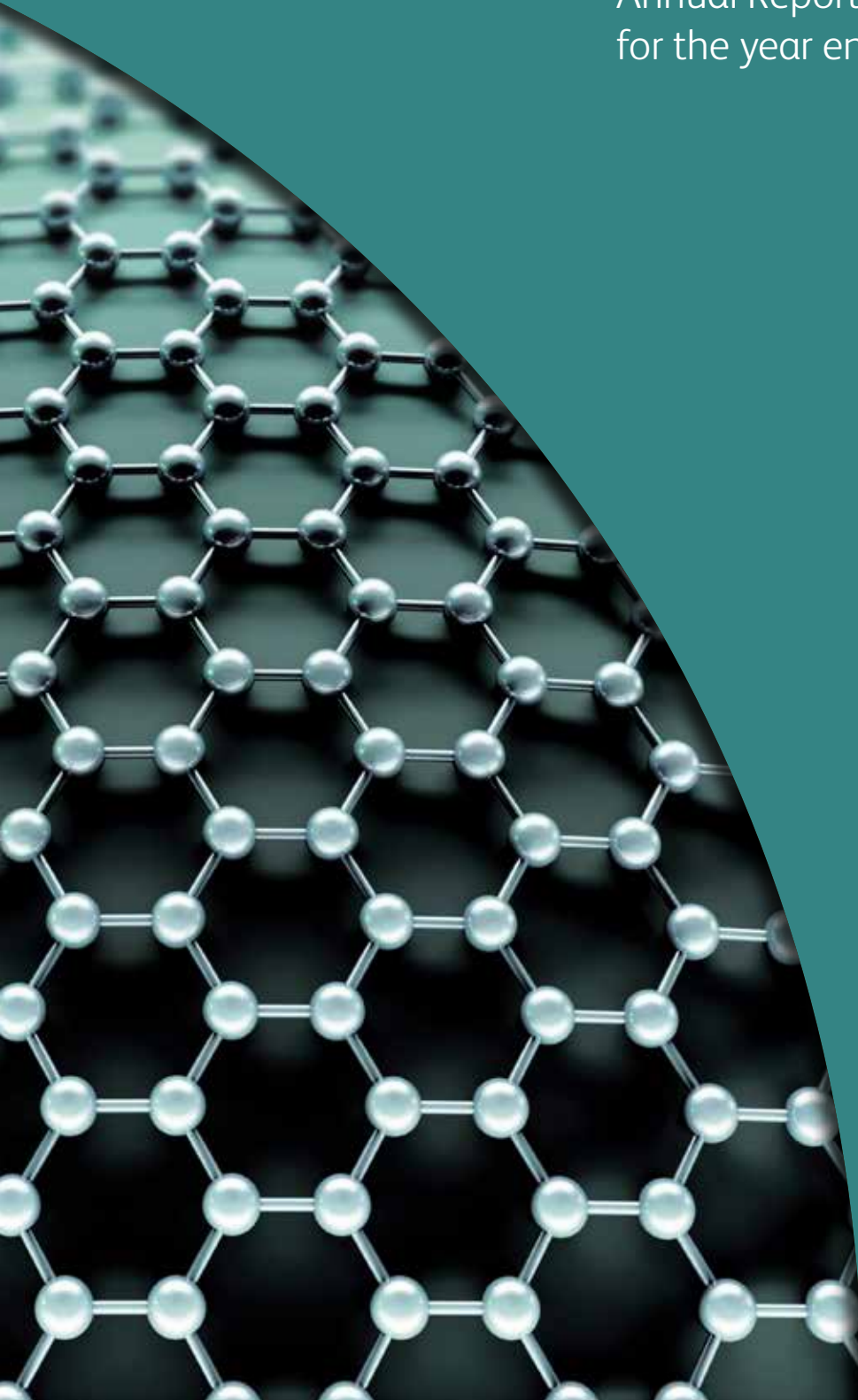


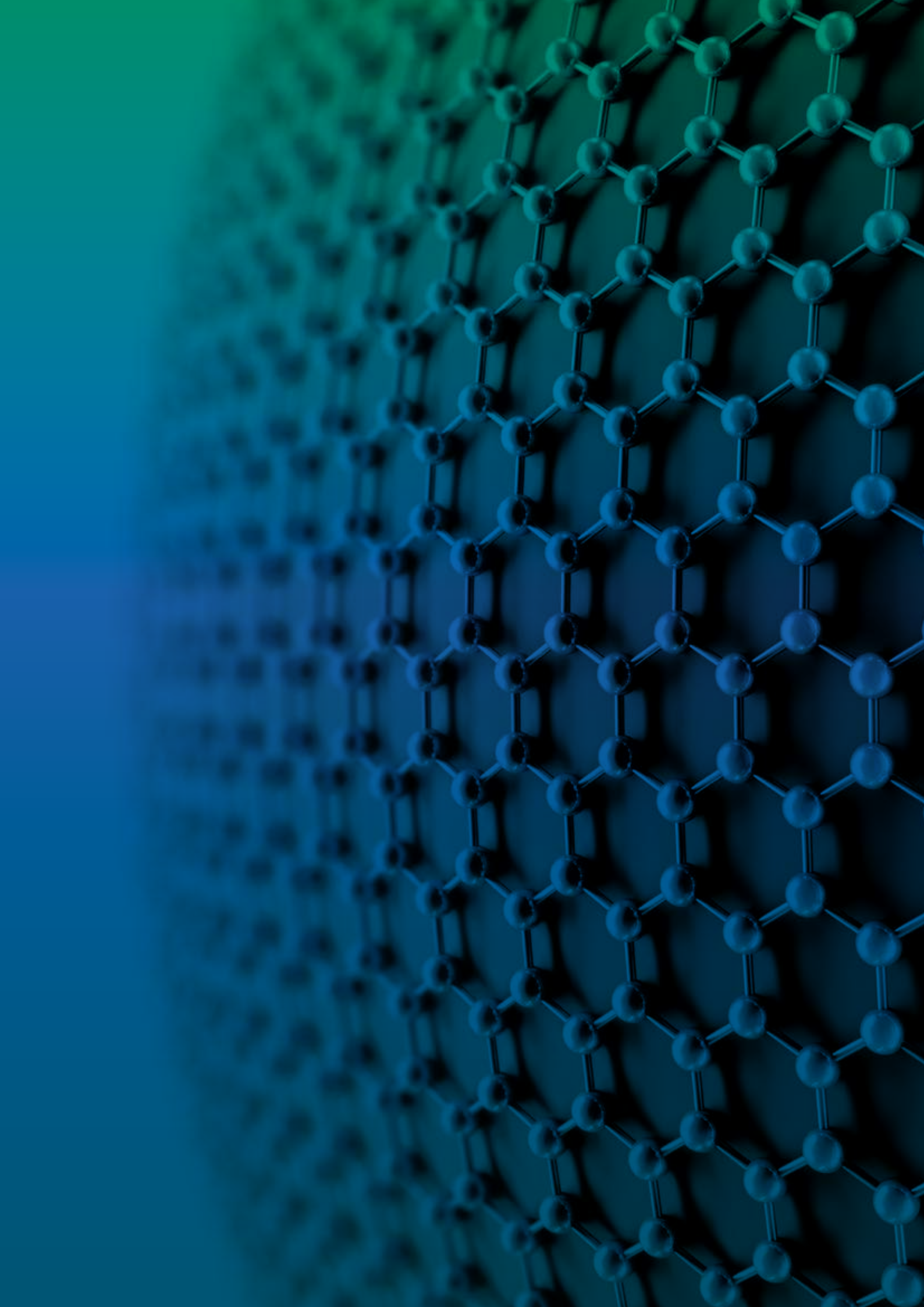
AlbionCapital

2023

Albion Enterprise VCT PLC

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







Albion Enterprise VCT PLC

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

AlbionCapital

COMPANY INFORMATION

Company name	Country of incorporation	Legal form
Albion Enterprise VCT PLC (the “Company”)	United Kingdom	Public Limited Company
Directors	Company number	Auditor
M Packe (Chairman) C Burrows P Latham P Reeve R Whitlock	05990732	BDO LLP 55 Baker Street London, W1U 7EU
Manager, company secretary, AIFM and registered office	Registrar	Corporate broker
Albion Capital Group LLP 1 Benjamin Street London, EC1M 5QL	Computershare Investor Services PLC The Pavilions Bridgewater Road Bristol, BS99 6ZZ	Panmure Gordon (UK) Limited 40 Gracechurch Street London, EC3V 0BT
Taxation adviser	Legal adviser	Depository
Philip Hare & Associates LLP 6 Snow Hill London, EC1A 2AY	Howard Kennedy 1 London Bridge London, SE1 9BG	Ocorian Depository (UK) Limited Level 5, 20 Fenchurch Street London, EC3M 3BY

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

Shareholder information

For help relating to dividend payments, shareholdings and share certificates please contact Computershare Investor Services PLC:

Tel: 0370 873 5860 (UK national rate call, lines are open 8.30am – 5.30pm; Mon – Fri; calls are recorded)

Website: www.investorcentre.co.uk

Shareholders can access holdings and valuation information regarding any of their shares held with Computershare by registering on Computershare’s website.

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

Financial adviser information

For enquiries relating to the performance of the Company, and information for financial advisers please contact the Business Development team at Albion Capital Group LLP:

Email: info@albion.capital

Tel: 020 7601 1850 (lines are open 9.00am – 5.30pm; Mon – Fri, calls are recorded)

Website: www.albion.capital

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

Contents

6

Strategic

- 7 Investment objective and policy and Financial calendar
- 8 Financial highlights
- 10 Chairman's Statement
- 14 Strategic Report
- 27 Portfolio of investments
- 30 Portfolio companies
- 35 Environmental, Social and Governance ("ESG") report

39

Governance

- 40 The Board of Directors
- 41 The Manager
- 44 Directors' report
- 51 Statement of Directors' responsibilities
- 52 Statement of corporate governance
- 59 Directors' remuneration report
- 63 Independent Auditor's report

70

Company information and Financials

- 71 Income statement
- 72 Balance sheet
- 73 Statement of changes in equity
- 74 Statement of cash flows
- 75 Notes to the Financial Statements
- 90 Notice of Annual General Meeting

Strategic



INVESTMENT OBJECTIVE AND POLICY

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

Investment policy

The Company will invest in a broad portfolio of higher growth businesses across a variety of sectors of the UK economy including higher risk technology companies. Allocation of assets will be determined by the investment opportunities which become available but efforts will be made to ensure that the portfolio is diversified both in terms of sector and stage of maturity of company.

VCT qualifying and non-VCT qualifying investments

Application of the investment policy is designed to ensure that the Company continues to qualify and is approved as a VCT by HM Revenue and Customs (“VCT regulations”). The maximum amount invested in any one company is limited to relevant HMRC annual investment limits. It is intended that normally at least 80 per cent. of the Company’s funds will be invested in VCT qualifying investments. The VCT regulations also have an impact on the type of investments and qualifying sectors in which the Company can make investment.

Funds held prior to investing in VCT qualifying assets or for liquidity purposes will be held as cash on deposit, invested in floating rate notes or similar instruments with banks or other financial institutions with high

credit ratings or invested in liquid open-ended equity funds providing income and capital equity exposure (where it is considered economic to do so). Investment in such open-ended equity funds will not exceed 10 per cent. of the Company’s assets at the time of investment.

Risk diversification and maximum exposures

Risk is spread by investing in a number of different businesses within Venture Capital Trust qualifying industry sectors using a mixture of securities. The maximum amount which the Company will invest in a single company is 15 per cent. of the Company’s assets at cost, thus ensuring a spread of investment risk. The value of an individual investment may increase over time as a result of trading progress and it is possible that it may grow in value to a point where it represents a significantly higher proportion of total assets prior to a realisation opportunity being available.

Gearing

The Company’s maximum exposure in relation to gearing is restricted to 10 per cent. of its adjusted share capital and reserves.

FINANCIAL CALENDAR

4 August 2023	Record date for first interim dividend
Noon on 30 August 2023	Annual General Meeting
31 August 2023	Payment date for first interim dividend
December 2023	Announcement of Half-yearly results for the six months ending 30 September 2023

FINANCIAL HIGHLIGHTS

2.81p

Increase in total shareholder value (pence per share) for the year ended 31 March 2023[†]

2.12%

Shareholder return for the year ended 31 March 2023[†]

6.49p

Tax-free dividend per share for the year ended 31 March 2023

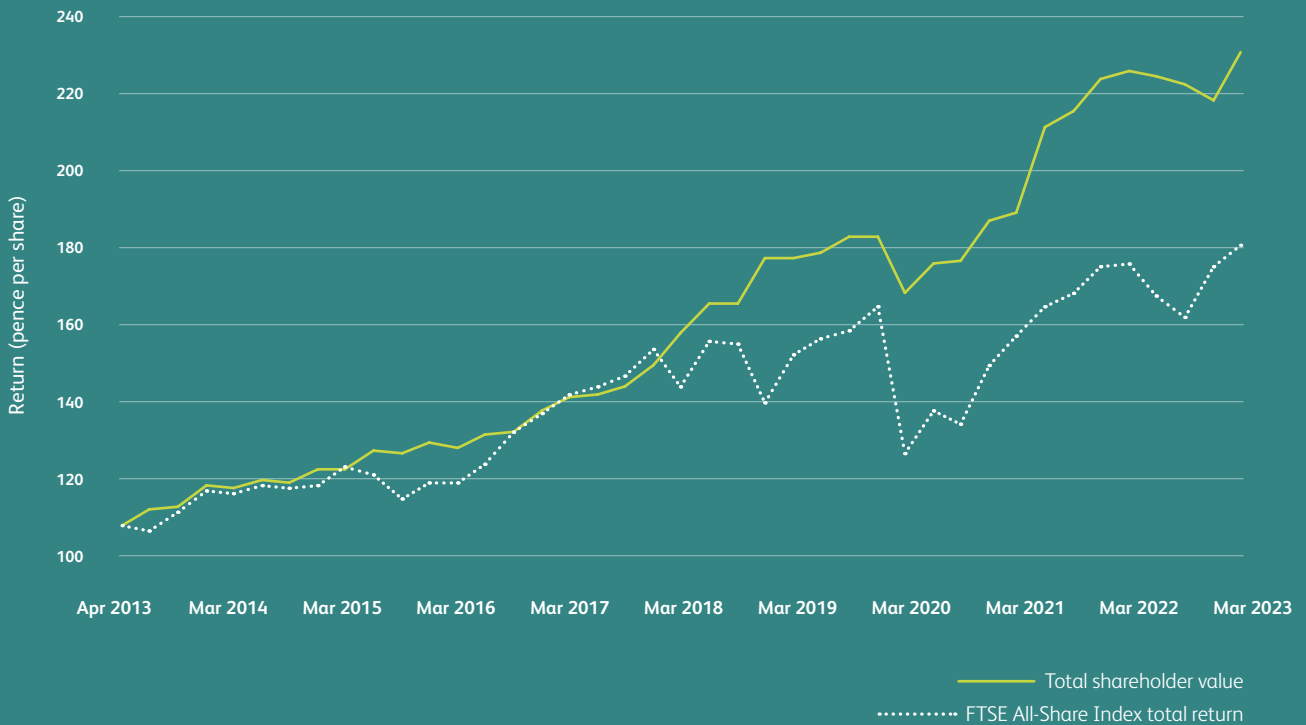
128.60p

Net asset value per share on 31 March 2023

197.47p

Total shareholder value per share from launch to 31 March 2023[†]

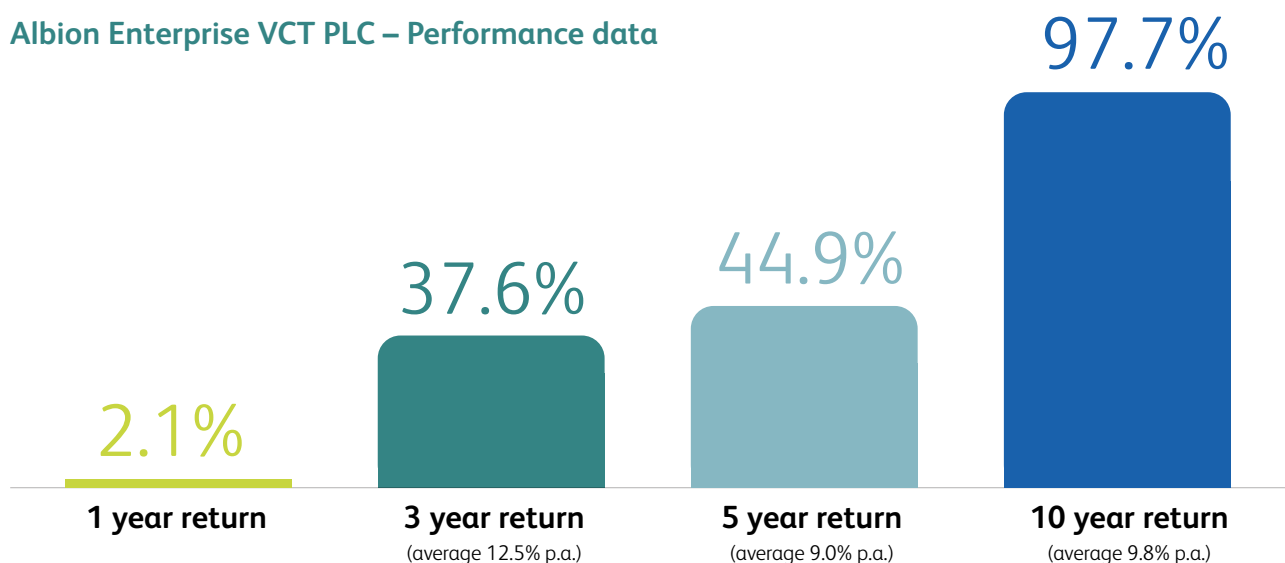
Total shareholder value relative to FTSE All-Share Index total return
(in both cases with dividends reinvested)



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

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

Albion Enterprise VCT PLC – Performance data



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

Movements in net asset value

	31 March 2023 pence per share	31 March 2022 pence per share
Opening net asset value	132.28	114.60
Capital return	2.64	23.78
Revenue return	0.39	0.19
Total return	3.03	23.97
Dividends paid	(6.49)	(6.09)
Impact from share capital movements	(0.22)	(0.20)
Net asset value	128.60	132.28

Total shareholder value

	Pence per share
Total dividends paid per share to 31 March 2023	68.87
Net asset value per share on 31 March 2023	128.60
Total shareholder value per share to 31 March 2023	197.47

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

In addition to the dividends summarised above, the Board has declared a first dividend for the year ending 31 March 2024, of 3.22 pence per Ordinary share to be paid on 31 August 2023 to shareholders on the register on 4 August 2023.



CHAIRMAN'S STATEMENT

Maxwell Packe

During the year, the Company's portfolio has faced a difficult macroeconomic and geopolitical backdrop, including the repercussions arising from the war in Ukraine, high inflation, rising interest rates, political instability and a sharp fall in the valuation of quoted technology companies. In spite of this, the Company has achieved an increase in total shareholder value of 2.81 pence per share for the year (2.1% on opening net asset value).

Against this backdrop, the Board continues to be encouraged by the progress being made by many of the portfolio companies, demonstrating their resilience despite challenging market conditions. Inevitably, a number of portfolio companies have fared less well. The Board recognises the importance of evaluating the returns of the Company over the longer-term because a venture capital portfolio will, by its nature, experience periods of short term volatility.

Results and dividends

The total return before taxation was £2.8 million compared to a return of £18.1 million for the previous year. In line with our variable dividend policy targeting around 5% of Net Asset Value ("NAV") per annum the Company paid dividends totalling 6.49 pence per share during the year ended 31 March 2023 (2022: 6.09 pence per share), which resulted in a slight decrease in the NAV on 31 March 2023 to 128.60 pence per share (2022: 132.28 pence per share).

The Company will pay a first dividend for the financial year to 31 March 2024 of 3.22 pence per share on 31 August 2023 to shareholders on the register on 4 August 2023, being 2.5% of the latest reported NAV.

Investment performance and progress

The results for the year showed net gains on investment of £4.5 million, compared with net gains of £21.6 million for the previous year. Quantexa, the largest company within our portfolio (19% of net asset value), was the main contributor to the net gain increasing its value by £9.8 million following an externally led \$129 million Series E fundraising which completed in April 2023. Quantexa continues to record strong revenue growth which more than offset the well-publicised reduced valuations ascribed to the technology sector. Other gains in the year, again driven by revenue growth, included unrealised gains on Convertr of £1.0 million and Solidatus of £0.8 million. These gains were partially

offset by write downs in Black Swan Data which decreased by £2.1 million, Oviva by £1.4 million and uMotif by £0.9 million, as a result of difficult trading conditions.

The Company realised disposal proceeds of £1.8 million (2022: £10.2 million). The largest disposals being Zift (£0.5 million) and a part disposal of our shareholding in our quoted investment, Arecor Therapeutics PLC (£0.4 million). Three investments were written off during the year, their valuations had already been reduced substantially in previous years. Further details on the realisations during the year can be found in the realisations table on page 29.

The three largest investments in the Company's portfolio, Quantexa, Egress Software Technologies and Proveca are valued at £43.8 million and represent 33.8% of the Company's NAV.

The Company has been an active investor during the year, investing a total of £12.5 million, of which £7.9 million went into 13 new portfolio companies which are expected to require further investment as the companies prove themselves and grow. The following are the five largest new investments:

Peppy	toqio	PeakData	csgenetics	OutThink
£1.4 million into Peppy Health, a platform providing expert support for underserved areas of health and wellness (e.g. menopause) via content, video, chat support as an employment benefit for employees	£1.3 million into Toqio FinTech which bridges the gap between financial services and financial outcomes by providing an orchestration platform to any business large or small which wishes to launch a financial product	£0.9 million into PeakData, a software platform that uses big data analytics and AI to collate data from across the web to provide insights and analytics for the world's top pharmaceutical companies, key opinion leaders and healthcare professionals before and after the launch of new therapies	£0.8 million into GX Molecular (T/A CS Genetics), a developer of a wet-phase approach to single cell indexing in a single tube that enables increased scalability and high quality single cell analysis	£0.6 million into OutThink, a software platform to measure and manage human risk for enterprises

A full list of the Company's investments and disposals, including their movements in value for the year, can be found in the Portfolio of investments section on pages 27 to 29.

Risks and uncertainties

The Company faces a number of significant risks including rising interest rates, high levels of inflation, the ongoing impact of Russia's invasion of Ukraine, and an expected period of economic stagnation, or even recession in the UK.

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

A detailed analysis of the other risks and uncertainties facing the business is shown in the Strategic report on pages 22 to 26.

Share buy-backs

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

It is the Board's intention for such buy-backs to be in the region of a 5% discount to NAV, so far as market conditions and liquidity permit. Details of shares bought back during the year can be found in note 15.

