0 per cent.

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.		Website: www.regenerco.co.uk	
Audited results:		Investment information	
year to 31 December 2014			
	£'000		£'000
Turnover	638	Income recognised in the year	119
EBITDA	521	Total cost	1,263
Loss before tax	(156)	Valuation	1,620
Net assets	624	Voting rights	12.5 per cent.
Basis of valuation	Valuation supported by third party valuation	Voting rights for all AVL managed companies	50.0 per cent.

Portfolio companies (continued)

Greenenerco Limited

Greenenerco Limited installs, owns and operates a 500kW wind project in the UK.

		Audited results:			
		year to 31 March 2015			
		£'000		Investment information	
				£'000	
Turnover		280		Income recognised in the year	126
EBITDA		275		Total cost	997
Profit before tax		229		Valuation	1,555
Net assets		539		Voting rights	28.6 per cent.
Basis of valuation	Valuation supported by third party valuation			Voting rights for all AVL managed companies	50.0 per cent.

Earnside Energy Limited

The company owns an anaerobic digestion ("AD") plant and composting business near Perth in Scotland. The AD plant has been operational since 2012 and further funding has been provided for its expansion.

		Audited results:			
		year to 31 December 2015			
		£'000		Investment information	
				£'000	
Turnover		2,090		Income recognised in the year	125
EBITDA		264		Total cost	1,394
Profit before tax		743		Valuation	1,547
Net assets		565		Voting rights	16.4 per cent.
Basis of valuation	Valuation supported by third party valuation			Voting rights for all AVL managed companies	50.0 per cent.

Alto Prodotto Wind Limited

Alto Prodotto Wind is a company which builds, owns and operates medium scale (100kWp to 1500kWp) wind projects in the UK.



		Audited results:			
		year to 31 March 2015			
		£'000		Investment information	
				£'000	
Turnover		325		Income recognised in the year	147
EBITDA		312		Total cost	1,000
Profit before tax		213		Valuation	1,529
Net assets		1,513		Voting rights	11.1 per cent.
Basis of valuation	Valuation supported by third party valuation			Voting rights for all AVL managed companies	50.0 per cent.

Website: www.infinite-energy.org.uk

Egress Software Technologies Limited

The company provides an encrypted email and file transfer service, with a focus on the UK public sector.



Website: www.egress.com

		Abbreviated audited results:			
		year to 31 December 2014			
		£'000		Investment information	
				£'000	
Net liabilities		(75)		Income recognised in the year	N/A
Basis of valuation	Revenue multiple			Total cost	880
				Valuation	1,382
				Voting rights	8.8 per cent.
				Voting rights for all AVL managed companies	22.0 per cent.

Relayware Limited

The company provides business-to-business collaboration and multichannel communication solutions.



Website: www.relayware.com

		Audited results:			
		year to 31 December 2014			
		£'000		Investment information	
				£'000	
Turnover		4,198		Income recognised in the year	35
EBITDA		(147)		Total cost	1,369
Loss before tax		(880)		Valuation	1,375
Net assets		533		Voting rights	5.3 per cent.
Basis of valuation	Price of recent investment			Voting rights for all AVL managed companies	17.3 per cent.

Net assets of a portfolio company where a recent third party valuation has taken place, may have a higher valuation in Albion Enterprise VCT PLC accounts than in their own, if portfolio companies do not have a policy of revaluing their fixed assets.

Directors' report

The Directors submit their Annual Report and the audited Financial Statements on the affairs of the Company for the year ended 31 March 2016.

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. Approval for the year ended 31 March 2016 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 Company's share capital comprises Ordinary shares. The Ordinary shares are designed for individuals who are professionally advised private investors seeking, over the long term, investment exposure to a diversified portfolio of unquoted investments. The investments are spread over a number of sectors, to produce a regular and predictable source of income, combined with the prospect of longer term capital growth.

All Ordinary shares (except for treasury shares which have no right to dividend and no voting rights) rank *pari passu* for dividends and voting rights. 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 are entitled to the return on capital on winding up or other return on capital based on the surpluses attributable to the shares.

Issue and buy-back of Ordinary shares

During the year the Company issued a total of 10,865,164 Ordinary shares, of which 10,552,645 Ordinary shares were issued under the Albion VCTs Top Up Offers; and 312,519 Ordinary shares were issued under the Dividend Reinvestment

Scheme. The Company engaged in the Albion VCTs Prospectus Top Up Offers 2015/2016 which closed on 23 March 2016, having been fully subscribed and reaching its £6m limit under the Prospectus dated 17 November 2015.

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 March 2016 and at the date of this report, the Company was not aware of any shareholder who had a beneficial interest exceeding 3 per cent. of voting rights. There have been no disclosures in accordance with Disclosure and Transparency Rule 5 made to the Company during the year ended 31 March 2016, and up 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 March 2016 can be found in the Strategic report on page 8.

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 considered it appropriate to adopt the going concern basis of accounting.

The Board's assessment of liquidity risk and details of the Company's policies for managing its capital and financial risks are shown in note 18. The Company's business activities, together with details of its performance are shown in the Strategic report and this Directors' report.

Post balance sheet events

Details of events that have occurred since 31 March 2016 are shown in note 20.

Directors' report (continued)

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 March 2016. 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 recognises the importance of its environmental responsibilities, monitors its impact on the environment, and designs and implements policies to reduce any damage that might be caused by its activities. Initiatives designed to minimise the Company's impact on the environment include recycling and reducing energy consumption as is shown in the financial statements of Albion Ventures LLP.

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 Company 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 three male directors and one female director. The Board's policy on the recruitment of new Directors is to attract a range of backgrounds, skills and experience and to ensure that appointments are made on the grounds of merit against clear and objective criteria and 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.

Directors' report (continued)

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. The Board consists solely of non-executive 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.

No Director has a service contract with the Company.

All Directors, except for Patrick Reeve, who is the managing partner of the Manager, are members of the Audit Committee, of which Lord St John of Bletso 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/her in relation to the performance of his/her duties as a Director of the Company. A copy of each Deed of Indemnity entered into by the Company for each Director is available at the Registered Office of the Company.

Re-election of Directors

Directors' retirement and re-election is subject to the Articles of Association and the UK Corporate Governance Code. At the forthcoming Annual General Meeting, Maxwell Packe, Lord St John of Bletso and Lady Balfour of Burleigh, having served as Directors for longer than nine years, will retire and offer themselves 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.

Advising ordinary retail investors

The Company currently conducts its affairs so that its shares can be recommended by financial intermediaries to ordinary retail investors in accordance with the FCA's rules in relation to non-mainstream investment products and intends to continue to do so for the foreseeable future. The FCA's restrictions which apply to non-mainstream investment products do not apply to the Company's shares because they

are shares in a VCT which, for the purposes of the rules relating to non-mainstream investment products, are excluded securities and may be promoted to ordinary retail investors without restriction.

Auditor

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

Annual General Meeting

The Annual General Meeting will be held at the City of London Club, 19 Old Broad Street, London EC2N 1DS at 11.00am on 25 August 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.

Summary of proxies lodged at the Annual General Meeting will be published at www.albion-ventures.co.uk/funds/AAEV.

