



Albion Technology & General VCT PLC

ALBIONVENTURES

Contents

Page

2	Company information
3	Investment objectives and financial calendar
4	Financial summary
6	Financial highlights
7	Chairman's statement
9	Manager's report
11	The Board of Directors
12	The Manager
13	Portfolio of investments
19	Portfolio companies
21	Directors' report and enhanced business review
30	Statement of corporate governance
35	Directors' remuneration report
37	Independent auditors' report
38	Income statement
40	Balance sheet
43	Reconciliation of movements in shareholders' funds
46	Cash flow statement
49	Notes to the Financial Statements
69	Notice of Annual General Meeting

Company information

Company number	4114310
Directors	Dr N E Cross, Chairman Lt Gen Sir Edmund Burton KBE M J Hart P H Reeve
Manager, company secretary and registered office	Albion Ventures LLP 1 King's Arms Yard London EC2R 7AF Tel: 020 7601 1850 Fax: 020 7601 1875 Website: www.albion-ventures.co.uk
Registrar	Capita Registrars Limited Northern House Penistone Road Fenay Bridge Huddersfield HD8 0GA
Auditors	PKF (UK) LLP Farringdon Place 20 Farringdon Road London EC1M 3AP
Taxation adviser	PricewaterhouseCoopers LLP 1 Embankment Place London WC2N 6RH
Legal adviser	Berwin Leighton Paisner Adelaide House London Bridge London EC4R 9HA

Albion Technology & General VCT PLC is a member of the Association of Investment Companies.

Shareholder information

For help relating to dividend payments, shareholdings and share certificates please contact Capita Registrars Limited:
Tel: 0871 664 0300 (calls cost 10p per minute plus network extras, lines are open 8.30 am – 5.30 pm; Mon-Fri)
Email: ssd@capitaregistrars.com
Website: www.capitaregistrars.com

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

For enquiries relating to the performance of the Fund please contact Albion Ventures LLP:
Tel: 020 7601 1850 (lines are open 9.00 am – 5.30 pm; Mon-Fri, calls may be recorded)
Email: info@albion-ventures.co.uk
Website: www.albion-ventures.co.uk

IFA information

Independent Financial Advisers with questions please contact Albion Ventures LLP:
Tel: 020 7601 1850 (lines are open 9.00 am – 5.30 pm; Mon-Fri, calls may be recorded)
Email: info@albion-ventures.co.uk
Website: www.albion-ventures.co.uk

Investment objectives

Albion Technology & General VCT PLC (“the Company”) is a Venture Capital Trust which raised £14.3 million in December 2000 and 2002, and raised a further £35.0 million during 2006 through the launch of a C share issue. The Company offers investors the opportunity to participate in a balanced portfolio of technology and non-technology businesses. The Company’s investment portfolio is intended to be split approximately as follows:

- 40 per cent. in unquoted UK technology-related companies; and
- 60 per cent. in unquoted UK non-technology companies.

The Investment Manager pursues a longer term investment approach, with a view to providing shareholders with a strong, predictable dividend flow combined with the prospects of capital growth. This is achieved in two ways. First, controlling the VCT’s exposure to technology risk by ensuring that many of the companies in the non-technology portfolio have property as their major asset, with no external borrowings. Second, by balancing the investment portfolio by sector, so that those areas such as leisure and business services, which are susceptible to changes in consumer sentiment, are complemented by sectors with more predictable long term characteristics, such as healthcare and the environment.

Financial calendar

Annual General Meeting	13 May 2011
Record date for first dividend	1 April 2011
Payment of first dividend	28 April 2011
Announcement of interim results for the six months ended 30 June 2011	August 2011
Payment of second dividend subject to Board approval	October 2011

Financial summary

Ordinary shares

148.6p

Net asset value plus dividends from launch* to 31 December 2010.

