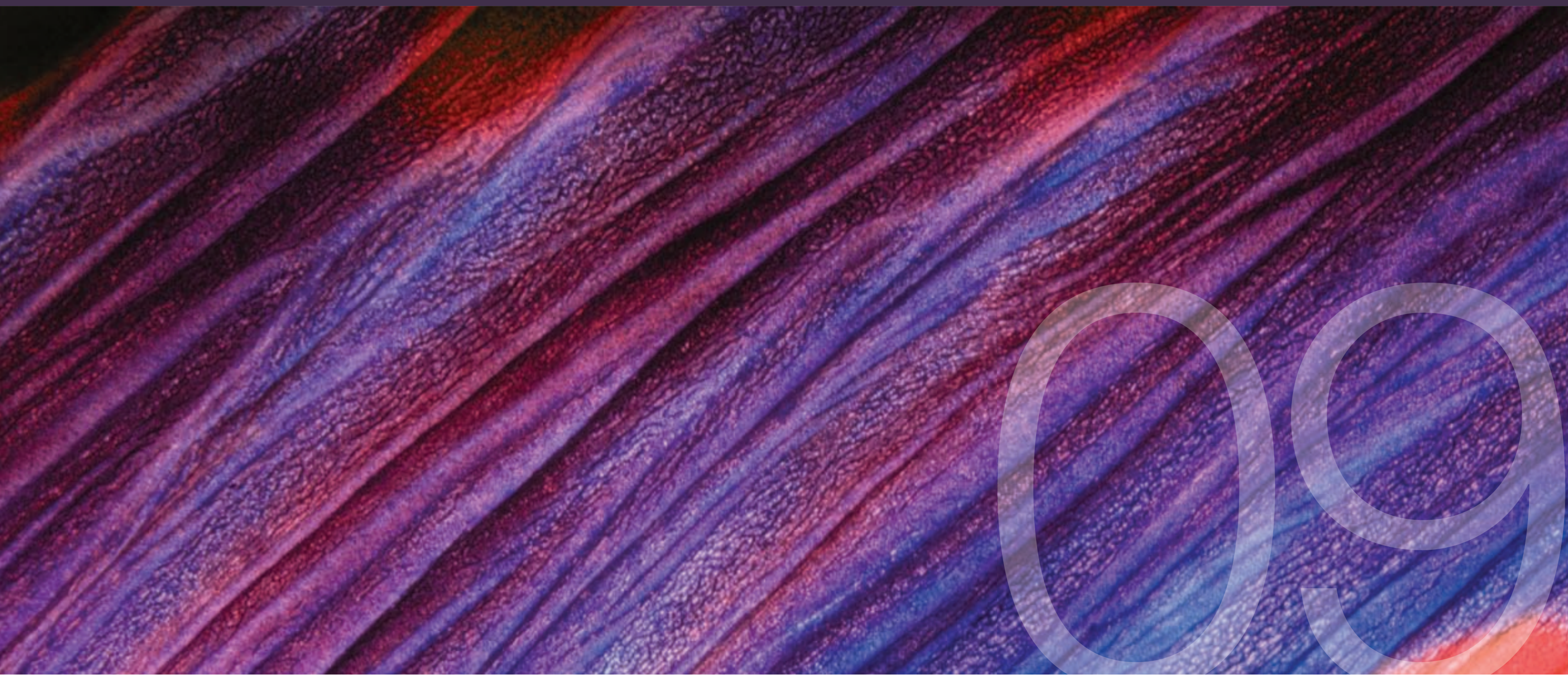
Annual Report and Financial Statements for the year ended 31 March 2009



Albion Venture Capital Trust PLC
(formerly Close Brothers Venture Capital Trust PLC)

ALBION VENTURES

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Company Information

Company number	3142609
Directors	David Watkins MBA (Harvard), Chairman (US citizen) J M B L Kerr ACMA J G T Thornton MBA, FCA J Warren ACCA
Company secretary and registered office	Albion Ventures LLP 1 King's Arms Yard London, EC2R 7AF
Manager	Albion Ventures LLP 1 King's Arms Yard London, EC2R 7AF Tel: 020 7601 1850 Fax: 020 7601 1875 Website: www.albion-ventures.co.uk
Registrars	Capita Registrars Limited Northern House Penistone Road Fenay Bridge Huddersfield, HD8 0LA
Custodian	Capita Trust Company Limited Phoenix House 7th Floor 18 King William Street London, EC4N 7HE
Auditors	PKF (UK) LLP Farringdon Place 20 Farringdon Road London, EC1M 3AP
Taxation adviser	PricewaterhouseCoopers LLP 1 Embankment Place London, WC2N 6RN
Legal advisers	Berwin Leighton Paisner LLP Adelaide House London Bridge London, EC4R 9HA

Albion Venture Capital Trust PLC is a member of the Association of Investment Companies.

Company Information continued

Shareholder information	For help relating to dividend payments, shareholdings and share certificates, please contact Capita Registrars Limited: Tel: 0871 664 0300 (calls cost 10p per minute plus network extras) Email: ssd@capitaregistrars.com Website: www.capitaregistrars.com For enquiries relating to the performance of the Fund please contact Albion Ventures LLP: Tel: 020 7601 1850 Email: info@albion-ventures.co.uk Website: www.albion-ventures.co.uk
IFA information	Independent Financial Advisors with questions please contact Albion Ventures LLP: Tel: 08442 579 722 (calls cost 4p per minute plus network extras) Email: info@albion-ventures.co.uk Website: www.albion-ventures.co.uk

Investment Objectives

Albion Venture Capital Trust PLC (the "Company") is a venture capital trust which raised a total of £39.7 million through an issue of Ordinary Shares in the spring of 1996 and through an issue of C Shares in the following year. The C Shares merged with the Ordinary Shares in 2001. The Company offers tax-paying investors substantial tax benefits at the time of investment, on payment of dividends and on the ultimate disposal of the investment. Its investment strategy is to minimise the risk to investors whilst maintaining an attractive yield. This is achieved as follows:

- qualifying unquoted investments are predominantly in specially-formed companies which provide a high level of asset backing for the capital value of the investment;
- Albion Venture Capital Trust PLC invests alongside selected partners with proven experience in the sectors concerned;
- investments are normally structured as a mixture of equity and loan stock. The loan stock represents the majority of the finance provided and is secured on the assets of the investee company. Funds managed or advised by Albion Ventures LLP typically own 50 per cent. of the equity of the investee company;
- other than the loan stock issued to funds managed or advised by Albion Ventures LLP, investee companies do not normally have external borrowings; and
- a clear strategy for the realisation of each qualifying unquoted investment within five years or shortly thereafter is identified from the outset.

Financial Calendar

Annual General Meeting	27 July 2009
Record date for first dividend	3 July 2009
Payment of first dividend	31 July 2009
Announcement of half-yearly results for the six months ended 30 September 2009	November 2009
Payment of second dividend	January 2010

Financial Highlights

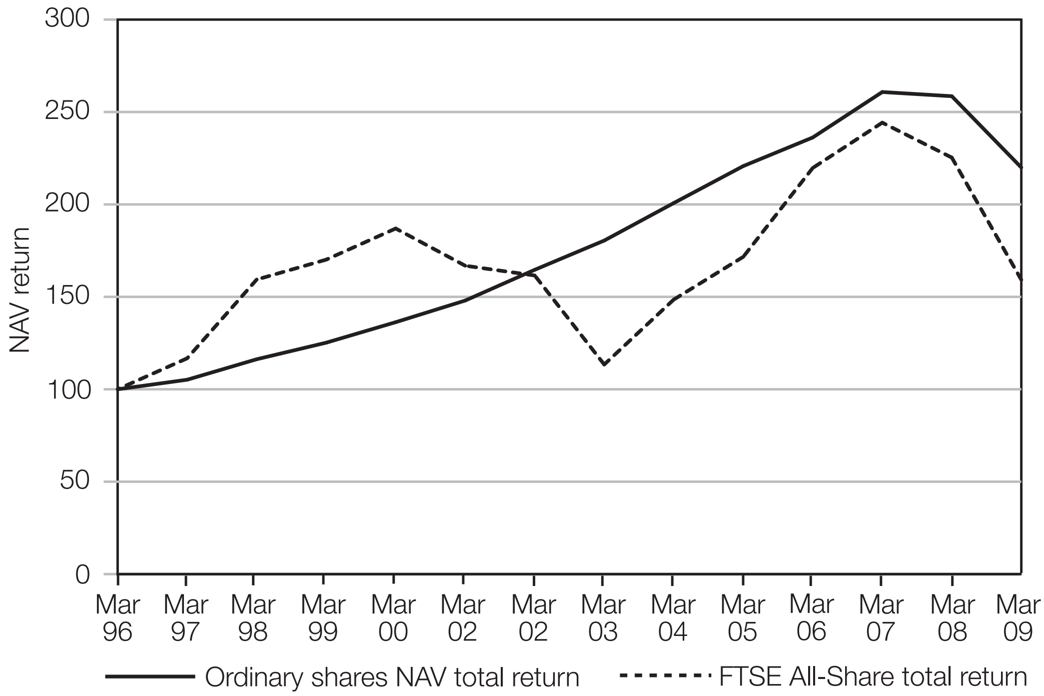
190.1p **Ordinary share net asset value plus dividends since launch to 31 March 2009**

85.3p **Net asset value per share as at 31 March 2009**

10.0p **Total tax free dividend per share paid in the year to 31 March 2009**

2.5p **First tax free dividend per share for the year to 31 March 2010**

Ordinary shares' Net Asset Value total return relative to the FTSE All-Share Index (in both cases with dividends reinvested)



Source: Albion Ventures LLP

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

Financial Highlights continued

	31 March 2009 (pence per share)	31 March 2008 (pence per share)
Dividends paid per Ordinary share	**10.00**	10.00
Revenue return per Ordinary share	**3.30**	4.20
Capital loss per Ordinary share	**(18.30)**	(4.50)
Net asset value per Ordinary share	**85.30**	109.90

Total shareholder net asset value return to 31 March 2009		**Ordinary shares**	**C shares**
Total dividends paid during the year ended:	31 March 1997	2.00	–
	31 March 1998	5.20	2.00
	31 March 1999	11.05	8.75
	31 March 2000	3.00	2.70
	31 March 2001	8.55	4.80
	31 March 2002	7.60	7.60
	31 March 2003	7.70	7.70
	31 March 2004	8.20	8.20
	31 March 2005	9.75	9.75
	31 March 2006	11.75	11.75
	31 March 2007	10.00	10.00
	31 March 2008	10.00	10.00
	31 March 2009	10.00	10.00
Total dividends paid to 31 March 2009		104.80	93.25
Net asset value as at 31 March 2009		85.30	85.30
Total shareholder net asset value return to 31 March 2009		**190.10**	**178.55**

In addition to the dividends summarised above, the Board has declared a first dividend for the new financial year, of 2.5 pence per share (out of revenue profits) to be paid on 31 July 2009 to shareholders on the register as at 3 July 2009.

Notes

- *Dividends paid before 5 April 1999 were paid to qualifying shareholders inclusive of the associated tax credit. The dividends for the year to 31 March 1999 were maximised in order to take advantage of this tax credit.*
- *A capital dividend of 2.55 pence paid in the year to 31 March 2000 enabled the Ordinary shares and the C shares to merge on an equal basis.*
- *All dividends paid by the Company are free of income tax. It is an Inland Revenue requirement that dividend vouchers indicate the tax element should dividends have been subject to income tax. Investors should ignore this figure on their 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.*

Chairman's Statement

Introduction
The results for the year to 31 March 2009 show the continuing effects of the recession in the UK. The Company recorded a negative return of 15.0 pence per share, which, following the total dividends of 10.0 pence per share for the year, has reduced the net asset value to 85.3 pence per share. This was caused principally by a continued decline in investment valuations in line with the general trends in the property sector. In addition, income generated by your Company's investment portfolio declined during the year, partly as a result of very low interest rates available on cash deposits, and partly due to trading pressures on some of our investee companies.

Investment progress and prospects
During the year, some £2.5 million was invested in nine existing and two new investee companies. These are dealt with in more detail in the Manager's Report on page 9.

The largest contributor to the fall in net asset value was the further reduction of the valuation of Kew Green VCT (Stansted) Limited, which owns and operates the "Express by Holiday Inn" hotel at Stansted Airport. Passenger numbers have been decreasing at Stansted Airport during the course of the year and the resulting decline in occupancy, combined with pressure on property values in general, has resulted in a sharp reduction in value. Nevertheless, the hotel remains profitable after interest and is generating sufficient cash to begin the process of repaying the Company's loan stock investments.

The recession has also affected the trading of a variety of our other investee companies, including hotels and the residual residential development businesses. However, despite the negative impact of this on the Company's revenue profits, the investment portfolio is cash generative and the current reductions in valuations may represent value deferred rather than permanently lost, even though valuations may still come under further pressure in the short term. In addition, we anticipate that the reduction in valuations currently being seen will give rise to a number of investment opportunities at attractive valuations.

Dividend
Your Board is conscious that shareholders value a regular and predictable dividend flow, and it is pleasing that dividends paid since the Company was launched in 1996 now amount to 104.8 pence per Ordinary share. Nevertheless, the current pressure on income and the lack of further capital profits available for distribution has meant that the dividend for the new financial year will be reduced from the historically strong level of 10.0 pence per share that has pertained for the last three years. Your Board has consequently set a revised annual dividend objective of 5.0 pence per share going forward though shareholders should note that this will be subject to the Company's trading performance, and the sufficiency of cash resources to allocate to new investments as well as to dividends.

Recovery of historic VAT
Following a period of lobbying by the Association of Investment Companies, the welcome review of the position regarding the exemption of management fees from VAT by HM Revenue & Customs in July 2008 has meant that the Manager is able to reclaim historic VAT that it had previously charged to the Company. A reclaim of historic VAT of £720,000 (before the deduction of tax) has been credited to the accounts in respect of the repayment. Further details regarding this claim are shown in note 6 of the Annual Report and Financial Statements. With effect from 1 October 2008, all management and administration fees are considered exempt from VAT.

Risks and uncertainties
The strongly negative outlook for the UK economy continues to be the key risk affecting the Company and, as mentioned above, we are seeing the effects of this in most of our portfolio. However, your Company remains conservatively financed, with no bank borrowings either at corporate or investee company level, in addition to the policy of ensuring that the Company has a first charge over the investee companies' assets wherever possible. Your Board considers that these factors have helped the Company to avoid some of the undoubted risks in the current macro-economic climate.