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 9 will request the authority for the Directors to allot up to an aggregate nominal amount of £103,820 representing approximately 20 per cent. of the issued Ordinary share capital of the Company as at the date of this Report.

The Directors current intention is to allot shares under the Dividend Reinvestment Scheme, any future Albion VCTs Top Up Offers and the reissuance of treasury shares where it is in the Company's interest to do so.

The Company currently holds 5,670,000 treasury shares representing 10.9 per cent. of the total Ordinary share capital in issue as at the date of this Report.

This resolution replaces the authority given to the Directors at the Annual General Meeting in 2015. The authority sought at the forthcoming Annual General Meeting will expire 18 months from the date that this resolution is passed or at the

Directors' report (continued)

conclusion of the next Annual General Meeting of the Company, whichever is earlier.

Disapplication of pre-emption rights

Special resolution number 10 will request the authority for the Directors to allot equity securities for cash without first being required to offer such securities to existing members. This will include the sale on a non pre-emptive basis of any shares the Company holds in treasury for cash. The authority relates to a maximum aggregate of £103,820 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 Annual General Meeting in 2015. 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.

Purchase of own shares

Special resolution number 11 will request authority for the Company to purchase up to 14.99 per cent. of the Company's issued Ordinary share capital at, or between, the minimum and maximum prices specified in resolution 11.

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 763,000 Ordinary shares for treasury with a nominal value of £7,630 at an aggregate consideration of £692,000 including stamp duty and did not purchase any Ordinary shares for cancellation or dispose of any Ordinary shares. The maximum nominal value of treasury shares held during the year was £56,700.

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.

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 this 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 12 will request the authority to permit Directors to sell treasury shares at the higher of the prevailing current share price and the price at which they were bought in at.

Recommendation

The Board believes that the passing of the resolutions proposed at the forthcoming Annual General Meeting are in the best interests of the Company and its shareholders as a whole, and unanimously recommends that you vote in favour of all the proposed resolutions, as the Directors intend to do in respect of their own 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/she ought to have taken as a Director to make himself/herself 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

29 June 2016

Statement of Directors' responsibilities

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

Company law requires the Directors to prepare Financial Statements for each financial year. Under that law the Directors 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 judgements 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 Strategic report, a Director's 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. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for ensuring that the Annual Report and Financial Statements, taken as a whole, are fair, balanced, and understandable and 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 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 Company's webpage is the responsibility of the Directors.

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

The Directors confirm to the best of their knowledge:

- The Financial Statements which have been prepared in accordance with UK Generally Accepted Accounting Practice give a true and fair view of the assets, liabilities, financial position and profit and loss 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.

By Order of the Board

Maxwell Packe

Chairman
29 June 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 of Albion Enterprise VCT PLC has also considered the principles and recommendations of the AIC Code of Corporate Governance (“AIC Code”) by reference to the AIC Corporate Governance Guide for Investment Companies (“AIC Guide”). The AIC Code, as explained by the AIC Guide, addresses all the principles set out in 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.

Maxwell Packe is the Chairman, and he, Lord St John of Bletso and Lady Balfour of Burleigh, are considered independent Directors. Lord St John of Bletso is the Senior Independent Director. Patrick Reeve is not considered an independent Director as he is the managing partner of Albion Ventures LLP, the Manager.

Maxwell Packe, Lady Balfour of Burleigh and Lord St John of Bletso have been Directors of the Company for more than nine years and, in accordance with the recommendations of the AIC code, are subject to annual re-election. The Board does not have a policy of limiting the tenure of any Director as the

Board does not consider that a Director’s length of service reduces his/her 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.

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. The Directors have considered diversity in relation to the composition of the Board and have concluded that its membership is diverse in relation to gender, experience and balance of skills.

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 Board met four times during the year as part of its regular programme of quarterly Board meetings. All of the Directors attended all meetings. A sub-committee of the Board comprising at least two Directors met during the year to allot shares issued under the Dividend Reinvestment Scheme and the Albion VCTs Top Up Offers. A sub-committee of the Board also met during the year to approve the terms and contents of the Offers 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, and ad hoc reports and information are supplied to the Board as required. The Board has a formal schedule of matters reserved for it and the agreement between the Company and its Manager sets out the matters over which the Manager has authority and limits beyond which Board approval must be sought.

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

- the appointment, evaluation, removal and remuneration of the Manager;

Statement of corporate governance (continued)

- 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;
- 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 and Financial Statements that are fair, balanced and understandable, which provides the information necessary for shareholders to assess the position, performance, strategy and business model of the Company.

Committees' and Directors' performance evaluation

Performance of the Board and the Directors is assessed on the following 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. The Senior Independent Director reviews the Chairman's annual performance evaluation.

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

Directors are offered training, both at the time of joining the Board and on other occasions where required. The Board also

undertakes a proper and thorough evaluation of its committees on an annual basis.

In light of the structured performance evaluation, Maxwell Packe, Lady Balfour of Burleigh, Lord St John of Bletso and Patrick Reeve, 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; on this basis, the Board believes it to be in the best interest of the Company to reappoint these Directors at the forthcoming Annual General Meeting.

Remuneration Committee

Lady Balfour of Burleigh is Chairman of the Remuneration Committee and all of the Directors are members of this Committee except Patrick Reeve. The Committee held one formal meeting during the year which was fully attended by all the members of the Committee.

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

Audit Committee

Lord St John of Bletso is Chairman of the Audit Committee and all of the Directors are members of this Committee except Patrick Reeve. In accordance with the Code, all members of the Audit Committee have recent and relevant financial experience. The Committee met twice during the year ended 31 March 2016; all members attended.

Written terms of reference have been constituted for the Audit Committee and can be found on the Manager's website at www.albion-ventures.co.uk/funds/AAEV under the Corporate Governance section.

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

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

Statement of corporate governance (continued)

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

Financial Statements

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

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

The valuation of the Company's investments

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

Revenue recognition

The revenue generated from loan stock interest and dividend income has been considered by the Audit Committee as part of its review of the Annual Report as well as a quarterly review of the management accounts prepared by the Manager. The Audit Committee has considered the controls in place over

revenue recognition to ensure that amounts received are in line with expectation and budget.

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

Relationship with the External Auditor

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

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

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

In order to form a view of the effectiveness of the external audit process, the Committee took into account information from the Manager regarding the audit process, the formal documentation issued to the Audit Committee and the Board by the external Auditor regarding the external audit for the year ended 31 March 2016, and assessments made by individual Directors.

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

In 2007, the Audit 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

Statement of corporate governance (continued)

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 ended 31 March 2016 as the previous audit engagement partner had served five years in this role following the completion of the 31 March 2015 audit. The Audit Engagement rotation requirement allows a maximum rotation period of five years.

As part of its annual review procedures, the Committee has obtained sufficient assurance from their own evaluation and the audit feedback documentation. Based on the assurance obtained, the Committee has recommended to the Board that a resolution to re-appoint BDO LLP be proposed at the Annual General Meeting.

Nomination Committee

The Nomination Committee consists of all Directors, apart from Patrick Reeve, with Maxwell Packe as Chairman.

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

The Nomination Committee did not meet during the year.

Terms of reference for the Nomination Committee can be found on the Company's webpage at www.albion-ventures.co.uk/funds/AAEV under the Corporate Governance section.