8.0p

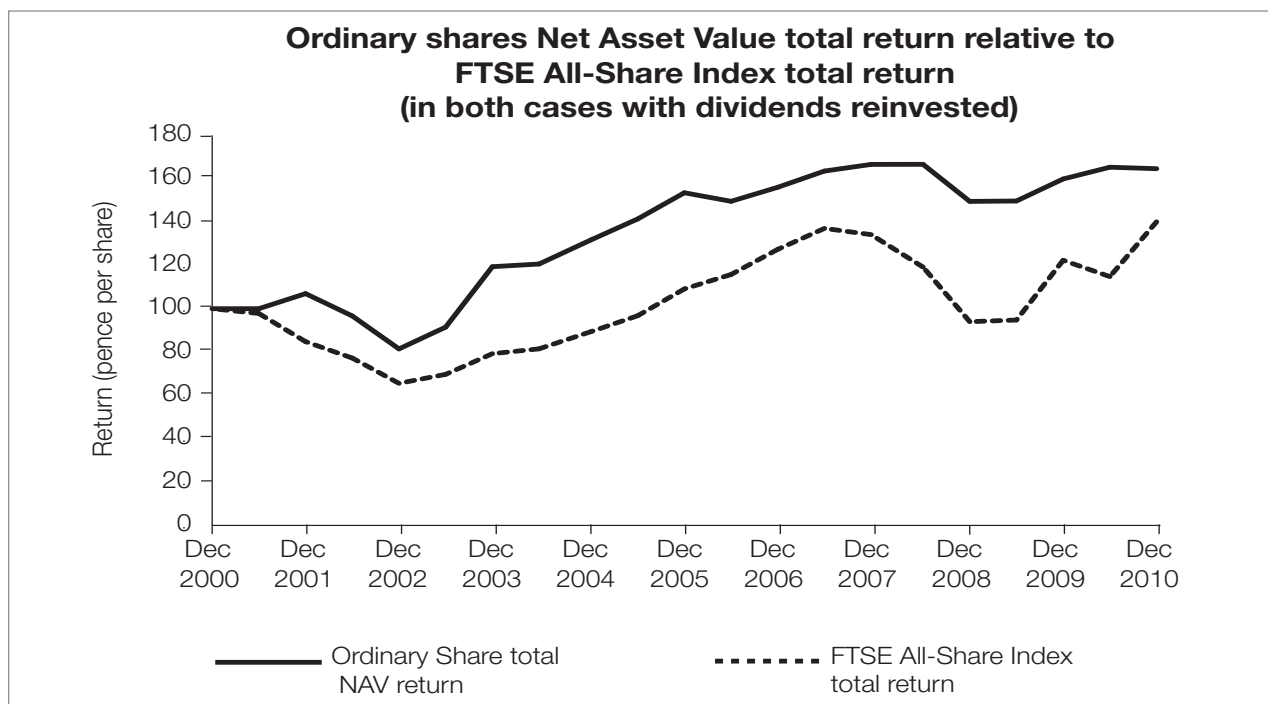
Tax free dividend per share paid in the year to 31 December 2010.

2.5p

The Board has declared a first dividend for the year to 31 December 2011 of 2.5p per share.

87.6p

Net asset value per share as at 31 December 2010.



Source: Albion Ventures LLP

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

* The Ordinary shares were launched on 17 January 2001.

Financial summary (continued)