Meanwhile, opportunities within our target sectors continue to arise at attractive valuations, including the healthcare sector which will be one of our core areas of concentration going forward. A detailed analysis of the other risks and uncertainties facing the business are shown in the Directors' Report and Enhanced Business Review within this Annual Report and Financial Statements.

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 interest, including the maintenance of sufficient resources for investment in existing and new investee companies and the continued payment of dividends to shareholders. In order to balance these different requirements, the Company's buy-back policy was amended at the time of the publication of the Half-yearly Report in November 2008, when it was stated that the Company was limiting the cash available for share buy-backs. This policy will continue, particularly in the light of the Company's

Chairman's Statement continued

dividend objective of 5.0 pence per share for the current year, and the Company will now limit the sums available for share buy-backs for the six month period to 30 September 2009 to £150,000. This compares to a total value bought in for the previous six months of £215,000. Once this limit has been reached, the Board will review its policy in the light of cash available for new investments and for dividends to existing shareholders. Given the high level of volatility apparent in all markets, the discount to net asset value per share at which shares are bought back is likely to continue to be wider than that which applied historically.

Change of Manager and name change

The business of Close Ventures Limited was acquired by Albion Ventures LLP from Close Brothers Group plc on 23 January 2009. Albion Ventures has been formed by the executive directors of Close Ventures Limited; meanwhile Close Brothers Group plc will continue to have an investment in the business. The Company's management contract has been novated from Close Ventures to Albion Ventures under exactly the same terms as the existing agreement. The investment approach of Albion Ventures and the investment policy of the Company are also unchanged, with a continued emphasis on building up a broad portfolio of investee companies normally with no external bank borrowings, and the maintenance of a regular dividend yield. As a result of this change, the Company Secretary has changed to Albion Ventures LLP, and the Company changed its name from Close Brothers Venture Capital Trust PLC to Albion Venture Capital Trust PLC at a General Meeting on 27 March 2009.

Shareholder survey

The Manager recently performed a shareholder survey. Questionnaires were sent to all shareholders and a 26 per cent. response rate (by number of shareholders) was achieved. Of these shareholders, 90 per cent. were satisfied or very satisfied with the returns generated by the Company, 79 per cent. intended to hold their shares indefinitely, and dividend yield was ranked as the most common feature that investors were looking for in a Venture Capital Trust. The Board wishes to thank shareholders who took part in the survey and will bear in mind the findings. The full survey results will be available to view on the Manager's website at www.albion-ventures.co.uk under the 'Our Funds' section.

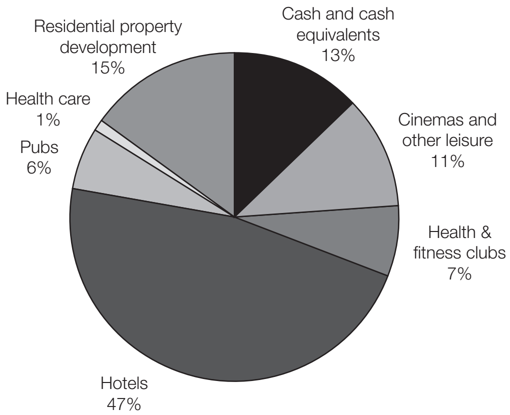
Results and dividends

As at 31 March 2009, the net asset value was £29.9 million or 85.3 pence per share, compared to £39.2 million or 109.9 pence per share as at 31 March 2008. The revenue return before taxation was £1.5 million compared to £1.9 million for the year to 31 March 2008. The Company will pay a dividend of 2.5 pence per share on 31 July 2009 to those shareholders on the share register on 3 July 2009.

David Watkins
Chairman 25 June 2009

Manager's Report

Set out below is the split of the Company's investment portfolio by sector.



Source: Albion Ventures LLP

Investment portfolio

Although all of your Company's hotel investments are showing an operating profit, the majority have seen a downturn in trading over the last year. This has partly been due to specific factors such as the decline in traffic at Stansted Airport, and partly due to other factors related to the general slowdown in the business and leisure environments. Currently, the exception is the Crown Hotel at Harrogate, where, following the refurbishment of the hotel, trading continues to grow compared to previous years. Overall, though, these factors have led to a reduction in income to the Company. In addition, The Stanwell Hotel is currently closed pending its refurbishment and reconstruction as a niche airport hotel. Construction has commenced and the hotel is scheduled to open in 2010.

As previously reported, the residential development investments are currently being wound down; £2.2 million was received from these companies during the year and a further £0.9 million has been received following the year end. Nevertheless this process resulted in the cessation of interest payments by these companies which has further reduced the income of the Company.

Meanwhile, trading in our cinemas continues to be strong, with promising trading performance and improved profitability from previous years. Membership of our health and fitness clubs continues to grow, though the valuations have been hit in line with the general market, while trading in the majority of our pubs remains profitable at operating level, despite their fall in value. The holding values of all of the Company's investments in the hotel, cinema, health and fitness and pubs sectors are based on recent valuations of the relevant assets by independent professional valuers.

New investment activity

Overall, the current recession is providing a number of interesting investment opportunities at attractive prices. The two investments in new investee companies made in the year comprise £390,000 in Bravo Inns II Limited, which has purchased 11 pubs in the North West of England at prices that are currently generating a strong return on capital, and £313,000 in Droxford Hospital Limited, which is seeking to acquire a site in the South of England for development into a mental hospital. The principal investments into existing investee companies comprised £1 million in The Stanwell Hotel Limited, £390,000 in The Place Sandwich VCT Limited and £200,000 in The Crown Hotel Harrogate Limited.

Although a number of interesting leisure-related opportunities are being looked at, particular attention is being paid to health-care related investments in order to provide a counter balance against the consumer orientated nature of the great majority of the investment portfolio. Your Company is actively working with partners both in the mental health and the care sectors with a variety of opportunities currently under consideration.

Albion Ventures LLP
Manager 25 June 2009

The Board of Directors

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

David Watkins (64) MBA (Harvard), Chairman
From 1972 until 1991, David Watkins worked for Goldman Sachs, where he was head of Euromarkets Syndication and Head of European Real Estate. He subsequently joined Mountleigh Group PLC where he worked as a director on the restructuring of the business prior to the Group being placed into administration. Until late 1995, he worked at Baring Securities Limited as Head of Equity Capital Markets – London, before leaving ultimately to become Chief Financial Officer and one of the principal shareholders of his current company, The Distinguished Programs Group LLC, an insurance distribution and underwriting group. From 1986 to 1990 he was a member of the Council of the London Stock Exchange. He is currently a non-executive director of Albion Income & Growth VCT PLC, which is also managed by Albion Ventures LLP, and is a director of a number of private UK companies. David Watkins became a Director of the Company on 9 February 1996.

John Kerr (66) ACMA
John Kerr has worked as a venture capitalist and also in manufacturing and service industries. He held a number of finance and general management posts in the UK and USA, before joining SUMIT Equity Ventures, an independent Midlands based venture capital company, where he was managing director from 1985 to 1992. He then became chief executive of Price & Pierce Limited, which acted as the UK agent for overseas producers of forestry products, before leaving in 1997 to become finance director of Ambion Brick, a building materials company bought out from Ibstock PLC. After retiring in 2002, he now works as a consultant. He is a non-executive director of Albion Income & Growth VCT PLC, which is also managed by Albion Ventures LLP, and he is also an external member of the Albion Ventures LLP investment committee. John Kerr became a Director of the Company on 9 February 1996.

Jonathan Thornton (62) MBA, FCA
Jonathan Thornton retired as a director of Close Brothers Group plc in 1998. In 1984 he was responsible for establishing Close Brothers Private Equity. Prior to this he worked for both 3i plc and Cinven. He is a non-executive director of Albion Development VCT PLC which is also managed by Albion Ventures LLP. He is also an external member of the Albion Ventures LLP investment committee. Jonathan Thornton became a Director of the Company on 9 February 1996.

Jeff Warren (61) ACCA
Jeff Warren has 30 years' financial management experience, including high level corporate governance and regulatory environment experience. He held the post of CFO of Bristol and West Building Society from 1992. Following the acquisition of Bristol and West by Bank of Ireland, he was appointed CEO of Bristol and West PLC in 1999, and subsequently also took responsibility for the Bank of Ireland UK Branch network. In 2003 he moved to take on a role at Group level in Dublin, as Group Chief Development Officer, reporting to the Bank of Ireland CEO. In 2004 he returned to the UK to develop a career as a non-executive director. Jeff Warren became a Director of the Company on 2 October 2007.

The Manager

Albion Ventures LLP, is authorised and regulated by the Financial Services Authority and is the Manager of Albion Venture Capital Trust PLC. In addition to Albion Venture Capital Trust PLC, it manages a further six venture capital trusts, and currently has total funds under management of approximately £200 million.

The following are specifically responsible for the management and administration of the venture capital trusts managed by Albion Ventures LLP, including Albion Venture Capital Trust PLC.

Patrick Reeve (49), MA, ACA, qualified as a chartered accountant with Deloitte Haskins & Sells before joining Cazenove & Co where he spent three years in the corporate finance department. He joined Close Brothers Group plc in 1989, initially in the development capital subsidiary, where he was a director specialising in the financing of smaller unquoted companies. He joined the corporate finance division in 1991, where he was also a director. He established Albion Ventures LLP (formerly Close Ventures Limited) with the launch of Albion Venture Capital Trust PLC (formerly Close Brothers Venture Capital Trust PLC) in the spring of 1996. He is the Managing Partner of Albion Ventures LLP and is director of Albion Income & Growth VCT PLC, Albion Protected VCT PLC, Albion Technology & General VCT PLC and Albion Enterprise VCT PLC, all managed by Albion Ventures LLP.

Isabel Dolan (44), BSc (Hons), ACA, MBA, is Operations Partner of Albion Ventures LLP having previously been Finance Director for a number of unquoted companies. From 1993 to 1997 she was Head of Recoveries at the Specialised Lending Services department of the Royal Bank of Scotland plc, and from 1997 to 2001 she was at 3i plc, latterly as a portfolio director. She joined Albion Ventures LLP (formerly Close Ventures Limited) in 2005.

Dr Andrew Elder (38), MA, FRCS. After qualifying as a surgeon he practised for six years, specialising in neurosurgery before joining the Boston Consulting Group as a consultant in 2001, specialising in healthcare strategy. He joined Albion Ventures LLP (formerly Close Ventures Limited) in 2005.

Will Fraser-Allen (38), BA (Hons), ACA, is Deputy Managing Partner of Albion Ventures LLP, having qualified as a chartered accountant with Cooper Lancaster Brewers in 1996 before specialising in corporate finance and investigation. He joined Albion Ventures LLP (formerly Close Ventures Limited) in 2001.

Emil Gigov (39), BA (Hons), ACA, qualified as a chartered accountant with KPMG in 1997 and subsequently worked in KPMG's corporate finance division working on the media, marketing and leisure sectors. He joined Albion Ventures LLP (formerly Close Ventures Limited) in 2000.

David Gudgin (37), BSc (Hons), ACMA, after working for ICL from 1993 to 1999 where he qualified as an accountant, he joined 3i plc as an investment manager based in London and Amsterdam. In 2002 he joined Foursome Investments, responsible for investing an evergreen fund of US$80 million, before joining Albion Ventures LLP (formerly Close Ventures Limited) in 2005.

Michael Kaplan (32), BA, MBA. After graduating from the University of Washington in 1999 with a BA in International Finance, he joined Marakon Associates as an Analyst. In 2000, he became the Chief Financial Officer of Widevine Technologies, a security software company based in Seattle. After graduating with an MBA from INSEAD, in 2004, he joined the Boston Consulting Group focusing on the retail and financial services industries. He joined Albion Ventures LLP (formerly Close Ventures Limited) in 2007.

Ed Lascelles (33), BA (Hons), joined the corporate broking department of Charterhouse Securities in 1998 focusing on primary and secondary equity fundraisings. He then moved to the corporate finance department of ING Barings in 2000, retaining his focus on smaller UK companies. He joined Albion Ventures LLP (formerly Close Ventures Limited) in 2004.

Henry Stanford (44), MA, ACA, qualified as a chartered accountant with Arthur Andersen before joining the corporate finance division of Close Brothers Group plc in 1992. He became an assistant director in 1996 and transferred to Albion Ventures LLP (formerly Close Ventures Limited) in 1998.

Robert Whitby-Smith (34), BA (Hons), MSI, ACA, qualified as a chartered accountant with KPMG in their corporate finance division. From 2000 to early 2005 he worked in the UK corporate finance departments of Credit Suisse First Boston and subsequently ING Barings, where he was a vice president. He joined Albion Ventures LLP (formerly Close Ventures Limited) in 2005.

Marco Yu (31) MPhil, MA, MRICS, qualified as a chartered surveyor in 2004. From 2002 to 2005, he worked at Bouygues (UK), developing cost management systems for PFI schemes, before moving to EC Harris in 2005, where he advised senior lenders on large capital projects. He joined Albion Ventures LLP (formerly Close Ventures Limited) in 2007.