Albion VCTs Prospectus Top Up Offers

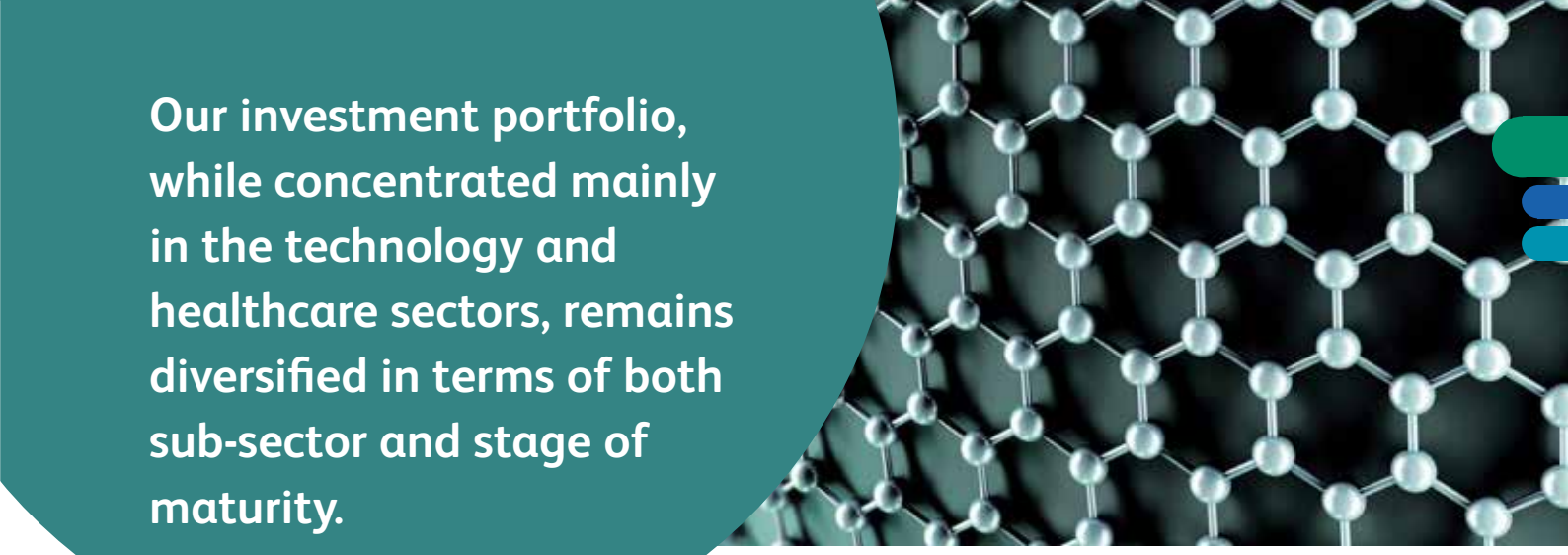
Your Board, in conjunction with the boards of the other five VCTs managed by Albion Capital Group LLP, launched a prospectus top up offer of new Ordinary shares on 10 October 2022. The Board announced on 5 January 2023 that, following strong demand, it would opt to exercise its over-allotment facility, bringing the total to be raised to £16.5 million. The Offer was fully subscribed and closed to further applications on 17 March 2023.

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

Annual General Meeting ("AGM")

The AGM will be held virtually at noon on 30 August 2023 via the Lumi platform. Information on how to participate in the live webcast can be found on the Manager's website www.albion.capital/vct-hub/agms-events.

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



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

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

Further details on the format and business to be conducted at the AGM can be found in the Directors' report on pages 49 and 50 and in the Notice of the Meeting on pages 90 to 93.

Outlook and prospect

With the risks and uncertainties referred to above, the Board cannot be other than wary about what lies ahead, however, the portfolio remains well diversified,

with companies at different stages of maturity and targeted at sectors such as healthcare, mission critical software and a minimal exposure to consumer expenditure. We believe that these sectors can continue to provide opportunities for resilient growth, yielding positive results for the Company and its shareholders in the longer-term.

Maxwell Packe

Chairman

5 July 2023

STRATEGIC REPORT

Investment policy

The Company will invest in a broad portfolio of higher growth businesses across a variety of sectors of the UK economy including higher risk technology companies. Allocation of assets will be determined by the investment opportunities which become available but efforts will be made to ensure that the portfolio is diversified both in terms of sector and stage of maturity of company.

The full investment policy can be found on page 7.

Current portfolio sector allocation

The following pie charts show the split of the portfolio valuation on 31 March 2023 by: sector;

stage of investment; and number of employees. This is a useful way of assessing how the Company and its portfolio is diversified across sector, portfolio companies' maturity measured by revenues and their size measured by the number of people employed. As the Company continues to invest in software and other technology companies, FinTech (which is technology specifically applicable to financial services companies) is included as a subsector below due to its prominence. Software and technology is predominantly focused around areas of digital risk, data management and AI. Details of the principal investments made by the Company are shown in the Portfolio of investments on pages 27 and 28.

Investment portfolio by sector



- Cash and other net assets 26% (32%)
- Healthcare (including digital healthcare) 19% (19%)
 - FinTech 26% (17%)
- Software & technology 20% (23%)
- Renewable energy 5% (5%)
- Other (including Education) 4% (4%)

Comparatives for 31 March 2022 are shown in brackets.

Portfolio analysis by stage of investment



- Early stage (revenue less than £1 million) 7% (8%)
- Growth (revenue between £1 million and £5 million) 14% (16%)
- Scale up (revenue over £5 million) 79% (76%)

Portfolio analysis by number of employees



- Under 20 3% (1%)
- 21 - 50 14% (23%)
- 51 - 100 18% (11%)
- 101+ 59% (57%)
- Renewable energy* 6% (8%)

*Renewable energy companies have no employees

Results and dividends

	£'000
Net capital return for the year ended 31 March 2023	2,414
Net revenue return for the year ended 31 March 2023	352
Total return for the year ended 31 March 2023	2,766
Dividend of 3.31 pence per share paid on 31 August 2022	(2,969)
Dividend of 3.18 pence per share paid on 28 February 2023	(2,985)
Unclaimed dividends	3
Transferred from reserves	(3,185)
Net assets on 31 March 2023	129,730
Net asset value on 31 March 2023	128.60 pence per share

Direction of portfolio

The Company's investment portfolio is well-balanced across the Healthcare, FinTech, and Software and Technology sectors. Due to the share allotments under the 2022/23 Prospectus Top Up Offer, cash and net assets is a significant proportion of the portfolio at 26%. The Manager has a deep sector knowledge in healthcare, Fintech and software investing, and these funds will be used to support the existing portfolio companies as they grow, as well as to capitalise on new investment opportunities into higher growth technology companies within these sectors.

Results and dividend policy

The Company paid dividends totalling 6.49 pence per share during the year ended 31 March 2023 (2022: 6.09 pence per share). The Board has declared a first dividend for the year ending 31 March 2024, of 3.22 pence per Ordinary share to be paid on 31 August 2023 to shareholders on the register on 4 August 2023.

As shown in the Company's Income statement on page 71, the total return for the year was 3.03 pence per share (2022: 23.97 pence per share). Investment income increased to £1,206,000 (2022: £886,000). This is a result of dividend income increasing to £272,000 (2022: £nil), including a dividend declared by memsstar immediately prior to the disposal in the year, and bank interest increasing to £184,000 (2022: £3,000) due to higher interest rates. These increases were partially offset by loan stock income decreasing slightly to £750,000 (2022: £883,000). The revenue return to

equity holders has subsequently increased to £352,000 (2022: £141,000).

The capital return on investments for the year was £4,535,000 (2022: £21,636,000). The net gain was due to an increase in the unrealised value of investments, with the main contributor being Quantexa. Key valuation movements during the year are outlined in the investment performance and progress section of the Chairman's statement on pages 10 and 11.

There was a net cash inflow for the Company of £3,308,000 for the year (2022: £5,123,000), which has arisen from both the disposal of fixed asset investments and the issue of Ordinary shares under the Albion VCTs Top Up Offers, reduced by the investments made in new and existing portfolio companies, dividends paid, operating expenses and the buy-back of shares.

Trade and other payables at the year end amounted to £1,489,000 (2022: £2,704,000). This decrease was primarily due to the management performance incentive fee, which was paid in 2022 as a result of the Company's strong return for the previous year. Further details of this can be found on page 78.

Review of business and future changes

A detailed review of the Company's business during the year is contained in the Chairman's statement on pages 10 to 13. The results for the year to 31 March 2023 show total shareholder value of 197.47 pence per share since launch (2022: 194.66 pence per share).

There is a continuing focus on growing the FinTech, healthcare (including digital healthcare) and other

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

Details of significant events which have occurred since the end of the financial year are listed in note 19. Details of transactions with the Manager are shown in note 5.

Future prospects

The Company’s financial results for the year demonstrates that the portfolio remains well balanced across sectors and risk classes, despite the impacts of the ongoing global issues caused as a result of high levels of interest rates and inflation, due in part to the Russian invasion of Ukraine, however the full effects of these issues will continue to be felt in years to come. Although there remains much uncertainty, the Board considers that the current portfolio has the potential

to deliver long term growth, whilst maintaining a predictable stream of dividend payments to shareholders. Further details of the Company’s outlook can be found in the Chairman’s statement on page 13.

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

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

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

The graph on page 8 shows the Company’s total shareholder value relative to the FTSE All-Share Index total return, with dividends reinvested.

Net asset value per share and total shareholder value



The FTSE All-Share index is considered a reasonable benchmark as the Company is classed as a generalist UK VCT investor, and this index includes over 600 companies listed in the UK, including small-cap, covering a range of sectors. Details on the performance of the net asset value and return per share for the year are shown in the Chairman's statement.

2. Net asset value per share and total shareholder value

The chart on page 16 illustrates the movement in net asset value per share plus cumulative dividends paid since launch to 31 March 2023.

Total shareholder value increased by 2.1% on opening net asset value to 197.47 pence per share for the year ended 31 March 2023.

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

The table below shows the total shareholder value over the last 10 years, with an average return of 8.7% per annum.

4. Dividend distributions

In line with our dividend policy targeting around 5% of Net Asset Value, dividends paid in respect of the year ended 31 March 2023 were 6.49 pence per share (2022: 6.09 pence per share). Cumulative dividends paid since inception total 68.87 pence per share.

5. Ongoing charges

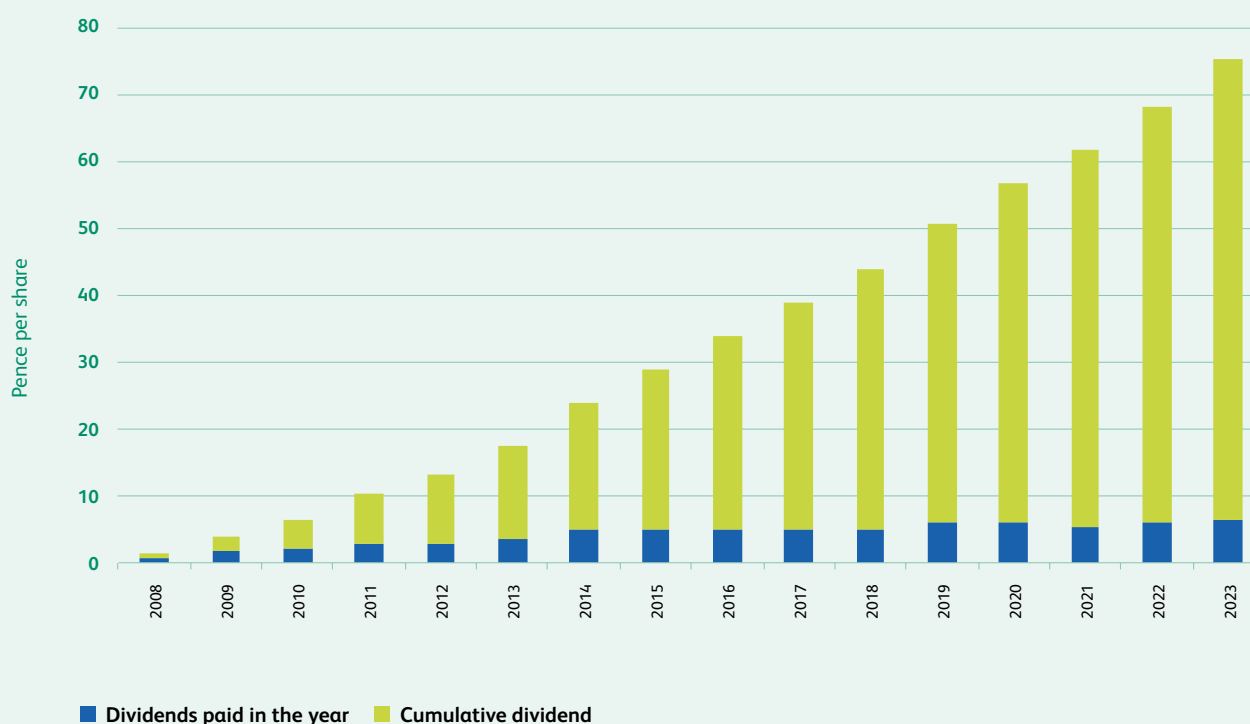
The ongoing charges ratio for the year ended 31 March 2023 was 2.50% (2022: 2.50%). The ongoing charges ratio has been calculated using The Association of Investment Companies' (AIC) recommended

Movement in shareholder value in the year

2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
9.7%	4.5%	5.4%	10.8%	12.4%	13.1%	(4.4)%	12.7%	20.7%	2.1%

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

Dividends paid



methodology. This figure shows shareholders the total recurring annual running expenses (including investment management fees charged to capital reserve) as a percentage of the average net assets attributable to shareholders. The ongoing charges cap is 2.50%, which has resulted in a saving of £24,000 to shareholders during the year (2022: £22,000).

6. VCT compliance*

The investment policy is designed to ensure that the Company continues to qualify and is approved as a VCT by HMRC. In order to maintain its status under Venture Capital Trust legislation, a VCT must comply on a continuing basis with the provisions of Section 274 of the Income Tax Act 2007, details of which are provided in the Directors' report on page 46.

The relevant tests to measure compliance have been carried out and independently reviewed for the year ended 31 March 2023. These showed that the Company has complied with all tests and continues to do so.

Gearing

As defined by the Articles of Association, the Company's maximum exposure in relation to gearing is restricted to 10% of its adjusted share capital and reserves adjusted for any dividends declared. Although the investment policy permits the Company to borrow, the Directors do not currently have any intention of utilising long-term gearing and have not done so in the past.

Operational arrangements

The Company has delegated the investment management of the portfolio to Albion Capital Group LLP, the Manager, which is authorised and regulated by the Financial Conduct Authority. The Manager also provides company secretarial and other accounting and administrative support to the Company.

Management agreement

Under the Management agreement, the Manager provides investment management, secretarial and administrative services to the Company. The

Management agreement can be terminated by either party on 12 months' notice. The Management agreement is subject to earlier termination in the event of certain breaches or on the insolvency of either party. The Manager is paid an annual fee equal to 2% of the net asset value of the Company paid quarterly in arrears, along with an administration fee of 0.2% of the net asset value.

Total annual expenses, including the management fee, are limited to 2.50% of the net asset value.

In some instances, the Manager is entitled to an arrangement fee, payable by a portfolio company in which the Company invests, in the region of 2.0% of the investment made, and also monitoring fees where the Manager has a representative on the portfolio company's board.

Further details on the management fee can be found in note 5.

Management performance incentive fee

In order to align the interests of the Manager and the shareholders with regards to generating positive returns, the Company has a Management performance incentive arrangement with the Manager. Under the incentive arrangement, the Company will pay an incentive fee to the Manager of an amount equal to 20% of such excess return that is calculated for each financial year.

The performance fee hurdle requires that the growth of the aggregate of the net asset value per share and dividends paid by the Company compared with the previous accounting date exceeds the higher of the average base rate of the Royal Bank of Scotland PLC plus 2% or RPI plus 2%. The hurdle is calculated every year, based on the starting rate of 100 pence per share in 2007.

For the year ended 31 March 2023, the total return of the Company since launch (the performance incentive fee start date) amounted to 197.47 pence per share, compared to the higher hurdle of 210.17 pence per share. As a result, no performance incentive fee is payable to the Manager (2022: £1,934,000).

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

Evaluation of the Manager

The Board has evaluated the performance of the Manager based on:

- the returns generated by the Company;
- continued compliance with VCT regulation;
- the long term prospects of the current portfolio of investments;
- the management of treasury, including use of buy-backs and participation in fundraising;
- a review of the Management agreement and the services provided therein; and
- benchmarking the performance of the Manager to other service providers including the performance of other VCTs that the Manager is responsible for managing.

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

Alternative Investment Fund Managers Directive (“AIFMD”)

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

Companies Act 2006 Section 172 Reporting

Under Section 172 of the Companies Act 2006, the Board has a duty to promote the success of the

Company for the benefit of its members as a whole in both the long and short term, having regard to the interests of other stakeholders in the Company, such as suppliers, and to do so with an understanding of the impact on the community and environment and with high standards of business conduct, which includes acting fairly between members of the Company.

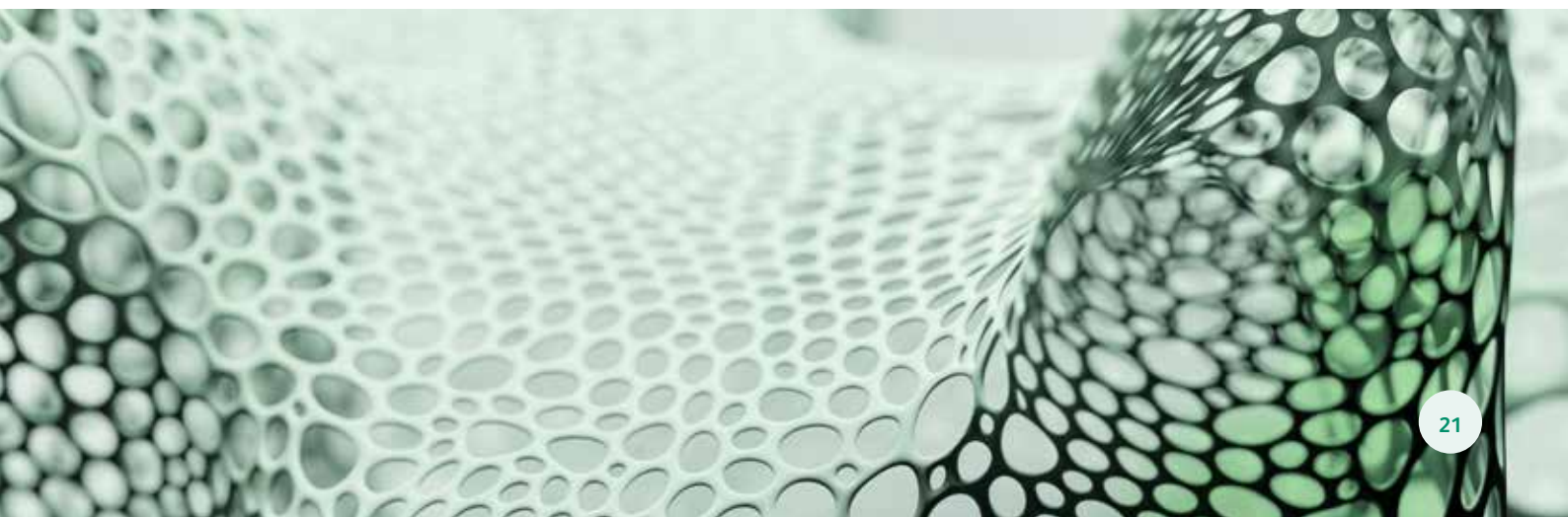
The Board is very conscious of these wider responsibilities in the ways it promotes the Company’s culture and ensures, as part of its regular oversight, that the integrity of the Company’s affairs is foremost in the way the activities are managed and promoted. This includes regular engagement with the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

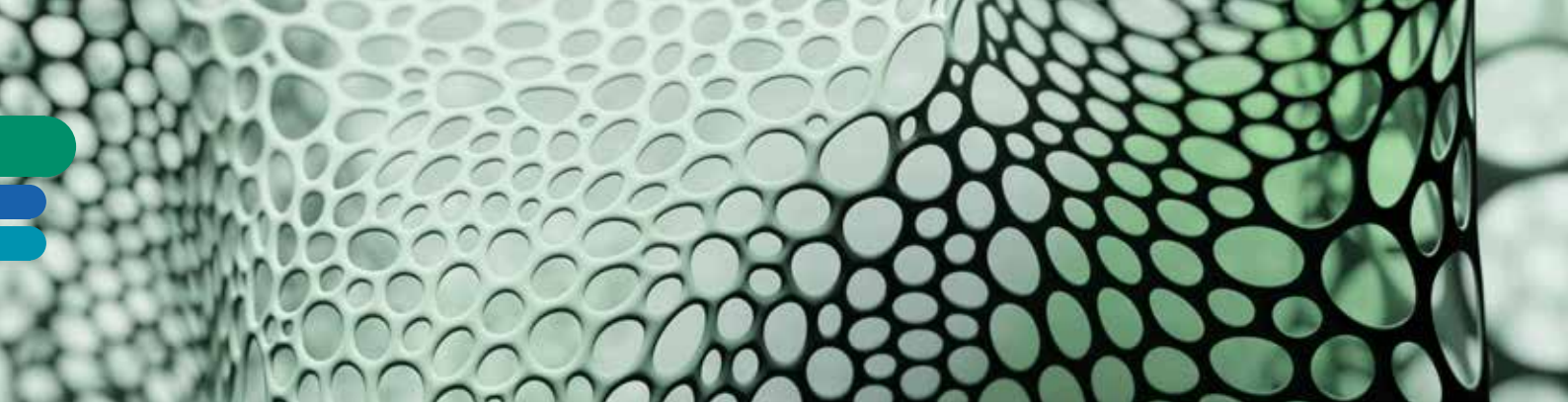
The Company is an externally managed investment company with no employees, and as such has nothing to report in relation to employee engagement but does keep close attention to how the Board operates as a cohesive and competent unit. The Company also has no customers in the traditional sense and, therefore,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

The table below sets out the stakeholders the Board considers most relevant, details how the Board has engaged with these key stakeholders and the effect of these considerations on the Company’s decisions and strategies during the year.

Engagement with Stakeholder	Decision outcomes based on engagement
Shareholders	
<p>The key methods of engaging with Shareholders are as follows:</p> <ul style="list-style-type: none"> • Annual General Meeting (“AGM”) • Shareholder seminar • Annual report and Financial Statements, Half-yearly financial report, and Interim management statements • RNS announcements in accordance with Listing Rules and DTRs covering such things as appointment of a new Director, and the publication of a Prospectus • Albion Capital website, social media pages, as well as publishing Albion news shareholder magazine. 	<ul style="list-style-type: none"> • Shareholders’ views are important and the Board encourages Shareholders to exercise their right to vote on the resolutions at the AGM. The Company’s AGM is typically used as an opportunity to communicate with investors, including through a presentation made by the Manager. Undertaking this virtually enabled engagement with a wider audience of shareholders from across the country (over 5 times more engagement than historical physical AGMs), and gave shareholders the opportunity to ask questions and vote during the virtual AGM last year. The virtual medium helps facilitate greater shareholder participation and to help those who are unable to attend the AGM in person. • Shareholders are also encouraged to attend the annual Shareholders’ Seminar. Last year’s event took place on 23 November 2022. The seminar included portfolio companies Speechmatics and Ophelos sharing insights into their businesses and also a Q&A from Albion executives on some of the key factors affecting the investment outlook, as well as a review of the past year and the plans for the year ahead. Representatives of the Board attend the seminar. The Board considers this an important interactive event, and invites shareholders to attend this year’s event scheduled for 15 November 2023 at the Royal College of Surgeons. Further information will be available nearer the time. • The Board recognises the importance to Shareholders of maintaining a share buy-back policy, in order to provide market liquidity, and considered this when establishing the current policy. The Board closely monitors the discount to the net asset value to ensure this is in the region of 5%. • The Board seeks to create value for Shareholders by generating strong and sustainable returns to provide shareholders with regular dividends and the prospect of capital growth. The Board takes this into consideration when making the decision to pay dividends to Shareholders. The variable dividend policy has resulted in a dividend yield of 4.9% on opening net asset value. • During the year, the Board made the decision to participate in the Albion Prospectus Top Up Offers, launched on 10 October 2022, in order to raise funds for deployment into new and existing portfolio companies. The Board carefully considered whether further funds were required, whether the VCT tests would continue to be met, and whether it would be in the interest of Shareholders, before agreeing to publish the Prospectus. On allotment, an issue price formula based on the prevailing net asset value was used to ensure there was no dilution to existing Shareholders. • Cash management and liquidity of the Company are key quarterly discussions amongst the Board, with focus on deployment of cash for future investments, dividends and share buy-backs. • Shareholders can contact the Chairman using the email AAEVchair@albion.capital
Manager	
<p>The performance of Albion Capital Group LLP is essential to the long term success of the Company, including achieving the investment policy and generating returns to shareholders, as well as the impact the Company has on Environmental, Social and Governance (“ESG”) practice.</p>	<ul style="list-style-type: none"> • The Manager meets with the Board at least quarterly to discuss the performance of the Company, and is in regular contact in between these meetings, e.g. to share investment papers for new and follow on investments. All strategic decisions are discussed in detail and minuted, with an open dialogue between the Board and the Manager. • The performance of the Manager in managing the portfolio and in providing company secretarial, administration and accounting services is reviewed in detail each year, which includes reviewing comparator engagement terms and portfolio performance. Further details on the evaluation of the Manager, and the decision to continue the appointment of the Manager for the forthcoming year, can be found in this report. • Details of the Manager’s responsibilities can be found in the Statement of corporate governance on pages 52 to 58.