C shares

79.6p

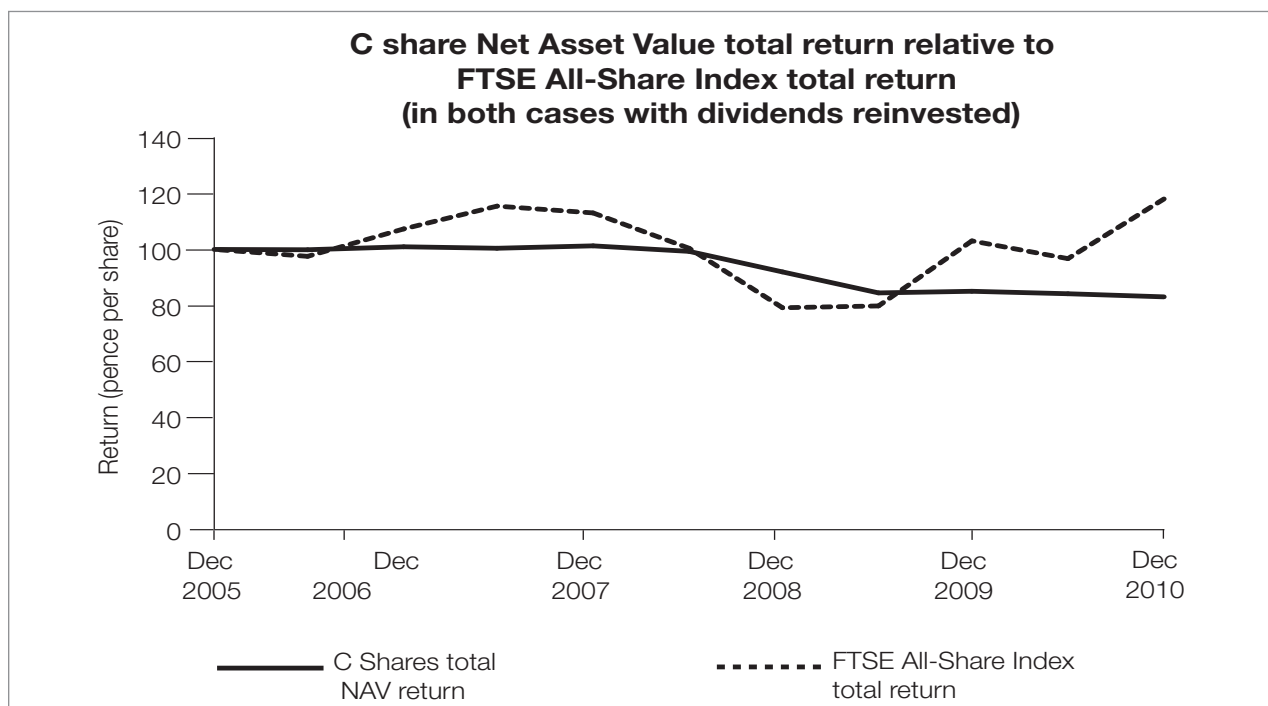
Net asset value plus dividends from launch* to 31 December 2010.

3.0p

Tax free dividend per share paid in the year to 31 December 2010.

68.1p

Net asset value per share as at 31 December 2010.



Source: Albion Ventures LLP

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

* The C shares were launched on 4 January 2006.

Financial highlights

	Ordinary shares		C shares	
	31 December 2010 (pence per share)	31 December 2009 (pence per share)	31 December 2010 (pence per share)	31 December 2009 (pence per share)
Dividends paid	8.0	–	3.0	1.0
Revenue return	1.6	2.5	1.1	1.5
Capital return/(loss)	1.0	3.2	(3.0)	(8.1)
Net asset value	87.6	92.7	68.1	72.7

Total shareholder net asset value return to 31 December 2010:

	Ordinary shares 31 December 2010 (pence per share) ⁽ⁱ⁾	C shares 31 December 2010 (pence per share) ⁽ⁱⁱ⁾
Total dividends paid during the year ended: 31 December 2001 ⁽ⁱ⁾	1.0	–
31 December 2002	2.0	–
31 December 2003	1.5	–
31 December 2004	7.5	–
31 December 2005	9.0	–
31 December 2006	8.0	0.5
31 December 2007	8.0	2.5
31 December 2008	16.0	4.5
31 December 2009	–	1.0
31 December 2010	8.0	3.0
Total dividends paid to 31 December 2010	61.0	11.5
Net asset value as at 31 December 2010	87.6	68.1
Total net asset return to 31 December 2010	148.6	79.6

The Ordinary shares' dividend of 8.0 pence per share for 2009 was paid in advance on 30 December 2008. The C shares' first dividend for 2009 of 1.5 pence per share was also paid in advance on 30 December 2008.

In addition to the dividends paid above, the Board has declared a first dividend for the year ending 31 December 2010, of 2.5 pence per Ordinary share (payable from the Special reserve) to be paid on 28 April 2011 to shareholders on the register at 1 April 2011.

In accordance with the Articles of Association, on 31 March 2011, the C shares will convert to Ordinary shares on the basis of the net assets attributable to the Ordinary shares and the C shares as disclosed in the audited accounts for the year to 31 December 2010 and in accordance with the calculation as described and approved by shareholders' resolution number 4 at the Extraordinary General Meeting on 8 December 2005. C shareholders will therefore receive 0.7779 Ordinary shares for each C share they currently own.

Notes

- (i) Based on subscription by the first closing on 16 January 2001. Investors subscribing thereafter, up to 30 June 2001 received 0.5 pence per share.
- (ii) Excludes tax benefits upon subscription.