Portfolio of Investments

The following is a summary of investments as at 31 March 2009:

			As at 31 March 2009			As at 31 March 2008			
Qualifying Investments	% voting rights	% voting rights of AVL managed companies*	Investment to date at cost £'000	Cumulative movement in carrying/ fair value £'000	Total carrying/ fair value £'000	Investment to date at cost £'000	Cumulative movement in carrying/ fair value £'000	Total carrying/ fair value £'000	Change in carrying/fair value for the year net of investment/ exits in the year** £'000
Hotels									
Kew Green VCT (Stansted) Limited	28.2	50.0	4,820	2,219	7,039	5,000	3,863	8,864	(1,644)
The Crown Hotel Harrogate Limited	15.6	50.0	3,100	(963)	2,137	2,900	(521)	2,379	(442)
The Bear Hungerford Limited	26.1	50.0	2,088	(563)	1,525	2,088	(251)	1,837	(312)
The Stanwell Hotel Limited	18.9	50.0	2,000	(609)	1,391	1,000	8	1,008	(617)
The Place Sandwich VCT Limited	25.0	50.0	1,465	(446)	1,019	1,250	84	1,334	(530)
Welland Inns VCT (Hotels) Limited	25.5	50.0	909	(380)	529	850	(212)	638	(168)
Total investment in the hotel sector			**14,382**	**(742)**	**13,640**	**13,088**	**2,971**	**16,060**	**(3,713)**
Pubs									
The Charnwood Pub Company (Hotels) Limited	17.5	50.0	1,214	(585)	629	1,138	(257)	881	(328)
Bravo Inns II Limited	4.8	50.0	390	(24)	366	–	–	–	(24)
Bravo Inns Limited	5.1	50.0	450	(210)	240	450	(121)	329	(89)
Welland Inns VCT Limited	5.7	50.0	524	(341)	183	485	(86)	399	(255)
The Charnwood Pub Company Limited	2.1	50.0	160	(31)	129	160	(36)	124	5
The Dunedin Pub Company VCT Limited	4.3	50.0	220	(94)	126	215	(7)	208	(87)
GB Pub Company VCT Limited	5.9	50.0	264	(147)	117	245	(68)	177	(79)
Novello Pub Limited	6.5	50.0	184	(97)	87	184	(64)	120	(33)
Pelican Inn Limited	–	–	3	(1)	2	4	–	4	(1)
Total investment in the pub sector			**3,409**	**(1,530)**	**1,879**	**2,881**	**(639)**	**2,242**	**(891)**
Cinemas and other leisure									
City Screen (Cambridge) Limited	50.0	50.0	1,210	429	1,639	1,210	468	1,678	(39)
CS (Greenwich) Limited	18.3	50.0	1,005	(180)	825	1,005	(23)	982	(157)
CS (Brixton) Limited	6.4	50.0	250	49	299	250	25	275	24
City Screen (Liverpool) Limited	18.1	50.0	200	1	201	200	53	253	(52)
Premier Leisure (Suffolk) Limited	4.6	45.0	380	(235)	145	380	(108)	272	(127)
CS (Exeter) Limited	6.6	50.0	100	–	100	100	(22)	78	22
CS (Norwich) Limited	3.1	50.0	50	(14)	36	50	3	53	(17)
Total investment in the cinema and other leisure sector			**3,195**	**50**	**3,245**	**3,195**	**396**	**3,591**	**(346)**
Health and fitness clubs									
The Weybridge Club Limited	8.2	50.0	1,330	(146)	1,184	1,330	83	1,413	(229)
Kensington Health Club Limited	6.1	50.0	1,124	(451)	673	1,100	14	1,114	(465)
Towerbridge Health Club Limited	5.5	50.0	344	(60)	284	344	44	388	(104)
River Bourne Health Club Limited	3.5	50.0	70	(57)	13	70	7	77	(64)
Total investment in the health and fitness club sector			**2,868**	**(714)**	**2,154**	**2,844**	**148**	**2,992**	**(862)**
Residential property development									
G&K Smart Developments VCT Limited	42.9	50.0	3,000	(686)	2,314	3,000	–	3,000	(686)
Prime VCT Limited	50.0	50.0	1,540	(640)	900	2,200	(300)	1,900	(340)
Chase Midland VCT Limited	38.1	50.0	719	(51)	668	1,600	(38)	1,562	(15)
Youngs VCT Limited	25.4	50.0	540	–	540	1,200	–	1,200	–
Total investment in the residential property development sector			**5,799**	**(1,377)**	**4,422**	**8,000**	**(338)**	**7,662**	**(1,041)**
Total qualifying investments			**29,653**	**(4,313)**	**25,340**	**30,008**	**2,538**	**32,546**	**(6,853)**

Portfolio of Investments continued

Non-qualifying investments	% voting rights	% voting rights of AVL managed companies*	As at 31 March 2009 Investment to date at cost £'000	Cumulative movement in carrying/ fair value £'000	Total carrying/ fair value £'000	As at 31 March 2008 Investment to date at cost £'000	Cumulative movement in carrying/ fair value £'000	Total carrying/ fair value £'000	Change in carrying/fair value for the year net of investment/ exits in the year** £'000
Hotels									
The Place Sandwich VCT Limited	–	–	176	186	362	–	–	–	186
Total investment in the hotel sector			**176**	**186**	**362**	**–**	**–**	**–**	**186**
Healthcare sector									
Droxford Hospital Limited	–	–	313	–	313	–	–	–	–
Total healthcare sector			**313**	**–**	**313**	**–**	**–**	**–**	**–**
Total non-qualifying investments			**489**	**186**	**675**	**–**	**–**	**–**	**186**

Non-qualifying investments	As at 31 March 2009 Investment to date at cost £'000	Cumulative movement in carrying/ fair value £'000	Total carrying/ fair value £'000	As at 31 March 2008 Investment to date at cost £'000	Cumulative movement in carrying/ fair value £'000	Total carrying/ fair value £'000	Change in carrying/fair value for the year net of investment/ exits in the year** £'000
Current asset investment							
Nationwide floating rate note 07/06/2010	1,497	(34)	1,463	1,497	(22)	1,475	(12)

*AVL is Albion Ventures LLP

**As adjusted for additions and disposals between the two accounting periods.

Portfolio Companies

The top ten qualifying investments by total aggregate value of equity and loan stock are as follows (unquoted loan stock held by the following investments is classified as loans and receivables in accordance with FRS 26 and is carried at amortised cost using the effective interest rate).

Kew Green VCT (Stansted) Limited

The company was established to develop and operate a limited service hotel under the "Express by Holiday Inn" brand at Stansted Airport on a 125 year lease. The hotel opened in January 2005 with 183 bedrooms. A 71 bedroom extension opened in July 2007, taking the hotel to 254 bedrooms.

Latest audited results – year to 31 August 2008

	£'000
Turnover	5,672
Profit before tax	516
Profit after tax	426
Net assets	3,431
Basis of valuation:	Net asset value supported by third party valuation
Website:	www.expressstanstedairport.co.uk

Investment information	£'000
Income recognised in the year	385
Equity valuation	3,323
Loan stock valuation	3,716
Voting rights	28.2 per cent.

Other funds managed or advised by Albion Ventures LLP have invested in this company and have a combined equity holding of 50.0 per cent.

G&K Smart Developments VCT Limited

This company is a residential property development company which was formed in 1996. It has undertaken a series of successful residential developments in the North of England and is currently undertaking a development of 10 houses and 6 apartments near Bradford and a development of 9 houses to the south of Leeds.

Latest audited results – year to 31 December 2007

	£'000
Turnover	3,266
Profit before tax	57
Loss after tax	(32)
Net assets	1,504
Basis of valuation:	Cost reviewed for impairment

Investment information	£'000
Income recognised in the year	174
Equity valuation	664
Loan stock valuation	1,650
Voting rights	42.9 per cent.

Other funds managed or advised by Albion Ventures LLP have invested in this company and have a combined equity holding of 50.0 per cent.

Portfolio Companies continued

The Crown Hotel Harrogate Limited

The company owns and operates the historic 110 bedroom Crown Hotel in Harrogate, Yorkshire. Trading has improved considerably following refurbishment.

Latest audited results – year to 31 March 2008

	£'000
Turnover	2,343
Loss before tax	(1,384)
Loss after tax	(1,384)
Net liabilities	(926)
Basis of valuation:	Net asset value supported by third party valuation
Website:	www.crownhotelharrogate.com

Investment information	£'000
Income recognised in the year	76
Equity valuation	–
Loan stock valuation	2,137
Voting rights	15.6 per cent.

Other funds managed or advised by Albion Ventures LLP have invested in this company and have a combined equity holding of 50.0 per cent.

City Screen (Cambridge) Limited

The company was formed to develop and operate a three screen "art house" cinema in the centre of Cambridge on a 34 year lease. The cinema opened in August 1999 and continues to perform strongly in a competitive market.

Latest audited results – year to 31 December 2008

	£'000
Turnover	1,612
Profit before tax	78
Profit after tax	78
Net assets	1,110
Basis of valuation:	Net asset value supported by third party valuation
Website:	www.picturehouses.co.uk

Investment information	£'000
Income recognised in the year	98
Equity valuation	610
Loan stock valuation	1,029
Voting rights	50.0 per cent.

Portfolio Companies continued

The Bear Hungerford Limited

The company acquired the historic 41 bedroom Bear Hotel in Hungerford in 2005 and a refurbishment programme has taken place. Trading has improved substantially from the time of acquisition.

Latest audited results – year to 31 March 2008

	£'000
Turnover	1,536
Loss before tax	(417)
Loss after tax	(417)
Net liabilities	(645)
Basis of valuation:	Net asset value supported by third party valuation
Website:	www.thebearhungerford.co.uk

Investment information	£'000
Income recognised in the year	94
Equity valuation	–
Loan stock valuation	1,525
Voting rights	26.1 per cent.

Other funds managed or advised by Albion Ventures LLP have invested in this company and have a combined equity holding of 50.0 per cent.

The Stanwell Hotel Limited

The company acquired the 19 bedroom Stanwell Hotel near Heathrow in August 2007. Planning consent has been obtained to extend the hotel to 54 bedrooms. The hotel is currently closed for redevelopment.

Latest audited results – year to 31 August 2008

	£'000
Turnover	352
Loss before tax	(622)
Loss after tax	(493)
Net liabilities	(1,302)
Basis of valuation:	Net asset value supported by third party valuation
Website:	www.thestanwellhotelheathrow.com

Investment information	£'000
Income recognised in the year	131
Equity valuation	51
Loan stock valuation	1,340
Voting rights	18.9 per cent.

Other funds managed by Albion Ventures LLP have invested in this company and have a combined equity holding of 50.0 per cent.

Portfolio Companies continued

The Weybridge Club Limited

The company bought a 30 acre freehold site near to the centre of Weybridge, Surrey, which it developed into a premium health and fitness club. The club opened in May 2007 and membership is currently building up well.

Latest audited results – year to 31 August 2007

	£'000
Net assets	1,561
Basis of valuation:	Net asset value supported by third party valuation
Website:	www.theweybridgeclub.com

Investment information	£'000
Income recognised in the year	34
Equity valuation	118
Loan stock valuation	1,066
Voting rights	8.2 per cent.

Other funds managed or advised by Albion Ventures LLP have invested in this company and have a combined equity holding of 50.0 per cent.

The Place Sandwich VCT Limited

The company acquired the 34 bedroom, Bell Hotel at Sandwich in Kent in January 2005, following which a substantial refurbishment programme has been undertaken. Planning consent has been obtained for 6 additional bedrooms.

Latest audited results – year to 30 June 2008

	£'000
Turnover	1,353
Loss before tax	(179)
Loss after tax	(179)
Net assets	145
Basis of valuation:	Net asset value supported by third party valuation
Website:	www.bellhotelsandwich.co.uk

Investment information	£'000
Income recognised in the year	122
Equity valuation	362
Loan stock valuation	1,019
Voting rights	25.0 per cent.

Other funds managed or advised by Albion Ventures LLP have invested in this company and have a combined equity holding of 50.0 per cent.

Portfolio Companies continued

Prime VCT Limited

The company is a residential development company which was formed in 1996. Its most recent development is a 10 apartment site beside the River Avon in Bristol; 8 have been sold with the remaining 2 reserved.

Latest audited results – year to 30 September 2007

	£'000
Turnover	506
Loss before tax	(21)
Loss after tax	(21)
Net assets	569
Basis of valuation:	Cost reviewed for impairment

Investment information	£'000
Income recognised in the year	–
Equity valuation	350
Loan stock valuation	550
Voting rights	50.0 per cent.

CS (Greenwich) Limited

The company operates the 5 screen Greenwich Picturehouse cinema which opened following redevelopment in September 2005.

Latest audited results – year to 31 December 2008

	£'000
Turnover	2,010
Loss before tax	(297)
Loss after tax	(332)
Net assets	204
Basis of valuation:	Net asset value supported by third party valuation
Website:	www.picturehouses.co.uk

Investment information	£'000
Income recognised in the year	92
Equity valuation	117
Loan stock valuation	708
Voting rights	18.3 per cent.

Other funds managed or advised by Albion Ventures LLP have invested in this company and have a combined equity holding of 50.0 per cent.

Net assets of investee companies where a recent third party valuation has taken place, may have a higher valuation in Albion Venture Capital Trust PLC's accounts than in their own. This occurs where the investee company does not have a policy of revaluing their fixed assets.

Directors' Report and Enhanced Business Review

The Directors submit their Annual Report and the audited Financial Statements on the affairs of Albion Venture Capital Trust PLC (the "Company") for the year ended 31 March 2009.

BUSINESS REVIEW

Principal activity and status

The principal activity of the Company is that of a venture capital trust. It was approved by H.M. Revenue & Customs (HMRC) as a venture capital trust in accordance with Part 6 of the Income Taxes 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 2009 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 is listed on The London Stock Exchange. The Company is an investment company as defined in Section 833 of the Companies Act 2006. Under current tax legislation, shares in the Company provide tax-free capital growth and income distribution, in addition to the tax relief some investors would have obtained when they invested in fundraisings.

Capital structure

Details of the authorised and issued share capital, including the movements in the Company's issued share capital during the year are shown in note 16.

The Company's share capital comprises Ordinary shares only. 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 shares rank pari passu for dividend and voting purposes. 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.

The Company currently operates a Dividend Reinvestment Scheme, details of which can be found on www.albion-ventures.co.uk under the 'Our Funds' section. During the year the Company issued 125,606 New Ordinary shares under the Dividend Reinvestment Scheme, details of which can be found in note 16.

Investment policy

The Company's investment strategy is to provide investors with a regular and predictable source of dividend income combined with the prospect of long term capital growth, through allowing investors the opportunity to participate in a balanced portfolio of asset-backed businesses. The Company's investment portfolio will thus be structured to provide a balance between income and capital growth for the longer term.

This is achieved as follows:

- qualifying unquoted investments are predominantly in specially-formed companies which provide a high level of asset backing for the capital value of the investment;
- Albion Venture Capital Trust PLC invests alongside selected partners with proven experience in the sectors concerned;
- investments are normally structured as a mixture of equity and loan stock. The loan stock represents the majority of the finance provided and is secured on the assets of the investee company. Funds managed or advised by Albion Ventures LLP typically own 50 per cent. of the equity of the investee company;
- other than the loan stock issued to funds managed or advised by Albion Ventures LLP, investee companies do not normally have external borrowings; and
- a clear strategy for the realisation of each qualifying unquoted investment within five years or shortly thereafter is identified from the outset.