Engagement with Stakeholder	Outcomes and decisions based on engagement
Suppliers	
<p>The key suppliers with regular engagement from the Manager are:</p> <ul style="list-style-type: none"> • Corporate broker • VCT taxation adviser • Depositary • Registrar • Auditor • Legal adviser 	<ul style="list-style-type: none"> • The Manager, on behalf of the Company, is in regular contact with the suppliers and the contractual arrangements with all the principal suppliers to the Company are reviewed regularly and formally once a year, alongside the performance of the suppliers in acquitting their responsibilities. • The Board reviews the performance of the providers annually and was satisfied with their performance.
Portfolio companies	
<p>The portfolio companies are considered key stakeholders, not least because they are principal drivers of value for the Company. However, as discussed in the ESG section on pages 35 to 38, the portfolio companies' impact on their stakeholders is also important to the Company.</p>	<ul style="list-style-type: none"> • The Board aims to have a diversified portfolio in terms of sector and stage of investment. Further details of this can be found in the pie charts on page 14. • In most cases, an Albion executive has either a place on the board of a portfolio company or is an observer, in order to help with both business operation decisions, as well as good ESG practice. • The Manager provides access to deep expertise on growth strategy alignment, leadership team hiring, organisational scaling and founder leader development. • The Manager facilitates good dialogue with portfolio companies, and often puts on events in order to help portfolio companies benefit from the Albion network.
Community and environment	
<p>The Company, with no employees, has no effect itself on the community and environment. However, as discussed above, the portfolio companies' ESG impact is extremely important to the Board.</p>	<ul style="list-style-type: none"> • The Board receives reports on ESG factors within its portfolio from the Manager as it is a signatory of the UN Principles for Responsible Investment ("UN PRI"). Further details of this are set out in the ESG report below. ESG, without its specific definition, has always been at the heart of the responsible investing that the Company engages in and in how the Company conducts itself with all of its stakeholders.





Social and community issues, employees and human rights

The Board recognises the requirement under section 414C of the Companies Act 2006 (the “Act”) to detail information about social and community issues, employees and human rights; including any policies it has in relation to these matters and effectiveness of these policies. As an externally managed investment company with no employees, the Company has no formal policies in these matters, however, it is at the core of its responsible investment strategy as detailed above.

Further policies

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

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

and these are set out in the Directors’ report on pages 47 and 48.

General Data Protection Regulation

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

Risk management

The Board carries out a regular review of the risk environment in which the Company operates, together with changes to the environment and individual risks. The Board also identifies emerging risks which might impact on the Company. In the period the most noticeable risks have been the emergence of rising interest rates and inflation, caused in part as a result of the Russian invasion of Ukraine, whilst the pandemic has continued to impact on mobility, public health and have an adverse influence on the economy. The full impact of these risks are likely to continue to be uncertain for some time.

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

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

Possible consequence	Risk assessment during the year	Risk management
Investment, performance, technology and valuation risk		
<p>The risk of investment in poor quality businesses, which could reduce the returns to shareholders and could negatively impact on the Company's current and future valuations.</p> <p>By nature, smaller unquoted businesses, such as those that qualify for Venture Capital Trust purposes, are more volatile than larger, long-established businesses.</p> <p>The Company's investment valuation methodology is reliant on the accuracy and completeness of information that is issued by portfolio companies. In particular, the Directors may not be aware of or take into account certain events or circumstances which occur after the information issued by such companies is reported</p>	<p>Increased in the year due to the heightened economic and geopolitical issues as referred to in the Chairman's statement. In addition, in the current economic climate the valuations of technology companies are more volatile.</p>	<p>To reduce this risk, the Board places reliance upon the skills and expertise of the Manager and its track record over many years of making successful investments in this segment of the market. In addition, the Manager operates a formal and structured investment appraisal and review process, which includes an Investment Committee, comprising investment professionals from the Manager for all investments, and at least one external investment professional for investments greater than £1 million in aggregate across all the Albion managed VCTs. The Manager also invites and takes account of comments from non-executive Directors of the Company on matters discussed at the Investment Committee meetings.</p> <p>Investments are actively and regularly monitored by the Manager (investment managers observe or sit on portfolio company boards), including the level of diversification in the portfolio, and the Board receives detailed reports on each investment as part of the Manager's report at quarterly board meetings. The Board and Manager regularly review the deployment of investments and cash resources available to the Company in assessing liquidity required for servicing the Company's buy-backs, dividend payments and operational expenses.</p> <p>The unquoted investments held by the Company are designated at fair value through profit or loss and valued in accordance with the International Private Equity and Venture Capital Valuation Guidelines updated in 2022. These guidelines set out recommendations, intended to represent current best practice on the valuation of venture capital investments. The valuation takes into account all known material facts up to the date of approval of the Financial Statements by the Board.</p>
VCT approval risk		
<p>The Company must comply with section 274 of the Income Tax Act 2007 which enables its investors to take advantage of tax relief on their investment and on future returns. Breach of any of the rules enabling the Company to hold VCT status could result in the loss of that status.</p>	<p>No change in the year.</p>	<p>To reduce this risk, the Board has appointed the Manager, which has a team with significant experience in Venture Capital Trust management, used to operating within the requirements of the Venture Capital Trust legislation. In addition, to provide further formal reassurance, the Board has appointed Philip Hare & Associates LLP as its taxation adviser, who report quarterly to the Board to independently confirm compliance with the Venture Capital Trust legislation, to highlight areas of risk and to inform on changes in legislation. Each investment in a new portfolio company is also pre-cleared with our professional advisers or H.M. Revenue & Customs. The Company monitors closely the extent of qualifying holdings and addresses this as required.</p>

Possible consequence	Risk assessment during the year	Risk management
Regulatory and compliance risk		
The Company is listed on The London Stock Exchange and is required to comply with the rules of the Financial Conduct Authority, as well as with the Companies Act, Accounting Standards and other legislation. Failure to comply with these regulations could result in a delisting of the Company's shares, or other penalties under the Companies Act or from financial reporting oversight bodies.	No change in the year.	Board members and the Manager have experience of operating at senior levels within or advising quoted companies. In addition, the Board and the Manager receive regular updates on new regulation from its auditor, legal advisers and other professional bodies. The Company is subject to compliance checks through the Manager's compliance function, and any issues arising from compliance or regulation are reported to its own board every two months. These controls are also reviewed as part of the quarterly Board meetings, and also as part of the review work undertaken by the Manager's compliance officer. The report on controls is also evaluated by the internal auditors.
Operational and internal control risk		
The Company relies on a number of third parties, in particular the Manager, for the provision of investment management and administrative functions. Failures in key systems and controls within the Manager's business could put assets of the Company at risk or result in reduced or inaccurate information being passed to the Board or to shareholders.	No change in the year.	<p>The Company and its operations are subject to a series of rigorous internal controls and review procedures exercised throughout the year. The Board receives reports from the Manager on its internal controls and risk management.</p> <p>The Audit and Risk Committee reviews the Internal Audit Reports prepared by the Manager's internal auditors, Azets, and has access to their internal audit partner to whom it can ask specific detailed questions in order to satisfy itself that the Manager has strong systems and controls in place including those in relation to business continuity and cyber security, as mentioned below.</p> <p>Ocorian Depository (UK) Limited is the Company's Depository, appointed to oversee the custody and cash arrangements and provide other AIFMD duties. The Board reviews the quarterly reports prepared by Ocorian Depository (UK) Limited to ensure that the Manager is adhering to its policies and procedures as required by the AIFMD.</p> <p>In addition, the Board annually reviews the performance of its key service providers, particularly the Manager, to ensure they continue to have the necessary expertise and resources to deliver the Company's investment objective and policy. The Manager and other service providers have also demonstrated to the Board that there is no undue reliance placed upon any one individual.</p>
Cyber and data security risk		
A cyber attack on one of the Company's third party suppliers could result in the security of, potentially sensitive, data being compromised, leading to financial loss, disruption or damage to the reputation of the Company.	Increased in the year, due to an increase in cyber-attacks worldwide.	<p>The Manager outsources some of its IT services, including hardware and software procurement, server management, backup provision and day-to-day support through an outsourcing arrangement with an IT consultant. In house IT support is also provided.</p> <p>The Manager takes cyber risks seriously and the need to guard against these are in the Service level agreement with our key outsourced service provider. During the year, further investment was made in our IT infrastructure and awareness training.</p>

Possible consequence	Risk assessment during the year	Risk management
Cyber and data security risk (continued)		
		<p>In addition, the Manager also has a business continuity plan which includes off-site storage of records and remote access provisions. This is revised and tested annually and is also subject to Compliance, Group Risk and Internal Audit reporting. Penetration tests are also carried out to ensure that IT systems are not susceptible to cyber-attacks.</p> <p>The Manager's Internal Auditor performs reviews on IT general controls and data confidentiality and makes recommendations where necessary. The most recent internal audit focused specifically on IT systems, and was completed in February 2023.</p>
Economic, political and social risk		
<p>Changes in economic conditions, including, for example, interest rates, rates of inflation, industry conditions, competition, political and diplomatic events, and other factors could substantially and adversely affect the Company's prospects in a number of ways. This also includes risks of social upheaval, including from infection and population re-distribution, as well as economic risk challenges as a result of healthcare pandemics/infection.</p>	<p>Increased in the year due to the high levels of inflation, rising interest rates and the geopolitical risks from the invasion of Ukraine.</p>	<p>The Company invests in a diversified portfolio of companies across a number of industry sectors and in addition often invests in a mixture of instruments in portfolio companies and has a policy of minimising any external bank borrowings within portfolio companies.</p> <p>At any given time, the Company has sufficient cash resources to meet its operating requirements, including share buy-backs and follow-on investments.</p> <p>In common with most commercial operations, exogenous risks over which the Company has no control are always a risk and the Company does what it can to address these risks where possible, not least as the nature of the investments the Company makes are long term.</p> <p>The Board and Manager are continuously assessing the resilience of the portfolio, the Company and its operations and the robustness of the Company's external agents, as well as considering longer term impacts on how the Company might be positioned in how it invests and operates. Ensuring liquidity in the portfolio to cope with exigent and unexpected pressures on the finances of the portfolio and the Company is an important part of the risk mitigation in these uncertain times. The portfolio is structured as an all-weather portfolio with c.55 companies which are diversified as discussed above. Exposure is relatively small to at-risk sectors that include leisure, hospitality, retail and travel.</p>
Environmental, social and governance ("ESG") risk		
<p>An insufficient ESG policy could lead to an increased negative impact on the environment, including the Company's carbon footprint. Non-compliance with reporting requirements could lead to a fall in demand from investors, reputational damage and penalties. Climate risks could also negatively impact on the value of portfolio investments.</p>	<p>No change in the year.</p>	<p>The Manager is a signatory of the UN PRI and the Board is kept updated of the evolving ESG policies at quarterly Board meetings. Full details of the specific procedures and risk mitigation can be found in the ESG report on pages 35 to 38. These procedures ensure that this increased risk continues to be mitigated where possible.</p> <p>Whilst the Company itself has limited impact on climate change, due to no employees nor greenhouse gas emissions, the Board works closely with the Manager to ensure the Manager themselves are working towards reducing their impact on the environment, and that the Manager takes account of ESG factors, including climate change, when making new investment decisions. With specific respect to the Company, a key objective is increasing the use of electronic communications with Shareholders.</p>

Possible consequence	Risk assessment during the year	Risk management
Liquidity risk		
The Company may not have sufficient cash available to meet its financial obligations. The Company's portfolio is primarily in smaller unquoted companies, which are inherently illiquid as there is no readily available market, and thus it may be difficult to realise their fair value at short notice.	No change in the year.	To reduce this risk, the Board reviews the Company's three year cash flow forecasts on a quarterly basis. These include potential investment realisations (which are closely monitored by the Manager), Top Up Offers, dividend payments and operational expenditure. This ensures that there are sufficient cash resources available for the Company's liabilities as they fall due.

Viability statement

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

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

The Board has additionally considered the ability of the Company to comply with the ongoing conditions to ensure it maintains its VCT qualifying status under

its current investment policy. As a result of the Board's quarterly valuation reviews, it has concluded that the portfolio is well balanced and geared towards delivering long term growth and strong returns to shareholders.

The Board has concluded that there is a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the three year period to 31 March 2026. The Board is mindful of the ongoing risks and will continue to ensure that appropriate safeguards are in place, in addition to monitoring the quarterly cashflow forecasts to ensure the Company has sufficient liquidity.

Companies Act 2006

This Strategic report of the Company for the year ended 31 March 2023 has been prepared in accordance with the requirements of section 414A of the Companies Act 2006 (the "Act"). The purpose of this report is to provide shareholders with sufficient information to enable them to assess the extent to which the Directors have performed their duty to promote the success of the Company in accordance with Section 172 of the Act.

For and on behalf of the Board

Maxwell Packe

Chairman

5 July 2023

PORTFOLIO OF INVESTMENTS

	% voting rights	% voting rights held by all Albion* managed companies	On 31 March 2023			On 31 March 2022			Change in value for the year** £'000
			Cost £'000	Cumulative movement in value £'000	Value £'000	Cost £'000	Cumulative movement in value £'000	Value £'000	
Fixed asset investments									
Quantexa	2.5	11.3	2,108	22,211	24,319	2,108	12,422	14,530	9,789
Egress Software Technologies	9.9	24.7	3,365	9,392	12,757	3,365	9,942	13,307	(550)
Proveca	9.6	49.9	1,850	4,874	6,724	1,512	4,720	6,232	154
Oviva	2.8	12.2	2,601	1,341	3,942	2,601	2,756	5,357	(1,415)
Radnor House School (TopCo)	9.4	48.3	1,729	2,127	3,856	1,729	1,687	3,416	440
The Ewell Group	6.1	33.0	1,477	1,777	3,254	1,477	1,389	2,866	388
Healios	4.0	17.5	2,500	522	3,022	1,134	522	1,656	-
Threadneedle Software Holdings (T/A Solidatus)	2.2	11.5	1,360	810	2,170	1,360	-	1,360	810
Convertr Media	6.2	26.6	992	1,081	2,073	992	43	1,035	1,038
Regenerco Renewable Energy	12.5	50.0	1,261	638	1,899	1,261	785	2,046	(147)
Gravitee Topco (T/A Gravitee.io)	3.4	18.1	1,431	366	1,797	763	210	973	156
Runa Network (previously WeGift)	2.1	13.9	1,396	327	1,723	564	-	564	327
Cantab Research (T/A Speechmatics)	1.6	14.4	1,359	239	1,598	1,094	624	1,718	(384)
The Street by Street Solar Programme	8.6	50.0	891	703	1,594	891	729	1,620	(26)
Peppy Health	1.5	8.7	1,372	-	1,372	-	-	-	-
Aridhia Informatics	6.4	21.6	1,244	71	1,315	1,244	281	1,525	(210)
Toqio FinTech Holdings	1.8	10.4	1,279	-	1,279	-	-	-	-
Elliptic Enterprises	0.9	5.9	1,219	-	1,219	1,219	454	1,673	(454)
Alto Prodotto Wind	11.1	50.0	720	487	1,207	784	524	1,308	(6)
Panaseer	2.3	11.4	816	387	1,203	816	388	1,204	(1)
NuvoAir Holdings	2.0	11.2	826	371	1,197	826	301	1,127	70
Seldon Technologies	3.1	22.7	1,046	133	1,179	911	-	911	133
TransFICC	1.9	13.0	938	223	1,161	938	223	1,161	-
Greenenerco	28.6	50.0	640	516	1,156	707	504	1,211	41
PeakData	1.9	11.2	862	56	918	-	-	-	56
Beddlestead	8.1	49.0	966	(119)	847	966	102	1,068	(221)
InCrowd Sports	3.8	17.2	588	247	835	499	174	673	73
GX Molecular (T/A CS Genetics)	2.7	14.8	786	-	786	-	-	-	-
Cisiv	8.7	29.6	799	(33)	766	799	374	1,173	(407)
OutThink	2.6	13.9	644	-	644	-	-	-	-
Perchpeek	1.9	13.6	591	-	591	511	-	511	-
Koru Kids	2.1	7.9	674	(107)	567	674	302	976	(409)
Locum's Nest	5.1	25.6	602	(51)	551	602	419	1,021	(470)
Diffblue	2.3	12.9	541	-	541	-	-	-	-
Ophelos	2.0	12.3	526	-	526	-	-	-	-
Accelex Technology	2.9	16.5	517	-	517	265	-	265	-
PetsApp	2.4	13.6	450	-	450	-	-	-	-
DySIS Medical	2.7	7.3	2,742	(2,296)	446	2,742	(2,150)	592	(146)

Portfolio of investments

	% voting rights	% voting rights held by all Albion* managed companies	On 31 March 2023			On 31 March 2022			Change in value for the year** £'000
			Cost £'000	Cumulative movement in value £'000	Value £'000	Cost £'000	Cumulative movement in value £'000	Value £'000	
Fixed asset investments									
Arecor Therapeutics PLC***	0.6	2.9	210	220	430	400	818	1,218	(209)
Brytlyt	1.8	14.8	390	-	390	310	-	310	-
Neurofenix	2.7	14.8	552	(165)	387	-	-	-	(165)
5Mins AI	2.0	11.1	360	-	360	-	-	-	-
Black Swan Data	4.5	26.1	2,237	(1,964)	273	1,967	140	2,107	(2,104)
uMedeor (T/A uMed)	1.3	9.5	201	70	271	134	-	134	70
Imandra	1.3	8.1	173	87	260	173	272	445	(185)
Ramp Software	1.7	9.7	257	-	257	-	-	-	-
AVESI	5.5	50.0	179	41	220	179	58	237	(17)
Tem Energy	1.7	9.5	213	-	213	-	-	-	-
Mirada Medical	5.0	15.0	1,487	(1,279)	208	1,487	(1,300)	187	21
Regulatory Genome Development	0.7	4.9	114	-	114	114	-	114	-
Limitless Technology	1.8	11.0	471	(358)	113	471	(115)	356	(243)
Infact Systems (T/A Infact)	1.7	10.0	88	-	88	-	-	-	-
MHS 1	1.2	48.8	83	4	87	83	(15)	68	19
uMotif	3.6	20.2	1,109	(1,043)	66	1,109	(133)	976	(910)
Symetrica	0.2	4.5	63	(3)	60	55	(11)	44	8
Total fixed asset investments			53,895	41,903	95,798	41,836	37,439	79,275	4,914

* Albion Capital Group LLP

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

*** Quoted investment

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

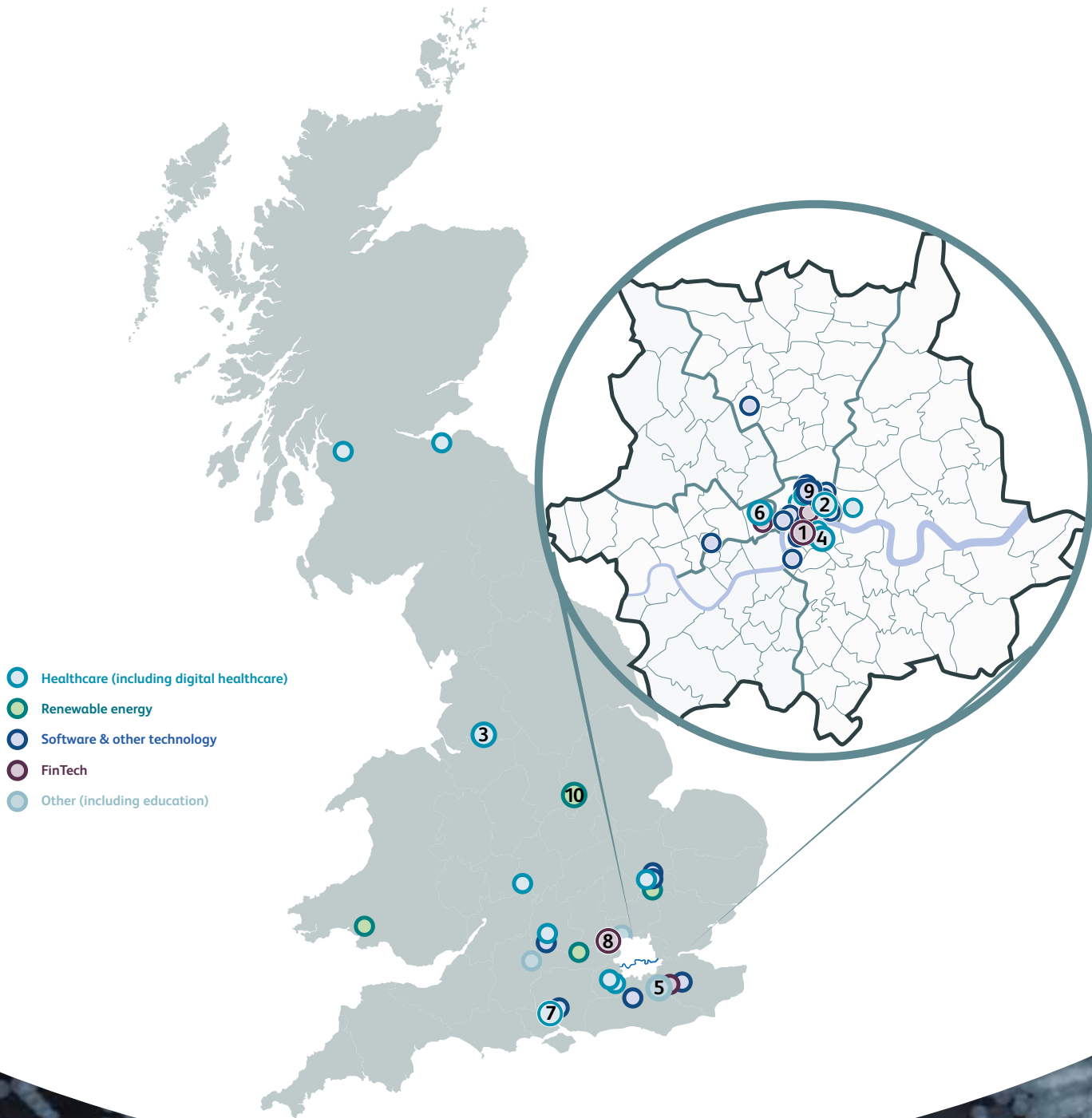
	Cost £'000	Opening carrying value* £'000	Disposal proceeds £'000	Total realised (loss)/gain £'000	Gain/(loss) on opening value £'000
Fixed asset investment realisations					
Disposals:					
Zift Channel Solutions	1,053	351	532	(521)	181
Arecor	190	580	401	210	(180)
memsstar	192	216	190	(2)	(26)
Oxsensis	1,151	810	30	(1,121)	(780)
Abcodia	987	4	5	(982)	1
Avora	430	10	-	(430)	(10)
Concirus	831	172	-	(831)	(247)
Forward Clinical (T/A Pando)	219	3	-	(219)	(3)
Sandcroft Avenue (T/A Hussle)	1,370	-	-	(1,370)	-
Loan stock repayments and other:					
Greenenerco	67	96	96	29	-
Alto Prodotto Wind	63	95	95	32	-
Escrow adjustments and other**	-	-	482	482	482
Total fixed asset realisations	6,553	2,337	1,831	(4,723)	(582)

*As adjusted for additions during the year

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

	£'000
Total change in value of investments for the year	4,914
Movement in loan stock accrued interest	(109)
Unrealised gains sub-total	4,805
Realised losses in the current year	(582)
Unwinding of discount on deferred consideration	312
Total gains on investments as per Income statement	4,535

PORTFOLIO COMPANIES



TOP TEN

1

Quantexa has developed an analytics platform which offers entity resolution, network analytics and automated decisioning at massive scale in real time. This capability is used to fight financial crime and reduce fraud. Quantexa now counts many of the world's largest banks, insurers and governments among its clients.