Chairman's statement

Introduction

The results for Albion Technology & General VCT PLC for the year to 31 December 2010 show a gradual revival from the low point of the depths of the UK recession. Despite the real strength and uniqueness of many investee companies, however, the improvement in performance has been slower than anticipated. The Ordinary share portfolio showed a positive return of 2.6p while the C share portfolio, after two years of more substantial losses, showed a modest negative return of 1.9p.

While the value of a number of our investee businesses was written down during the recession, the portfolio remains almost entirely intact and largely profitable. The great majority of the portfolio companies have continued to grow, and we believe that they are beginning to drive an increase in value.

Investment performance and progress

Both portfolios benefitted from the sale of our investment in Geronimo Inns, which realised a return of just under 25 per cent. in the 16 month holding period. The Ordinary Share portfolio, meanwhile, benefitted from the successful sale during the year of the investment in RFI Global Services at a level considerably above its holding value. In addition, there was a welcome write-up of the investment in Evolutions Television. Against this was a reduction in value of Consolidated PR, as a result in cut-backs in Government spending, of Oxsensis, and of Xceleron, following changes in research and development policies by its main customers.

The C Share portfolio also benefitted from the sale of RFI Global Services, although to a lesser degree as the investment was considerably smaller. In addition, there were further improved performances from Blackbay, Mirada Medical, Kensington Health Clubs and Process Systems Enterprise. Provisions were made against certain investments where the current climate continues to have an adverse affect, including Chichester Holdings and The Charnwood Pub Company.

During the year, some £1 million was invested by the Ordinary Share portfolio and £4.2 million by the C Share portfolio. New investments included the Orchard Portman psychiatric hospital in Somerset, Masters Pharmaceuticals (which distributes "special" pharmaceuticals on a worldwide basis), Perth Biogas (a waste food-to-energy power station in Scotland), Street-by-Street Solar (which installs solar panels on the roofs of residential houses) and Radnor House, a new independent school by the Thames at Twickenham.

Risks and uncertainties

The outlook for the UK economy continues to be the key risk affecting your Company. Although current indications are that

renewed growth in the UK economy has become more firmly established, there is continuing uncertainty as to the impact on the economy of the coalition Government's public spending cuts. Importantly, investment risk is mitigated through a variety of processes, including our policy of ensuring that the Company has a first charge over investee companies' assets wherever possible.

Meanwhile, opportunities within our target sectors continue to arise at attractive valuations, including in the healthcare and environmental sectors, which continue to be two core areas of activity.

A detailed analysis of the other risks and uncertainties facing the business is shown in the Directors' report and enhanced business review within this Annual Report and Financial Statements.

Conversion of C Shares to Ordinary Shares

As required under your Company's Articles of Association, the C shares convert into Ordinary shares on the ratio of their respective net asset values per share at 31 December 2010. The conversion is effective from 31 March 2011. Based on their respective net asset values, C shareholders will receive 0.7779 new Ordinary shares for each C share held. New share certificates will be sent out to shareholders by no later than 30 April 2011. Once the new Ordinary share certificates have been dispatched, the C share certificates will have no further value and should be destroyed.

The merged portfolio will comprise investments in 44 companies and will benefit from both the revenue generating maturity of the older companies within the Ordinary Share portfolio and the growth potential of the C Share portfolio.

Bearing in mind the projected income generation of the enlarged portfolio, combined with available reserves and cash resources, it will continue to be the Company's longer term target to pay out annual dividends of 5 pence per Ordinary Share, so far as it is able. This means that the equivalent dividend for the C Share would be approximately 3.9 pence compared to 3 pence in the year just ended.

Discount management and share buy-backs

It remains the Board's policy to buy back shares in the market, subject to the overall constraint that such purchases are in the VCT's interests, including the maintenance of sufficient resources for investment in new and existing investee companies and the continued payment of dividends to shareholders. It is the Board's intention for such buy-backs to be in the region of a 10 to 15 per cent. discount to net asset value, so far as market conditions and liquidity permit.

Chairman's statement (continued)

Results and dividends

As at 31 December 2010, the net asset value of the Ordinary shares was 87.6 pence per share, and the net asset value of the C shares was 68.1 pence per share. The revenue return before taxation for the Ordinary shares was £275,000 compared to £432,000 for the previous period and for the C shares was £503,000 compared to £544,000 for the previous year. The Company will pay a first dividend for the financial year to 31 December 2011 of 2.5 pence per Ordinary share. Dividends will be paid on 28 April 2011 to shareholders on the register on 1 April 2011.