Venture Capital Trust status

In addition to the investment strategy described above, the HMRC rules drive the Company's investment allocation and risk diversification policies. In order to maintain status under Venture Capital Trust legislation, the following tests must be met:

(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';

(4) At no time during the year must the Company's holdings in any one company (other than another VCT)

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) 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 investee company; and

(7) The Company's shares, throughout the year, must have been listed in the Official List of the Stock Exchange.

These tests drive a spread of investment risk through disallowing holdings of more than 15 per cent. in one investee company. The tests have been carried out and independently reviewed for the year ended 31 March 2009. The Company has complied with all tests and continues to do so.

'Qualifying holdings', for Albion Venture Capital Trust PLC 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. '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 in can be found in the pie chart on page 9 of the Manager's Report.

Investee company gross assets must not exceed £15 million immediately prior to the investment and £16 million immediately thereafter and there is an annual investment limit of £1 million in each company.

Gearing

As defined by the Articles of Association, the Company's maximum exposure in relation to gearing is restricted to 10 per cent. of the adjusted share capital and reserves. As at 31 March 2009, the Company's maximum permitted exposure was £2,987,000 (2008: £3,918,000) and its actual short term and long term gearing at this date was £nil (2008: £nil). The Directors do not currently have any intention to utilise long term gearing.

Current portfolio sector allocation

The pie chart on page 9 of the Manager's report graphically represents the split of the portfolio valuation by industrial or commercial sector as at 31 March 2009. Asset-backed investments represent 87 per cent. of the carrying value of the portfolio including cash and cash equivalents (2008: 86 per cent.).

Details of the principal investments made by the Company are shown in the Portfolio of Investments on page 12. A detailed review of the Company's business during the year and future prospects is contained in the Chairman's Statement on page 7. Details of significant events which have occurred since the end of the financial year are listed in note 21.

Review of business and future changes

A detailed review of the Company's business during the year and future prospects is contained in the Chairman's Statement on page 7 and Manager's Report on page 9. Details of related party transactions are shown in note 23.

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.

Operational arrangements

The Company has delegated the investment management of the portfolio to Albion Ventures LLP, which is authorised and regulated by the Financial Services Authority. Albion Ventures LLP also provides company secretarial and other accounting and administrative support to the Company. Further details regarding the terms of engagement of the Manager are shown on page 23.

Results and dividends

	£'000
Net revenue return for the year ended 31 March 2009	1,180
Revenue dividend of 4.5 pence per share paid on 9 January 2009	(1,588)
Transferred from revenue reserves	(408)
Net capital loss for the year ended 31 March 2009	(6,490)
Capital dividend of 5 pence per share paid on 15 August 2008	(1,776)
Capital dividend of 0.5 pence per share paid on 9 January 2009	(176)
Transferred from capital reserves	(8,442)
Net assets as at 31 March 2009	29,870
Net asset value per share as at 31 March 2009 (pence)	85.3

The Company paid dividends of 10.0 pence per share (2008: 10.0 pence per share) during the year ended 31 March 2009.

As described in the Chairman's Statement, the Board has declared a first dividend of 2.5 pence per share (to be paid out of revenue profits). This dividend will be paid on 31 July 2009 to shareholders on the register as at 3 July 2009.

As shown in the Company's Income Statement on page 33 of the financial statements, the investment income has decreased to £1,761,000 (2008: £2,443,000) due to lower interest paid on cash deposits and the floating rate note as a result of low base and LIBOR rates during the latter half of the year. Loan stock income has decreased due to a lower return on loan stock investments during the year as some leisure investments yield less due to the current economic conditions. The revenue return to equity holders has decreased to £1,180,000 (2008: £1,503,000) or 3.3 pence per share (2008: 4.2 pence per share), due to the fall in income and a reduction in the amount of consortium tax relief recoverable during the year, partly offset by the recovery of VAT as detailed in note 6.

The capital return for the year was a loss of £6,490,000 (2008: loss of £1,605,000), primarily as a result of increased unrealised losses on the devaluation of investments in the portfolio due to the current economic climate, and due also to the capitalisation of management fees, offset partially by capitalised recoverable VAT.

The total return per share was a loss of 15.0 pence per share (2008: loss of 0.3 pence per share).

The Balance Sheet on page 34 of the financial statements shows that the net asset value per share has decreased over the last year to 85.3 pence per share (2008: 109.9 pence per share), reflecting the devaluation of investments and the payment of 10.0 pence per share dividends during the year.

The cash flow for the business has been a net outflow of £2,911,000 for the year (2008: outflow £5,657,000), reflecting operating cash inflows of £1,458,000 offset by taxation and dividends paid, and the purchase of shares for treasury.

Key performance indicators

The graph on page 5 shows Albion Venture Capital Trust PLC's net asset value total return against the FTSE All-Share Index total return, in both instances with dividends reinvested, since first allotment (following the deduction of issue costs). Details on the performance of the net asset value and return per share for the year are shown above.

The total expense ratio for the year to 31 March 2009 excluding the effect of the recognition of recoverable VAT due on historic management fees was 3.3 per cent. (2008: 3.3 per cent.). The total expense ratio taking into account the one-off recognition of recoverable VAT due on historic management fees was 0.9 per cent. for the year to 31 March 2009.

The Company operates a policy of buying back shares either for cancellation or for holding in treasury. Details regarding the current policy can be found on page 7 of the Chairman's Statement.

The Company continues to comply with HMRC rules in order to maintain its status under Venture Capital Trust legislation as highlighted on page 19.

In the Directors' view, there are no other non-financial performance indicators materially relevant to the business.

Principal risks and uncertainties

In addition to the current economic risks outlined in the Chairman's Statement, the Board considers that the Company faces the following major risks and uncertainties:

1. *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 their 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 external investment professionals. The Manager also invites comments from all non-executive Directors on investments discussed at the Investment Committee meetings. Investments are actively and regularly monitored by the Manager (investment managers normally sit on investee company boards) and the Board receives detailed reports on each investment as part of the Manager's report at quarterly board meetings.

2. *Venture Capital Trust 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, who has a team with significant experience in venture capital trust management, and is used to operating within the requirements of the venture capital trust legislation. In addition, to provide further formal reassurance, the Board has appointed PricewaterhouseCoopers LLP as its taxation advisors. PricewaterhouseCoopers LLP report quarterly to the Board to independently confirm compliance with the venture capital trust legislation, to highlight areas of risk and to inform on changes in legislation.

3. *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 considerable experience of operating at senior levels within quoted businesses. In addition, the Board and the Manager receive regular updates on new regulation from its auditors, lawyers and other professional bodies.

4. *Internal control risk*

   Failures in key controls, within the Board or within the Manager's business, could put assets of the Company at risk or result in reduced or inaccurate information being passed to the Board or to shareholders.

   The Audit Committee will meet with the Manager's internal auditors Littlejohn at least once a year, 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. In the past year the Board has met with the Head of Internal Audit of Close Brothers Group on a similar basis. The Manager has a comprehensive business continuity plan in place in the event that operational continuity is threatened. Further details regarding the Board's management and review of the Company's internal controls through the implementation of the Turnbull guidance are detailed on page 29.

   Measures are in place to mitigate information risk in order to ensure the integrity, availability and confidentiality of information used within the business.

5. *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 more detail, see the Management Agreement paragraph on page 23). In addition, the Manager has demonstrated to the Board that there is no undue reliance placed upon any one individual within Albion Ventures LLP.

6. *Financial risks*

   By its nature, as a venture capital trust, the Company is exposed to investment risk (which comprises investment price risk and cash flow interest rate risk), credit risk and liquidity risk. The Company's policies for managing these risks and its financial instruments are outlined in full in note 20 to the financial statements.

   All of the Company's income and expenditure is denominated in sterling and hence the Company has no foreign currency risk. The Company is financed through equity and does not have any borrowings. The Company does not use derivative financial instruments.

Environment

The management and administration of Albion Venture Capital Trust PLC 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 will be shown in the financial statements of Albion Ventures LLP.

Employees

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

Directors’ Report and Enhanced Business Review continued

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) as at 31 March 2009 are shown below:

	Shares held as at 31 March 2009	Shares held as at 31 March 2008
D J Watkins	**10,000**	10,000
J M B L Kerr	**13,109**	13,109
J G T Thornton	**65,454**	61,218
J Warren	**10,000**	10,000

There have been no changes in the holdings of the Directors between 31 March 2009 and the date of this report.

No Director has a service contract with the Company.

All Directors are members of the Audit Committee, of which Mr Kerr is Chairman.

No options over the share capital, long term incentive or retirement benefits of the Company have been granted to Directors personally, nor does the Company make a contribution to any pension scheme on behalf of the Directors.

Directors’ indemnity

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

Re-election of Directors

Directors’ retirement and re-election is subject to the Articles of Association and the Combined Code on Corporate Governance. At the forthcoming Annual General Meeting, David Watkins, John Kerr and Jonathan Thornton having served as Directors for longer than nine years, will all retire and offer themselves for re-election.

Management agreement

The Company and Close Ventures Limited novated the Management Agreement to Albion Ventures LLP on 23 January 2009. This Agreement may be terminated by either party on 12 months’ notice. Under this agreement, the Manager also provides secretarial and administrative services to the Company. The Management Agreement is subject to earlier termination in the event of certain breaches or on the insolvency of either party. Under the terms of the Management Agreement, the Manager is paid an annual fee equal to 2 per cent. (plus any applicable VAT) of the net asset value of the Company. The fee is payable quarterly in arrears.

In addition, an annual secretarial and administrative fee of £39,435 plus VAT (2008: £37,489 plus VAT) increased annually by RPI is payable to the Manager.

In line with common practice, the Manager is also entitled to an arrangement fee, payable by each investee company, of approximately 2 per cent. on each investment made.

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 8 per cent. of the excess total return above 5 per cent. per annum, paid out annually in cash as an addition to the management fee. 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.

There has been a performance fee of £23,000 payable this year which has arisen due to the refund of prior years’, historic VAT. This sum has been offset in the VAT recoverable line within the Income Statement. There may be small amounts of performance fee that become due in the year to 31 March 2010 in respect of additional prior year historic VAT recoveries achieved by the Manager.

No future performance fee will become due until the hurdle rate comprising net asset value, plus dividends, has been reached.

Evaluation of the Manager

The Board, through the Audit Committee has evaluated the remuneration and performance of the Manager based on the returns generated by the Company, the maintenance of the 70 per cent. investment requirement for Venture Capital Trust status, the long term prospects of the 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 interests of shareholders as a whole, and of the Company, to continue the appointment of the Manager for the forthcoming year.

Directors' Report and Enhanced Business Review continued

Valuation of investments
As described in note 2 of the financial statements, the unquoted equity investments held by the Company are valued at fair value through profit or loss 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. Unquoted 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. Unquoted loan stock is valued at amortised cost.

Investment and co-investment
The Company co-invests with other venture capital trusts and funds managed and advised 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.

Auditors
The current auditors, PKF (UK) LLP have indicated their willingness to continue as auditors to Albion Venture Capital Trust PLC. A resolution to re-appoint PKF (UK) LLP as auditors will be proposed at the forthcoming Annual General Meeting.

Substantial interests and shareholder profile
As at 31 March 2009 and the date of this report, the Company was aware the JM Finn Nominees Limited had a beneficial interest of 7.7 per cent. and 7.3 per cent. respectively (2008: 7.7 per cent) in the issued Ordinary share capital of the Company.

The shareholder profile of the fund as at 21 June 2009 is as follows:

Number of shares held	% shareholders	% share capital
1-10,000	57.4	15.3
10,001-50,000	35.9	40.9
50,001-100,000	5.0	18.2
100,001-500,000	1.5	13.3
500,001-1,000,000	0.1	5.0
1,000,001-5,000,000	0.1	7.3

Supplier payment policy
The Company's policy is to pay all supplier invoices within 30 days of the invoice date, or as otherwise agreed. The creditor days as at 31 March 2009 are 19 days (2008: nil). There were no overdue trade creditors at 31 March 2009 (2008: nil).

Disclosure of information to auditors
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 auditors are unaware; and
- each of the Directors has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This disclosure is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985.

Statement of Directors' responsibilities for the preparation of company financial statements
The Directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable law and regulations. They are also responsible for ensuring that the Annual Report includes information required by the Listing and Disclosure and Transparency Rules of the Financial Services Authority.

Company law and the Disclosure and Transparency Rules require the Directors to prepare financial statements for each financial year. Under these regulations, the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the Company and of the Income Statement of the Company for the year.

The Directors confirm, to the best of their knowledge:

- that the financial statements are prepared in accordance with UK GAAP, give a true and fair view of the assets, liabilities, financial position and loss of the Company; and
- the management report included within the Chairman's Statement, Manager's Report and Directors' Report and Enhanced Business Review, includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that they face.

Directors' Report and Enhanced Business Review continued

The Directors of the Company are shown in the Board of Directors section on page 10. In preparing these financial statements the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether all applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with Companies Act 1985. 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 the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements and other information included in annual reports may differ from legislation in other jurisdictions.

Annual General Meeting
The Annual General Meeting will be held at The Worshipful Company of Coopers, Coopers Hall, 13 Devonshire Square, London EC2M 4TH at 12 noon on 27 July 2009. 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', 'withheld' and 'discretionary'. 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. The summary of proxies lodged at the Annual General Meeting will be published at www.albion-ventures.co.uk within the 'Our Funds' section by clicking on Albion Venture Capital Trust PLC.

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

Power to allot shares
Resolution 8, as an ordinary resolution, will request the authority to allot up to an aggregate nominal amount of £1,751,412 representing approximately 10 per cent. of the issued Ordinary share capital of the Company (excluding shares held in treasury) as at the date of this report.

The Directors do not currently have any intention to allot shares, with the exception of the Dividend Reinvestment Scheme and reissuing treasury shares where it is in the Company's interest to do so. The Company currently holds 975,586 Ordinary shares in treasury representing 2.8 per cent. of the total Ordinary share capital in issue (excluding shares held in treasury) as at 31 March 2009.

This resolution replaces the authority given to the Directors at the Annual General Meeting in 2008. The authority sought at the forthcoming Annual General Meeting will expire on 27 January 2011.

Dis-application of pre-emption rights
Resolution 9, as a special resolution, will request authority for directors to allot equity securities for cash without first being required to offer such securities to existing members. This will include the sale on a non pre-emptive basis of any shares the Company holds in treasury for cash. The authority relates to up to £875,706 of nominal capital representing 5 per cent. of the issued Ordinary share capital (excluding treasury shares) as at the date of this report. The authority sought at the Annual General Meeting will expire on 27 January 2011.