Internal control

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

The Board, assisted by the Audit Committee, monitors all controls, including financial, operational and compliance controls, and risk management. The Audit Committee receives each year from the Manager a formal report, which details the

steps taken to monitor the areas of risk, including those that are not directly the responsibility of the Manager, and which reports the details of any known internal control failures. Steps continue to be taken to embed the system of internal control and risk management into the operations and culture of the Company and its key suppliers, and to deal with areas of improvement which come to the Manager's and the Audit Committee's attention.

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

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

- segregation of duties between the preparation of valuations and recording into accounting records;
- independent third party valuations of the majority of the asset-based investments within the portfolio are undertaken annually;
- reviews of valuations are carried out by the 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 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 published financial information.

During the year, as the Board has delegated the investment management and administration to Albion Ventures LLP, the Board feels that it is not necessary to have its own internal audit function. Instead, the Board had access to 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. PKF Littlejohn LLP report formally to the Board on an annual basis. Patrick Reeve on behalf of the Board, 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 Board will continue to monitor its system of internal control in order to provide assurance that it operates as intended.

Statement of corporate governance (continued)

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 21, 23 and 24 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 25 August 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 and financial advisers are able to obtain information on holdings and performance using the contact details provided on page 2.

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

Statement of compliance

The Directors consider that, with the exception of the requirement for the appointment of a Chief Executive Officer the Company has complied throughout the year ended 31 March 2016 with all the relevant provisions set out in the Code and with the AIC Code of Corporate Governance. The Company continues to comply with the Code, as at the date of this report.

By Order of the Board

Maxwell Packe

Chairman
29 June 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 the Shareholders (97 per cent. of shareholders voted for the resolution) at the Annual General Meeting held on 7 August 2014, and it 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 Lady Balfour of Burleigh as Chairman.

The Remuneration Committee met after the year end to review Directors responsibilities and salaries against the market and concluded the current fees which have not moved since 2009, should be increased to remain both competitive and reflective of the workload and responsibilities required from the Directors. The Committee agreed to raise the salary for the Chairman to £24,000, the Chairman of the Audit Committee to £22,000 and all other Directors to £20,000. The change in remuneration took place from 1 April 2016 and is in line with the remuneration policy as detailed below.

Directors' remuneration policy

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

The 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 March 2017. An ordinary resolution to approve the Directors' Remuneration Policy will be put to shareholders at least once every three years.

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 all of the Directors 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 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 after 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, exclusive of National Insurance or VAT:

Directors' remuneration report (continued)

	Year ended 31 March 2016	Year ended 31 March 2015
	£'000	£'000
Maxwell Packe	20	20
Lady Balfour of Burleigh	18	18
Lord St John of Bletso	18	18
Albion Ventures LLP (for Patrick Reeve's services)	18	18
	74	74

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, save for Patrick Reeve, whose services are provided by Albion Ventures LLP.

In addition to Directors' remuneration, the Company pays an annual premium in respect of Directors' & Officers' Liability Insurance of £8,426 (2015: £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:

	Shares held on 31 March 2016	Shares held on 31 March 2015
Maxwell Packe	408,493	338,283
Lady Balfour of Burleigh	30,674	28,648
Lord St John of Bletso	20,700	20,700
Patrick Reeve	68,694	65,255

Lord St John of Bletso was issued with a further 10,131 Ordinary shares under the Albion VCTs Prospectus Top Up Offers 2015/2016 on 6 April 2016. There have been no further changes in the holdings of the Directors between 31 March 2016 and the date of this Report.

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

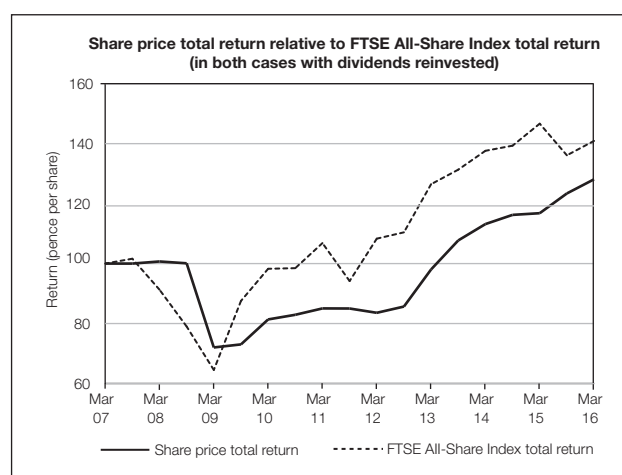
The following items have not been audited.

Albion Ventures LLP, its Partners and staff hold a total of 194,609 shares in the Company as at 31 March 2016.

Performance graph

The graph below shows the Company's share price total return relative to the FTSE All-Share Index total return, in both instances with dividends reinvested, since launch. The Directors consider the FTSE All-Share Index to be the most appropriate benchmark for the Company 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 total 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.

Relative importance of spend on pay

	2016 £'000	2015 £'000	Percentage change
Total distribution to shareholders including dividends and share buybacks	2,779	2,885	(3.7)
Total directors fees	74	74	-

By Order of the Board

Maxwell Packe

Director

29 June 2016

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

Our opinion on the Financial Statements

In our opinion the Albion Enterprise VCT plc Financial Statements for the year ended 31 March 2016, which have been prepared by the Directors in accordance with applicable law and United Kingdom Accounting Standards:

- give a true and fair view of the state of the Company's affairs as at 31 March 2016 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

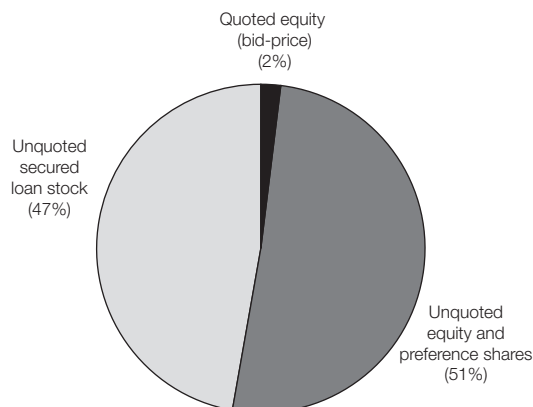
The outcome of our risk assessment was that the valuation of investments was considered to be the area with the greatest effect on the overall audit strategy including the allocation of resources in the audit.

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.

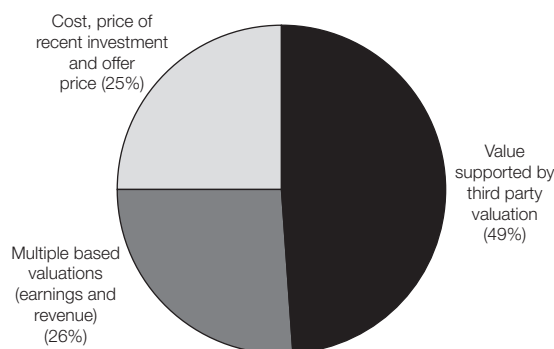
We performed initial analytical procedures to determine the extent of our work considering, inter alia, the value of individual investments, the nature of the investment and the extent of the fair value movement. A breakdown of the investment portfolio by nature of instrument type and valuation method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

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

Investment Portfolio by Type



Unquoted Investments – Valuation Method



We tested a sample of 97% of the unquoted investment portfolio having regard to the subjectivity of the inputs to the valuations.