Audited results for year ended:			Investment information		£'000
	31 March 2021	31 March 2020			
	£'000	£'000			
Turnover	30,307	17,545	Income recognised in the year		-
LBITDA	(9,077)	(13,064)	Total cost		2,108
Loss before tax	(9,516)	(13,700)	Valuation		24,319
Net assets/(liabilities)	22,890	(3,495)	Voting rights		2.5%
			Voting rights for all Albion managed companies		11.3%
			Basis of valuation	Cost and price of recent investment (calibrated and reviewed for impairment)	

quantexa
www.quantexa.com

2

Egress Software Technologies has developed a secure communication platform that uses encryption and machine learning to secure content shared via email and other applications. Egress serves SMBs and small enterprise customers in the public sector, legal, healthcare, financial services and defence sectors.

Audited results for year ended:			Investment information		£'000
	31 Dec 2021	31 Dec 2020			
	£'000	£'000			
Turnover	21,890	17,336	Income recognised in the year		-
LBITDA	(8,106)	(6,809)	Total cost		3,365
Loss before tax	(8,612)	(7,056)	Valuation		12,757
Net liabilities	(8,537)	(1,956)	Voting rights		9.9%
			Voting rights for all Albion managed companies		24.7%
			Basis of valuation	Revenue multiple	

egress

www.egress.com

3

Proveca is a specialty pharmaceutical company focused on children's medicines. The company is addressing a significant need in developing drugs that are specifically formulated for children, taking advantage of a supportive regulatory regime and market protection throughout Europe. Its first product for chronic drooling was launched in 2017. It has a pipeline of drugs focused on neurology, immunology and cardiovascular that it expects to reach the market over the next three years.



www.proveca.com

Filteted audited results for the year ended:			Investment information		£'000
	31 July 2022	31 July 2021			
	£'000	£'000			
Income recognised in the year					-
Total cost					1,850
Valuation					6,724
Voting rights					9.6%
Voting rights for all Albion managed companies					49.9%
Basis of valuation					Revenue multiple
Net liabilities	(2,545)	(2,731)			

Oviva is the category leader in Europe for digital, reimbursed dietetic care. The company sells digital and technology-led services solutions for conditions such as diabetes and obesity. It consistently demonstrates best-in-class outcomes helping its clients save costs and improve patient well-being. It is active in the UK, Germany, France and Switzerland.

4

Audited results for year ended:			Investment information		£'000
	31 Dec 2021	31 Dec 2020			
	£'000	£'000			
Income recognised in the year					-
Total cost					2,601
Valuation					3,942
Voting rights					2.8%
Voting rights for all Albion managed companies					12.2%
Basis of valuation					Cost and price of recent investment (calibrated and reviewed for impairment)
Turnover	7,531	5,097			
LBITDA	(9,468)	(4,285)			
Net assets	61,700	14,661			



www.oviva.com

5

Radnor House School (TopCo) operates a co-educational independent school near Sevenoaks, Kent. The school is growing strongly with over 500 children on the roll and further capacity to expand. Significant further investment has been made into the school's facilities to enable it to deliver a personalised education experience to each student. The curriculum and co-curricular activities are designed to give each child a wide range of academic and other skills in a supportive and nurturing environment.



www.radnorhouse.org

Audited results for year ended:			Investment information		£'000
	31 Aug 2022	31 Aug 2021			
	£'000	£'000			
Income recognised in the year					169
Total cost					1,729
Valuation					3,856
Voting rights					9.4%
Voting rights for all Albion managed companies					48.3%
Basis of valuation					Third party valuation – Earnings multiple
Turnover	9,338	7,548			
EBITDA	1,368	623			
Loss before tax	(123)	(850)			
Net assets	12,238	12,205			

6

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



Fillested audited results for the year ended:			Investment information		£'000
	31 Dec 2021	31 Dec 2020			
	£'000	£'000			
Net liabilities	(978)	(3,354)	Income recognised in the year		263
			Total cost		1,477
			Valuation		3,254
			Voting rights		6.1%
			Voting rights for all Albion managed companies		33.0%
			Basis of valuation		Revenue multiple

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

7

Audited results for year ended:			Investment information		£'000
	31 Dec 2021	31 Dec 2020			
	£'000	£'000			
Turnover	10,843	5,485	Income recognised in the year		-
LBITDA	(5,498)	(1,863)	Total cost		2,500
Loss before tax	(5,625)	(2,012)	Valuation		3,022
Net assets/(liabilities)	50	(2,119)	Voting rights		4.0%
			Voting rights for all Albion managed companies		17.5%
			Basis of valuation		Price of recent investment



8

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



Fillested audited results for the year ended:			Investment information		£'000
	31 March 2021	31 March 2020			
	£'000	£'000			
Net assets	13,742	83	Income recognised in the year		-
			Total cost		1,360
			Valuation		2,170
			Voting rights		2.2%
			Voting rights for all Albion managed companies		11.5%
			Basis of valuation		Revenue multiple

9

Convertr Media is a customer acquisition platform which tracks advertising leads all the way to sale. It improves lead quality, accelerates sales and measures exact ROI all in real-time.



Audited results for year ended:			Investment information		£'000
	30 April 2021	30 April 2020			
	£'000	£'000			
Turnover	3,648	3,580	Income recognised in the year		-
LBITDA	(50)	(442)	Total cost		992
Loss before tax	(103)	(470)	Valuation		2,073
Net liabilities	(1,800)	(1,737)	Voting rights		6.2%
			Voting rights for all Albion managed companies		26.6%
			Basis of valuation	Revenue multiple	

Regenerco Renewable Energy provides small businesses and councils access to free rooftop solar installations providing them with a sustainable source of power.

10

Filleeted audited results for the year ended:			Investment information		£'000
	31 Dec 2021	31 Dec 2020			
	£'000	£'000			
Net liabilities	(645)	(512)	Income recognised in the year		131
			Total cost		1,261
			Valuation		1,899
			Voting rights		12.5%
			Voting rights for all Albion managed companies		50.0%
			Basis of valuation	Third party valuation – Discounted cash flow	

www.regenerco.com

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (“ESG”) REPORT

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

The United Nations Principles for Responsible Investment (“UN PRI”) is the world’s leading proponent of responsible investment, working to understand the investment implications of ESG factors and to support its international network of investor signatories in incorporating these factors into their investment and ownership decisions.

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

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

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

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

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

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

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

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

By its nature, not least in making qualifying investments which fulfil the criteria set by HMRC, the Company has focused on sustainable and longer-term investment propositions, some of which will grow and serve important societal demands. One of the most important drivers of performance is the quality of the investment portfolio, which goes beyond the individual valuations and examines the prospects of

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

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

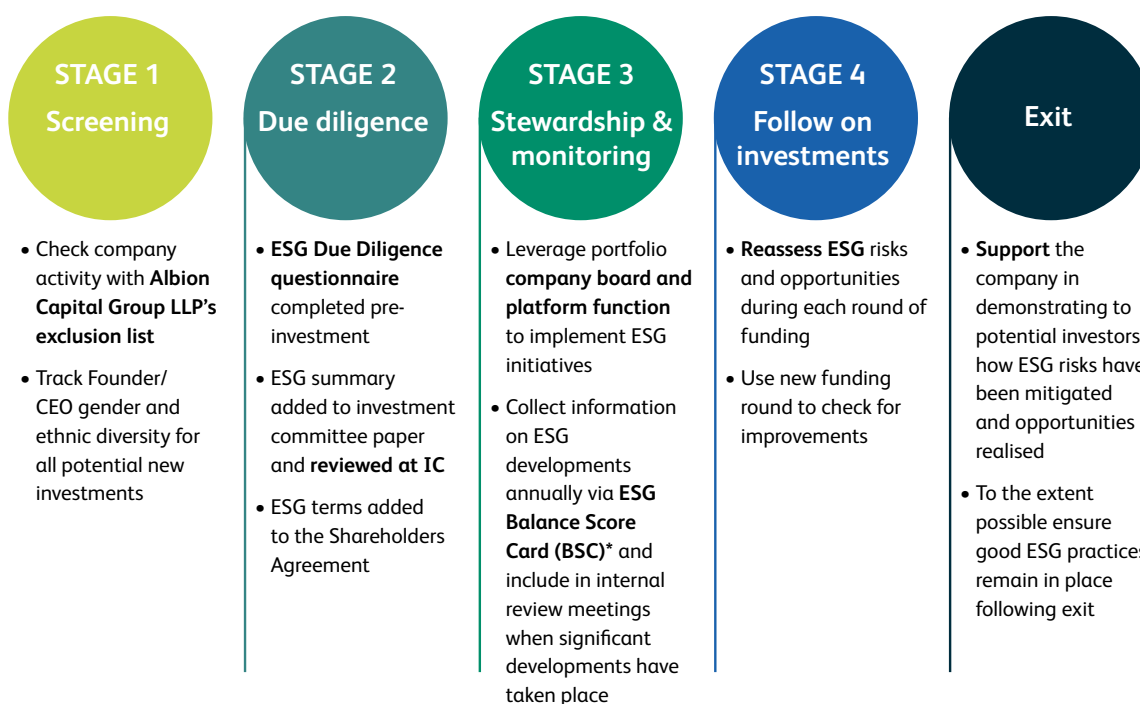
Given the nature of venture capital investment, Albion is more intimately involved in the affairs of portfolio companies than typical funds invested in listed securities. As such, Albion is able to influence good governance and behaviour in portfolio companies, many of which are relatively small without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

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

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

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

Albion integrates ESG through all aspects of the investment process:



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

PRE-INVESTMENT STAGE

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

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

INVESTMENT STAGE

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

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

EXIT STAGE

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

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

The Manager’s ESG initiatives

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

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

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

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

Overview of Albion’s ESG activity:

ENVIRONMENTAL

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

SOCIAL

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

GOVERNANCE

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

Signatories

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

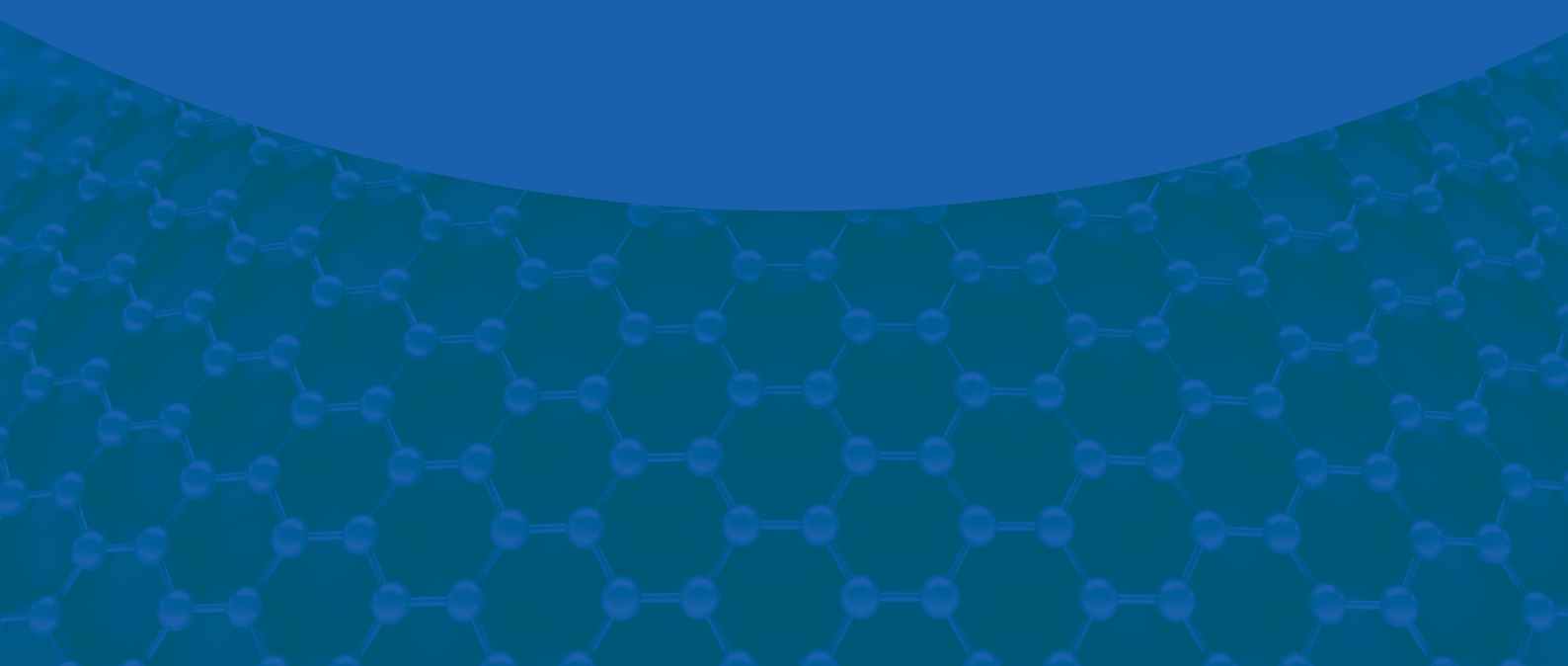
Albion is a member of VentureESG steering committee, a venture capital-based non-profit initiative to push the industry on ESG best practices. The current group consists of 300 venture funds and 90 limited partners

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

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



Governance



THE BOARD OF DIRECTORS

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

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

Christopher Burrows, MA, (appointed 27 June 2018) gained 35 years experience in international leadership consulting, executive search and assessment. Having graduated in Anthropology from the University of Cambridge, he started his consulting career with Whitehead Mann and subsequently became the youngest partner at Goddard Kay Rogers. He retired from Russell Reynolds Associates in 2018, having been a managing director for the last 13 years of his executive career there. His principal focus was advising clients & investors on board appointments and organisation strategy across biotechnology, medtech, diagnostics, healthcare services, pharmaceuticals and digital technologies.

Philippa Latham, MA, MBA, ACIS, FCMA (appointed 1 September 2021) started her career in corporate finance in the City and has experience in industry as a corporate analyst. She was a non-executive director from 2005 to 2015 at James Latham PLC, an AIM listed company, where she served as the chair of the Audit Committee for seven years. She currently holds three non-executive director roles, one of which is Lucy Group Limited where she is chair of the Audit Committee.

Patrick Reeve, MA, FCA, (appointed 7 November 2006) was formerly the managing partner of Albion Capital and became chairman in 2019. He is also a director of Albion Technology & General VCT and Albion Development VCT. Patrick is on Albion's Valuation Committee and its Risk Management Committee. He is also a director of the Association of

Investment Companies. Patrick joined Close Brothers Group plc in 1989 before establishing Albion Capital Group LLP (originally Close Ventures Ltd) in 1996. Prior to Close he qualified as a chartered accountant before joining Cazenove & Co. Patrick has an MA in Modern Languages from Oxford University and a BA in Sanskrit from SOAS. Patrick, although considered non-independent for governance purposes, contributes both direct investment experience and a wider perspective in the venture capital markets.

Rhodri Whitlock (Chairman of the Audit & Risk Committee) (appointed 19 January 2021) is a chartered accountant and has over 25 years' experience as a partner providing a range of assurance services and advice to listed and private companies. During that time Rhodri worked closely with the non-executive boards of a significant number of investment and infrastructure funds and also gained considerable experience of high growth businesses and sectors including MedTech, FinTech, software as a service, healthcare and e-commerce. More recently Rhodri worked with the independent regulator, the Financial Reporting Council and now runs his own consultancy business, HPL Associates Limited and AQRA Limited. He is also a member of the ICAEW's Audit and Assurance Board.

All Directors, except for Patrick Reeve, are members of the Audit and Risk Committee and Rhodri Whitlock is Chairman.

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

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

Christopher Burrows is the Senior Independent Director.

THE MANAGER

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

The following are specifically responsible for the management and administration of the Venture Capital Trusts managed by Albion Capital Group LLP:



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



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



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



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

The Manager



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



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



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



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



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



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



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



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



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



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



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



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



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



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



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



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

DIRECTORS' REPORT

The Directors submit their Annual Report and the audited Financial Statements on the affairs of Albion Enterprise VCT PLC ("the Company") for the year ended 31 March 2023. The Statement of corporate governance on pages 52 to 58 forms a part of the Directors' report.

BUSINESS REVIEW

Principal activity and status

The principal activity of the Company is that of a Venture Capital Trust. It has been approved by H.M. Revenue & Customs ("HMRC") as a Venture Capital Trust in accordance with Part 6 of the Income Tax Act 2007 and in the opinion of the Directors, the Company has conducted its affairs so as to enable it to continue to obtain such approval. In order to maintain its status under Venture Capital Trust legislation, a VCT must comply on a continuing basis with the provisions of Section 274 of the Income Tax Act 2007 and further details of this can be found on page 46 of this Directors' report. As with previous years, formal approval for the year ended 31 March 2023 is subject to review should there be any subsequent enquiry under corporation tax self-assessment.

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

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

Capital structure

Details of the issued share capital, together with details of the movements in the Company's issued share capital during the year are shown in note 15.

The Company's share capital comprises Ordinary shares. The Ordinary shares are designed for individuals who are professionally advised private investors seeking, over the long term, investment exposure to a diversified portfolio of unquoted investments. The

investments are spread over a number of sectors, to produce a regular source of income, combined with the prospect of longer term capital growth.

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

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

Issue and buy-back of Ordinary shares

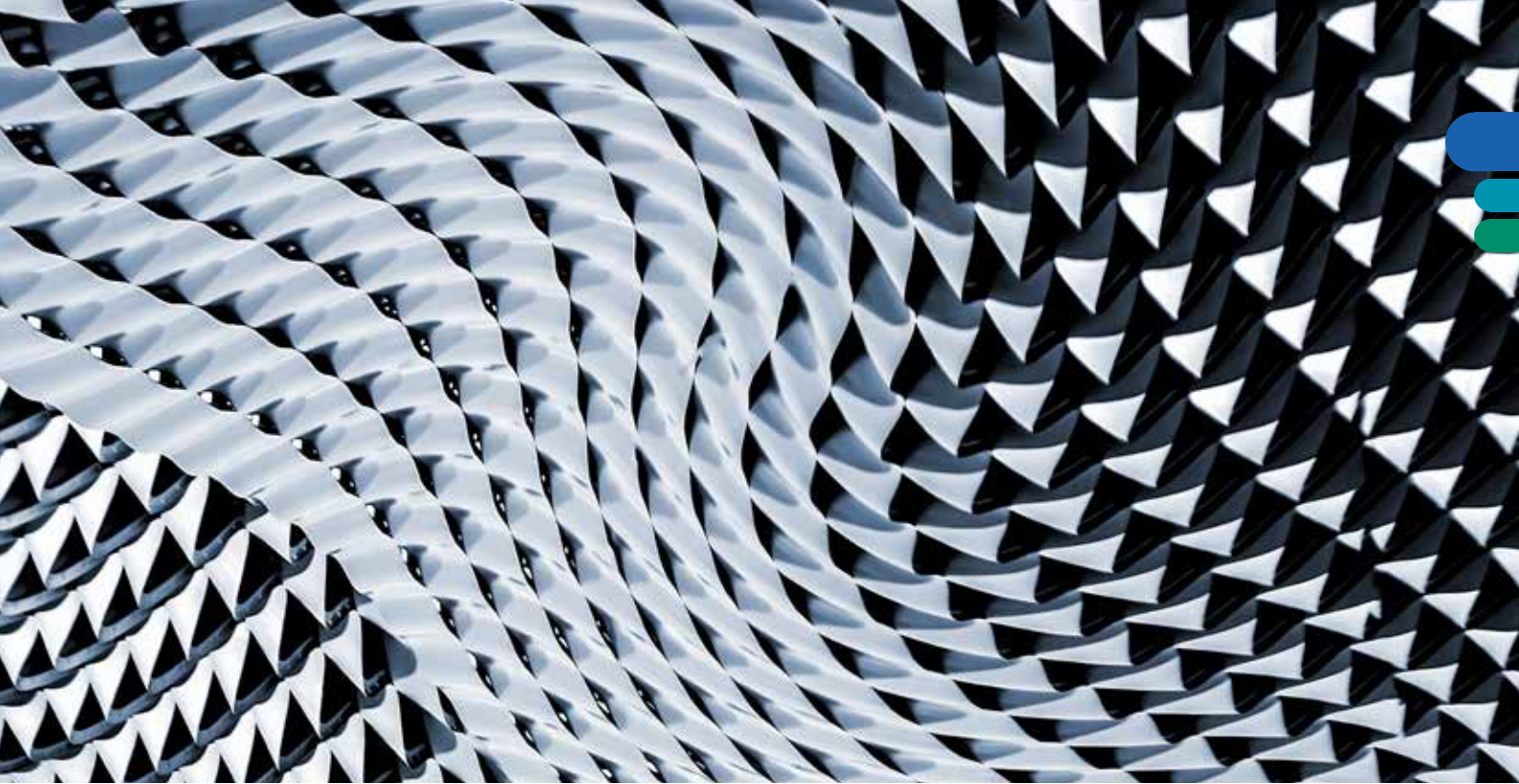
During the year the Company issued a total of 13,723,611 Ordinary shares (2022: 16,479,705 Ordinary shares), of which 12,909,017 Ordinary shares (2022: 15,913,556 Ordinary shares) were issued under the Albion VCTs Top Up Offers; and 814,594 Ordinary shares (2022: 566,149 Ordinary shares) were issued under the Dividend Reinvestment Scheme. Further information on the share capital is detailed in note 15.