Supporting enterprise and growth

Recent research undertaken by the Association of Investment Companies has demonstrated that VCT investment provides substantial benefits for UK small businesses and the economy in at least three ways: first, by creating jobs; second, by providing additional management skill to support growing businesses; and finally, by being cost-effective, in that the cost to the public purse is more than offset by the increased tax returns by the growth of VCT-backed companies. In common with other VCTs, your Board recommends that the coalition Government continues to support the VCT sector as one of the best ways to support enterprise and future economic growth.

Albion VCTs Linked Top Up Offer

On 1 November 2010 the Company announced the launch of the Albion VCTs Linked Top Up Offer. In aggregate, the Albion VCTs will be aiming to raise up to £15 million across all of the seven VCTs managed by Albion Ventures LLP, of which Albion Technology & General VCT PLC's share will be approximately £2.25 million.

The maximum amount raised by each of the Albion VCTs will be the lower of Euros 2.5 million, and 10 per cent. of its issued share capital (over any one 12 month period, and including any shares issued under Dividend Reinvestment Schemes), being the amount that they may issue under the

Prospectus Rules without the publication of a full prospectus. The number of new shares available may change depending on the £: euro exchange rate at the date of allotment. The proceeds of the Offer will be used to provide further resources to the Albion VCTs at a time when a number of attractive new investment opportunities are being seen. An Investor Guide and Offer Document have been sent to shareholders.

On 7 January 2011, the Company issued 344,862 Ordinary shares at 94.8 pence per share and 440,166 C shares at 74.3 pence per share under the Offer. For further details, please see note 21.

Outlook and prospects

The outlook for the UK economy remains uncertain. In particular, the full impact of the public sector cuts on the wider economy has not yet been fully felt. To mitigate this, a number of investee companies in the technology element of the portfolio operate in international markets and some, such as Helveta, in fast growing developing countries. A significant number of our companies have special assets or business capabilities, and we believe that, over the longer term, they will provide strong returns for shareholders.

There is a widely held view that interest rates will remain low in the short term, which will continue to depress income from deposits. With this in mind, the Company is looking to expand further its portfolio of asset based income producing investments where we have seen an improvement in the pipeline at attractive prices across a range of industries, with particular emphasis on the healthcare and environmental sectors.

Dr Neil Cross

Chairman

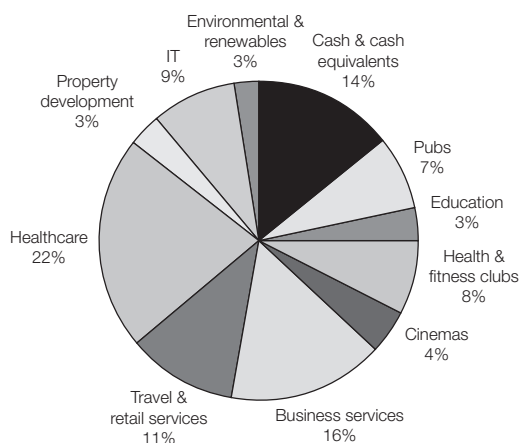
28 February 2011

Manager's report

The sector analysis of Albion Technology & General VCT PLC's investment portfolio as at 31 December 2010 is shown below. By valuation, the non-technology element of the portfolio now accounts for 58 per cent. of the Ordinary shares' net asset value and 49 per cent. of the C shares' net asset value, while the technology portfolio accounts for 28 per cent. of the Ordinary shares and 37 per cent. of the C shares, with cash and liquid resources providing the balance. On a combined basis, following the merger of the two share classes, then the aggregate balance would have been 34 per cent. of net assets in technology and 52 per cent. in non-technology. As a proportion of the combined portfolio value, the healthcare element now accounts for 22 per cent. up from 16 per cent. at the end of 2009, while the environmental and renewable portion is now 7 per cent., up from 6 per cent.