74% of the unquoted portfolio is based on valuations 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.

26% of the portfolio is valued with reference to more subjective techniques including multiples of earnings and revenue. For detailed testing, including the valuations supported by a third party valuation, 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;
- agreed 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; and
- 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:

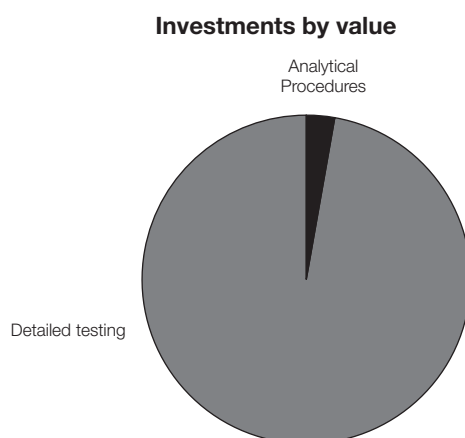
- established whether the debt is being serviced;

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

- identified the enterprise value of the company to establish whether there is sufficient value to cover the loan stock;
- considered whether the loan stock is fully performing, past due or impaired and ensured this is correctly disclosed in the accounts;
- considered whether returns have been spread over the life of the instrument and considered the need to perform sensitivity;
- considered the recoverability of accrued interest and whether any provision is required;
- agreed 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; and
- 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. 2% of the portfolio is valued at bid price.

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



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.

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. We also agreed a sample of income receipts from bank statements to the nominal ledger and vice versa.

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 27 and 28.

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

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% of invested assets	Assessing whether the Financial Statements as a whole present a true and fair view	<ul style="list-style-type: none"> ● The value of investments ● The level of judgement inherent in the valuation ● The range of reasonable alternative valuation 	660,000
Specific materiality – classes of transactions and balances which impact on revenue profits – Based on 10% of the revenue return before tax	Assessing those classes of transactions, balances or disclosures for which misstatements of lesser amounts than materiality for the Financial Statements as a whole could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Statements	<ul style="list-style-type: none"> ● The level of net income return 	90,000

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £10,000 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.

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

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

- 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 21, 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

29 June 2016

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

Income statement

	Note	Year ended 31 March 2016			Year ended 31 March 2015		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains on investments	3	–	2,003	2,003	–	1,264	1,264
Investment income	4	1,367	–	1,367	1,258	–	1,258
Investment management fees	5	(247)	(741)	(988)	(210)	(628)	(838)
Other expenses	6	(209)	–	(209)	(201)	–	(201)
Return on ordinary activities before tax		911	1,262	2,173	847	636	1,483
Tax (charge)/credit on ordinary activities	8	(159)	148	(11)	(119)	131	12
Return and total comprehensive income attributable to shareholders		752	1,410	2,162	728	767	1,495
Basic and diluted return per share (pence)*	10	1.85	3.48	5.33	2.07	2.18	4.25

* excluding treasury shares

The accompanying notes on pages 42 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 return on ordinary activities before tax and the historical profit is due to the fair value movements on investments.

Balance sheet

	Note	31 March 2016 £'000	31 March 2015 £'000
Fixed asset investments	11	32,971	29,283
Current assets			
Trade and other receivables less than one year	13	2,880	66
Cash at bank and in hand		8,980	5,621
		11,860	5,687
Total assets		44,831	34,970
Creditors: amounts falling due within one year			
Trade and other payables less than one year	14	(361)	(308)
Total assets less current liabilities		44,470	34,662
Equity attributable to equityholders			
Called up share capital	15	518	409
Share premium		17,285	6,969
Capital redemption reserve		104	104
Unrealised capital reserve		6,389	4,189
Realised capital reserve		24	814
Other distributable reserve		20,150	22,177
Total equity shareholders' funds		44,470	34,662
Basic and diluted net asset value per share (pence)*	16	96.41	96.22

* excluding treasury shares

The accompanying notes on pages 42 to 54 form an integral part of these Financial Statements.

These Financial Statements were approved by the Board of Directors, and were authorised for issue on 29 June 2016 and were signed on its behalf by

Maxwell Packe

Chairman

Company number: 05990732

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 April 2015	409	6,969	104	4,189	814	22,177	34,662
Return/(loss) and total comprehensive income for the year	-	-	-	2,047	(637)	752	2,162
Transfer of previously unrealised losses on sale of investments	-	-	-	153	(153)	-	-
Issue of equity	109	10,610	-	-	-	-	10,719
Cost of issue of equity	-	(294)	-	-	-	-	(294)
Purchase of shares for treasury	-	-	-	-	-	(692)	(692)
Dividends paid	-	-	-	-	-	(2,087)	(2,087)
As at 31 March 2016	518	17,285	104	6,389	24	20,150	44,470

As at 1 April 2014	367	3,015	104	4,164	72	24,334	32,056
Return and total comprehensive income for the year	-	-	-	649	118	728	1,495
Transfer of previously unrealised gains on sale of investments	-	-	-	(624)	624	-	-
Issue of equity	42	4,045	-	-	-	-	4,087
Cost of issue of equity	-	(91)	-	-	-	-	(91)
Purchase of shares for treasury	-	-	-	-	-	(1,094)	(1,094)
Dividends paid	-	-	-	-	-	(1,791)	(1,791)
As at 31 March 2015	409	6,969	104	4,189	814	22,177	34,662

* Included within the aggregate of these reserves is an amount of £20,174,000 (2015: £22,991,000) which is considered distributable.

Statement of cash flows

	Year ended 31 March 2016 £'000	Year ended 31 March 2015 £'000
Cash flow from operating activities		
Loan stock income received	1,098	1,047
Dividend income received	117	84
Deposit interest received	84	65
Investment management fees paid	(927)	(823)
Other cash payments	(208)	(203)
UK corporation tax refund/(paid)	8	(15)
Net cash flow from operating activities	172	155
Cash flow from investing activities		
Purchase of fixed asset investments	(2,941)	(4,918)
Disposal of fixed asset investments	1,114	3,579
Disposal of current asset investments	-	177
Net cash flow from investing activities	(1,827)	(1,162)
Cash flow from financing activities		
Issue of ordinary share capital	7,499	3,791
Cost of issue of equity	(7)	(3)
Dividends paid	(1,786)	(1,580)
Purchase of own shares (including costs)	(692)	(1,094)
Net cash flow from financing activities	5,014	1,114
Increase in cash and cash equivalents	3,359	107
Cash and cash equivalents at start of period	5,621	5,514
Cash and cash equivalents at end of period	8,980	5,621
Cash and cash equivalents comprise		
Cash at bank and in hand	8,980	5,621
Cash equivalents	-	-
Total cash and cash equivalents	8,980	5,621

Notes to the Financial Statements

1. Accounting convention

The Financial Statements have been prepared in accordance with the historical cost convention, modified to include the revaluation of investments, in accordance with applicable United Kingdom law and accounting standards, 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 from 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. Further details can be found in note 17.

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

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 accrual basis using the rate of interest agreed with the bank.