Your Board, in conjunction with the boards of the five other VCTs managed by Albion Capital Group LLP, launched a prospectus Top Up Offer of new Ordinary shares on 10 October 2022 and announced on 5 January 2023 that it would exercise its over-allotment facility, bringing the total amount to be raised to £16.5 million. On 17 March 2023 the offers were fully subscribed and closed to further applications.

The Company operates a policy of buying back shares either for cancellation or for holding in treasury. Details regarding the current buy-back policy can be found on page 12 of the Chairman's statement and details of share buybacks during the year can be found in note 15.

Substantial interests and shareholder profile

As at 31 March 2023 and at the date of this Report, the Company was not aware of any shareholder who had a beneficial interest exceeding 3% of voting rights. There have been no disclosures in accordance with



Disclosure Guidance and Transparency Rule 5 made to the Company during the year ended 31 March 2023, and up to the date of this Report.

Results and dividends

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

Future developments of the business

Details on the future developments of the business can be found on page 13 of the Chairman's statement and on pages 15 to 16 of the Strategic report.

Going concern

In accordance with the Guidance on Risk Management, Internal Control and Related Financial and Business Reporting issued by the Financial Reporting Council ("FRC") in 2014, and the subsequent updated Going concern, risk and viability guidance issued by the FRC due to Covid-19 in 2020, the Board has assessed the Company's operation as a going concern. The Company has sufficient cash and liquid resources, its portfolio of investments is well diversified in terms of sector, and the major cash outflows of the Company (namely investments, buy-backs and dividends) are within the Company's control. Cash flow forecasts are discussed quarterly at Board level with regards to going concern. The cash flow forecasts have been updated and stress tested, which included assessing the resilience of

portfolio companies, incorporating the requirement for any future financial support, including proceeds from investment disposals only when there is a high probability of completion, and evaluating the impact of high inflation, both within the Company and within its portfolio. Accordingly, after making diligent enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence over a period of at least twelve months from the date of approval of the Financial Statements. For this reason, the Directors have adopted the going concern basis in preparing the accounts. The Directors do not consider there to be any material uncertainty over going concern.

The Company's policies for managing its capital and financial risks are shown in note 17 and includes the Board's assessment of areas including liquidity risk, credit risk and price risk. The Company's business activities, together with details of its performance are shown in the Strategic report and this Directors' report.

Post balance sheet events

Details of events that have occurred since 31 March 2023 are shown in note 19.

Principal risks and uncertainties

A summary of the principal risks faced by the Company is set out on pages 22 to 26 of the Strategic report.

VCT regulation

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

1	The Company's income must be derived wholly or mainly from shares and securities;
2	At least 80% of the HMRC value of its investments must have been represented throughout the year by shares or securities that are classified as 'qualifying holdings';
3	At least 70% by HMRC value of its total qualifying holdings must have been represented throughout the year by holdings of 'eligible shares'. Investments made before 6 April 2018 from funds raised before 6 April 2011 are excluded from this requirement;
4	At least 30% of funds raised in accounting periods beginning on or after 6 April 2018 must be invested in qualifying holdings by the anniversary of the end of the accounting period in which the funds were raised;
5	At the time of investment, or addition to an investment, the Company's holdings in any one company (other than another VCT) must not have exceeded 15% by HMRC value of its investments;
6	The Company must not have retained greater than 15% of its income earned in the year from shares and securities;
7	The Company's shares, throughout the year, must have been listed on a regulated market;
8	An investment in any company must not cause that company to receive more than £5 million in State aid risk finance in the 12 months up to the date of the investment, nor more than £12 million in total (the limits are £10 million and £20 million respectively for a 'knowledge intensive' company);
9	The Company must not invest in a company whose trade is more than seven years old (ten years for a 'knowledge intensive' company) unless the company previously received State aid risk finance in its first seven years, or the company is entering a new market and a turnover test is satisfied;
10	The Company's investment in another company must not be used to acquire another business, or shares in another company; and
11	The Company may only make qualifying investments or certain non-qualifying investments permitted by Section 274 of the Income Tax Act 2007.

These tests drive a spread of investment risk through preventing holdings of more than 15% by HMRC value in any portfolio company. The tests have been carried out and independently reviewed for the year ended 31 March 2023. The Company has complied with all tests and continues to do so.

'Qualifying holdings' include shares or securities (including unsecured loans with a five year or greater maturity period) in companies which have a permanent establishment in the UK and operate a 'qualifying trade' wholly or mainly in the United Kingdom. The investment must bear a sufficient level of risk to meet a risk-to-capital condition. Eligible shares must comprise at least 10% by HMRC value of the total of the shares and securities that the Company holds in any one portfolio company. 'Qualifying trade' excludes, amongst other sectors, dealing in property or shares and securities, insurance, banking and agriculture. Details

of the sectors in which the Company is invested can be found in the pie chart on page 14.

A 'knowledge intensive' company is one which is carrying out significant amounts of R&D from which the greater part of its business will be derived, or where those R&D activities are being carried out by staff with certain higher educational attainments.

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

On 31 March 2023, the HMRC value of qualifying investments (which includes a 12 month disregard for disposals) was 95.81% (2022: 100.00%). The Board continues to monitor this and all the VCT qualification requirements very carefully in order to ensure that all requirements are met and that qualifying investments comfortably exceed the current minimum threshold,

which is 80% required for the Company to continue to benefit from VCT tax status. The Board and Manager are confident that the qualifying requirements can be met during the course of the year ahead.

Environment

The management and administration of the Company is undertaken by the Manager. Albion Capital Group LLP recognises the importance of its environmental responsibilities, monitors its impact on the environment, and designs and implements policies to reduce any damage that might be caused by its activities. Initiatives designed to minimise the Company's impact on the environment include recycling, favouring digital over printing and reducing energy consumption. Further details can be found in the Environmental, Social, and Governance ("ESG") section on page 35.

Global greenhouse gas emissions

The Company qualifies as a low energy user with regards to greenhouse gas emissions, producing less than 40,000kWh of energy, and therefore is not required to report emissions from the operations of the Company, nor does it have responsibility for any other emissions producing sources under the Companies Act 2006 (Strategic report and Directors' reports) Regulations 2013, including those within our underlying investment portfolio. Therefore, the Company is outside of the scope of Streamlined Energy Carbon Reporting.

Anti-bribery

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

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

Anti-facilitation of tax evasion

The Company has a zero tolerance approach with regards to the facilitation of criminal tax evasion and has a robust risk assessment procedure in place to ensure compliance. The Board reviews this policy and the prevention procedures in place for all associates on a regular basis.

Diversity

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

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

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

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

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

	Number of Board members	Percentage of the Board
Gender Identity		
Men	4	80%
Women	1	20%
Not specified/prefer not to say	-	-
Ethnic Background		
White British or other White (including minority-white groups)	5	100%
Mixed/Multiple Ethnic Groups	-	-
Asian/Asian British	-	-
Black/African/Caribbean/Black British	-	-
Other ethnic group, including Arab	-	-
Not specified/prefer not to say	-	-

The Board notes that they did not meet any of the three targets. Due to the small size of the Board, any change in the board membership will have a much greater impact on representation. Therefore on future succession and recruitment of members of the Board, the diversity in gender identity and ethnic background will be thoroughly considered.

More details on the Directors can be found in the Board of Directors section on page 40.

Packaged Retail and Insurance-based Investment Products ("PRIIPs")

Investors should be aware that the PRIIPs Regulation requires the Manager, as PRIIP manufacturer, to prepare a Key Information Document ("KID") in respect of the Company. This KID must be made available by the Manager to retail investors prior to them making any investment decision and is available on the Company's webpage on the Manager's website. The Company is not responsible for the information contained in the KID and investors should note that the procedures for determining the risks, costs and potential returns are prescribed by the law.

Alternative Investment Fund Managers Directive ("AIFMD")

Under the Alternative Investment Fund Manager Regulations 2013 (as amended) the Company is a UK AIF and the Manager is a full scope UK AIFM. Ocorian Depository (UK) Limited provides depository services under the AIFMD.

Material changes to information required to be made available to investors of the Company

The AIFMD outlines the required information which has to be made available to investors prior to investing in an AIF and directs that material changes to this information be disclosed in the Annual Report of the AIF. There were no material changes in the year.

Assets of the Company subject to special arrangements arising from their illiquid nature

There are no assets of the Company which are subject to special arrangements arising from their illiquid nature.

Remuneration (unaudited)

The Manager has a remuneration policy which meets the requirements of the AIFMD Remuneration Code and associated Financial Conduct Authority guidance. The remuneration policy together with the

remuneration disclosures for the AIFM's most recent reporting period are available on the Company's webpage on the Manager's website.

Employees

The Company is managed by Albion Capital Group LLP and hence has no employees. The Board consists solely of non-executive Directors, who are considered key management personnel.

Directors

The Directors who held office throughout the year, and their interests in the shares of the Company (together with those of their immediate family) are shown in the Directors' remuneration report on page 61.

All Directors, except for Patrick Reeve, are members of the Audit and Risk Committee, of which Rhodri Whitlock is Chairman.

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

Directors' indemnity

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

Re-election of Directors

Directors' re-election is subject to the Articles of Association and the UK Corporate Governance Code. The AIC Code recommends that all Directors submit themselves for re-election annually, therefore in accordance with the AIC Code, Maxwell Packe, Christopher Burrows, Philippa Latham, Patrick Reeve and Rhodri Whitlock will offer themselves for re-election.

Advising ordinary retail investors

The Company currently conducts its affairs so that its shares can be recommended by financial intermediaries to ordinary retail investors in accordance with the FCA's rules in relation to non-mainstream investment products and intends to continue to do so for the foreseeable future. The FCA's restrictions which apply

to non-mainstream investment products do not apply to the Company's shares because they are shares in a Venture Capital Trust which, for the purposes of the rules relating to non-mainstream investment products, are excluded securities and may be promoted to ordinary retail investors without restriction.

Investment and co-investment

The Company co-invests with other Albion Capital Group LLP managed VCTs. Allocation of investments is on the

basis of an allocation agreement which is based, inter alia, on the ratio of cash available for investment in each of the entities and the HMRC VCT qualifying tests.

Auditor

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

Annual General Meeting

The Company's Annual General Meeting ("AGM") will be held virtually at noon on 30 August 2023 via the Lumi platform. Information on how to participate in the live webcast can be found on the Manager's website at www.albion.capital/vct-hub/agms-events.

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

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

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

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

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

Full details of the business to be conducted at the AGM are given in the Notice of the Meeting on pages 90 to 91.

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

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

Resolutions number 11 to 13 replace the authorities given to the Directors at the Annual General Meeting in 2022. The authorities sought at the forthcoming Annual General Meeting will expire 15 months from the date that the resolution is passed or at the conclusion of the next Annual General Meeting of the Company, whichever is earlier.

Annual General Meeting (continued)

Authority to allot shares

Ordinary resolution number 11 will request the authority for the Directors to allot up to an aggregate nominal amount of £231,703 representing approximately 20% of the issued Ordinary share capital of the Company as at the date of this report.

The Directors current intention is to allot shares under any Albion VCTs Share Offers and the Dividend Reinvestment Scheme. The Company currently holds 14,558,366 Ordinary shares in treasury representing 12.6% of the total Ordinary share capital in issue as at 31 March 2023.

During the year, Ordinary shares were allotted under the terms of the Dividend Reinvestment Scheme and the Albion VCTs Share Offers as described in note 15.

Disapplication of pre-emption rights

Special resolution number 12 will request the authority for the Directors to allot equity securities for cash without first being required to offer such securities to existing members. This will include the sale on a non pre-emptive basis of any shares the Company holds in treasury for cash. The authority relates to a maximum aggregate of £231,703 of the nominal value of the share capital representing approximately 20% of the issued Ordinary share capital of the Company as at the date of this report.

Purchase of own shares

Special resolution number 13 proposes to renew the existing power of the Company to purchase its own shares up to a maximum number of 17,366,108 shares representing 15.04% of the total number of shares currently in issue at or between the minimum and maximum prices specified in resolution number 13.

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

During the financial year under review, the Company purchased 2,362,798 Ordinary shares which were held in treasury at an aggregate consideration of £2,879,000 representing 2.0% of called-up share capital. Further information is shown in note 15.

Recommendation

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

Disclosure of information to Auditor

In the case of the persons who are Directors of the Company at the date of approval of this report:

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

This disclosure is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

By Order of the Board

Albion Capital Group LLP

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

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the Directors to prepare Financial Statements for each financial year. Under that law the Directors have elected to prepare the Company's Financial Statements in accordance with United Kingdom Generally Accepted Accounting Practice ("UK GAAP") (United Kingdom Accounting Standards and applicable law). Under company law the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss for the Company for that period.

In preparing these Financial Statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with UK GAAP subject to any material departures disclosed and explained in the Financial Statements;
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business; and
- prepare a Directors' report, a Strategic report and Directors' remuneration report which comply with the requirements of the Companies Act 2006.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the Financial Statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for ensuring that the Annual Report and Financial Statements, taken as

a whole, are fair, balanced, and understandable and provide the information necessary for shareholders to assess the Company's position, performance, business model and strategy.

Website publication

The Directors are responsible for ensuring the Annual Report and Financial Statements are made available on a website. Financial Statements are published on the Company's webpage on the Manager's website (www.albion.capital/funds/AAEV) in accordance with legislation in the United Kingdom governing the preparation and dissemination of Financial Statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Manager's website is, so far as it relates to the Company, the responsibility of the Manager.

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

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

The Directors confirm to the best of their knowledge:

- The Financial Statements which have been prepared in accordance with UK GAAP and give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company.
- The Annual Report includes a fair review of the development and performance of the business and the financial position of the Company, together with a description of the principal risks and uncertainties that it faces.

For and on behalf of the Board

Maxwell Packe

Chairman

5 July 2023

STATEMENT OF CORPORATE GOVERNANCE

Background

The Financial Conduct Authority requires all companies listed on a regulated market to disclose how they have applied the principles and complied with the provisions of the UK Corporate Governance Code (the “Code”) issued by the Financial Reporting Council (“FRC”) in 2018.

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

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

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

Board of Directors

The Board consists solely of non-executive Directors. Maxwell Packe is the Chairman, Christopher Burrows is the Senior Independent Director, and Rhodri Whitlock is the chairman of the Audit and Risk Committee. All Directors are non-executive and day-to-day management responsibilities are sub-contracted to the Manager.

Maxwell Packe, Christopher Burrows, Philippa Latham and Rhodri Whitlock are considered independent Directors. Patrick Reeve is not an independent Director as he is chairman of Albion Capital Group LLP, the Manager.

The Board does not have a policy of limiting the tenure of any Director as the Board does not consider that a Director’s length of service reduces their ability to act independently of the Manager. As such, Maxwell Packe who has been a Director of the Company for more than nine years, is still considered to be an independent and objective Director and the Board continues to benefit from his experience of the Company.

The AIC Code requires that all Directors submit themselves for re-election annually, therefore in accordance with the AIC Code, Maxwell Packe, Christopher Burrows, Philippa Latham, Patrick Reeve and Rhodri Whitlock will offer themselves for re-election.

The Directors have a range of business and financial skills, including serving on the boards of other companies, which are relevant to the Company; these are described in the Board of Directors section on page 40. All of the Directors have demonstrated that they have sufficient time, skill and experience to acquit their Board responsibilities and to work together effectively. Directors are provided with key information on the Company’s activities, including regulatory and statutory requirements, and internal controls, by the Manager. The Board has access to secretarial advice and compliance services by the Manager, who is responsible for ensuring that Board procedures are followed and applicable procedures complied with. All Directors are able to take independent professional advice in furtherance of their duties if necessary. The Company has in place Directors’ & Officers’ Liability Insurance.

The Directors have considered diversity in relation to the composition of the Board and have concluded that its membership is diverse in relation to experience and balance of skills. Further details on the recruitment of new directors can be found in the Nomination Committee section on pages 56 to 57.

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

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

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

- the appointment, evaluation, remuneration and removal of the Manager;
- the consideration and approval of future developments or changes to the investment policy, including risk and asset allocation;
- consideration of corporate strategy and corporate events that arise;
- application of the principles of the AIC Code, corporate governance and internal control;
- review of sub-committee recommendations, including the recommendation to shareholders for the appointment and remuneration of the Auditor;
- approving the Annual Report and Financial Statements, the Half-yearly Financial Report, the Interim Management Statements (which the Company will continue to publish), net asset value updates (where required), and the associated announcements;

- approval of the dividend policy and payments of appropriate dividends to shareholders;
- the performance of the Company, including monitoring of the discount of share price to the net asset value;
- share buy-back and treasury share policies;
- participation in dividend re-investment schemes and Top Up Offers; and
- monitoring shareholder profile and considering shareholder communications.

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

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

Committees' and Directors' performance evaluation

Performance of the Board and the Directors is assessed on the following:

- attendance at Board and Committee meetings;
- the contribution made by individual Directors at, and outside of, Board and Committee meetings; and
- completion of a detailed internal assessment process and annual performance evaluation conducted by the Chairman. The Senior Independent Director reviews the Chairman's annual performance evaluation.

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

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

Statement of corporate governance

In light of the performance of the individual Directors and the structured performance evaluation, Maxwell Packe, Christopher Burrows, Philippa Latham, Patrick Reeve and Rhodri Whitlock, are considered to be effective Directors who demonstrate strong commitment to the role. The Board believes it to be in the best interest of the Company to re-appoint these Directors at the forthcoming Annual General Meeting and has nominated them for re-election accordingly. For more details on the specific background, skills and experience of each Director, please see the Board of Directors section on page 40.

Remuneration Committee

The Remuneration Committee consists of all Directors except Patrick Reeve and Christopher Burrows is the Chairman. The Committee meets annually to review both Directors' responsibilities and salaries against the market. The Committee held one formal meeting during the year, which was fully attended by all the members of the Committee at the time the meeting was held.

All Directors, with the exception of Patrick Reeve, sit on the Remuneration Committee as their balance of skills and knowledge are relevant to the Committee's responsibilities. The terms of reference for the Remuneration Committee can be found on the Company's webpage on the Manager's website at www.albion.capital/funds/AAEV under the "Corporate Governance" section.

Audit and Risk Committee

The Audit and Risk Committee consists of all Directors except Patrick Reeve, with Rhodri Whitlock as Chairman. In accordance with the AIC Code, members of the Audit and Risk Committee have recent and relevant financial experience, as well as experience relevant to the sector. Given the size of the Board and the complexity of the business, Maxwell Packe is both Chairman of the Board and a member of the Audit and Risk Committee as his background, skills and experience are relevant for the Committee's responsibilities. The Committee met twice during the year ended 31 March 2023; all members attended.

The independent Auditor, BDO LLP, attended the Audit and Risk Committee meeting at which the Annual Report and Financial Statements for the year ended 31

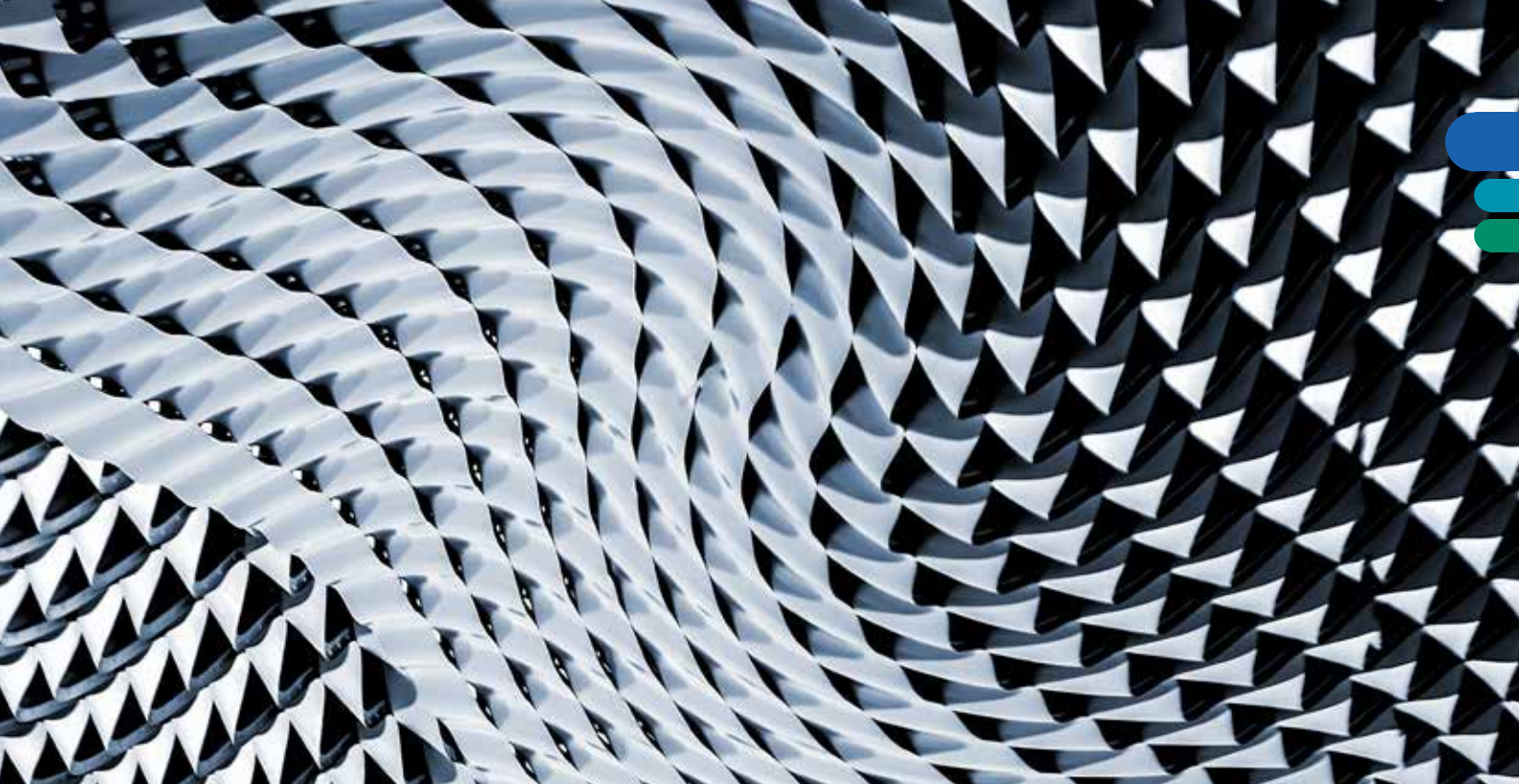
March 2023 were discussed. BDO LLP also met with the Audit and Risk Committee prior to the meeting without the presence of the Manager.

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

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

- formally reviewing the Annual Report and Financial Statements and the Half-yearly Financial Report, with particular focus on the main areas requiring judgement and on critical accounting policies;
- reviewing the effectiveness of the internal controls system and examination of the Internal Controls Report produced by the Manager;
- meeting with the external Auditor, reviewing their findings, and evaluating their performance;
- reviewing the performance of the Manager and making recommendations regarding their re-appointment to the Board;
- highlighting specific issues relating to the Financial Statements including the reasonableness of valuations produced by the Manager, compliance with accounting standards and UK law, corporate governance and listing and disclosure rules as well as going concern and viability statements. These issues were addressed through detailed review, discussion and challenge by the Board of the matters, as well as by reference to underlying technical information to back-up the discussions. Taking into account risk factors that impact on the Company both as reflected in the annual accounts and in a detailed risk matrix, both of which are reviewed periodically in detail, including in the context of emerging risks;
- advising the Board on whether the Annual Report and Financial Statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position, performance, business model and strategy; and
- reporting to the Board on how it has discharged its responsibilities.