Purchase of own shares
Special resolution number 10 will request the authority to purchase approximately 14.99 per cent. of the Company's issued Ordinary share capital at, or between, the minimum and maximum prices specified in resolution 10.

The authority sought at the Annual General Meeting will expire 18 months from the date this resolution is passed or at the conclusion of the next Annual General Meeting of the Company, whichever is the earlier. Shares bought back under this authority may be cancelled, and up to 10 per cent. can be held in treasury.

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

This resolution would renew the 2008 authority, which was in similar terms. During the financial year under review, the Company purchased 731,040 Ordinary shares of nominal value 50 pence each, for treasury at an aggregate consideration of £571,000 including stamp duty representing

Directors' Report and Enhanced Business Review continued

2.1 per cent. of the issued share capital (excluding shares held in treasury) of the Company as at 31 March 2009.

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 resolutions 8 to 10, as special resolutions is intended to apply equally to shares to be held by the Company as treasury shares in accordance with the Regulations. These powers are intended to permit Directors to sell treasury shares at a price not less than that at which they were purchased.

Recommendation

Your Board believes that the passing of the resolutions above are in the best interests of the Company and its shareholders as a whole, and unanimously recommend that you vote in favour of all the proposed resolutions, as the Directors intend to do in respect of their own beneficial shareholdings.

Albion Ventures LLP
Company Secretary

1 King's Arms Yard,
London, EC2R 7AF — 25 June 2009

Statement of Corporate Governance

Background

The Financial Services Authority requires all listed companies to disclose how they have applied the principles and complied with the provisions of the Combined Code issued by the Financial Reporting Council ("FRC") in July 2003 ("the Code") and updated in June 2006.

The Board of Albion Venture Capital Trust 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 Section 1 of the Combined Code, as well as setting out additional principles and recommendations on issues that are of specific relevance to Albion Venture Capital Trust PLC.

The Board considers that reporting against the principles and recommendations of the AIC Code, and by reference to the AIC Guide (which incorporates the Combined 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 Section 1 of the Combined 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.

David Watkins is the Chairman and Jeff Warren is the Senior Independent Director.

Mr Watkins, Mr Kerr and Mr Thornton are directors of other funds managed by Albion Ventures LLP, the Manager and are therefore not considered to be independent directors. Under the Listing Rules, with effect from October 2010 the Company will be required to have an independent Chairman and a majority of independent directors, where to be independent, a Director cannot serve on the Board of more than one Company managed by the Manager. The Board is keeping this under review and will report on this in future periods.

The Directors have a range of business and financial skills which are considered relevant to the Company; these are described in the Board of Directors section of this Report, on page 10. Directors are provided with key information on the Company's activities, including regulatory and statutory requirements, and internal controls, by the Manager. The Board has direct access to secretarial advice and compliance services provided by the Manager, who is responsible for ensuring that Board procedures are followed and applicable regulations complied with. All Directors are able to take independent professional advice in furtherance of their duties if necessary. In accordance with the Combined Code, the Company has in place Directors' & Officers' Liability Insurance.

The Board met four times during the year ended 31 March 2009 as part of its regular programme of Board meetings. All of the Directors attended each meeting, save John Kerr and David Watkins who were unable to attend one board meeting each. In addition, sub-committees of the Board comprising David Watkins, Jeff Warren and Jonathan Thornton met four times during the year to allot shares issued under the Dividend Reinvestment Scheme, authorise conflicts of interest and agree the novation of the Management Agreement to Albion Ventures (which had been agreed in principle at full Board meetings previously).

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 consideration and approval of future developments or changes to the investment policy, including risk and asset allocation;
- consideration of corporate strategy;
- application of the principles of the Combined Code, corporate governance and internal control;

Statement of Corporate Governance continued

- review of sub-committee recommendations, including the recommendation to shareholders for the appointment and remuneration of auditors;
- approval of the appropriate dividend to be paid to shareholders;
- the appointment, evaluation, removal and remuneration of the Manager;
- the performance of the Company, including monitoring of the discount of the net asset value and the share price; and
- monitoring shareholder profile and considering shareholder communications.

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

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

The Board believes that it has the right balance of independence, skills, experience and knowledge for the effective governance of the Company. The Board considers any skills gaps in existence and takes action to remedy this where necessary.

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

As a result of the performance evaluation process, the Directors are considered effective and reflect strong commitment to the role. On this basis, the remainder of the Board believes it to be in the best interest of the Company to re-appoint David Watkins, John Kerr and Jonathan Thornton as Directors of the Company at the forthcoming Annual General Meeting and recommends their re-appointment.

Remuneration Committee
Since the Company has no executive directors, the detailed Directors' Remuneration disclosure requirements set out in Listing Rules 12.43A (a), 12.43A (b) and 12.43A (c) as they relate to Combined Code Provisions B.1 to B.2, B1 .1 to B1 .6, and B2.1 to B2.4 are not relevant.

Audit Committee
The Audit Committee consists of all Directors. Mr Kerr is Chairman of the Audit Committee. In accordance with the Code, the members of the Audit Committee have recent and relevant financial experience. The Committee met twice during the year ended 31 March 2009; all members attended, save John Kerr who was unable to attend the Audit Committee meeting held on 23 June 2008, which was chaired by David Watkins.

Written terms of reference have been constituted for the Audit Committee, these are as follows:

- providing an overview of the Company's accounting policies and financial reporting;
- considering and reviewing the effectiveness of the Company's internal controls and risk management systems;
- monitoring the integrity of the financial statements of the Company and any formal announcements relating to the Company's financial performance, reviewing significant financial reporting judgements contained in them;
- meeting the Company's external auditors annually, approving their appointment, re-appointment, remuneration, terms of engagement and providing an ongoing review of auditor independence and objectivity;
- developing and implementing a policy for the supply of non-audit services by the external auditors;
- meeting with the internal auditors of the Manager when appropriate;
- ensuring that all Directors of the Company and staff of the Manager feel able to raise issues of serious concern with the Chairman of the Audit Committee, and that these issues, where raised, are subject to proportionate and independent investigation, and appropriate action;
- reporting to the Board, identifying any matters in respect of which action or improvement is needed and recommending appropriate steps to be taken; and
- undertaking the duties of the Engagement Committee, and reviewing the performance of the Manager and all matters arising under the Management Agreement.

During the year under review, the Committee discharged the responsibilities described above. Its activities included:

- formally reviewing the final Annual Report and Financial Statements, the Half-yearly Report, the Interim Management Statements and the associated announcements, with particular focus on the main areas requiring 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 Head of Internal Audit of Close Brothers Group plc;
- meeting with the external auditors and reviewing their findings; and
- reviewing the performance of the Manager and making recommendations regarding their re-appointment to the Board.

Nomination Committee

The Nomination Committee consists of all Directors, with David Watkins as Chairman. The terms of reference of the Nomination Committee are to evaluate the balance of skills, experience and time commitment of the current Board members and make recommendations to the Board as and when a particular appointment arises. The Nomination Committee did not meet during the year ended 31 March 2009 and will meet when it is appropriate for it to do so.

It is the policy of the Company that all of the Directors are nominated for re-election every three years and that Directors' who have served the Company for longer than nine years are subject to annual re-election. David Watkins, John Kerr and Jonathan Thornton will be proposed for re-election at the forthcoming Annual General Meeting on 27 July 2009. The terms and conditions of Directors' appointment are available for inspection at the Annual General Meeting.

Internal control

In accordance with principle C.2 of the Combined Code, the Board has an established process for identifying, evaluating and managing the significant risks faced by the Company. This process has been in place throughout the year and continues to be subject to regular review by the Board in accordance with the Internal Control Guidance for Directors in the Combined Code published in September 1999 and updated in 2005 (the "Turnbull guidance"). The Board is responsible for the Company's system of internal control and for reviewing its effectiveness. However, 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's monitoring covers all controls, including financial, operational and compliance controls, and risk management. The Board 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 are, and 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 Board's attention.

The Board 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.

During the year, as the Board has delegated the investment management and administration to Albion Ventures LLP (formerly Close Ventures Limited), the Board felt that it is not necessary to have its own internal audit function. Instead, the Board had access to the internal audit department of Close Brothers Group plc, which undertook periodic examination of the business processes and controls environment at Albion Ventures LLP, and ensured that any recommendations to implement improvements in controls are carried out. Albion Ventures LLP have appointed Littlejohn as their internal auditors. Littlejohn will report formally to the Board on an annual basis. The Board will continue to monitor its system of internal control in order to provide assurance that it operates as intended.

Going concern

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 20. The Company's business activities, together with details of its performance are shown in this Directors' Report and Enhanced Business Review. The Company has adequate cash and liquid resources for the foreseeable future. The 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 reasonable enquiries including examining in detail the prospects for the Company in the year ahead, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, the Directors have adopted the going concern basis in preparing the accounts.

Conflicts of interest

Directors disclose conflicts of interest annually with any changes announced at the beginning of Board meetings. A Director who has potential conflicts of interest has two independent Directors to authorise and acknowledge those

Statement of Corporate Governance continued

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

Relationships with shareholders

The Company's Annual General Meeting on 27 July 2009 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, will be 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 an investee company.

Shareholders are able to access the latest information on the Company via the Albion Ventures LLP website www.albion-ventures.co.uk under the "Our Funds" section.

Any enquiries relating to shareholdings and share certificates or changes to personal details can be directed to Capita Registrars Limited:

Tel: 0871 664 0300
(Calls cost 10p per minute plus network extras)
Email: ssd@capitaregistrars.com

Specific enquiries relating to the performance of the Fund should be directed to Albion Ventures LLP:

Tel: 0207 601 1850
Email: info@albion-ventures.co.uk

Independent Financial Advisors should direct their enquiries to Albion Ventures LLP:

Tel: 0844 257 9722
(Calls cost 4p per minute plus network extras)
Email: info@albion-ventures.co.uk

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

With the exception of the requirements to have a Remuneration Committee, the Directors consider that the Company has complied throughout the year ended 31 March 2009 with all the relevant provisions set out in Section 1 of 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.

Directors' Remuneration Report

Introduction
This report is submitted in accordance with Schedule 7a to the Companies Act 1985. The report also meets the relevant rules of the Listing Rules of the Financial Services Authority and describes how the Board has applied the principles relating to the Director's remuneration. As required by the Act, a resolution to approve the report will be proposed at the Annual General Meeting.

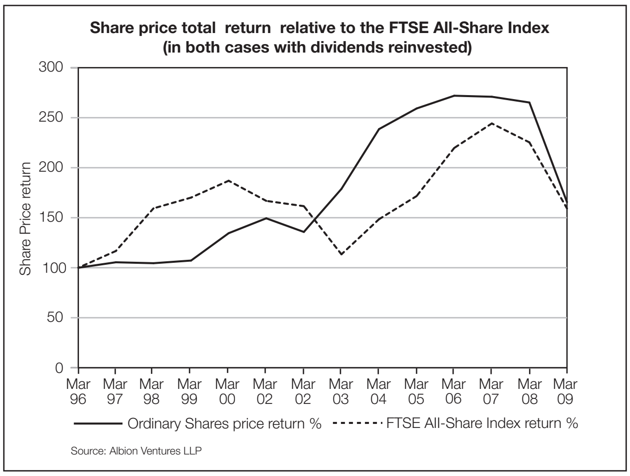
UNAUDITED INFORMATION
Remuneration Committee
Since the Company consists solely of non-executive Directors, a Remuneration Committee is not considered necessary.

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.

The maximum level of non-executive Directors' remuneration is £100,000 per annum which is fixed by the Company's Articles of Association, amendment to this is by way of a special resolution subject to ratification by shareholders.

Performance graph
The graph that follows shows Albion Venture Capital Trust PLC's share price total return against the FTSE All-Share Index total return, in both instances with dividends reinvested. The Directors consider this to be the most appropriate benchmark. 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.



Methodology: The share price return to the shareholder including amount invested (rebase to 100) from launch, assuming 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.

Service contracts
None of the Directors has a service contract with the Company.

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. At the forthcoming Annual General Meeting David Watkins, John Kerr and Jonathan Thornton will retire and be proposed for re-election.

AUDITED INFORMATION
Directors' remuneration
The following items have been audited:

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

	Year ended 31 March 2009 £'000	**Year ended 31 March 2008 £'000**
David Watkins	20	20
John Kerr	20	20
Jonathan Thornton	20	20
Jeff Warren	20	10
	80	70

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 is remunerated personally through the Manager's payroll recharged to the Company, save for Jonathan Thornton, whose services are provided by Jonathan Thornton Limited.

In addition to Directors' remuneration, the Company pays an annual premium in respect of Directors' & Officers' Liability Insurance of £10,500.

By order of the Board

Albion Ventures LLP
Company Secretary

1 King's Arms Yard,
London EC2R 7AF

25 June 2009

Independent Auditors' Report
To the Members of Albion Venture Capital Trust PLC

We have audited the Financial Statements of Albion Venture Capital Trust PLC for the year ended 31 March 2009 which comprise the Income Statement, the Balance Sheet, the Reconciliation of Movement in Shareholders' Funds, the Cash Flow Statement and the related notes. The Financial Statements have been prepared under the accounting policies set out therein. We have also audited the information in the Directors' Remuneration Report that is described as having been audited.

This report is made solely to the Company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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 auditors' 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.

Respective responsibilities of Directors and auditors

The Directors' responsibilities for preparing the Annual Report, the Directors' Remuneration Report and the Financial Statements in accordance with applicable law and United Kingdom accounting standards ('United Kingdom Generally Accepted Accounting Practice') are set out in the Statement of Directors' Responsibilities. Our responsibility is to audit the Financial Statements and the part of the Directors' Remuneration Report to be audited in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the Financial Statements give a true and fair view and whether the Financial Statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the Financial Statements. The information in the Directors' Report includes that specific information presented in the Chairman's Statement and Manager's Report that is cross referenced from the business review section of the Directors' Report.

In addition we report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Directors' remuneration and other transactions is not disclosed.

We review whether the Statement of Corporate Governance reflects the Company's compliance with the nine provisions of the 2006 Combined Code specified for our review by the Listing Rules of the Financial Services Authority, and we report if it does not. We are not required to consider whether the Board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the Company's corporate governance procedures or its risk and control procedures.