Investment management fees and other expenses

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

- 75 per cent. of management fees are allocated to the capital account to the extent that these relate to an

Notes to the Financial Statements (continued)

2. Accounting policies (continued)

enhancement in the value of the investments. This is in line with the Board's expectation that over the long term 75 per cent. of the Company's investment returns will be in the form of capital gains; and

- expenses which are incidental to the purchase or disposal of an investment are charged through the realised capital reserve.

Performance incentive fee

In the event that a performance incentive fee crystallises, the fee will be allocated between Other distributable 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 account

This reserve accounts for the difference between the price paid for shares and the nominal value of the shares, less issue costs and transfers to the 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, or permanent diminutions in value;
- 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 2013 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

	Year ended 31 March 2016 £'000	Year ended 31 March 2015 £'000
Unrealised gains on fixed asset investments	2,047	649
Realised (losses)/gains on fixed asset investments	(44)	583
Realised gains on current asset investments	–	32
Realised (losses)/gains sub-total	(44)	615
	2,003	1,264

4. Investment income

	Year ended 31 March 2016 £'000	Year ended 31 March 2015 £'000
Income recognised on investments		
Loan stock interest and other fixed returns	1,166	1,114
UK dividend income	117	76
Bank deposit interest	84	68
	1,367	1,258

Interest income earned on impaired investments at 31 March 2016 amounted to £45,000 (2015: £45,000).

All of the Company's income is derived from operations in the United Kingdom.

5. Investment management fees

	Year ended 31 March 2016 £'000	Year ended 31 March 2015 £'000
Investment management fee charged to revenue	247	210
Investment management fee charged to capital	741	628
	988	838

Further details of the Management agreement under which the investment management fee is paid are given in the Strategic report on page 11.

During the year, services of a total value of £988,000 (2015: £838,000) were purchased by the Company from Albion Ventures LLP. At the financial year end, the amount due to Albion Ventures LLP in respect of these services disclosed as accruals and deferred income was £278,000 (2015: £216,000).

Patrick Reeve is the Managing Partner of the Manager, Albion Ventures LLP. During the year, the Company was charged by Albion Ventures LLP £21,600 including VAT (2015: £21,600) in respect of his services as a Director. At the year end, the amount due to Albion Ventures LLP in respect of these services disclosed as accruals and deferred income was £5,400 (2015: £5,400).

Albion Ventures LLP, the Manager, holds 16,398 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 March 2016, fees of £162,000 attributable to the investments of the Company were received pursuant to these arrangements (2015: £194,000).

Notes to the Financial Statements (continued)

6. Other expenses

	Year ended 31 March 2016 £'000	Year ended 31 March 2015 £'000
Directors' fees and associated costs (inclusive of NIC and VAT)	85	83
Auditor's remuneration for statutory audit services (exclusive of VAT)	27	25
Other administrative expenses	97	93
	<u>209</u>	<u>201</u>

7. Directors' fees and associated costs

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

	Year ended 31 March 2016 £'000	Year ended 31 March 2015 £'000
Directors' fees	74	74
National insurance and/or VAT	8	8
Expenses	3	1
	<u>85</u>	<u>83</u>

The Company's key management personnel are the Directors. Expenses charged related to travel expenses in furtherance of their duties as Directors. 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

	Year ended 31 March 2016			Year ended 31 March 2015		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
UK corporation tax in respect of the current year	(159)	148	(11)	(160)	131	(29)
UK corporation tax in respect of prior year	-	-	-	41	-	41
	<u>(159)</u>	<u>148</u>	<u>(11)</u>	<u>(119)</u>	<u>131</u>	<u>12</u>

	Year ended 31 March 2016 £'000	Year ended 31 March 2015 £'000
Return on ordinary activities before tax	2,173	1,483
Tax charge on profit at the standard companies rate of 20% (2015: 21%)	(435)	(311)
Factors affecting the charge:		
Non taxable gains	401	265
Income not taxable	23	16
Marginal relief	-	1
Adjusted in respect of prior year	-	41
	<u>(11)</u>	<u>12</u>

The tax charge for the year shown in the Income statement is lower than the standard companies rate of corporation tax in the UK of 20 per cent. (2015: 21 per cent.). The differences are explained above.

Notes

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

Notes to the Financial Statements (continued)

9. Dividends

	Year ended 31 March 2016 £'000	Year ended 31 March 2015 £'000
Dividend of 2.50p per share paid on 29 August 2014	–	875
Dividend of 2.50p per share paid on 27 February 2015	–	916
Dividend of 2.50p per share paid on 28 August 2015	999	–
Dividend of 2.50p per share paid on 29 February 2016	1,088	–
	2,087	1,791

Details of the consideration paid under the Dividend Reinvestment Scheme included in the dividends above can be found in note 15.

In addition to the dividends summarised above, the Board has declared a first dividend for the year ending 31 March 2017 of 2.50 pence per share. This dividend will be paid on 31 August 2016 to shareholders on the register as at 5 August 2016. The total dividend will be approximately £1,156,000.

10. Basic and diluted return per share

	Year ended 31 March 2016			Year ended 31 March 2015		
	Revenue	Capital	Total	Revenue	Capital	Total
The return per share has been based on the following figures:						
Return attributable to equity shares (£'000)	911	1,262	2,173	728	767	1,495
Weighted average shares in issue (excluding treasury shares)		40,534,139			35,154,858	
Return attributable per equity share (pence)	1.85	3.48	5.33	2.07	2.18	4.25

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

The weighted average number of shares is calculated excluding treasury shares of 5,670,000 (2015: 4,907,000).

11. Fixed asset investments

	31 March 2016 £'000	31 March 2015 £'000
Investments held at fair value through profit or loss		
Unquoted equity and preference shares (Level C (ii))	16,734	13,933
Quoted equity (Level A)	605	514
Unquoted loan stock (Level C (iii))	15,632	14,836
	32,971	29,283

Notes to the Financial Statements (continued)

11. Fixed asset investments (continued)

	31 March 2016 £'000	31 March 2015 £'000
Opening valuation	29,283	26,720
Purchases at cost	2,941	4,859
Disposal proceeds	(1,324)	(3,593)
Realised (losses)/gains	(44)	583
Movement in loan stock revenue accrued income	67	65
Unrealised gains	2,047	649
Closing valuation	32,971	29,283
Movement in loan stock revenue accrued income		
Opening accumulated movement in loan stock revenue accrued income	114	49
Movement in loan stock revenue accrued income	67	65
Closing accumulated movement in loan stock revenue accrued income	181	114
Movement in unrealised gains		
Opening accumulated unrealised gains	4,189	4,120
Movement in unrealised gains	2,047	649
Transfer of previously unrealised losses/(gains) to realised reserve on disposal of investments	153	(580)
Closing accumulated unrealised gains	6,389	4,189
Historic cost basis		
Opening book cost	24,980	22,551
Purchases at cost	2,941	4,859
Sales at cost	(1,521)	(2,430)
Closing book cost	26,400	24,980

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

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

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

	31 March 2016 £'000	31 March 2015 £'000
Valuation methodology		
Valuation supported by third party valuation	15,851	14,603
Cost and price of recent investment	7,365	5,330
Revenue multiple	6,128	4,617
Earnings multiple	2,448	3,123
Discount to third party offer	574	-
Agreed new investment price	-	1,096
	32,366	28,769

Note: As per FRS 102 adoption the unquoted fixed asset investments for 2015 has been re-classified to include £7,613,000 of investments at fair value that were previously held under amortised cost.