The Board, and particularly the Audit and Risk Committee, monitors closely developments in the



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

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

Financial Statements

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

Auditor with the approval of the audit strategy and at the completion of the audit of the Financial Statements. No conflicts arose between the Audit and Risk Committee and the external Auditor in respect of their work during the year.

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

The valuation of the Company's investments

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

Revenue recognition

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

Following detailed reviews of the Annual Report and Financial Statements and consideration of the key areas of risk identified, the Directors have concluded that, as a whole, the Annual Report and Financial Statements are fair, balanced and understandable

and that they provide the information necessary for shareholders to assess the Company's position, performance, business model and strategy.

Relationship with the external Auditor

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

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

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

In order to form a view of the effectiveness of the external audit process, the Audit and Risk Committee took into account information from the Manager regarding the audit process, the formal documentation issued to the Audit and Risk Committee and the Board by the external Auditor regarding the external audit for the year ended 31 March 2023, and assessments made by individual Directors, using their experiences elsewhere as required.

The Audit and Risk Committee also has an annual meeting with the external Auditor, without the Manager present, at which pertinent questions are asked to help the Audit and Risk Committee determine if the Auditor's skills and approach to the annual audit and issues that arise during the course of the audit match all the relevant and appropriate criteria for the audit to have been an effective and objective review of the Company's year-end reporting.

The core legislation mandates that the maximum period for which a firm can be appointed auditor of a public interest entity is 10 years. Member states can

choose to make this period shorter, or they can choose to allow extensions: to 20 years if a competitive tender is held at the 10 year point, or to 24 years in the case of a joint audit appointment. Transition arrangements vary depending on the length of time auditors have been incumbent.

In 2017, the Audit and Risk Committee undertook a tendering exercise for the provision of audit services. As a result of this process, BDO LLP was retained as Auditor. BDO LLP first acted as Auditor for the year ended 31 March 2008 and this will be year 16 of their tenure. This year is the third year that Peter Smith has acted as audit engagement partner and rotation will take place before the year ended 31 March 2026.

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

Nomination Committee

The Nomination Committee consists of all Directors, apart from Patrick Reeve, with Maxwell Packe as Chairman. All Directors sit on the Nomination Committee as their balance of skills and knowledge are relevant to the Committee's responsibilities. The terms of reference of the Nomination Committee are to evaluate the balance of skills, experience and time commitment of the current Board members and make recommendations to the Board as and when a particular appointment arises.

The Board's policy on the recruitment of new Directors is to attract a range of backgrounds, skills and experience and to ensure that appointments are made on the grounds of merit against clear and objective criteria and bear in mind gender and other diversity within the Board. The Board is also mindful of the importance of creating good working relationships within the Board and with external agents. The Nomination Committee reviews succession planning regularly which includes considering tenure of existing Board members and any potential skills gaps that might need to be addressed when board membership changes.

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

Terms of reference for the Nomination Committee can be found on the Company's webpage on the Manager's website at www.albion.capital/funds/AAEV under the "Corporate Governance" section. The terms and conditions of Directors' appointment are available for inspection at the Annual General Meeting.

Internal control

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

The Board, assisted by the Audit and Risk Committee, monitors all controls, including financial, operational and compliance controls, and risk management. The Audit and Risk Committee receives each year from the Manager a formal report, which details the steps taken to monitor the areas of risk, including those that are not directly the responsibility of the Manager, and which reports the details of any known internal control failures. Steps 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 Audit and Risk Committee's attention.

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

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

- segregation of duties between the preparation of valuations and recording into accounting records;
- reviews of valuations are carried out by Albion's Valuation Committee (who are independent of the investment team) and reviews of financial reports are carried out by the operations partner of the Manager, Albion Capital Group LLP;
- independent third party valuations of the majority of the asset-based investments within the portfolio are undertaken annually;
- bank reconciliations are carried out monthly by the Manager;
- all published financial reports are reviewed by the Manager's compliance department;
- the Board reviews financial information; and
- a separate Audit and Risk Committee of the Company reviews financial information (including valuations) to be published.

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

In addition to this, Ocorian Depositary (UK) Limited, the Company's external Depositary, provides cash monitoring, asset verification, and oversight services to the Company and reports to the Board on a quarterly basis. The Board and the Audit and Risk Committee will continue to monitor its system of internal control in order to provide assurance that it operates as intended.

Conflicts of interest

Directors review the disclosure of conflicts of interest quarterly, with any changes reviewed and noted at the beginning of each Board meeting. A Director who has conflicts of interest refers to an independent Director to authorise and acknowledge those conflicts. Procedures

Statement of corporate governance

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

Capital structure and Articles of Association

Details regarding the Company's capital structure, substantial interests and powers to buy and issue shares are detailed in full on pages 44 and 50 of the Directors' report. The Company is not party to any significant agreements that may take effect, alter or terminate upon a change of control of the Company following a takeover bid.

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

Relationships with shareholders and other stakeholders

The Company's Annual General Meeting is on 30 August 2023. The Annual General Meeting typically includes a presentation from the Manager on the portfolio and on the Company as well as answering questions that shareholders may have. The AGM will be held virtually.

Shareholders are also invited to attend the annual Shareholders' Seminar. Representatives of the Board usually attend the seminar. The Board considers this an important interactive event and invites shareholders to attend this year's event scheduled for 15 November 2023 at the Royal College of Surgeons. Further information will be available nearer the time.

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

The Company's share buy-back programme operates in the market through brokers. In order to sell shares,

as they are quoted on the London Stock Exchange, investors should approach their broker to undertake the sale. Banks may be able to assist shareholders with a referral to a broker within their banking group. More information on share buy-backs can be found in the Chairman's statement on page 12.

Statement of compliance

The Directors consider that the Company has complied throughout the year ended 31 March 2023 with all the relevant provisions set out in the AIC Code issued in 2019. By reporting against the AIC Code, the Board are meeting their obligations in relation to the 2018 UK Corporate Governance Code (and associated disclosure requirements under paragraph 9.8.6 of the Listing Rules). The Directors also consider that they are complying with their statutory responsibilities and other regulatory provisions which have a bearing on the Company.

For and on behalf of the Board

Maxwell Packe

Chairman
5 July 2023

DIRECTORS' REMUNERATION REPORT

Introduction

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

An ordinary resolution will be proposed at the Annual General Meeting of the Company to be held on 30 August 2023 for the approval of the Directors' Remuneration Policy and the Annual Directors' Remuneration Report as set out below.

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

Annual statement from the Chairman of the Remuneration Committee

The Remuneration Committee comprises all Directors, except Patrick Reeve, with Christopher Burrows as Chairman.

The Remuneration Committee met once during the year and once after the year end to review Directors' responsibilities and fees against the market and concluded that the current level of remuneration, which was last increased in April 2022, should be increased to remain competitive and reflective of the workload and responsibilities required from the Directors. The Committee agreed to raise the fee for the Chairman to £31,000 from £27,500, the Chairman of the Audit and Risk Committee to £29,000 from £25,500 and all other Directors to £26,000 from £23,500, save for Patrick Reeve who agreed to waive his fees. The change in remuneration took place from 1 April 2023, and is in line with the remuneration policy detailed below. It is

expected that, having rebased the remuneration in this way to be in line with the market, it will be reviewed every three years thereafter, at the same time as considering and approving the Company's remuneration policy.

Directors' remuneration policy

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

The maximum level of non-executive Directors' remuneration is fixed by the Company's Articles of Association, not to exceed £125,000 per annum.

The AIC Code requires that all Directors submit themselves for re-election annually, therefore in accordance with the AIC Code, Maxwell Packe, Christopher Burrows, Philippa Latham, Patrick Reeve and Rhodri Whitlock will offer themselves for re-election at the forthcoming Annual General Meeting.

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

Directors' remuneration report

Shareholders' views in respect of Directors' remuneration are regarded highly and the Board encourages Shareholders' to communicate their thoughts to the Board, which it takes into account where appropriate when formulating its policy. At the last Annual General Meeting, 97.9% of shareholders voted for the resolution approving the Directors' remuneration report, 2.1% of shareholders voted against the resolution and of the total votes cast, 45,380 were withheld (being 0.1% of total voting rights), which shows significant shareholder support.

Annual report on remuneration

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

The Board is responsible for reviewing the remuneration of the Directors and the Company's remuneration policy to ensure that it reflects the

duties, responsibilities and value of time spent by the Directors on the business of the Company and makes recommendations to the Board accordingly.

Directors' remuneration

The Directors' remuneration and interests in the shares of the Company which are shown in the tables below have been audited.

The table below shows an analysis of the remuneration, excluding National Insurance, of individual Directors who served during the year.

The Directors' remuneration for the year ending 31 March 2024 is expected to be approximately £112,000. The changes from the prior year are due to: Philippa Latham being appointed on 1 September 2021, Rhodri Whitlock being appointed on 19 January 2021, The Dowager Lady Balfour of Burleigh retiring on 12 August 2021 and Lord St. John of Bletso retiring on 30 November 2020. In addition to Directors' remuneration, the Company pays an annual premium in respect of Directors' & Officers' Liability Insurance

Directors' remuneration

	Year ended 31 March 2023 £'000	Year ended 31 March 2022 £'000
Maxwell Packe	27.5	24.0
The Dowager Lady Balfour of Burleigh	-	8.0
Christopher Burrows	23.5	22.0
Philippa Latham	23.5	13.0
Patrick Reeve	-	-
Rhodri Whitlock	25.5	23.0
	100.0	90.0

Annual percentage change in Directors' remuneration

	Percentage change 2022 to 2023 %	Percentage change 2021 to 2022 %	Percentage change 2020 to 2021 %
Maxwell Packe	15	-	-
Lord St John of Bletso	N/A	N/A	(35)
The Dowager Lady Balfour of Burleigh	N/A	(64)	-
Christopher Burrows	7	-	-
Philippa Latham	81	N/A	N/A
Patrick Reeve	-	-	-
Rhodri Whitlock	11	360	N/A
	11	2	2

of £31,000 (2022: £27,000). 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. Directors' remuneration is paid to the Director personally through the Manager's payroll and subsequently recharged to the Company.

Directors' interests

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

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

The following items have not been audited.

Albion Capital Group LLP, its partners and staff hold 799,999 Ordinary shares in the Company as at 31 March 2023.

All of the Directors' share interests (together with those of their immediate family) were held beneficially and no right to subscribe for shares in the Company was granted to, or exercised by, any Director during the year.

Performance

The graph that follows shows the Company's Ordinary share price total return against the FTSE All-Share Index total return, in both instances with dividends reinvested, since 1 April 2013. The Directors consider the FTSE All-Share Index to be the most appropriate benchmark for the Company as it contains a large range of sectors within the UK economy similar to a generalist VCT. Investors should, however, be reminded that shares in VCTs generally trade at a discount to the actual net asset value of the Company.

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

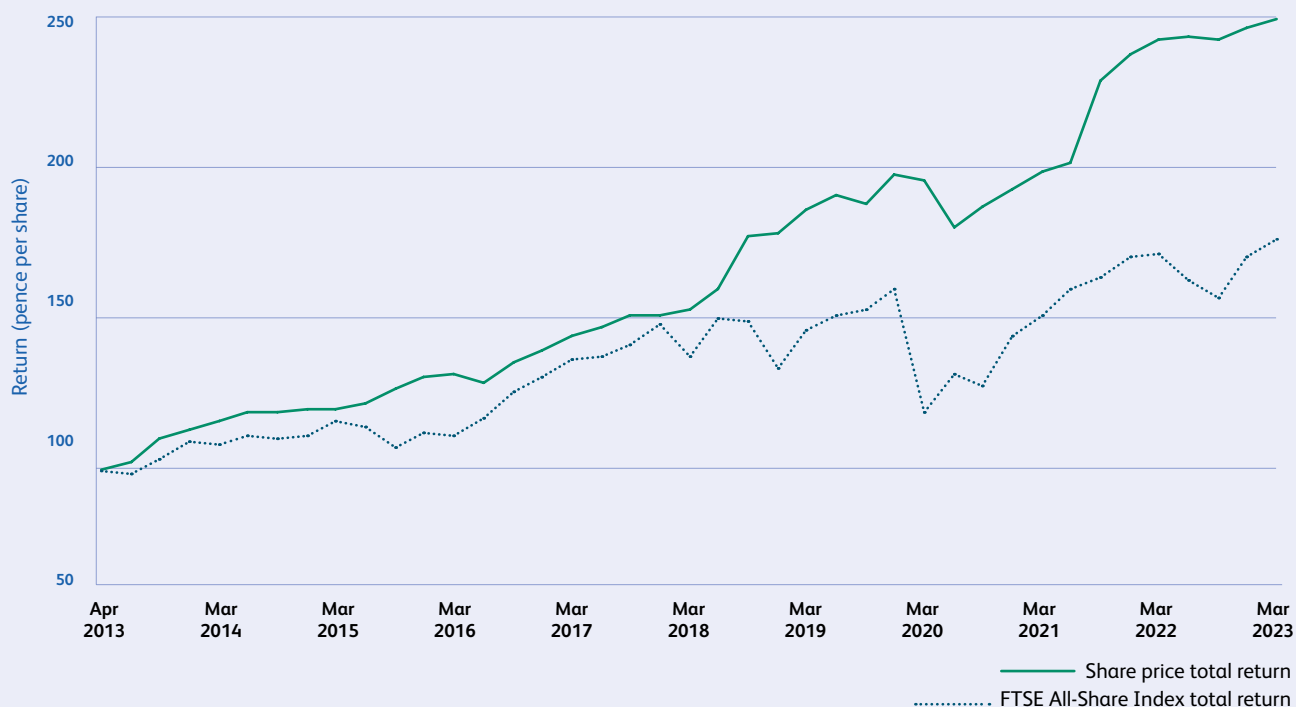
Directors' interests

	Shares held on 31 March 2023	Shares held on 31 March 2022
Maxwell Packe	582,735	547,852
Christopher Burrows	228,856	192,820
Philippa Latham	26,892	11,389
Patrick Reeve	97,639	97,639
Rhodri Whitlock	22,348	15,173
	958,470	864,873

Directors' remuneration report

Share price total return relative to FTSE All-Share Index total return

(in both cases with dividends reinvested)



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

Directors' pay compared to distribution to shareholders

	2023 £'000	2022 £'000	2021 £'000	Percentage change from 2022 to 2023	Percentage change from 2021 to 2022
Total dividend distribution to shareholders	5,951	4,528	3,688	31.4%	22.8%
Share buybacks	2,879	1,795	1,853	60.4%	(3.1)%
Total Directors' fees	100	90	88	11.1%	2.3%

For and on behalf of the Board

Maxwell Packe

Director

5 July 2023

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ALBION ENTERPRISE VCT PLC

Opinion on the financial statements

In our opinion the financial statements:

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

We have audited the financial statements of Albion Enterprise VCT PLC (the 'Company') for the year ended 31 March 2023 which comprise the income statement, the balance sheet, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit opinion is consistent with the additional report to the Audit and Risk Committee.

Independence

Following the recommendation of the Audit and Risk Committee, we were appointed by the Board of Directors in 2008 to audit the financial statements for the year ended 31 March 2008 and subsequent

financial periods. The period of total uninterrupted engagement including retenders and reappointments is 16 years, covering the years ended 31 March 2008 to 31 March 2023. We remain independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services prohibited by that standard were not provided to the Company.

Conclusions relating to going concern

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

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

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

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

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

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

Overview

Overview		2023	2022
Key audit matters	Valuation of Unquoted Investments	✓	✓
Materiality	Company financial statements as a whole £2.26m (2022: £1.95m) based on 2% (2022: 2%) of Net assets adjusted for significant fundraising in the year		

An overview of the scope of our audit

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

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How the scope of our audit addressed the key audit matter
<p>Valuation of unquoted investments (Notes 2, 3 and 11 to the financial statements)</p> <p>There is a high level of estimation uncertainty involved in determining the unquoted investment's valuation; consisting of both equity and loan stock instruments.</p> <p>The Investment Manager's fee is based on the value of the net assets of the fund, as shown in note 5.</p> <p>As the Investment Manager is responsible for valuing investments for the financial statements, there is a potential risk of misstatement of investment valuations by management override.</p> <p>For these reasons we considered the valuation of unquoted investments to be a key audit matter</p>	<p>For a sample of loans held at fair value we:</p> <ul style="list-style-type: none"> • Agreed security held to confirmation statements and Depository stock sheet. • Reviewed the treatment of accrued redemption premium/other fixed returns in line with the Statement of Recommended Practice ("SORP"): Financial Statements of Investment Trust Companies and Venture Capital Trusts (Issued by Association of Investment Companies in July 2022). <p>For a sample of the unquoted investment portfolio, we performed the following:</p> <ul style="list-style-type: none"> • Considered whether the valuation methodology is appropriate in the circumstances under the International Private Equity and Venture Capital Valuation ("IPEV") Guidelines. Where there has been a change in valuation methodology from prior year, we assessed whether the change was appropriate. • Considered the change in market multiples and discount applied from prior year to see if these were supported by the performance of the underlying investment. • Checked that the valuation was based on recent financial information and reviewed the arithmetic accuracy of the valuation. <p>For investments based on valuations using net assets, cost (where the investment was recently acquired), the price of a recent investment or an offer to acquire the investee company, we checked the cost, net assets or third party offer to supporting evidence, reviewed the calibration of fair value and considered the Investment Manager's determination of whether there were any reasons why the valuation and the valuation methodology was not appropriate at 31 March 2023. This is particularly pertinent in those circumstances where the impact of rising inflation and other market conditions may call into question whether the price of recent investment remains reflective of fair value.</p> <p>For a sample of investments valued with reference to more subjective techniques such as calibrated price of recent investment, discounted cash flow, revenue and earnings multiple, we:</p> <ul style="list-style-type: none"> • Re-performed the calculation of the investment valuation. • Agreed and benchmarked key inputs and estimates to independent information from our own research and against metrics from the most recent management accounts of the investee companies. • Challenged the consistency and appropriateness of adjustments made to such market data in establishing the revenue, cash flow or earnings multiple applied in arriving at the valuations adopted by considering the individual performance of investee companies against plan and relative to the peer group, the market and sector in which the investee company operates and other factors as appropriate. • Where a valuation has been performed by a third party management's expert, we have assessed the competence and capabilities of that expert, the quality of their work and their qualifications, as well as challenging the basis of inputs and assumptions used by the expert. We have also considered any updates for subsequent information to the valuation made by the investment manager and obtained appropriate evidence for those changes. • Where appropriate, we performed sensitivity analysis on the valuation calculations where there is sufficient evidence to suggest reasonable alternative inputs might exist. <p>Key observations</p> <p>Based on the procedures performed we consider the investment valuations to be appropriate considering the level of estimation uncertainty.</p>

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly,

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

misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

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

	Company financial statements	
	2023	2022
Materiality	£2,260,000	£1,950,000
Basis for determining materiality	2% of Net assets adjusted for significant fundraising in the year	
Rationale for the benchmark applied	In setting materiality, we have had regard to the nature and disposition of the investment portfolio. Given that the VCT's portfolio is comprised of unquoted investments which would typically have a wider spread of reasonable alternative possible valuations, we have applied a percentage of 2% of net assets adjusted for significant fundraising in the year.	
Performance materiality	£1,695,000	£1,462,000
Basis for determining performance materiality	75% of materiality	
Rationale for the percentage applied for performance materiality	The level of performance materiality applied was set after having considered a number of factors including the expected total value of known and likely misstatements and the level of transactions in the year.	

Lower testing threshold

We determined that for Revenue return before tax, a misstatement of less than materiality for the financial statements as a whole, could influence users of the financial statements as it is a measure of the Company's performance of income generated from its investments after expenses. As a result, we determined a lower testing threshold for those items impacting revenue return of £140,000 (2022: £120,000) based on 5% of expenditure (2022: 5% of expenditure).

Reporting threshold

We agreed with the Audit and Risk Committee that we would report to them all individual audit differences in excess of £113,000 (2022: £97,000). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report and Financial Statements other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Corporate governance statement

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

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

Going concern and longer-term viability	<ul style="list-style-type: none"> • The Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified, set out on page 45; and • The Directors' explanation as to their assessment of the Company's prospects, the period this assessment covers and why the period is appropriate, set out on page 26.
Other Code provisions	<ul style="list-style-type: none"> • Directors' statement on fair, balanced and understandable, set out on pages 55 to 56; • Board's confirmation that it has carried out a robust assessment of the emerging and principal risks, set out on page 26; • The section of the annual report that describes the review of effectiveness of risk management and internal control systems, set out on page 57 ; and • The section describing the work of the Audit and Risk Committee, set out on pages 54 to 55.

Other Companies Act 2006 reporting

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

Strategic report and Directors' report	<p>In our opinion, based on the work undertaken in the course of the audit:</p> <ul style="list-style-type: none"> • the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and • the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements. <p>In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the Directors' report.</p>
Directors' remuneration	In our opinion, the part of the Directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.
Matters on which we are required to report by exception	<p>We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:</p> <ul style="list-style-type: none"> • adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or • the financial statements and the part of the Directors' remuneration report to be audited are not in agreement with the accounting records and returns; or • certain disclosures of Directors' remuneration specified by law are not made; or • we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the Statement of Directors' responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of

accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

Non-compliance with laws and regulations

Based on:

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

we considered the significant laws and regulations to be the Companies Act 2006, the FCA listing and DTR rules, the principles of the UK Corporate Governance Code, industry practice represented by the SORP and updated in 2022 with consequential amendments and the applicable financial reporting framework. We also considered the Company's qualification as a VCT under UK tax legislation.

Our procedures in respect of the above included:

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

Fraud

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

Our risk assessment procedures included:

- Enquiry with management and those charged with governance also considered Audit and Risk Committee regarding any known or suspected instances of fraud;
- Obtaining an understanding of the Group's policies and procedures relating to:
 - Detecting and responding to the risks of fraud; and
 - Internal controls established to mitigate risks related to fraud.
- Review of minutes of meeting of those charged with governance for any known or suspected instances of fraud;
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements;

- Considering performance incentive schemes and performance targets and the related financial statement areas impacted by these;

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

Our procedures in respect of the above included:

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

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

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditors/audit-assurance-ethics/auditors-responsibilities-for-the-audit>. This description forms part of our auditor's report.