Ordinary share portfolio

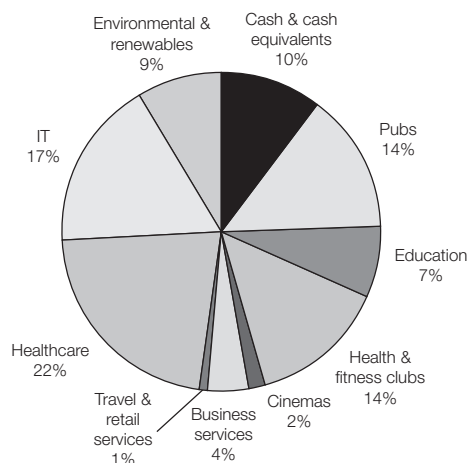
The following is the sector split of the Ordinary share portfolio by valuation as at 31 December 2010:



Source: Albion Ventures LLP

C share portfolio

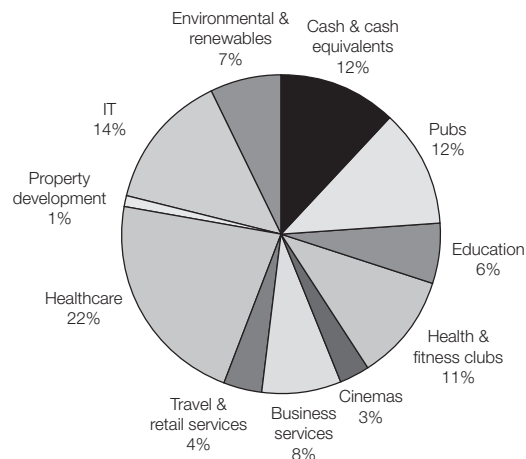
The following is the sector split of the C share portfolio by valuation as at 31 December 2010:



Source: Albion Ventures LLP

Combined

The following is the sector split as at 31 December 2010 once the two share class portfolios are combined:



Source: Albion Ventures LLP

Portfolio review

As mentioned in the Chairman's statement, a number of companies within the technology portfolio have begun to perform strongly. In addition to those detailed in the Chairman's statement, it is worth mentioning improved prospects for Dexela, memsstar (formerly Point 35 Microstructures), and Helveta, while trading at Lowcosttravel also shows continued growth, with an important new contract signed with Easyjet. Against this, continued difficult markets led to the restructuring of Red-M Wireless and Rostima.

In our non-technology portfolio, cinemas have performed particularly well, while revenues and profitability continued to climb at our health and fitness clubs leading to a write-up of the Kensington Health Club. The Charnwood Pub Company Limited, which operates food-led pubs in central England, saw a reduction in value as its core customer base struggled in a difficult economic climate, while Chichester Holdings' markets have also suffered.

Realisations

The successful sale of RFI Global Services Limited realised initial proceeds across both portfolios of £565,000 against cost of £342,000 and a value as at 31 December 2009 of £295,000. In addition, the sale of Geronimo Inns generated proceeds of £1.716 million, in addition to annual income of 8 per cent., against cost of £1.52 million.

New investments

Two new investments were made during the year in Orchard Portman Hospital, a freehold psychiatric hospital based in Somerset, and Masters Pharmaceuticals Limited. The

Manager's report (continued)

broader healthcare sector remains a core area for concentration going forwards as we believe that the sector, at all stages of technology and service, offers growth opportunities over future years, despite the undoubted adverse effect of the impending spending cuts. In addition, your Company has made its first renewable energy investments. TEG Biogas (Perth) Limited is constructing a waste food-to-energy plant in Scotland, which will become operational in the Spring of 2011. We have also made an investment in the solar energy sector through Street-by-Street Solar, which installs and owns PV panels on residential buildings in the Thames Valley. In general, renewable energy is also set to be an important area for concentration, with a

portfolio weighting of up to 15 per cent., as, like healthcare, we see that it has strong, longer term growth prospects.

The pipeline of potential new investments is strong; subsequent to the year end, contracts have been exchanged on a second psychiatric treatment centre in which the fund will invest in 2011. In addition, terms have been agreed with a number of renewable energy projects in the anaerobic digestion, hydroelectricity and wind sectors.

Albion Ventures LLP

Manager

28 February 2011

The Board of Directors

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

Dr Neil Cross FCIS (66) (appointed 6 December 2000) has extensive experience in private equity and corporate governance. He was formerly an executive director of 3i Group plc from 1989 to 1996, having spent 27 years in a variety of investment and management roles, latterly in charge of the group's international operations. He has been a non-executive director of a number of listed and private companies and is presently a non-executive director of BMT Group Limited (Chairman) and Caliburn Absolute Strategies SPC.