We read other information contained in the Annual Report and consider whether it is consistent with the audited Financial Statements. The other information comprises only the Chairman's Statement, Manager's Report, Directors' Report, the Statement of Corporate Governance, the unaudited part of the Directors' Remuneration Report and the other unaudited information in the Annual Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the Financial Statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the Financial Statements and the part of the Directors' Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgments made by the Directors in the preparation of the Financial Statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements and the part of the Directors' Remuneration Report to be audited are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the Financial Statements and the part of the Directors' Remuneration Report to be audited.

Opinion

In our opinion:

- the Financial Statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Company's affairs as at 31 March 2009 and of its loss for the year then ended;
- the Financial Statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the Financial Statements.

PKF (UK) LLP
Registered Auditors
London, UK

25 June 2009

Income Statement

		Year ended 31 March 2009			Year ended 31 March 2008		
	Note	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Losses on investments	3	**–**	**(6,483)**	**(6,483)**	–	(1,081)	(1,081)
Investment income	4	**1,761**	**–**	**1,761**	2,443	–	2,443
Investment management fees	5	**(183)**	**(549)**	**(732)**	(250)	(749)	(999)
Recovery of VAT	6	**180**	**540**	**720**	–	–	–
Other expenses	7	**(249)**	**–**	**(249)**	(289)	–	(289)
Return/(loss) on ordinary activities before tax		**1,509**	**(6,492)**	**(4,983)**	1,904	(1,830)	74
Tax (charge)/credit on ordinary activities	9	**(329)**	**2**	**(327)**	(401)	225	(176)
Return /(loss) attributable to shareholders		**1,180**	**(6,490)**	**(5,310)**	1,503	(1,605)	(102)
Basic and diluted return/(loss) per share (pence) *	11	**3.3**	**(18.3)**	**(15.0)**	4.2	(4.5)	(0.3)

*(excluding treasury shares)

The accompanying notes on pages 37 to 49 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.

All revenue and capital items in the above statement derive from continuing operations.

There are no recognised gains or losses other than the results for the year disclosed above. Accordingly a Statement of Total Recognised Gains and Losses is not required.

The difference between the reported loss on ordinary activities before tax and the historical profit is due to the fair value movements on investments. As a result a Note on Historical Cost Profit and Losses has not been prepared.

Balance Sheet

	Note	31 March 2009 £'000	31 March 2008 £'000
Fixed asset investments			
Qualifying investments		**25,340**	32,546
Non-qualifying investments		**675**	–
Total fixed asset investments	12	**26,015**	32,546
Current assets			
Trade and other debtors	14	**199**	94
Current asset investments	14	**1,463**	1,475
Cash at bank and in hand	18	**2,498**	5,409
Total current assets		**4,160**	6,978
Creditors: amounts falling due within one year	15	**(305)**	(349)
Net current assets		**3,855**	6,629
Net assets		**29,870**	39,175
Capital and reserves			
Called up share capital	16	**18,002**	17,939
Share premium		**53**	–
Special reserve		**14,110**	14,110
Capital redemption reserve		**1,914**	1,914
Own treasury shares reserve		**(823)**	(252)
Unrealised capital reserve		**(4,309)**	2,174
Realised capital reserve		**(7)**	1,952
Revenue reserve		**930**	1,338
Shareholders' funds		**29,870**	39,175
Basic and diluted net asset value per share (pence)*	17	**85.3**	109.9

*(excluding treasury shares)

The accompanying notes on pages 37 to 49 form an integral part of these Financial Statements.

These Financial Statements were approved by the Board of Directors, and authorised for issue on 25 June 2009 and were signed on its behalf by:

David Watkins
Chairman

Reconciliation of Movement in Shareholders' Funds

	Ordinary share capital £'000	Share premium £'000	Special reserve* £'000	Capital redemption reserve £'000	Own treasury share reserve* £'000	Unrealised capital reserve* £'000	Realised capital reserve* £'000	Revenue reserve* £'000	Total £'000
As at 1 April 2008	17,939	–	14,110	1,914	(252)	2,174	1,952	1,338	39,175
Purchase of own shares for treasury (including expenses)	–	–	–	–	(571)	–	–	–	(571)
Capitalised investment management fees	–	–	–	–	–	–	(549)	–	(549)
Recovery of VAT capitalised	–	–	–	–	–	–	540	–	540
Tax on capitalised expenses	–	–	–	–	–	–	2	–	2
Movement in unrealised appreciation	–	–	–	–	–	(6,483)	–	–	(6,483)
Issue of equity (net of costs)	63	53	–	–	–	–	–	–	116
Revenue return attributable to shareholders	–	–	–	–	–	–	–	1,180	1,180
Dividends paid	–	–	–	–	–	–	(1,952)	(1,588)	(3,540)
As at 31 March 2009	**18,002**	**53**	**14,110**	**1,914**	**(823)**	**(4,309)**	**(7)**	**930**	**29,870**

	Ordinary share capital £'000	Special reserve* £'000	Capital redemption reserve £'000	Own treasury share reserve* £'000	Unrealised capital reserve £'000	Realised capital reserve* £'000	Revenue reserve* £'000	Total £'000
As at 1 April 2007	17,939	14,110	1,914	–	3,737	4,021	1,395	43,116
Purchase of own shares for treasury (including expenses)	–	–	–	(252)	–	–	–	(252)
Capitalised investment management fees	–	–	–	–	–	(749)	–	(749)
Tax on capitalised investment management fees	–	–	–	–	–	225	–	225
Net realised gains on investments in the year	–	–	–	–	–	482	–	482
Movement in unrealised appreciation	–	–	–	–	(1,563)	–	–	(1,563)
Revenue return attributable to shareholders	–	–	–	–	–	–	1,503	1,503
Dividends paid	–	–	–	–	–	(2,028)	(1,560)	(3,588)
As at 31 March 2008	17,939	14,110	1,914	(252)	2,174	1,952	1,338	39,175

*Included within these reserves is an amount of £9,901,000 (2008: £17,148,000) which is considered distributable. The Special reserve has been treated as distributable in determining the amounts available for distribution.

Cash Flow Statement

	Note	Year ended 31 March 2009 £'000	Year ended 31 March 2008 £'000
Operating activities			
Investment income received		**1,648**	1,845
Deposit interest received		**235**	479
Other income		**88**	143
Investment management fees paid		**(813)**	(1,079)
Recovery of VAT		**562**	–
Administrative expenses paid		**(262)**	(279)
Net cash inflow from operating activities	19	**1,458**	1,109
Taxation			
UK corporation tax paid		**(271)**	(155)
Capital expenditure and financial investments			
Purchase of fixed asset investments	12	**(2,503)**	(5,011)
Disposal of fixed asset investments	12	**2,394**	2,240
Net cash outflows from investing activities		**(109)**	(2,771)
Equity dividends paid		**(3,416)**	(3,588)
Net cash outflow before financing		**(2,338)**	(5,405)
Financing			
Purchase of own shares for treasury		**(571)**	(252)
Costs of shares issued under Dividend Reinvestment Scheme		**(2)**	–
Net cash outflows from financing		**(573)**	(252)
Cash outflow in the year	18	**(2,911)**	(5,657)

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 and with the Statement of Recommended Practice "Financial Statements of Investment Companies" ("SORP") issued by the Association of Investment Companies ("AIC") in January 2009. Albion Venture Capital Trust PLC has decided to adopt the principles of the January 2009 SORP earlier than the mandatory date. Accounting policies have been applied consistently in current and prior periods except for the reclassification of FRNs as explained below.

2. Accounting policies

Fixed and current asset investments

Unquoted equity investments

In accordance with FRS 26 "Financial Instruments Recognition and Measurement", unquoted equity investments are designated at fair value through profit or loss ("FVTPL"). Unquoted investments' fair value is determined by the Directors in accordance with the International Private Equity and Venture Capital Valuation Guidelines (IPEVCV guidelines).

Fair value movements on equity investments and gains and losses arising on the disposal of investments are reflected in the capital column of the Income Statement in accordance with the AIC SORP. Realised gains or losses on the sale of investments will be reflected in the Realised capital reserve, and unrealised gains or losses arising from the revaluation of investments are reflected in the Unrealised capital reserve.

Unquoted loan stock

Unquoted loan stock is classified as loans and receivables in accordance with FRS 26 and carried at amortised cost using the Effective Interest Rate method ("EIR") less impairment. Movements in the amortised cost relating to interest income are reflected in the revenue column of the Income Statement, and hence are reflected in the Revenue reserve. Movements in respect of capital provisions are reflected in the capital column of the Income Statement and are reflected in the Realised capital reserve following sale, or in the Unrealised capital reserve on revaluation.

Loan stocks which are not impaired or past due are considered fully performing in terms of contractual interest and capital repayments and the Board does not consider that there is a current likelihood of a shortfall on security cover for these assets. For unquoted loan stock, the amount of the impairment is the difference between the asset's cost and the present value of estimated future cash flows, discounted at the effective interest rate.

Warrants, convertibles and unquoted equity derived instruments

Warrants, convertibles and unquoted equity derived instruments are only valued if their exercise or contractual conversion terms would allow them to be exercised or converted as at the balance sheet date and if there is additional value to the Company in exercising or converting as at the balance sheet date. Otherwise these instruments are held at nil value. The valuation techniques used are those used for the underlying equity investment.

Floating rate notes

In accordance with FRS 26, floating rate notes are designated as fair value through profit or loss ("FVTPL"). Floating rate notes are valued at market bid price at the balance sheet date. Floating rate notes are classified as current asset investments as they are investments held for the short term and comparative classification in the Balance Sheet has been restated accordingly.

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

Loan stock accrued interest is recognised in the Balance Sheet as part of the carrying value of the loans and receivables at the end of each reporting period.

It is not the Company's policy to exercise control or significant influence over investee companies. Therefore in accordance with the exemptions under FRS 9 "Associates and joint ventures", those undertakings in which the Company holds more than 20 per cent. of the equity are not regarded as associate undertakings.

Investment income

Unquoted equity income

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

Unquoted Loan stock income

Fixed returns on non-equity shares and debt securities are recognised on a time apportionment basis using an effective interest rate over the life of the financial instrument. Income which is not capable of being received within a reasonable period of time is reflected in the capital value of the investment.

Bank interest income

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

Floating rate note income

Floating rate note income is recognised on an accruals basis using the interest rate applicable to the floating rate note at that time.

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 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.

Notes to the Financial Statements continued

2. Accounting policies (continued)

Performance incentive fee

In the event that a performance incentive fee crystallises, the fee will be allocated between Revenue and Realised capital reserves (net of corporation tax) based upon the proportion to which the calculation of fee is attributable to revenue and capital returns.

Taxation

Taxation is applied on a current basis in accordance with FRS 16 “Current tax”. Taxation associated with capital expenses is applied in accordance with the SORP. In accordance with FRS 19 “Deferred tax”, deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered.

The specific nature of taxation of venture capital trusts means that it is unlikely that any deferred tax will arise. The Directors have considered the requirements of FRS 19 and do not believe that any provision should be made.

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 Special reserve.

Special reserve

The cancellation of the Share premium account has created a Special reserve that can be used to fund market purchases and subsequent cancellation of own shares, to cover gross realised losses, and for other distributable purposes.

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.

Own treasury shares reserve

This reserve accounts for amounts by which the distributable reserves of the Company are diminished through the repurchase of the Company’s own shares for treasury.

Unrealised capital reserves

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

Realised capital reserves

The following are disclosed in this reserve:

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

Dividends

In accordance with FRS 21 “Events after the balance sheet date”, dividends declared by the Company are accounted for in the period in which the dividend has been paid or approved by shareholders in an Annual General Meeting.

Notes to the Financial Statements continued

3. Losses on investments

	Year ended 31 March 2009 £'000	Year ended 31 March 2008 £'000
Unrealised losses on fixed asset investments held at fair value through profit or loss account	**(5,355)**	(1,521)
Unrealised impairments on fixed asset investments held at amortised cost	**(1,142)**	(20)
	(6,497)	(1,541)
Movement in loan stock capitalised accrued interest	**24**	–
Unrealised losses on fixed asset investments	**(6,473)**	(1,541)
Unrealised losses on current asset investments	**(10)**	(22)
Unrealised losses sub total	**(6,483)**	(1,563)
Realised gains on fixed asset investments held at fair value through profit or loss account	**–**	482
Realised gains	**–**	482
Total	**(6,483)**	(1,081)

Investments valued on amortised cost basis are unquoted loan stock investments as described in note 2.

4. Investment income

	Year ended 31 March 2009 £'000	Year ended 31 March 2008 £'000
Income recognised on investments held at fair value through profit and loss		
Floating rate note interest	**76**	61
Bank interest	**150**	390
Other income	**54**	95
	280	546
Income recognised on investments held at amortised cost		
Return on loan stock investments	**1,481**	1,897
	1,761	2,443

Interest income earned on impaired investments at 31 March 2009 amounted to £231,000 (2008: £10,000). These investments are held at amortised cost.

5. Investment management fees

		Year ended 31 March 2009			Year ended 31 March 2008	
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Investment management fee	**183**	**549**	**732**	250	749	999

Further details of the Management Agreement under which the investment management fee is paid are given in the Directors' Report and Enhanced Business Review on page 23. The management and performance fee (total £36,000) generated through the recovery of prior year historic VAT has been net off against the VAT recovery amount in the Income Statement.

Notes to the Financial Statements continued

6. Recovery of VAT

HMRC issued a business briefing on 24 July 2008 which permitted the recovery of historic VAT that had been charged on management fees, and which made these fees exempt from VAT with effect from 1 October 2008.

The Manager, Albion Ventures LLP has made a claim for the historic VAT that Albion Venture Capital Trust PLC has paid on management fees. A sum of £720,000 has been recognised as a separate item in the Income Statement, allocated between revenue and capital return in the same proportion as that which the original VAT has been charged. An additional tax charge of £201,000 for Ordinary shares is payable on this recovery of historic VAT and this is reflected within the total tax charge shown in the Income Statement.

It is possible that further amounts may be recoverable in due course; however the Directors are at this stage unable to quantify the amounts involved.

7. Other expenses

	Year ended 31 March 2009 £'000	**Year ended 31 March 2008 £'000**
Directors' fees (including VAT and NIC)	**85**	93
Other administrative expenses	**126**	146
Tax services	**14**	25
Auditors remuneration for statutory audit services	**24**	25
	249	289

Administration fees of £39,000 excluding VAT (2008: £38,000) were paid by the Company in the year to Albion Ventures LLP.