Use of our report

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

Peter Smith (Senior Statutory Auditor)

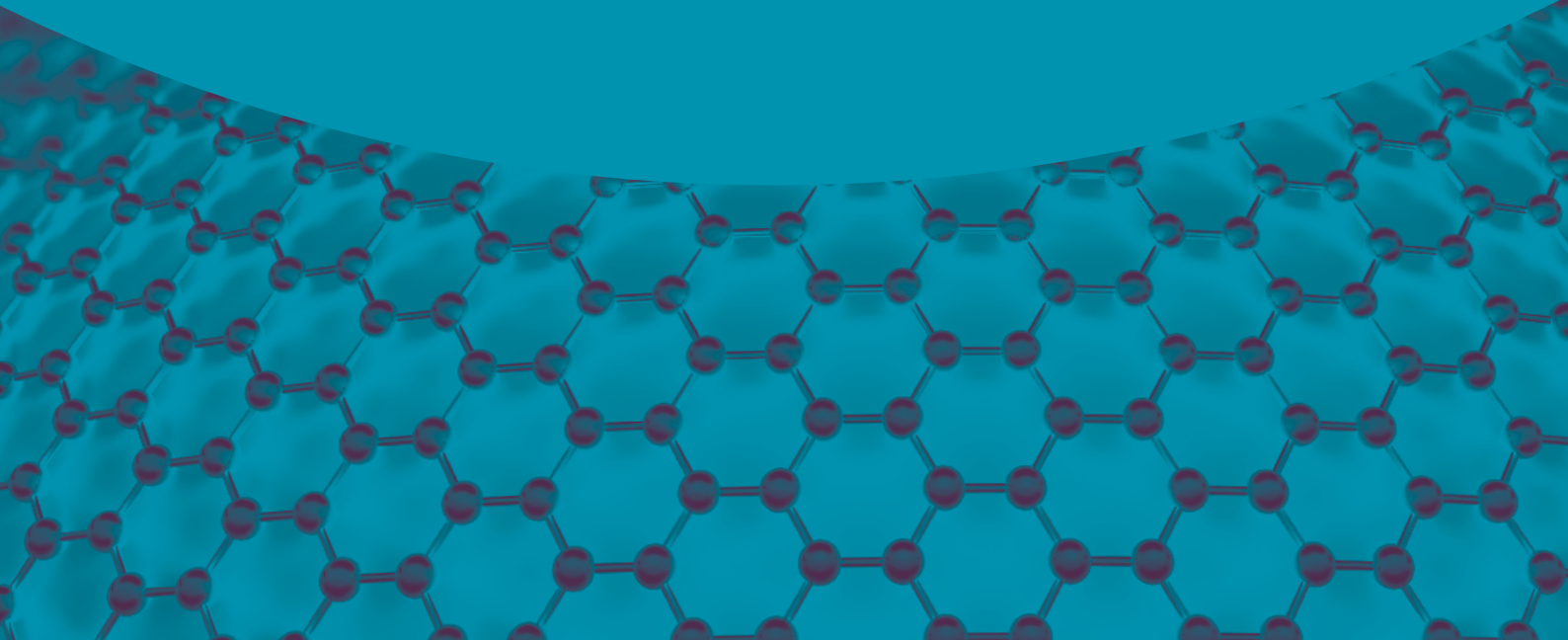
For and on behalf of BDO LLP, Statutory Auditor

London, UK

5 July 2023

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

Company information and Financials



INCOME STATEMENT

	Note	Year ended 31 March 2023			Year ended 31 March 2022		
		Revenue	Capital	Total	Revenue	Capital	Total
		£'000	£'000	£'000	£'000	£'000	£'000
Gains on investments	3	-	4,535	4,535	-	21,636	21,636
Investment income	4	1,206	-	1,206	886	-	886
Investment Manager's fees	5	(236)	(2,121)	(2,357)	(196)	(3,696)	(3,892)
Other expenses	6	(618)	-	(618)	(549)	-	(549)
Profit on ordinary activities before taxation		352	2,414	2,766	141	17,940	18,081
Tax on ordinary activities	8	-	-	-	-	-	-
Profit and total comprehensive income attributable to shareholders		352	2,414	2,766	141	17,940	18,081
Basic and diluted return per share (pence)*	10	0.39	2.64	3.03	0.19	23.78	23.97

* adjusted for treasury shares

The accompanying notes on pages 75 to 89 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 under guidance published by The Association of Investment Companies.

BALANCE SHEET

	Note	31 March 2023 £'000	31 March 2022 £'000
Fixed asset investments	11	95,798	80,842
Current assets			
Trade and other receivables	13	2,561	10,725
Cash in bank and at hand		32,860	29,552
		35,421	40,277
Payables: amounts falling due within one year			
Trade and other payables less than one year	14	(1,489)	(2,704)
Net current assets		33,932	37,573
Total assets less current liabilities		129,730	118,415
Equity attributable to equity holders			
Called-up share capital	15	1,154	1,017
Share premium		25,520	8,278
Unrealised capital reserve		41,735	32,790
Realised capital reserve		10,885	17,416
Other distributable reserve		50,436	58,914
Total equity shareholders' funds		129,730	118,415
Basic and diluted net asset value per share (pence)*	16	128.60	132.28

* excluding treasury shares

The accompanying notes on pages 75 to 89 form an integral part of these Financial Statements.

These Financial Statements were approved by the Board of Directors and authorised for issue on 5 July 2023 and were signed on its behalf by

Maxwell Packe

Chairman

Company number: 05990732

STATEMENT OF CHANGES IN EQUITY

	Called-up share capital £'000	Share premium £'000	Capital redemption reserve £'000	Unrealised capital reserve £'000	Realised capital reserve* £'000	Other distributable reserve* £'000	Total £'000
On 1 April 2022	1,017	8,278	-	32,790	17,416	58,914	118,415
Profit/(loss) and total comprehensive income for the year	-	-	-	4,805	(2,391)	352	2,766
Transfer of previously unrealised losses on disposal of investments	-	-	-	4,140	(4,140)	-	-
Issue of equity	137	17,680	-	-	-	-	17,817
Cost of issue of equity	-	(438)	-	-	-	-	(438)
Purchase of own shares for treasury	-	-	-	-	-	(2,879)	(2,879)
Dividends paid	-	-	-	-	-	(5,951)	(5,951)
On 31 March 2023	1,154	25,520	-	41,735	10,885	50,436	129,730
On 1 April 2021	852	53,258	104	17,538	14,728	(1,082)	85,398
Profit and total comprehensive income for the year	-	-	-	17,239	701	141	18,081
Transfer of previously unrealised gains on disposal of investments	-	-	-	(1,987)	1,987	-	-
Issue of equity	165	21,638	-	-	-	-	21,803
Cost of issue of equity	-	(544)	-	-	-	-	(544)
Reduction of share premium and capital redemption reserve	-	(66,074)	(104)	-	-	66,178	-
Purchase of own shares for treasury	-	-	-	-	-	(1,795)	(1,795)
Dividends paid	-	-	-	-	-	(4,528)	(4,528)
On 31 March 2022	1,017	8,278	-	32,790	17,416	58,914	118,415

* These reserves include an amount of £22,964,000 (2022: £37,334,000) which is considered distributable. Over the next three years an additional £35,819,000 will become distributable. This is due to the HMRC requirement that the Company cannot use capital raised in the past three years to make a payment or distribution to shareholders. On 1 April 2023, £13,928,000 became distributable in line with this.

The accompanying notes on pages 75 to 89 form an integral part of these Financial Statements.

The nature of each reserve is described in note 2 on pages 76 and 77.

STATEMENT OF CASH FLOWS

	Year ended 31 March 2023 £'000	Year ended 31 March 2022 £'000
Cash flow from operating activities		
Investment income received	641	826
Dividend income received	152	-
Income from fixed term funds	102	1
Bank deposit interest	82	2
Investment Manager's fees paid	(4,233)	(2,084)
Other cash payments	(626)	(503)
Net cash flow used in operating activities	(3,882)	(1,758)
Cash flow from investing activities*		
Purchase of fixed asset investments	(12,455)	(8,519)
Proceeds from disposals of fixed asset investments	2,088	9,379
Net cash flow (used in)/from investing activities	(10,367)	860
Cash flow from financing activities		
Issue of share capital	24,753	12,230
Cost of issue of equity**	(53)	(19)
Dividends paid***	(4,945)	(3,806)
Purchase of own shares (including costs)	(2,198)	(2,384)
Net cash flow from financing activities	17,557	6,021
Increase in cash in bank and at hand	3,308	5,123
Cash in bank and at hand at start of the year	29,552	24,429
Cash in bank and at hand at end of the year	32,860	29,552

* Purchases and disposals detailed above do not agree to note 11 due to restructuring of investments, conversion of convertible loan stock and settlement of receivables and payables.

** The cost of issue of equity does not agree to the Statement of changes in equity due to prospectus fundraising amounts being received net of fees.

*** The equity dividends paid shown in the cash flow are different to the dividends disclosed in the Statement of changes in equity and note 9 as a result of the non-cash effect of the Dividend Reinvestment Scheme and unclaimed dividends.

The accompanying notes on pages 75 to 89 form an integral part of these Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting convention

The Financial Statements have been prepared in accordance with applicable United Kingdom law and accounting standards, including Financial Reporting Standard 102 (“FRS 102”), and with the Statement of Recommended Practice “Financial Statements of Investment Trust Companies and Venture Capital Trusts” (“SORP”) issued by The Association of Investment Companies (“AIC”). The Financial Statements have been prepared on a going concern basis and further details can be found in the Directors’ report on page 45.

The preparation of the Financial Statements requires management to make judgements and estimates that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The most critical estimates and judgements relate to the determination of carrying value of investments at Fair Value Through Profit and Loss (“FVTPL”) in accordance with FRS 102 sections 11 and 12. The Company values investments by following the International Private Equity and Venture Capital Valuation (“IPEV”) Guidelines as updated in 2022 and further detail on the valuation techniques used are outlined in note 2 below.

Company information is shown on page 4.

2. Accounting policies

Fixed asset investments

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

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

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

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

- Investments listed on recognised exchanges are valued at their bid prices at the end of the accounting period, including a discount for any restricted sale of shares, or otherwise at fair value based on published price quotations.
- Unquoted investments, where there is not an active market, are valued using an appropriate valuation technique in accordance with the IPEV Guidelines. Indicators of fair value are derived using established methodologies including earnings multiples, revenue multiples, the level of third party offers received, cost or price of recent investment rounds, net assets and industry valuation benchmarks. Where price of recent investment is used as a starting point for estimating fair value at subsequent measurement dates, this has been benchmarked using an appropriate valuation technique permitted by the IPEV guidelines.
- In situations where cost or price of recent investment is used, consideration is given to the circumstances of the portfolio company since that date in determining fair value. This includes consideration of whether there is any evidence of deterioration or strong definable evidence of an increase in value. In the absence of these indicators, other valuation techniques are employed to conclude on the fair value as at the measurement date. Examples of events or changes that could indicate a diminution include:
 - the performance and/or prospects of the underlying business are significantly below the expectations on which the investment was based;

- a significant adverse change either in the portfolio company's business or in the technological, market, economic, legal or regulatory environment in which the business operates; or
- market conditions have deteriorated, which may be indicated by a fall in the share prices of quoted businesses operating in the same or related sectors.

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

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

Current assets and payables

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

Investment income

Equity income

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

Unquoted loan stock income

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

Fixed term funds income

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

Bank deposit income

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

Investment management fee, performance incentive fee and other expenses

All expenses have been accounted for on an accruals basis. Expenses are charged through the other distributable reserve except the following which are charged through the realised capital reserve:

- 90% of management fees and 100% of performance incentive fees, if any, are allocated to the realised capital reserve.
- Expenses which are incidental to the purchase or disposal of an investment are charged through the realised capital reserve.

Taxation

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

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

Share capital and reserves

Called-up share capital

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

Share premium

This reserve accounts for the difference between the price paid for the Company's shares and the nominal value of those shares, less issue costs and transfers to the other distributable reserve.

Capital redemption reserve

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

Unrealised capital reserve

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

Realised capital reserve

The following are disclosed in this reserve:

- gains and losses compared to cost on the realisation of investments, or permanent diminutions in value (including gains recognised on the realisation of investment where consideration is deferred that are not distributable as a matter of law);
- finance income in respect of the unwinding of the discount on deferred consideration that is not distributable as a matter of law;
- expenses, together with the related taxation effect, charged in accordance with the above policies; and

- dividends paid to equity holders where paid out by capital.

Other distributable reserve

The special reserve, treasury share reserve and the revenue reserve were combined in 2013 to form a single reserve named other distributable reserve.

This reserve accounts for movements from the revenue column of the Income statement, the payment of dividends, the buy-back of shares, transfers from the share premium and capital redemption reserve, and other non-capital realised movements.

Dividends

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

Segmental reporting

The Directors are of the opinion that the Company is engaged in a single operating segment of business, being investment in smaller companies principally based in the UK.

3. Gains on investments

	Year ended 31 March 2023 £'000	Year ended 31 March 2022 £'000
Unrealised gains on fixed asset investments	4,805	17,239
Realised (losses)/gains on fixed asset investments	(582)	4,129
Unwinding of discount on deferred consideration	312	268
	4,535	21,636

4. Investment income

	Year ended 31 March 2023 £'000	Year ended 31 March 2022 £'000
Loan stock interest	750	883
Dividend income	272	-
Income from fixed term funds	102	1
Bank deposit interest	82	2
	1,206	886

5. Investment Manager's fees

	Year ended 31 March 2023 £'000	Year ended 31 March 2022 £'000
Investment management fees charged to revenue	236	196
Investment management fees charged to capital	2,121	1,762
Performance incentive fee charged to capital	-	1,934
	2,357	3,892

Further details of the Management agreement under which the investment management fee and performance incentive fee are paid is given in the Strategic report on page 18.

During the year, services of a total value of £2,595,000 (2022: £4,090,000) were purchased by the Company from Albion Capital Group LLP ("Albion"); this includes £2,357,000 (2022: £1,958,000) of management fee and £238,000 (2022: £198,000) of administration fee. There is no performance incentive fee payable in the year (2022: £1,934,000). At the financial year end, the amount due to Albion in respect of these services disclosed as accruals was £692,000 (2022: £2,562,000). The total annual running costs of the Company are capped at an amount equal to 2.5% of the Company's net assets, with any excess being met by Albion by way of a reduction in management fees. During the year, the management fee was reduced by £24,000 as a result of this cap (2022: £22,000).

During the year, the Company was not charged by Albion in respect of Patrick Reeve's services as a Director (2022: £nil).

Albion, its partners and staff (including Patrick Reeve) held a total of 799,999 shares in the Company on 31 March 2023.

Albion is, from time to time, eligible to receive arrangement fees and monitoring fees from portfolio companies. During the year ended 31 March 2023, fees of £252,000 attributable to the investments of the Company were received by Albion pursuant to these arrangements (2022: £177,000).

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

6. Other expenses

	Year ended 31 March 2023 £'000	Year ended 31 March 2022 £'000
Directors' fees (including NIC)	109	97
Auditor's remuneration for statutory audit services (exclusive of VAT)	48	39
Administration fee	238	198
Other administrative expenses	223	215
	618	549

7. Directors' fees

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

	Year ended 31 March 2023 £'000	Year ended 31 March 2022 £'000
Directors' fees	100	90
National insurance	9	7
	109	97

The Company's key management personnel are the non-executive Directors. Further information regarding Directors' remuneration can be found in the Directors' remuneration report on pages 59 to 62.

8. Tax on ordinary activities

	Year ended 31 March 2023 £'000	Year ended 31 March 2022 £'000
UK corporation tax charge in respect of current year	-	-

	Year ended 31 March 2023 £'000	Year ended 31 March 2022 £'000
Factors affecting the tax charge:		
Profit on ordinary activities before taxation	2,766	18,081
Tax charge on profit at the average companies rate of 19% (2022: 19%)	526	3,435
Factors affecting the charge:		
Non-taxable gains	(862)	(4,111)
Income not taxable	(52)	-
Excess management expenses carried forward	388	676
	-	-

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

Notes

- (i) Venture Capital Trusts are not subject to corporation tax on capital gains.
- (ii) Tax relief on expenses charged to capital has been determined by allocating tax relief to expenses by reference to the applicable corporation tax rate and allocating the relief between revenue and capital in accordance with the SORP.
- (iii) The Company has excess management expenses of £13,671,000 (2022: £11,649,000) that are available for offset against future profits. A deferred tax asset of £3,418,000 (2022: £2,912,000) has not been recognised in respect of these losses as they will be recoverable only to the extent that the Company has sufficient future taxable profits.

9. Dividends

	Year ended 31 March 2023 £'000	Year ended 31 March 2022 £'000
First dividend of 3.31p per share paid on 31 August 2022 (31 August 2021 – 2.87p per share)	2,969	2,139
Second dividend of 3.18p per share paid on 28 February 2023 (28 February 2022 – 3.22p per share)	2,985	2,391
Unclaimed dividends	(3)	(2)
	5,951	4,528

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

In addition to the dividends summarised above, the Board has declared a first dividend for the year ending 31 March 2024 of 3.22 pence per share to be paid on 31 August 2023 to shareholders on the register on 4 August 2023. The total dividend will be approximately £3,262,000.

10. Basic and diluted return per share

	Year ended 31 March 2023			Year ended 31 March 2022		
	Revenue	Capital	Total	Revenue	Capital	Total
Profit attributable to equity shares (£'000)	352	2,414	2,766	141	17,940	18,081
Weighted average shares in issue (adjusted for treasury shares)	91,226,939			75,440,864		
Return attributable per equity share (pence)	0.39	2.64	3.03	0.19	23.78	23.97

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

The weighted average number of shares is calculated after adjusting for treasury shares of 14,558,366 (2022: 12,195,568).

11. Fixed asset investments

	31 March 2023 £'000	31 March 2022 £'000
Investments held at fair value through profit or loss		
Unquoted equity and preference shares	82,583	68,138
Unquoted loan stock	12,785	11,486
Quoted equity	430	1,218
	95,798	80,842

	31 March 2023 £'000	31 March 2022 £'000
Opening valuation	80,842	60,615
Purchases at cost	12,455	8,952
Disposal proceeds	(1,831)	(10,151)
Realised (losses)/gains	(582)	4,129
Movement in loan stock revenue accrued income	109	58
Unrealised gains	4,805	17,239
Closing valuation	95,798	80,842

	31 March 2023 £'000	31 March 2022 £'000
Movement in loan stock revenue accrued income		
Opening accumulated loan stock revenue accrued income	59	1
Movement in loan stock revenue accrued income	109	58
Closing accumulated loan stock revenue accrued income	168	59
Movement in unrealised gains		
Opening accumulated unrealised gains	32,791	17,539
Movement in unrealised gains	4,805	17,239
Transfer of previously unrealised losses/(gains) to realised reserve on disposal of investments	4,140	(1,987)
Closing accumulated unrealised gains	41,736	32,791
Historic cost basis		
Opening book cost	47,993	43,076
Purchases at cost	12,455	8,952
Disposals at cost	(6,553)	(4,035)
Closing book cost	53,895	47,993

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

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

Valuation methodology	31 March 2023 £'000	31 March 2022 £'000
Cost and price of recent investment (calibrated and reviewed for impairment)	52,243	39,353
Revenue multiple	29,005	26,204
Third party valuation – Discounted cash flow	6,076	6,422
Third party valuation – Earnings multiple	4,703	3,417
Earnings multiple	3,254	3,082
Net assets	87	1,146
	95,368	79,624

When using the cost or price of a recent investment in the valuations, the Company looks to re-calibrate this price at each valuation point by reviewing progress within the investment, comparing against the initial investment thesis, assessing if there are any significant events, milestones or other background to the transaction that would indicate the value of the investment has changed and considering whether a market-based methodology (i.e. using multiples from comparable public companies) or a discounted cashflow forecast would be more appropriate. The background to the transaction is also considered when the price of investment may not be an appropriate measure of fair value, for example, disproportionate dilution of existing investors from a new investor coming on board or the market conditions at the time of investment no longer being a true reflection of fair value.

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

Notes to the Financial Statements

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

Fair value investments had the following movements between valuation methodologies between 31 March 2022 and 31 March 2023:

Change in valuation methodology (2022 to 2023)	Value on 31 March 2023 £'000	Explanatory note
Cost and price of recent investment (calibrated and reviewed for impairment) to revenue multiple	3,343	More appropriate valuation methodology
Price of recent investment to earnings multiple	3,254	More appropriate valuation methodology
Net assets to third party valuation – earnings multiple	847	Third party valuation conducted

The valuation will be the most appropriate valuation methodology for an investment within its market, with regard to the financial health of the investment and the IPEV Guidelines. The Directors believe that, within these parameters, these are the most relevant methods of valuation which would be reasonable on 31 March 2023.

FRS 102 and the SORP requires the Company to disclose the inputs to the valuation methods applied to its investments measured at fair value through profit or loss in a fair value hierarchy. The table below sets out fair value hierarchy definitions using FRS102 s.11.27.

Fair value hierarchy	Definition
Level 1	Unadjusted quoted prices in an active market
Level 2	Inputs to valuations are from observable sources and are directly or indirectly derived from prices
Level 3	Inputs to valuations not based on observable market data

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

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

	31 March 2023 £'000	31 March 2022 £'000
Opening balance	79,624	60,615
Additions	12,455	8,952
Movement from Level 3 to Level 1*	-	(573)
Disposals	(1,430)	(10,151)
Realised (losses)/gains	(403)	4,129
Accrued loan stock interest	109	58
Unrealised gains	5,013	16,594
Closing balance	95,368	79,624

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

The Directors are required to consider the impact of changing one or more of the inputs used as part of the valuation process to reasonable possible alternative assumptions. 66% of the portfolio of investments, consisting of equity and loan stock, is based on recent investment price, discounted offer price, net assets and cost. For the remainder of the portfolio, the Board has considered the reasonable possible alternative input assumptions on the valuation of the portfolio and believes that changes to inputs (by adjusting the earnings and revenue multiples) could lead to a change in the fair value of the portfolio. The Board has reviewed the Manager's adjusted inputs for a number of the largest portfolio companies (by value) which covers 22% of the portfolio. This has resulted in a total coverage of 88% of the portfolio of investments.

The main inputs considered for each type of valuation is as follows:

Valuation technique	Portfolio company sector	Input	Base Case*	Change in input	Change in fair value of investments (£'000)	Change in NAV (pence per share)
Revenue multiple	Other software & technology	Revenue multiple	4.6x	+0.5x	1,294	1.47
				-0.5x	(1,294)	(1.10)
Revenue multiple	Healthcare (including digital healthcare)	Revenue multiple	5.5x	+0.6x	617	0.61
				-0.6x	(617)	(0.61)
Third party valuation – discounted cashflow	Renewable energy	Third party valuation – discounted cashflow	6.0% discount rate	+0.6%	159	0.16
				-0.6%	(209)	(0.21)

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

The impact of these changes could result in an overall increase in the valuation of the equity investments by £2,257,000 (2.7%) or a decrease in the valuation of equity investments by £1,932,000 (2.3%).

12. Significant interests

The principal activity of the Company is to select and hold a portfolio of investments in unquoted securities. Although the Company, through the Manager, will, in some cases, be represented on the board of the portfolio company, it will not ordinarily take a controlling interest or become involved in the management. The size and structure of 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 investment listed below is held as part of an investment portfolio and therefore, as permitted by FRS 102 section 9.9B, it is measured at fair value through profit and loss and not accounted for using the equity method.

The Company has interests of greater than 20% of the nominal value of any class of the allotted shares in the portfolio company on 31 March 2023 as described below:

Company	Registered address and country of incorporation	Profit/(loss) before tax £'000	Aggregate capital and reserves £'000	Result for year ended	% class and share type	% total voting rights
Greenenerco Limited	EC1M 5QL, UK	n/a*	407	31 March 2022	28.6% A Ordinary	28.6%

*Filleter accounts which do not disclose this information.

13. Trade and other receivables

	31 March 2023 £'000	31 March 2022 £'000
Deferred consideration under one year	2,226	488
Deferred consideration over one year	-	1,867
Prepayments and accrued income	29	26
Other receivables	306	8,344
	2,561	10,725

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

The large decrease in other debtors compared to the prior year is a result of an amount of £8,342,000 being owed to the Company in respect of the allotment of shares that took place on 31 March 2022 which was received on 1 April 2022.