Full valuations are prepared by independent RICS qualified surveyors in full compliance with the RICS Red Book.

Notes to the Financial Statements (continued)

11. Fixed asset investments (continued)

Fair value investments had the following movements between valuation methodologies between 31 March 2015 and 31 March 2016:

Change in valuation methodology (2015 to 2016)	Value as at 31 March 2016 £'000	Explanatory note
Cost to price of recent investment	1,865	Agreed new investment price
Cost to revenue multiple	1,786	More recent information available
Agreed new investment price to price of recent investment	1,279	Agreed new investment price
Revenue multiple to price of recent investment	1,029	Agreed new investment price
Cost to discount to third party offer	410	More recent information available

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 March 2016.

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.

Investments held at fair value through profit or loss (Level C (iii)) had the following movements in the year to 31 March 2016:

	31 March 2016			31 March 2015		
	Equity £'000	Unquoted loan stock £'000	Total £'000	Equity £'000	Unquoted loan stock £'000	Total £'000
Opening balance	13,933	14,836	28,769	13,246	6,829	20,075
Reclassification to fair value*	-	-	-	-	7,613	7,613
Opening balance (revised)	13,933	14,836	28,769	13,246	14,442	27,688
Additions	1,484	1,458	2,942	1,270	941	2,211
Disposals	(547)	(777)	(1,324)	(1,715)	(169)	(1,884)
Transfer to Level A**	-	-	-	(909)	(504)	(1,413)
Realised (losses)/gains	(51)	7	(44)	568	6	574
Debt/equity swap	293	(293)	-	295	(295)	-
Accrued loan stock interest	-	67	67	-	11	11
Unrealised gains	1,622	334	1,956	1,178	404	1,582
Closing balance	16,734	15,632	32,366	13,933	14,836	28,769

*As per FRS 102 adoption the unquoted loan stock balance for 2015 has been re-classified to include £7,613,000 of investments at fair value that were previously held under amortised cost.

**During the prior year Mi-Pay Group plc was quoted on AiM and transferred to Level A in the fair value hierarchy.

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 74 per cent. of the unquoted equity and loan stock investments (by valuation) is based on third-party independent evidence, recent investment price or agreed offer price. The Directors believe that changes to reasonable possible alternative input assumptions (by adjusting the revenue and earnings multiples) for the valuations of five of the significant portfolio companies could result in an increase in the valuation of investments by £642,000 or a decrease in the valuation of investments by £784,000.

Notes to the Financial Statements (continued)

12. Significant interests

The principal activity of the Company is to select and hold a portfolio of investments in unquoted securities. Although the Company, through the Manager, will, in some cases, be represented on the board of the portfolio company, it will not take a controlling interest or become involved in the management of a portfolio company. The size and structure of the companies with unquoted securities may result in certain holdings in the portfolio representing a participating interest without there being any partnership, joint venture or management consortium agreement. The 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 company as at 31 March 2016 as described below:

Company	Country of incorporation	Profit before tax £'000	Net assets £'000	Result for year ended	% class and share type	% total voting rights
Greenenerco Limited	Great Britain	229	539	31 March 2015	28.6% A Ordinary	28.6%

13. Current assets

	31 March 2016 £'000	31 March 2015 £'000
Trade and other receivables less than one year		
Fundraising debtor*	2,635	–
Deferred consideration**	223	–
Prepayments and accrued income	18	16
Other debtors	4	14
UK corporation tax refundable – prior year	–	36
	2,880	66

*The shares were allotted on 31 March 2016 but the monies was received by the Company in April 2016.

**Deferred consideration relates to deferred consideration from the sale of Silent Herdsman Holdings Limited (£132,000) and Lowcosttravelgroup Limited (£91,000).

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

14. Creditors: amounts falling due within one year

	31 March 2016 £'000	31 March 2015 £'000
Trade creditors	18	6
Accruals and deferred income	332	274
UK corporation tax payable	11	28
	361	308

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

15. Called up share capital

	31 March 2016 £'000	31 March 2015 £'000
Allotted, called up and fully paid		
51,796,503 Ordinary shares of 1 penny each (2015: 40,931,339)	518	409

Voting rights

46,126,503 shares of 1 penny each (net of treasury shares) (2015: 36,024,339).

The Company purchased 763,000 shares (2015: 1,233,000) to be held in treasury at a nominal value of £7,630 and a cost of £692,000 (2015: £1,094,000) representing 1.7 per cent. of the shares in issue (excluding treasury shares) as at 31 March 2016.

The Company did not cancel any shares from treasury during the year to 31 March 2016 (2015: nil), leaving a balance of 5,670,000 shares (2015: 4,907,000) in treasury representing 11 per cent. (2015: 12 per cent.) of the shares in issue as at 31 March 2016 with a nominal value of £56,700.

Notes to the Financial Statements (continued)

15. Called up share capital (continued)

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

Date of allotment	Number of shares allotted	Aggregate nominal value of shares (£'000)	Issue price (pence per share)	Net consideration received (£'000)	Opening market price on allotment date (pence per share)
28 August 2015	143,182	1	96.51	134	90.50
29 February 2016	169,337	2	95.71	157	91.50
	312,519	3		291	

During the year the following Ordinary shares of nominal value 1 penny each were allotted under the terms of the Albion VCTs Prospectus Top Up Offers 2014/2015 and the Albion VCTs Prospectus Top Up Offers 2015/2016:

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)
2 April 2015	3,295,686	33	97.40	3,114	87.50
30 June 2015	609,587	6	99.20	586	87.50
30 June 2015	37,437	–	98.20	36	87.50
30 June 2015	11,988	–	98.70	12	87.50
30 September 2015	673,394	7	99.50	650	90.50
29 January 2016	2,023,935	20	99.70	1,978	91.50
29 January 2016	1,149,078	11	100.20	1,123	91.50
31 March 2016	2,751,540	28	98.70	2,635	91.50
	10,552,645	105		10,134	

16. Basic and diluted net asset value per share

	31 March 2016 (pence per share)	31 March 2015 (pence per share)
Basic and diluted net asset value per share	96.41	96.22

The basic and diluted net asset value per share at the year end is calculated in accordance with the Articles of Association and is based upon total shares in issue (less treasury shares) of 46,126,503 Ordinary shares (2015: 36,024,339) at 31 March 2016.

17. First time adoption of FRS 102

In the prior year Financial Statements unquoted loan stock (excluding convertible bonds and debt issued at a discount) 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, 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 decrease in value of loan stock by £16,000 which would have been a 0.11 per cent. difference as a percentage of total loan stock valuation. The first time adoption of FRS 102 had no material impact, therefore no restatement of comparatives is necessary.

18. 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 6 of the Chairman's statement.

The Company's financial instruments comprise equity and loan stock investments in unquoted and quoted companies, cash balances, short term debtors and creditors which arise from its operations. The main purpose of these financial instruments is to generate cash flow 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.

Notes to the Financial Statements (continued)

18. Capital and financial instruments risk management (continued)

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.

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns for shareholders and to provide an adequate return to shareholders by allocating its capital to assets commensurate with the level of risk.