8. Directors' fees

The amount paid to Directors during the year is as follows:

	Year ended 31 March 2009 £'000	**Year ended 31 March 2008 £'000**
Directors' fees	**80**	85
National Insurance and/or VAT	**5**	8
	85	93

Further information regarding Directors' remuneration can be found in the Directors' Remuneration Report on page 31.

Notes to the Financial Statements continued

9. Tax charge/(credit) on ordinary activities

	Revenue £'000	Year ended 31 March 2009 Capital £'000	Total £'000	Revenue £'000	Year ended 31 March 2008 Capital £'000	Total £'000
UK corporation tax in respect of the current year	**423**	**(2)**	**421**	571	(225)	346
UK corporation tax in respect of prior year	**(94)**	**–**	**(94)**	(170)	–	(170)
Total	**329**	**(2)**	**327**	401	(225)	176

The UK government changed the rate of UK corporation tax rate from 30 per cent. to 28 per cent. with effect from 1 April 2008. The effective rate of tax for the year to 31 March 2009 is 28 per cent. The tax charge for the year shown in the Income Statement is lower than the standard rate of corporation tax in the UK of 28 per cent. (2008: 30 per cent.). The differences are explained below:

Factors affecting the tax charge:

	Year ended 31 March 2009 £'000	Year ended 31 March 2008 £'000
(Loss)/return on ordinary activities before tax	**(4,983)**	74
Tax on profit at the standard rate	**(1,395)**	22
Factors affecting the charge:		
Consortium relief in respect of prior years	**(94)**	(170)
Capital losses not subject to taxation	**1,816**	324
	327	176

Of the total tax charge of £327,000, a sum of £201,000 relates to the taxation effect of the recovery of VAT as described in note 6.

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 of 28 per cent. (2008: 30 per cent.) and allocating the relief between the revenue and capital in accordance with the SORP.

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

10. Dividends

	Revenue £'000	Year ended 31 March 2009 Capital £'000	Total £'000	Revenue £'000	Year ended 31 March 2008 Capital £'000	Total £'000
First dividend paid on 5 April 2007 – 5 pence per share	**–**	**–**	**–**	663	1,131	1,794
Second dividend paid on 4 January 2008 – 5 pence per share	**–**	**–**	**–**	897	897	1,794
First dividend paid on 15 August 2008 – 5 pence per share	**–**	**1,776**	**1,776**	–	–	–
Second dividend paid on 9 January 2009 – 5 pence per share	**1,588**	**176**	**1,764**	–	–	–
	1,588	**1,952**	**3,540**	1,560	2,028	3,588

In addition to the dividends summarised above, the Board has declared a first dividend for the year ending 31 March 2010 of 2.5 pence per share, (paid out of revenue profits). This dividend will be paid on 31 July 2009 to shareholders on the register as at 3 July 2009.

Notes to the Financial Statements continued

11. Basic and diluted return/(loss) per share

	Revenue	Year ended 31 March 2009 Capital	Total	Revenue	Year ended 31 March 2008 Capital	Total
The return per share has been based on the following figures:						
Return/(loss) attributable to equity shares (£'000)	**1,180**	**(6,490)**	**(5,310)**	1,503	(1,605)	(102)
Weighted average shares in issue (excluding treasury shares)	**35,364,875**	**35,364,875**	**35,364,875**	35,807,404	35,807,404	35,807,404
Return/(loss) attributable per equity share (pence)	**3.3**	**(18.3)**	**(15.0)**	4.2	(4.5)	(0.3)

The weighted average number of shares is calculated excluding the treasury shares of 975,586 (2008: 244,546).

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

12. Fixed asset investments

	31 March 2009 £'000	31 March 2008 £'000
Qualifying equity and preference share investments	**7,214**	12,202
Qualifying loan stock investments	**18,126**	20,344
Non-qualifying equity and preference share investments	**362**	–
Non-qualifying loan stock investments	**313**	–
Total investments	**26,015**	32,546

	Qualifying equity and preference share investments £'000	Qualifying loan stock investments £'000	Non-qualifying equity investments £'000	Non-qualifying loan stock investments £'000	Total £'000
Opening valuation as at 1 April 2008	12,202	20,344	–	–	32,546
Purchases at cost	529	1,485	176	313	2,503
Disposal proceeds	–	(2,394)	–	–	(2,394)
Movement in loan stock capitalised accrued income	24	–	–	–	24
Movement in loan stock accrued income	–	(167)	–	–	(167)
Unrealised (losses)/gains	(5,541)	(1,142)	186	–	(6,497)
Closing valuation as at 31 March 2009	**7,214**	**18,126**	**362**	**313**	**26,015**
Movement in loan stock accrued income					
Opening accumulated movement in loan stock accrued income	–	342	–	–	342
Movement in loan stock accrued income	–	(167)	–	–	(167)
Closing accumulated movement in loan stock accrued income	**–**	**175**	**–**	**–**	**175**
Movement in unrealised losses					
Opening accumulated unrealised losses	2,216	(20)	–	–	2,196
Movement in loan stock capitalised accrued income	24	–	–	–	24
Movement in unrealised (losses)/gains	(5,541)	(1,142)	186	–	(6,497)
Closing accumulated unrealised (losses)/gains	**(3,301)**	**(1,162)**	**186**	**–**	**(4,277)**
Historic cost basis					
Opening book cost	9,986	20,022	–	–	30,008
Purchases at cost	529	1,485	176	313	2,503
Sales at cost	–	(2,394)	–	–	(2,394)
Closing book cost	**10,515**	**19,113**	**176**	**313**	**30,117**

Notes to the Financial Statements continued

12. Fixed asset investments (continued)

Fixed asset equity and preference share investments held at fair value through profit or loss total £7,576,000 (2008: £12,202,000). Investments held at amortised cost total £18,439,000 (2008: £20,344,000). There has been no re-designation of fixed asset investments during the year.

Fixed asset investment class valuation methodologies

Unquoted loan stock investments are valued on an amortised cost basis. Loan stocks with a fixed interest rate total £18,216,000 (2008: £20,344,000). Loan stocks with a floating rate of interest total £223,000 (2008: nil).

The Directors believe that the carrying value on loan stock (valued using amortised cost) is not materially different to fair value.

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

Unquoted equity and preference share investments are valued in accordance with the IPEVCV guidelines as follows:

Investment methodology	Year ended 31 March 2009 £'000	Year ended 31 March 2008 £'000
Cost (reviewed for impairment)	**2,221**	3,663
Net asset value supported by third party valuation	**5,355**	8,539
Total	**7,576**	12,202

The unquoted equity investments had the following movements between valuation methodologies between 31 March 2008 and 31 March 2009:

Change in investment methodology (2008 to 2009)	Value as at 31 March 2009 £'000	Explanatory note
Cost to net asset value supported by third party valuation	**52**	Investment held at cost for the first year

In the absence of a more appropriate valuation methodology, investments held for less than 12 months are valued at cost. Thereafter, the valuation will move to 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 2009.

13. 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 investee company, it will not take a controlling interest or become involved in the management. The size and structure of the companies with unquoted securities may result in certain holdings in the portfolio representing a participating interest without there being any partnership, joint venture or management consortium agreement. The Company has interests of greater than 20 per cent. of the nominal value of any class of the allotted shares in the investee companies as at 31 March 2009 as described below:

Company	Country of incorporation	Principal activity	% class and share type	% total voting rights
Prime VCT Limited	Great Britain	Residential property developer	50.0% Ordinary shares	50.0%
City Screen (Cambridge) Limited	Great Britain	Art house cinema	50.0% Ordinary shares	50.0%
G&K Smart Developments VCT Limited	Great Britain	Residential property developer	42.9% Ordinary shares	42.9%
Chase Midland VCT Limited	Great Britain	Residential property developer	38.1% Ordinary shares	38.1%
Kew Green VCT (Stansted) Limited	Great Britain	Hotel owner and operator	28.2% Ordinary shares	28.2%
The Bear Hungerford Limited	Great Britain	Hotel owner and operator	26.1% Ordinary shares	26.1%
Welland Inns VCT (Hotels) Limited	Great Britain	Hotel owner and operator	25.5% Ordinary shares	25.5%
Youngs VCT Limited	Great Britain	Residential property developer	25.4% Ordinary shares	25.4%
The Place Sandwich VCT Limited	Great Britain	Hotel owner and operator	25.0% Ordinary shares	25.0%

As permitted under FRS 9, the investments listed above are held as part of an investment portfolio, and their value to the Company is as part of a portfolio of investments. Therefore these investments are not considered to be associate undertakings.

Notes to the Financial Statements continued

14. Current assets include the following:

Debtors	Year ended 31 March 2009 £'000	Year ended 31 March 2008 £'000
Other debtors	**4**	35
Prepayments and accrued income	**2**	13
Recoverable VAT	**193**	–
Corporation tax debtor	–	46
	199	94

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

Current asset investment	Year ended 31 March 2009 £'000	Year ended 31 March 2008 £'000
Nationwide floating rate note 07/06/2010	**1,463**	1,475

The investment in a Nationwide Building Society floating rate note represents money held for investment. The floating rate note can be converted to cash within five working days. Floating rate notes were classified as fixed assets in the prior year and have been reclassified to current asset investments in the current year.

15. Creditors: amounts falling due within one year

	Year ended 31 March 2009 £'000	Year ended 31 March 2008 £'000
Trade creditors	**39**	–
Current tax creditor	**12**	–
Accruals and deferred income	**254**	349
	305	349

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

16. Called up share capital

	Year ended 31 March 2009 £'000	Year ended 31 March 2008 £'000
Authorised		
68,000,000 Ordinary shares of 50p each (2008: 68,000,000)	**34,000**	34,000
Allotted, called up and fully paid		
36,003,835 Ordinary shares of 50p each (2008: 35,878,229)	**18,002**	17,939
Allotted, called up and fully paid excluding treasury shares		
35,028,249 Ordinary shares of 50p each (2008: 35,633,683)	**17,514**	17,817

The Company purchased 731,040 Ordinary shares (2008: 244,546) to be held in treasury at a total cost of £571,000 (2008: £252,000) representing 2.1 per cent. of shares in issue (excluding treasury shares) as at 31 March 2009. The shares purchased for treasury were purchased through the Own treasury shares reserve. The total number of shares held in treasury as at 31 March 2009 was 975,586 (2008: 244,546) representing 2.8 per cent. of the Ordinary share capital in issue (excluding treasury shares) as at 31 March 2009.

Under the terms of the Dividend Reinvestment Scheme Circular dated 10 July 2008, the following Ordinary shares of nominal value 50 pence were allotted during the year:

Allotment date	Number of shares allotted	Aggregate nominal value of shares £'000	Issue price per share pence per share	Consideration received £'000	Opening market price per share on allotment pence per share
15 August 2008	49,832	25	104.9	52	89.0
9 January 2009	75,774	38	95.0	72	62.5

Notes to the Financial Statements continued

17. Basic and diluted net asset value per Ordinary share

	Year ended 31 March 2009	Year ended 31 March 2008
Net asset value per share attributable (pence)	**85.3**	109.9

The net asset value per share at the year end is calculated in accordance with the Articles of Association and is based upon net assets of £29,870,000 (2008: £39,175,000) and the total number of shares in issue at 31 March 2009 (excluding treasury shares) of 35,028,249 (2008: 35,633,683).

There are no convertible instruments, derivatives or contingent share agreements in issue. The Company's policy is to sell treasury shares at a price greater than the purchase price hence the net asset value per share on a diluted basis would be equal to or greater than the basic net asset value per share, depending on the actual price achieved for selling the treasury shares.

18. Analysis of changes in cash during the year

	Year ended 31 March 2009 £'000	Year ended 31 March 2008 £'000
Opening cash balance	**5,409**	11,066
Net cash outflow	**(2,911)**	(5,657)
Closing cash balance	**2,498**	5,409

19. Reconciliation of revenue return on ordinary activities before taxation to net cash inflow from operating activities

	Year ended 31 March 2009 £'000	Year ended 31 March 2008 £'000
Revenue return on ordinary activities before tax	**1,509**	1,904
Investment management fees charged to capital	**(549)**	(749)
Recovery of VAT capitalised	**540**	–
Movement in accrued amortised loan stock interest	**167**	(53)
(Increase)/decrease in debtors	**(151)**	53
(Decrease) in creditors	**(58)**	(46)
Net cash inflow from operating activities	**1,458**	1,109

20. Capital and financial instruments risk management

The Company's capital comprises Ordinary shares as described in note 16. The Company is permitted to buy back its own shares for cancellation or treasury purposes, and this is described in more detail on page 25 of the Directors' Report and Enhanced Business Review.

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

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

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

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

20. Capital and financial instruments risk management (continued)

Investment risk

As a venture capital trust, it is the Company's specific nature to evaluate and control the investment risk in its portfolio in unquoted companies, details of which are shown on page 12. 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 investee company and the market dynamics of market quoted comparators. The Manager receives management accounts from investee companies, and members of the investment management team often sit on the boards of unquoted investee companies; this enables the close identification, monitoring and management of investment risk.

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

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

The maximum investment risk as at the balance sheet date is the value of the fixed and current asset investment portfolio which is £27,478,000 (2008: £34,021,000). Fixed and current asset investments form 92.0 per cent. of the net asset value as at 31 March 2009 (2008: 86.8 per cent.).

More details regarding the classification of fixed asset investments are shown in note 12 and details regarding current asset investments are shown in note 14.

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 two-thirds of the unquoted investments comprising debt securities, which, owing to the structure of their yield and the fact that they are usually secured, have a lower level of price volatility than equity. Details of the industries in which investments have been made are contained in the Portfolio of Investments section on pages 12 to 13 and in the Manager's report.

In accordance with the IPEVCV Guidelines, in the absence of a more appropriate methodology, investments held for less than 12 months are valued at cost. Thereafter, the valuation will move to 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 reasonable possible alternative methods of valuation of the investments as at 31 March 2009.

As required under FRS 29 "Financial Instruments: Disclosures", 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 and current asset investment portfolio is sensitive to a 10 per cent. change based on the current economic climate. The impact of 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 and current asset investments (keeping all other variables constant) would increase or decrease the net asset value and return for the year by £2,748,000 (2008: £3,402,000).

Cash flow 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 fall of one percentage point in all interest rates would have reduced total return before tax for the year by approximately £57,000 (2008: £81,000).

The weighted average interest rate applied to the Company's fixed rate assets during the year was approximately 7.5 per cent. (2008: 9.4 per cent.). The weighted average period to maturity for the fixed rate assets is approximately 1.3 years (2008: 0.8 years).