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

14. Payables: amounts falling due within one year

	31 March 2023 £'000	31 March 2022 £'000
Accruals and deferred income	787	2,662
Trade payables	702	42
	1,489	2,704

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

15. Called-up share capital

Allotted, called-up and fully paid shares:	£'000
101,711,805 Ordinary shares of 1 penny each at 31 March 2022	1,017
13,723,611 Ordinary shares of 1 penny each issued during the year	137
115,435,416 Ordinary shares of 1 penny each at 31 March 2023	1,154
12,195,568 Ordinary shares of 1 penny each held in treasury at 31 March 2022	(122)
2,362,798 Ordinary shares of 1 penny each purchased during the year to be held in treasury	(24)
14,558,366 Ordinary shares of 1 penny each held in treasury at 31 March 2023	(146)
Voting rights of 100,877,050 Ordinary shares of 1 penny each at 31 March 2023	1,009

The Company purchased 2,362,798 shares (2022: 1,482,148) to be held in treasury at a nominal value of £23,628 and a cost of £2,879,000 (2022: £1,795,000) representing 2.0% of the shares in issue on 31 March 2023, leading to a balance of 14,558,366 shares (2022: 12,195,568) in treasury representing 12.6% (2022: 12.0%) of the shares in issue on 31 March 2023.

Under the terms of the Dividend Reinvestment Scheme Circular (dated 26 November 2009), the following new Ordinary shares of nominal value 1 penny each were allotted during the year:

Date of allotment	Number of shares allotted	Aggregate nominal value of shares (£'000)	Issue price (pence per share)	Net invested (£'000)	Opening market price on allotment date (pence per share)
31 August 2022	410,130	4	126.89	503	120.50
28 February 2023	404,464	4	119.83	465	113.50
	814,594			968	

During the year the following new Ordinary shares of nominal value 1 penny each were allotted under the terms of the Albion VCTs Prospectus Top Up Offers 2021/22 and 2022/23:

Date of allotment	Number of shares allotted	Aggregate nominal value of shares (£'000)	Issue price (pence per share)	Net consideration received (£'000)	Opening market price on allotment date (pence per share)
11 April 2022	133,797	1	131.70	174	122.50
11 April 2022	17,745	-	132.40	23	122.50
11 April 2022	492,987	5	133.00	639	122.50
2 December 2022	1,144,527	11	129.00	1,454	120.50
2 December 2022	245,176	2	129.60	311	120.50
2 December 2022	3,289,782	33	130.30	4,180	120.50
31 March 2023	7,585,003	76	130.20	9,629	120.50
	12,909,017			16,410	

16. Basic and diluted net asset value per share

	31 March 2023 (pence per share)	31 March 2022 (pence per share)
Basic and diluted net asset value per Ordinary share	128.60	132.28

The basic and diluted net asset value per share at the year end is calculated in accordance with the Articles of Association and is based upon total shares in issue (excluding treasury shares) of 100,877,050 Ordinary shares at 31 March 2023 (2022: 89,516,237).

17. Capital and financial instruments risk management

The Company's capital comprises Ordinary shares as described in note 15. The Company is permitted to buy-back its own shares for cancellation or treasury purposes, and this is described in the Chairman's statement.

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

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

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

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

Market risk

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

The Manager and the Board formally review market risk, both at the time of initial investment and at quarterly Board meetings.

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

As required under FRS 102, the Board is required to illustrate by way of a sensitivity analysis the extent to which the assets are exposed to market risk. In order to show the impact of sensitivity in market movements on the Company, a 10% increase or decrease in the valuation of the fixed asset investment portfolio (keeping all other variables constant) would increase or decrease the net asset value and return for the year by £9,580,000. Accordingly, a 20% increase or decrease in the valuation of the fixed asset investment portfolio (keeping all other variables constant) would increase or decrease the net asset value and return for the year by £19,160,000. Further sensitivity analysis on fixed asset investments is included in note 11.

Investment risk (including investment price risk)

Investment risk (including investment price risk) is the risk that the fair value of future investment cash flows will fluctuate due to factors specific to an investment instrument or to a market in similar instruments. The management of risk within the venture capital portfolio is addressed through careful investment selection, by diversification across different industry segments, by maintaining a wide spread of holdings in terms of financing stage and by limitation of the size of individual holdings. The Manager receives management accounts from portfolio companies and members of the investment management team often sit on the boards of unquoted portfolio companies; this enables the close identification, monitoring and management of investment risk. The Directors monitor the Manager's compliance with the investment policy, review and agree policies for managing this risk and monitor the overall level of risk on the portfolio on a regular basis.

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

The maximum investment risk on the balance sheet date is the value of the fixed asset investment portfolio which is £95,798,000 (2022: £80,842,000). Fixed asset investments form 74% of the net asset value on 31 March 2023 (2022: 68%).

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

Interest rate risk

It is the Company's policy to accept a degree of interest rate risk on its financial assets through the effect of interest rate changes. On the basis of the Company's analysis, it was estimated that a rise of 1% in all interest rates would have increased total return before tax for the year by approximately £312,000 (2022: £270,000). Furthermore, it was considered that a material fall of interest rates below current levels during the year would have been unlikely.

The weighted average effective interest rate applied to the Company's unquoted loan stock during the year was approximately 7.8% (2022: 9.8%). The weighted average period to expected maturity for the unquoted loan stock is approximately 3.6 years (2022: 4.0 years).

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

	31 March 2023				31 March 2022			
	Fixed rate £'000	Floating rate £'000	Non- interest bearing £'000	Total £'000	Fixed rate £'000	Floating rate £'000	Non- interest bearing £'000	Total £'000
Unquoted equity	-	-	82,583	82,583	-	-	68,138	68,138
Quoted equity	-	-	430	430	-	-	1,218	1,218
Unquoted loan stock	11,833	-	952	12,785	9,934	-	1,552	11,486
Receivables*	-	-	2,532	2,532	-	-	10,699	10,699
Current liabilities	-	-	(1,489)	(1,489)	-	-	(2,704)	(2,704)
Cash	-	32,860	-	32,860	-	29,552	-	29,552
Total	11,833	32,860	85,008	129,701	9,934	29,552	78,903	118,389

*The receivables do not reconcile to the Balance sheet as prepayments are not included in the above table.

Credit risk

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

The Manager evaluates credit risk on loan stock and other similar instruments prior to investment, and as part of its ongoing monitoring of investments. For investments made prior to 6 April 2018, which account for 63% of loan stock by value, typically loan stock instruments have a fixed or floating charge, which may or may not have been subordinated, over the assets of the portfolio company in order to mitigate the gross credit risk.

The Manager receives management accounts from portfolio companies, and members of the investment management team often sit on the boards of unquoted portfolio companies; this enables the close identification, monitoring and management of investment-specific credit risk.

Bank deposits are held with banks with high credit ratings assigned by international credit rating agencies. The Company has an informal policy of limiting counterparty banking exposure to a maximum of 20% of net asset value for any one counterparty.

The Manager and the Board formally review credit risk (including receivables) and other risks, both at the time of initial investment and at quarterly Board meetings.

The Company's total gross credit risk on 31 March 2023 was limited to £12,785,000 (2022: £11,486,000) of unquoted loan stock instruments, £32,860,000 (2022: £29,552,000) of cash deposits with banks and £2,561,000 (2022: £10,725,000) of other receivables.

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

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

Liquidity risk

Liquid assets are held as cash on current account, cash on deposit or short term money market account. Under the terms of its Articles, the Company has the ability to borrow up to 10% of its adjusted share capital and reserves of the latest published audited Balance sheet, which amounts to £12,647,000 (2022: £11,543,000) on 31 March 2023.

The Company has no committed borrowing facilities on 31 March 2023 (2022: nil) and had cash of £32,860,000 (2022: £29,552,000). The main cash outflows are for new investments, share buy-backs and dividend payments, which are within the control of the Company. The Manager formally reviews the cash requirements of the Company on a monthly basis, and the Board on a quarterly basis as part of its review of management accounts and forecasts. All the Company's financial liabilities are short term in nature and total £1,489,000 on 31 March 2023 (2022: £2,704,000).

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

Redemption date	31 March 2023				31 March 2022			
	Fully performing £'000	Past due £'000	Valued below cost £'000	Total £'000	Fully performing £'000	Past due £'000	Valued below cost £'000	Total £'000
Less than one year	5,148	87	-	5,235	4,811	-	70	4,881
1-2 years	2,121	-	-	2,121	94	-	2	96
2-3 years	664	-	-	664	2,092	-	3	2,095
3-5 years	1,868	-	-	1,868	1,894	-	-	1,894
Greater than 5 years	2,897	-	-	2,897	2,520	-	-	2,520
Total	12,698	87	-	12,785	11,411	-	75	11,486

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

The cost of loan stock investments valued below cost is £nil (2022: £544,000).

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

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

Fair values of financial assets and financial liabilities

All the Company's financial assets and liabilities on 31 March 2023 are stated at fair value as determined by the Directors, with the exception of receivables, payables and cash which are carried at amortised cost, in accordance with FRS 102. There are no financial liabilities other than payables. The Company's financial liabilities are all non-interest bearing. It is the Directors' opinion that the book value of the financial liabilities is not materially different to the fair value and all are payable within one year.

18. Commitments and contingencies

On 31 March 2023, the Company had no financial commitments (2022: £nil).

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

19. Post balance sheet events

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

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

Date of allotment	Number of shares allotted	Aggregate nominal value of shares (£'000)	Issue price (pence per share)	Net consideration received (£'000)	Opening market price on allotment date (pence per share)
14 April 2023	66,837	1	128.90	85	120.50
14 April 2023	37,836	-	129.50	48	120.50
14 April 2023	311,202	3	130.20	395	120.50
	415,875			528	

20. Related party transactions

Other than transactions with the Manager as disclosed in note 5, and the Directors' remuneration disclosed in the Directors' remuneration report on pages 59 to 62, there are no other related party transactions or balances requiring disclosure.

NOTICE OF ANNUAL GENERAL MEETING

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

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Albion Enterprise VCT PLC (the “Company”) will be held virtually at noon on 30 August 2023 for the purposes of considering and, if thought fit, passing the following resolutions, of which resolutions 1 to 11 will be proposed as ordinary resolutions and resolutions 12 and 13 will be proposed as special resolutions.

Ordinary Business

1. To receive and adopt the Company’s accounts for the year ended 31 March 2023 together with the Strategic report and the reports of the Directors and Auditor.
2. To approve the Directors’ remuneration policy.
3. To approve the Directors’ remuneration report for the year ended 31 March 2023.
4. To re-elect Maxwell Packe as a Director of the Company.
5. To re-elect Christopher Burrows as a Director of the Company.
6. To re-elect Philippa Latham as a Director of the Company.
7. To re-elect Patrick Reeve as a Director of the Company.
8. To re-elect Rhodri Whitlock as a Director of the Company.
9. To re-appoint BDO LLP as Auditor of the Company to hold office from the conclusion of the meeting to the conclusion of the next meeting at which the accounts are to be laid.
10. To authorise the Directors to agree the Auditor’s remuneration.

Special Business

11. Authority to allot shares

That the Directors be generally and unconditionally authorised in accordance with section 551 of the Companies Act 2006 (the “Act”) to allot Ordinary shares in the capital of the Company (“Ordinary shares”) up to an aggregate nominal amount of £231,703 (which comprises approximately 20% of the Company’s issued Ordinary shares as at the date of this Notice) provided that this authority shall expire 15 months from the date that this resolution is passed, or, if earlier, at the conclusion of the next Annual General Meeting of the Company, but so that the Company may, before such expiry, make an offer or agreement which would or might require shares to be allotted or rights to subscribe for or convert securities into shares to be granted after such expiry and the Directors may allot shares or grant rights to subscribe for or convert securities into shares pursuant to such an offer or agreement as if this authority had not expired.

12. Authority for the disapplication of pre-emption rights

That, subject to the authority and conditional on the passing of resolution number 11, the Directors be empowered, pursuant to sections 570 and 573 of the Act, to allot equity securities (within the meaning of section 560 of the Act) for cash pursuant to the authority conferred by resolution number 11 and/or sell Ordinary shares held by the Company as treasury shares for cash as if section 561(1) of the Act did not apply to any such allotment or sale.

Under this power the Directors may impose any limits or restrictions and make any arrangements which they deem necessary or expedient to deal with any treasury shares, fractional entitlements, record dates, legal,

regulatory or practical problems in, or laws of, any territory or other matter, arising under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory or any other matter.

This power shall expire 15 months from the date that this resolution is passed or, if earlier, the conclusion of the next Annual General Meeting of the Company, save that the Company may, before such expiry, make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of any such offer or agreement as if this power had not expired.

13. Authority to purchase own shares

That, subject to and in accordance with the Company's Articles of Association, the Company be generally and unconditionally authorised, pursuant to and in accordance with section 701 of the Act, to make market purchases (within the meaning of section 693(4) of the Act) of Ordinary shares of 1 penny each in the capital of the Company ("Ordinary shares"), on such terms as the Directors think fit, provided always that:

- (a) the maximum aggregate number of Ordinary shares hereby authorised to be purchased is 17,366,108 or, if lower, such number of Ordinary shares as shall equal 14.99% of the issued Ordinary share capital of the Company at the date of the passing of this resolution;
- (b) the minimum price, exclusive of any expenses, which may be paid for an Ordinary share is 1 penny;
- (c) the maximum price, exclusive of any expenses, which may be paid for each Ordinary share is an amount equal to the higher of (a) 105% of the average of the middle market quotations for an Ordinary share, as derived from the London Stock Exchange Daily Official List, for the five business days immediately preceding the day on which the Ordinary share is purchased; and (b) the amount stipulated by Article 5(1) of the Buy-back and Stabilisation Regulation 2003;
- (d) the authority hereby conferred shall, unless previously revoked, varied or renewed, expire 15 months from the date that this resolution is passed or, if earlier, at the conclusion of the next Annual General Meeting; and
- (e) the Company may make a contract or contracts to purchase Ordinary shares under this authority before the expiry of the authority which will or may be executed wholly or partly after the expiry of the authority, and may make a purchase of shares in pursuance of any such contract or contracts as if the authority conferred hereby had not expired.

By Order of the Board

Albion Capital Group LLP

Company Secretary

Registered office

1 Benjamin Street

London, EC1M 5QL

5 July 2023

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

Notes

1. Members entitled to attend, speak and vote at the Annual General Meeting (“AGM”) may appoint a proxy or proxies (who need not be a member of the Company) to exercise these rights in their place at the AGM. A member may appoint more than one proxy, provided that each proxy is appointed to exercise the rights attached to different shares. Proxies may only be appointed by:
 - completing and returning the Form of Proxy enclosed with this Notice to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY; or
 - going to www.investorcentre.co.uk/eproxy and following the instructions provided there; or
 - by having an appropriate CREST message transmitted, if you are a user of the CREST system (including CREST personal members).

Return of the Form of Proxy will not preclude a member from attending the meeting and voting in person. A member may not use any electronic address provided in the Notice of this meeting to communicate with the Company for any purposes other than those expressly stated.

To be effective the Form of Proxy must be completed in accordance with the instructions and received by the Registrars of the Company by noon on 25 August 2023.

In accordance with good governance practice, the Company is offering shareholders use of an online service, offered by the Company’s registrar, Computershare Investor Services, at www.investorcentre.co.uk/eproxy. Shareholders can use this service to vote or appoint a proxy online. The same voting deadline of noon on 25 August 2023 applies as if you were using your Personalised Voting Form to vote or appoint a proxy by post to vote for you. Shareholders who hold their shares electronically may submit their votes through CREST, by submitting the appropriate and authenticated CREST message so as to be received by the Company’s registrar not later than 2 business days before the start of the meeting. Instructions on how to vote through CREST can be found by accessing the following website: www.euroclear.com/CREST. Shareholders should not show this information to anyone unless they wish to give proxy instructions on their behalf.

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

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

3. To be entitled to attend and vote at the AGM (and for the purpose of the determination by the Company of the votes they may cast), members must be registered in the register of members of the Company at noon on 25 August 2023 (or, in the event of any adjournment, on the date which is two business days before the time of the adjourned meeting). Changes to the register of members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.
4. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for this AGM and any adjournment(s) by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a “CREST Proxy Instruction”) must be properly authenticated in accordance with Euroclear UK and Ireland Limited’s specifications, and must contain the information required for such instruction, as described in the CREST Manual (available via www.euroclear.com/CREST). The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer’s agent by noon on 25 August 2023. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Application Host) from which the issuer’s agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors or voting service provider(s) should note that Euroclear UK and Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider, to procure that his or her CREST sponsor or voting service provider(s)

take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service provider(s) are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

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

5. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.
6. A copy of this Notice, and other information regarding the meeting, as required by section 311A of the Act, is available from www.albion.capital/funds/AAEV under the 'Fund reports' section.
7. Any member attending the meeting has the right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the meeting but no such answer need be given if (a) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information, (b) the answer has already been given on a website in the form of an answer to a question, or (c) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.
8. Copies of contracts of service and letters of appointment between the Directors and the Company, together with the Register of Directors' Interests in the Ordinary shares of the Company, will be available for inspection at the Registered Office of the Company during normal business hours from the date of this Notice until the conclusion of the meeting, and at the place of the meeting for at least 15 minutes prior to the meeting until its conclusion. In addition, a copy of the Articles of Association will be available for inspection at the Company's registered office from the date of this Notice until the conclusion of the meeting, and at the place of the meeting for at least 15 minutes prior to the meeting until its conclusion.
9. Under section 527 of the Act members meeting the threshold requirements set out in that section have the right to require the Company to publish on a website a statement setting out any matter relating to: (i) the audit of the Company's accounts (including the Auditor's report and the conduct of the audit) that are to be laid before the AGM: or (ii) any circumstances connected with an Auditor of the Company ceasing to hold office since the previous meeting at which the annual accounts and reports were laid in accordance with section 437 of the Act. The Company may not require the members requesting any such website publication to pay its expenses in complying with section 527 and 528 of the Act. Where the Company is required to place a statement on a website under section 527 of the Act, it must forward the statement to the Company's Auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the AGM includes any statement that the Company has been required under section 527 of the Act to publish on a website.
10. Members satisfying the thresholds in Section 338 of the Companies Act 2006 may require the Company to give, to members of the Company entitled to receive notice of the AGM, notice of a resolution which those members intend to move (and which may properly be moved) at the AGM. A resolution may properly be moved at the AGM unless (i) it would, if passed, be ineffective (whether by reason of any inconsistency with any enactment of the Company's constitution or otherwise); (ii) it is defamatory of any person; or (iii) it is frivolous or vexatious. The business which may be dealt with at the AGM includes a resolution circulated pursuant to this right. A request made pursuant to this right may be in hard copy or electronic form, must identify the resolution of which notice is to be given, must be authenticated by the person(s) making it and must be received by the Company not later than 6 weeks before the date of the AGM.
11. Members satisfying the thresholds in Section 388A of the Companies Act 2006 may request the Company to include in the business to be dealt with at the AGM any matter (other than a proposed resolution) which may properly be included in the business at the AGM.
A matter may properly be included in the business at the AGM unless (i) it is defamatory of any person or (ii) it is frivolous or vexatious. A request made pursuant to this right may be in hard copy or electronic form, must identify the matter to be included in the business, must be accompanied by a statement setting out the grounds for the request, must be authenticated by the person(s) making it and must be received by the Company not later than 6 weeks before the date of the AGM.
12. As at 4 July 2023 being the latest practicable date prior to the publication of this Notice, the Company's issued share capital consists of 115,851,291 Ordinary shares with a nominal value of 1 penny each. The Company also holds 14,558,366 Ordinary shares in treasury. Therefore, the total voting rights in the Company as at 4 July 2023 are 101,292,925.

Printed by:

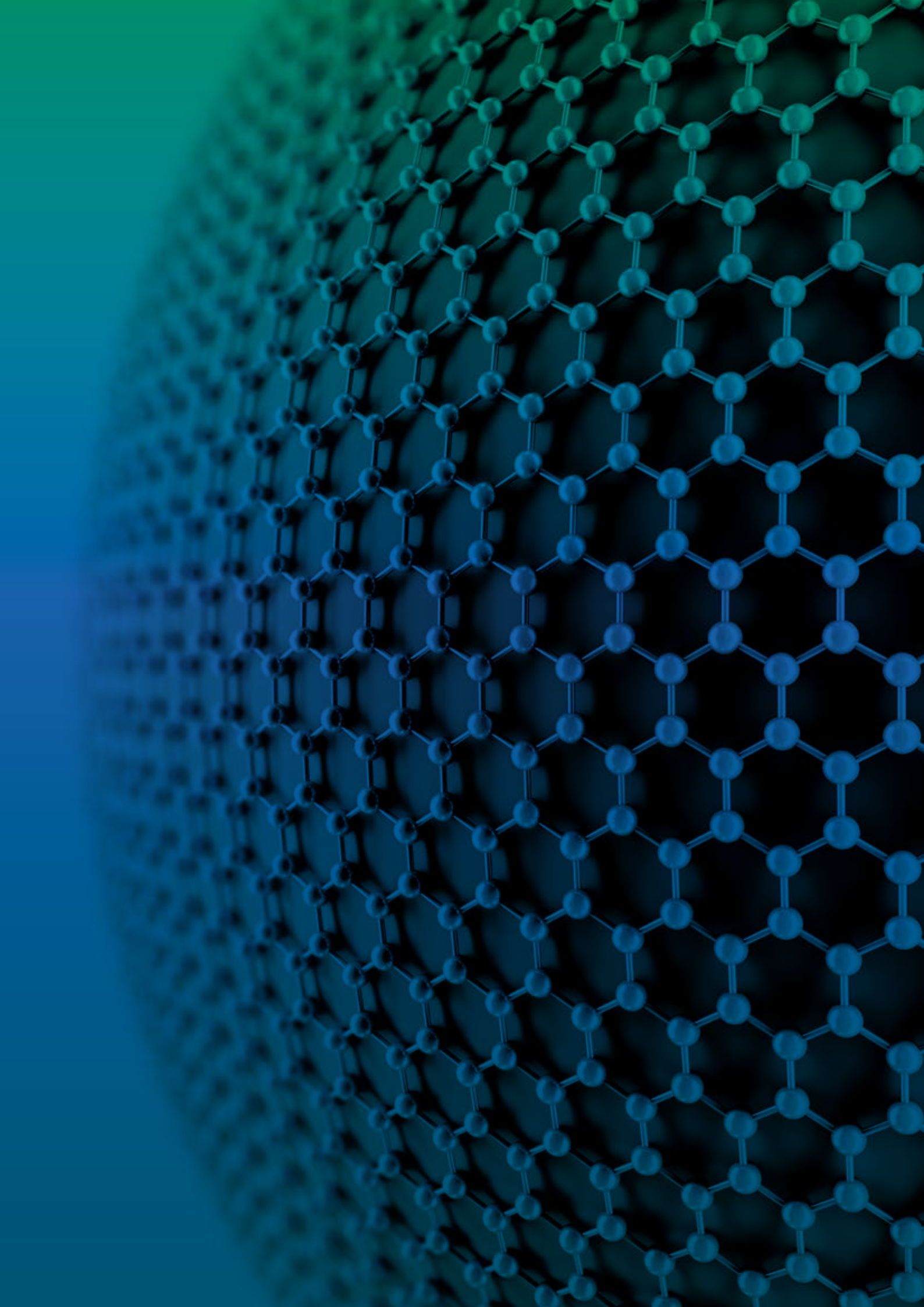
perivan

perivan.com



Cover photo © istock / ktsimage

All inside images © istock / AodLeo, StudioM1, NiseriN, Just_Super, shulz and © Unsplash / CHUTTERSAP, Ricardo Gomez Angel, Teemu Paananen



AlbionCapital