By its nature, the Company has an amount of capital, at least 70 per cent. (as measured under the tax legislation) of which is and must be, and remain, invested in the relatively high risk asset class of small UK companies within three years of that capital being subscribed. The Company accordingly has limited scope to manage its capital structure in the light of changes in economic conditions and the risk characteristics of the underlying assets. Subject to this overall constraint upon changing the capital structure, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets if so required to maintain a level of liquidity to remain a going concern.

Although, as the Investment Policy implies, the Board would consider levels of gearing, there are no current plans to do so. It regards the net assets of the Company as the Company's capital, as the levels of liabilities are small and the management of them is not directly related to managing the return to shareholders. There has been no change in this approach from the previous year.

Investment risk

As a venture capital trust, it is the Company's specific nature to evaluate and control the investment risk of its portfolio in unquoted investments, details of which are shown on pages 17 and 18. Investment risk is the exposure of the Company to the revaluation and devaluation of investments. The main driver of investment risk is the operational and financial performance of the portfolio companies and the dynamics of market quoted comparators. The Manager receives management accounts from portfolio companies, and members of the investment management team often sit on the boards of unquoted portfolio companies; this enables the close identification, monitoring and management of investment risk.

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

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

The maximum investment risk as at the balance sheet date is the value of the fixed asset investment portfolio which is £32,971,000 (2015: £29,283,000). Fixed asset investments form 74 per cent. of the net asset value as at 31 March 2016 (2015: 84 per cent.).

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

Investment price risk

Investment price risk is the risk that the fair value of future investment cash flows will fluctuate due to factors specific to an investment instrument or to a market in similar instruments. To mitigate the investment price risk for the Company as a whole, the strategy of the Company is to invest in a broad spread of industries with approximately 65 per cent. 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 and 18 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. 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 £3,297,000 (2015: £2,928,000).

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 1.0 per cent. in all interest rates would have increased total return before tax for the year by approximately £66,000 (2015: £52,000). 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)

18. Capital and financial instruments risk management (continued)

The weighted average effective interest rate applied to the Company's unquoted loan stock during the year was approximately 8.8 per cent. (2015: 8.3 per cent.). The weighted average period to expected maturity for the unquoted loan stock is approximately 5.4 years (2015: 6.0 years).

The Company's financial assets and liabilities as at 31 March 2016, all denominated in pounds sterling, consist of the following:

	31 March 2016			Total £'000	31 March 2015			Total £'000
	Fixed rate £'000	Floating rate £'000	Non- interest bearing £'000		Fixed rate £'000	Floating rate £'000	Non- interest bearing £'000	
Unquoted equity	-	-	16,734	16,734	-	-	13,933	13,933
Quoted equity	-	-	605	605	-	-	514	514
Unquoted loan stock*	15,090	-	542	15,632	13,747	-	1,089	14,836
Debtors**	-	-	2,868	2,868	-	-	21	21
Cash	-	8,980	-	8,980	-	5,621	-	5,621
Current liabilities**	-	-	(350)	(350)	-	-	(280)	(280)
	15,090	8,980	20,399	44,469	13,747	5,621	15,277	34,645

*Including convertible loan stock and debt issued at a discount.

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

Credit risk

Credit risk is the risk that the counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Company. The Company is exposed to credit risk through its debtors, contingent future receipts, 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 as at 31 March 2016 was limited to £15,632,000 (2015: £14,836,000) of unquoted loan stock instruments (all of which are secured on the assets of the portfolio company), £8,980,000 (2015: £5,621,000) of cash deposits with banks and £2,861,000 (2015: £50,000) of other debtors.

As at the balance sheet date, the cash held by the Company is held with the Lloyds Bank plc, Scottish Widows Bank plc (part of Lloyds Banking Group plc), 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 below.

The cost, impairment and carrying value of impaired loan stocks held at fair value through profit and loss as at 31 March 2016 and 31 March 2015 are as follows:

	31 March 2016			31 March 2015		
	Cost £'000	Impairment £'000	Carrying value £'000	Cost £'000	Impairment £'000	Carrying value £'000
Impaired loan stock	667	(99)	568	666	(77)	589

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

Notes to the Financial Statements (continued)

18. Capital and financial instruments risk management (continued)

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 share capital and reserves of the latest published audited Balance sheet, which amounts to £4,331,000 (2015: £3,367,000) as at 31 March 2016.

The Company has no committed borrowing facilities as at 31 March 2016 (2015: £nil) and had cash balances of £8,980,000 (2015: £5,621,000), which are considered to be readily realisable within the timescales required to make cash available for investment. The main cash outflows are for new investments, share buy-backs and dividend payments, which are within the control of the Company. The Manager formally reviews the cash requirements of the Company on a monthly basis, and the Board on a quarterly basis as part of its review of management accounts and forecasts. All the Company's financial liabilities are short term in nature and total £361,000 as at 31 March 2016 (2015: £308,000).

The carrying value of loan stock investments at 31 March 2016 as analysed by expected maturity dates is as follows:

Redemption date	Fully performing £'000	Past due £'000	Impaired £'000	Total £'000
Less than one year	3,419	921	553	4,893
1-2 years	706	174	–	880
2-3 years	1,587	–	–	1,587
3-5 years	3,613	645	15	4,273
Greater than 5 years	3,999	–	–	3,999
Total	13,324	1,740	568	15,632

Loan stock can be past due as a result of interest or capital not being paid in accordance with contractual terms.

Loan stock categorised as past due includes:

- Loan stock with a carrying value of £1,481,000 yielding an average 11.0 per cent. which has loan stock interest past due by less than 12 months.
- Loan stock with a carrying value of £42,000 had loan stock interest past due of greater than 12 months but less than 2 years.
- Loan stock with a carrying value of £174,000 had loan stock interest past due of more than 2 years.

The carrying value of loan stock investments at 31 March 2015 as analysed by expected maturity dates was as follows:

Redemption date	Fully performing £'000	Past due £'000	Impaired £'000	Total £'000
Less than one year	3,893	708	112	4,713
1-2 years	545	32	475	1,052
2-3 years	547	157	–	704
3-5 years	3,272	1,143	2	4,417
Greater than 5 years	3,950	–	–	3,950
Total	12,207	2,040	589	14,836

In view of the factors identified above, the Board considers that the Company is subject to low liquidity risk.

Fair values of financial assets and financial liabilities

All the Company's financial assets and liabilities as at 31 March 2016, 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.

19. Commitments and contingencies

As at 31 March 2016, the Company had the following financial commitments in respect of investments:

- DySIS Medical Limited: £168,000
- Grapeshot Limited; £115,000
- Proveca Limited; £36,000

There are no contingent liabilities or guarantees given by the Company as at 31 March 2016 (31 March 2015: nil).