Credit risk

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

The Manager evaluates credit risk on loan stock instruments and floating rate notes 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 investee company in order to mitigate the gross credit risk. The Manager receives management accounts from investee companies, and members of the investment management team often sit on the boards of unquoted investee companies; this enables the close identification, monitoring and management of investment-specific credit risk.

20. Capital and financial instruments risk management (continued)

Credit risk (continued)

Bank deposits and floating rate notes are held with banks or financial institutions which have a Moody's credit rating of at least 'A'. In light of the current economic uncertainties, the Company has adopted an informal policy of limiting counterparty banking and floating rate note exposure to a maximum of 20 per cent. of net asset value for any one counterparty.

The 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 2009 is limited to £18,439,000 (2008: £20,344,000) of unquoted loan stock instruments £2,498,000 cash deposits with banks (2008: £5,409,000), and £1,463,000 of floating rate notes (2008: £1,475,000). An analysis of the performance of unquoted loan stock by redemption date is given under Liquidity risk below.

As at the balance sheet date, the cash held by the Company was held with the Royal Bank of Scotland plc, BNP Paribas Services Custody Bank Limited, Bank of Scotland plc and Lloyds TSB Bank plc. The floating rate note is held with Nationwide Building Society. Credit risk on cash transactions is mitigated by transacting with counterparties that are regulated entities subject to regulatory supervision, with high credit ratings assigned by international credit rating agencies.

Liquidity risk

Liquid assets are held as cash on current account, cash on deposit or short term money market account and as floating rate notes. Under the terms of its Articles, the Company has the ability to borrow up to the amount of 10 per cent. of its adjusted capital and reserves of the latest published audited balance sheet, which amounts to £2,987,000 as at 31 March 2009 (2008: £3,918,000).

The Company has no committed borrowing facilities as at 31 March 2009 (2008: £nil) and had cash balances of £2,498,000 (2008: £5,409,000) and floating rate notes valued at £1,463,000 (2008: £1,475,000). Floating rate notes are considered to be readily realisable within the timescales required to make cash available for investment. The main cash outflows are for new investments, buy-back of shares and dividend payments, which are within the control of the Company. The Manager formally reviews the cash requirements of the Company on a monthly basis, and the Board on a quarterly basis as part of its review of management accounts and forecasts. All the Company's financial liabilities are short term in nature and total £305,000 for the year to 31 March 2009 (2008: £303,000).

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

The carrying value of loan stock investments held at amortised cost at 31 March 2009 is analysed by the expected maturity dates as follows:

			31 March 2009		
Redemption date	**Fully performing loan stock £'000**	**Renegotiated loan stock £'000**	**Past due loan stock £'000**	**Impaired loan stock £'000**	**Total £'000**
Less than one year	**900**	**2,071**	**–**	**–**	**2,971**
1-2 years	**1,161**	**4,520**	**–**	**2,448**	**8,129**
2-3 years	**799**	**480**	**–**	**2,014**	**3,293**
3-4 years	**34**	**670**	**–**	**1,579**	**2,283**
4-5 years	**583**	**890**	**–**	**290**	**1,763**
Total	**3,477**	**8,631**	**–**	**6,331**	**18,439**

The carrying value of loan stock investments held at amortised cost as at 31 March 2008 is analysed by the expected maturity dates as follows:

			31 March 2008		
Redemption date	**Fully performing loan stock £'000**	**Renegotiated loan stock £'000**	**Past due loan stock[(i)] £'000**	**Impaired loan stock £'000**	**Total £'000**
Less than one year	3,698	1,869	1,442	–	7,009
1-2 years	639	1,518	704	–	2,861
2-3 years	460	3,150	707	86	4,403
3-5 years	2,184	3,135	714	38	6,071
Total	6,981	9,672	3,567	124	20,344

(i) Interest and capital is overdue.

20. Capital and financial instruments risk management (continued)

Liquidity risk (continued)

The cost, impairment and carrying value of impaired loan stocks held at amortised cost at 31 March 2009 and 31 March 2008 are as follows:

	31 March 2009			31 March 2008		
	Cost £'000	Impairment £'000	Carrying value £'000	Cost £'000	Impairment £'000	Carrying value £'000
Impaired loan stock	**7,469**	**(1,138)**	**6,331**	189	(65)	124

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

There was no overdue loan stock interest as at 31 March 2009 which had not been renegotiated. Loan stock with a carrying value of £3,567,000 owed loan stock interest of £67,000 as at 31 March 2008 which was one month overdue. The interest owed as at 31 March 2008 was repaid in 2009 and is no longer outstanding.

Loan stock investments disclosed above as renegotiated would otherwise have been disclosed as past due.

Fair values of financial assets and financial liabilities

All the Company's financial assets and liabilities as at 31 March 2009 are stated at fair value as determined by the Directors, with the exception of loans and receivables included within investments, which are carried at amortised cost, in accordance with FRS 26. The Directors believe that the current carrying value of loan stock is not materially different to the fair value. 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 and that the Company is subject to low liquidity risk as a result of nil gearing and strong cash balances.

The Company's financial assets and liabilities as at 31 March 2009, all denominated in pounds sterling, consist of the following:

	31 March 2009				31 March 2008			
	Fixed rate £'000	Floating rate £'000	Non interest bearing £'000	Total £'000	Fixed rate £'000	Floating rate £'000	Non interest bearing £'000	Total £'000
Unquoted equity	**–**	**–**	**7,576**	**7,576**	–	–	12,202	12,202
Unquoted loan stock	**18,216**	**223**	**–**	**18,439**	20,344	–	–	20,344
Floating rate notes	**–**	**1,463**	**–**	**1,463**	–	1,475	–	1,475
Debtors	**–**	**–**	**199**	**199**	–	–	94	94
Current liabilities	**–**	**–**	**(305)**	**(305)**	–	–	(349)	(349)
Cash	**–**	**2,498**	**–**	**2,498**	–	5,409	–	5,409
Total net assets	**18,216**	**4,184**	**7,470**	**29,870**	20,344	6,884	11,947	39,175

21. Post balance sheet events

Since 31 March 2009 the Company has completed the following investments and disposals:

- April 2009: Investment of £26,000 in Welland Inns VCT Limited
- April 2009: Investment of £25,000 in Welland Inns VCT (Hotels) Limited
- April 2009: Part disposal of £100,000 in City Screen (Cambridge) Limited
- April 2009: Part disposal of £175,000 in Prime VCT Limited
- May 2009: Investment of £25,000 in Bravo Inns II Limited
- May 2009: Disposal of £540,000 in Youngs VCT Limited
- June 2009: Part disposal of £40,000 in Kew Green VCT (Stansted) Limited
- June 2009: Part disposal of £175,000 in Prime VCT Limited

Notes to the Financial Statements continued

22. Contingencies, guarantees and financial commitments

The Company has no guarantees, contingencies or financial commitments.

23. Related party transactions

The Manager, Albion Ventures LLP, could be considered to be a related party by virtue of the fact that it is party to a Management Agreement from the Company (details disclosed on page 23 of this report). During the year, services of a total value of £771,000 (2008: £1,043,000), were purchased by the Company from Albion Ventures LLP; this includes £732,000 investment management fee and £40,000 administration fee (including VAT). At the financial year end, the amount due to Albion Ventures LLP in respect of these services disclosed as accruals and deferred income was £185,000 (2008: £241,000).

Albion Ventures LLP has reclaimed VAT from HMRC as described in note 6. A sum of £720,000 has been recognised in the Income Statement for the year reflecting a gross receipt of £563,000, a debtor due from Albion Ventures LLP of £193,000 less a creditor for £36,000 in respect of related prior year historic management and performance fees to be paid to Albion Ventures LLP.

Buy-backs of shares for treasury during the year were transacted through Winterflood Securities Limited, a subsidiary of Close Brothers Group plc which up to 23 January 2009 was the parent company of Albion Ventures LLP (formerly Close Ventures Limited). A total of 731,040 shares were purchased for treasury (2008: 244,546 shares) at an average price of 78 pence per share (2008: 102.5 pence per share).There are no other related party transactions or balances requiring disclosure.

Notice of Meeting

Notice is hereby given that the Annual General Meeting of Albion Venture Capital Trust PLC (the "Company") will be held at 12 noon on 27 July 2009 at The Worshipful Company of Coopers, Coopers Hall, 13 Devonshire Square, London EC2M 4TH for the following purposes:

To consider and, if thought fit, to pass the following resolutions, of which numbers 1 to 8 will be proposed as ordinary resolutions and numbers 9 and 10 as special resolutions.

Ordinary Business

1. To receive and adopt the accounts and the reports of the Directors and Auditors for the year ended 31 March 2009.

2. To re-appoint PKF (UK) LLP as Auditors of the Company to hold office from the conclusion of the meeting to the conclusion of the next meeting at which the accounts are laid.

3. To authorise the Directors to agree the Auditors' remuneration.

4. To approve the Directors' Remuneration Report for the year ended 31 March 2009.

5. To re-elect David Watkins as a Director of the Company.

6. To re-elect John Kerr as a Director of the Company.

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

Special Business

8. That the Directors be generally and unconditionally authorised in accordance with section 80 of the Companies Act 1985 (the "Act") to exercise all powers of the Company to allot relevant securities (within the meaning of section 80(2) of the Act) up to a maximum aggregate nominal amount in the case of Ordinary shares of 50p each in the capital of the Company ("Ordinary shares") of £1,751,412 (which comprises 10 per cent. of the Ordinary share capital excluding shares held in treasury) such authority to expire on 27 January 2011, but so that the Company may before the expiry of such period, make an offer or agreement which would or might require relevant securities to be allotted after the expiry of such period, and the Directors may allot relevant securities pursuant to such an offer or agreement as if the authority had not expired; and all unexercised authorities previously granted to the Directors to allot relevant securities be, and are hereby, revoked.

9. That subject to and conditional on the passing of resolution number 8, the Directors be empowered, pursuant to section 95 of the Act, to allot equity securities (within the meaning of section 94 (2) to section 94 (3A) of the Act) for cash pursuant to the authority conferred by resolution number 8 as if section 89(1) of the Act did not apply to any such allotment, provided that this power shall be limited to the allotment of equity securities:

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

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

   (c) otherwise than pursuant to the sub-paragraphs above, in respect of the Ordinary shares, up to an aggregate nominal amount of £875,706 (equal to 5 per cent. of the Ordinary share capital excluding shares held in treasury), and shall expire on 27 January 2011, save that the Company may, before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of any such offer or agreement as if the power had not expired.

Notice of Meeting continued

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

This power applies in relation to a sale of shares which is an allotment of equity securities by virtue of section 94(3A) of the Act as if in the first paragraph of the resolution the words "pursuant to the authority conferred by resolution number 8" were omitted.

10. That subject to and in accordance with the Company's Articles of Association, the Company be generally and unconditionally authorised to make market purchases (within the meaning of section 163(3) of the Act) of Ordinary shares of 50p 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 162D of the Act, provided that:

- the maximum number of shares hereby authorised to be purchased is 5,250,734 Ordinary shares;
- the minimum price, exclusive of any expenses, which may be paid for a share is 50p;
- the maximum price, exclusive of any expenses, which may be paid for each share is an amount equal to the higher of: (a) 105 per cent. of the average of the middle market quotations for a share, as derived from the London Stock Exchange Daily Official List, for the five business days immediately preceding the day on which the share is purchased; and (b) the amount stipulated by Article 5(1) of the Buy-back and Stabilisation Regulation 2003; and
- the authority hereby conferred shall, unless previously revoked or varied, expire at the conclusion of the next Annual General Meeting of the Company or eighteen months from the date of the passing of the resolution, whichever is earlier (except in relation to the purchase of shares, the contract for which was concluded before the expiry of this authority and which will or may be executed wholly or partly after such expiry).

BY ORDER OF THE BOARD

Albion Ventures LLP
Company Secretary

Registered Office
1 King's Arms Yard, London EC2R 7AF

25 June 2009

Registered in England and Wales with number 3142609

Notice of Meeting continued

Notes

1. This notice is being sent to all members and to any person nominated by a member of the Company under section 146 of the Companies Act 2006 to enjoy information rights.

2. Only holders of Ordinary shares or their duly appointed representatives, are entitled to attend, vote and speak at the meeting. A member so entitled may appoint (a) proxy(ies), who need not be (a) member(s), to attend, speak and vote on his/her behalf. A proxy form is enclosed with this Notice. To be valid a proxy appointment must reach the office of the Company's Registrars, Capita Registrars, Proxy Department, PO Box 25, The Registry, 34 Beckenham Road, Beckenham BR3 4TU not less than 48 hours before the time fixed for the meeting or any adjournment thereof.

3. The right to appoint a proxy does not apply to persons whose shares are held on their behalf by another person and who have been nominated to receive communications from the Company in accordance with section 146 Companies Act 2006 ("nominated persons"). Nominated persons may have a right under an agreement with the registered member who hold shares on their behalf to be appointed (or to have someone else appointed) as a proxy. Alternatively, if nominated persons do not have such a right, or do not wish to exercise it, they may have a right under such an agreement to give instructions to the person holding the shares as to the exercise of voting rights.

4. The Company, pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, specifies that only those members on the register of members of the Company as at 12.00 noon on 25 July 2009 (or, if the meeting is adjourned, members on the register of members not later than 48 hours before the time fixed for the adjourned meeting) are entitled to attend and vote at the meeting in respect of the shares registered in their names at that time. Subsequent changes to the register shall be disregarded in determining the rights of any person to attend and vote at the meeting.

5. Copies of 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 until the conclusion of the Annual General Meeting, and at the place of the meeting for at least 15 minutes prior to the Annual General Meeting until its conclusion. In addition, a copy of the Articles of Association will be available for inspection at the Company's registered office and at the place of the meeting for at least 15 minutes prior to the Annual General Meeting until its conclusion.

6. Members should note that it is possible that, pursuant to requests made by members of the Company under section 527 of the Companies Act 2006, the Company may be required to publish on a website a statement setting out any matter relating to:

   - 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 Annual General Meeting; or

   - any circumstances connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with section 437 of the Companies Act 2006. The Company may not require the members requesting any such website publication to pay its expenses in complying with sections 527 or 528 of the Companies Act 2006. Where the Company is required to place a statement on a website under section 527 of the Companies Act 2006, 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 Annual General Meeting includes any statement that the Company has been required under section 527 of the Companies Act 2006 to publish on a website.

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