Notes to the Financial Statements (continued)

20. Post balance sheet events

Since 31 March 2016 the Company has had the following post balance sheet events:

- Escrow proceeds of £33,000 from the disposal of Lowcosttravelgroup Limited
- Investment of £190,000 in Black Swan Limited
- Investment of £168,000 in DySIS Medical Limited
- Investment of £141,000 in Cisiv Limited
- Investment of £115,000 in Grapeshot Limited

The following Ordinary shares of nominal value 1 penny each were allotted under the Albion VCTs Prospectus Top Up Offers after 31 March 2016:

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)
6 April 2016	52,994	0.5	98.70	51	91.50
6 April 2016	7,296	–	98.20	7	91.50
6 April 2016	53,319	0.5	97.70	51	91.50
	113,609	1		109	

21. Related party transactions

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

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Albion Enterprise VCT PLC (the “Company”) will be held at the City of London Club, 19 Old Broad Street, London, EC2N 1DS on 25 August 2016 at 11.00am for the following purposes:

To consider and, if thought fit, to pass the following resolutions, of which numbers 1 to 9 will be proposed as ordinary resolutions and numbers 10 to 12 as special resolutions.

Ordinary Business

1. To receive and adopt the Company’s accounts and the reports of the Directors and Auditor for the year ended 31 March 2016.
2. To approve the Directors’ remuneration report for the year ended 31 March 2016.
3. To re-elect Maxwell Packe as a Director of the Company.
4. To re-elect Lady Balfour of Burleigh as a Director of the Company.
5. To re-elect Lord St John of Bletso as a Director of the Company.
6. To re-elect Patrick Reeve as a Director of the Company.
7. 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 accounts are to be laid.
8. To authorise the Directors to agree the Auditor’s remuneration.

Special Business

9. Authority to allot shares

That the Directors be generally and unconditionally authorised in accordance with section 551 of the Companies Act 2006 (the “Act”) to allot Ordinary shares of nominal value 1 penny per share in the Company up to an aggregate nominal amount of £103,820 (which comprises approximately 20 per cent. of the Company’s 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.

10. Authority for the disapplication of pre-emption rights

That, subject to the authority and conditional on the passing of resolution number 9, 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 9 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) pursuant to any Dividend Reinvestment Scheme introduced or operated by the Company;
- (c) in connection with any Top Up Offers; and
- (d) otherwise than pursuant to sub-paragraphs (a) to (c) above, up to an aggregate nominal amount of £103,820 (equal to approximately 20 per cent. of the Ordinary share capital).

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 this power had not expired.

“Rights issue” means an offer of equity securities to holders of shares in the capital of the Company on the register on a record date fixed by the Directors in proportion as nearly as may be to the respective numbers of Ordinary shares held by them, but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient to deal with any treasury shares, fractional entitlements or legal or practical issues arising under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory or any other matter.

Notice of Annual General Meeting (continued)

This power applies in relation to a sale of treasury shares as if all references in this resolution to an allotment included any such sale and in the first paragraph of the resolution the words “pursuant to the authority conferred by resolution number 9” were omitted in relation to such a sale.

11. **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 (“Ordinary shares”), on such terms as the Directors think fit, and where such shares are held as treasury shares, the Company may use them for the purposes set out in section 727 of the Act, provided that:

- (a) the maximum aggregate number of shares hereby authorised to be purchased is 14.99 per cent. of the issued Ordinary share capital of the Company as at the date of the passing of this resolution;
- (b) the minimum price which may be paid for a share shall be 1 penny (exclusive of expenses);
- (c) the maximum price (exclusive of expenses) which may be paid for a share shall be an amount being not more than the higher of (i) 105 per cent. of the average of the middle market quotations (as derived from the Daily Official List of the London Stock Exchange) for the shares for the five business days immediately preceding the date of purchase and (ii) the higher of the price of the last independent trade and the highest current independent bid relating to a share on the trading venue where the purchase is carried out; and
- (d) unless previously varied, revoked or renewed, the authority hereby conferred shall expire 18 months from the date that this resolution is passed or, if earlier, at the conclusion of the Annual General Meeting of the Company to be held after the passing of this resolution, save that the Company may, at any time prior to such expiry, enter into a contract or contracts to purchase shares under such authority which would or might be completed or executed wholly or partly after the expiration of such authority and may make a purchase of shares pursuant to any such contract or contracts as if the authority conferred hereby had not expired.

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.

12. **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 at which they were bought in at.

By order of the Board

Albion Ventures LLP

Company Secretary

Registered office
1 King's Arms Yard
London, EC2R 7AF
29 June 2016

Albion Enterprise VCT PLC is registered in England and Wales with number 05990732

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 AGM. A member may appoint more than one proxy, provided that each proxy is appointed to exercise the rights attached to different shares. Proxies may only be appointed by:
 - completing and returning the Form of Proxy enclosed with this Notice to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZZ; or
 - 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 11.00am on 23 August 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 11.00am on 23 August 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 11.00am on 23 August 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 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 under the "Investor Centre" section.

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. Copies of contracts of service and letters of appointment between the Directors and the Company will be available for inspection at the Registered Office of the Company during normal business hours from the date of this Notice until the conclusion of the meeting, and at the place of the meeting for at least 15 minutes prior to the meeting until its conclusion. In addition, a copy of the Articles of Association will be available for inspection at the Company's registered office from the date of the Notice until the conclusion of the meeting, and at the place of the meeting for at least 15 minutes prior to the meeting until its conclusion.
9. Under section 527 of the Act members meeting the threshold requirements set out in that section have the right to require the Company to publish on a website a statement setting out any matter relating to: (i) the audit of the Company's accounts (including the Auditor's report and the conduct of the audit) that are to be laid before the AGM; or (ii) any circumstances connected with an Auditor of the Company ceasing to hold office since the previous meeting at which the annual accounts and reports were laid in accordance with section 437 of the Act. The Company may not require the members requesting any such website publication to pay its expenses in complying with section 527 and 528 of the Act. Where the Company is required to place a statement on a website under section 527 of the Act, it must forward the statement to the Company's Auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the AGM includes any statement that the Company has been required under section 527 of the Act to publish on a website.
10. Members satisfying the thresholds in Section 338 of the Companies Act 2006 may require the Company to give, to members of the Company entitled to receive notice of the AGM, notice of a resolution which those members intend to move (and which may properly be moved) at the AGM. A resolution may properly be moved at the AGM unless (i) it would, if passed, be ineffective (whether by reason of any inconsistency with any enactment of the Company's constitution or otherwise); (ii) it is defamatory of any person; or (iii) it is frivolous or vexatious. The business which may be dealt with at the AGM includes a resolution circulated pursuant to this right. A request made pursuant to this right may be in hard copy or electronic form, must identify the resolution of which notice is to be given, must be authenticated by the person(s) making it and must be received by the Company not later than 6 weeks before the date of the AGM.
11. Members satisfying the thresholds in Section 388A of the Companies Act 2006 may request the Company to include in the business to be dealt with at the AGM any matter (other than a proposed resolution) which may properly be included in the business at the AGM.
A matter may properly be included in the business at the AGM unless (i) it is defamatory of any person or (ii) it is frivolous or vexatious. A request made pursuant to this right may be in hard copy or electronic form, must identify the matter to be included in the business, must be accompanied by a statement setting out the grounds for the request, must be authenticated by the person(s) making it and must be received by the Company not later than 6 weeks before the date of the AGM.
12. As at 27 June 2016 being the latest practicable date prior to the publication of this Notice, the Company's issued share capital consists of 51,910,112 Ordinary shares with a nominal value of 1 penny each. The Company also holds 5,670,000 Ordinary shares in treasury. Therefore, the total voting rights in the Company as at 27 June 2016 are 46,240,112.

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The Association of
Investment Companies

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