Lieutenant General Sir Edmund Burton KBE, MA, DSc, FIET, FBCS (67) (appointed 6 December 2000) has provided advice to government departments on Information Risk and Assurance and on obtaining business benefits from technology investment. He was Deputy Chief of Defence Staff (Systems) from 1997 to 1999, with specific responsibility for developing a balanced and affordable equipment and research programme for the United Kingdom Armed Forces. His military career prior to that included three years as Commandant of the Royal Military College of Science at Shrivenham and two years as military attaché at the British Embassy in Washington. On 31 December 2003, he completed a three year appointment as Executive Chairman of the Police Information Technology Organisation. He is visiting professor at Cranfield University and Chairman of the Information Assurance Advisory Council.

Michael Hart (69) (appointed 6 December 2000) has considerable experience in the software and IT sector. He was, until October 2004, executive chairman of AFA Systems PLC, the AIM-quoted developer of treasury software for financial institutions which he founded in 1995. Prior to that, he was managing director of ACT Group PLC which he joined in 1989 after 15 years at Siemens Nixdorf.

Patrick Reeve (50) MA, ACA, (appointed 11 December 2003) qualified as a chartered accountant with Deloitte Haskins & Sells before joining Cazenove & Co where he spent three years in the corporate finance department. He joined Close Brothers Group plc in 1989, initially in the development capital subsidiary, where he was a director specialising in the financing of smaller unquoted companies. He joined the corporate finance division in 1991, where he was also a director. He established Albion Ventures LLP (formerly Close Ventures Limited) with the launch of Albion Venture Capital Trust PLC (formerly Close Brothers Venture Capital Trust PLC) in the spring of 1996. He is the Managing Partner of Albion Ventures LLP and is director of Albion Income & Growth VCT PLC, Albion Prime VCT PLC, Albion Enterprise VCT PLC and Kings Arms Yard VCT PLC, all managed by Albion Ventures LLP. He is also a director of Healthcare & Leisure Property Fund Limited, for whom Albion Ventures LLP acts as an investment adviser.

The Manager

Albion Ventures LLP, is authorised and regulated by the Financial Services Authority and is the Manager of Albion Technology & General VCT PLC. In addition to Albion Technology & General VCT PLC, it manages a further eight venture capital trusts, and has currently total funds under management of approximately £240 million. Albion was awarded “VCT Manager of the Year” at the “Unquote” British Private Equity Awards 2009 and “VCT of the Year” for Albion Development VCT PLC at the 2009 Investor AllStar Awards.

The following are specifically responsible for the management and administration of the VCTs managed by Albion Ventures LLP, including Albion Technology & General VCT PLC:

Patrick Reeve (50), MA, ACA, details included in the Board of Directors section.

Will Fraser-Allen (40), BA (Hons), ACA, qualified as a chartered accountant with Cooper Lancaster Brewers in 1996 and then joined their Corporate Finance Team providing corporate finance advice to small and medium sized businesses. He joined Albion Ventures in 2001 since when he has focused on leisure and healthcare investing. Will became Deputy Managing Partner of Albion Ventures in 2009. Will has a BA in History from Southampton University.

Isabel Dolan (46), BSc (Hons), ACA, MBA, qualified as a chartered accountant with Moore Stephens. From 1993 to 1997 she was Head of Recoveries at the Specialised Lending Services of the Royal Bank of Scotland plc and from 1997 to 2001 she was at 3i plc, latterly as a portfolio director. She joined Albion Ventures in 2005, having previously been finance director for a number of unquoted companies. Isabel became Operations Partner at Albion Ventures in 2009. She has a BSc in Biochemistry with Pharmacology from Southampton University and an MBA from London Business School.

Dr Andrew Elder (40), MA, FRCS, joined Albion Ventures in 2005 and became a partner in 2009. He initially practised as a surgeon for six years, specialising in neurosurgery, before joining the Boston Consulting Group (BCG) as a consultant in 2001. Whilst at BCG he specialised in healthcare strategy, gaining experience with many large, global clients across the full spectrum of healthcare including biotechnology, pharmaceuticals, service and care providers, software and telecommunications. He has an MA plus Bachelors of Medicine and Surgery from Cambridge University and is a Fellow of the Royal College of Surgeons (England).

Emil Gigov (41), BA (Hons), ACA, graduated from the European Business School, London, with a BA (Hons) Degree in European Business Administration in 1994. He then joined KPMG in their financial services division and qualified as a chartered accountant in 1997. Following this he transferred to KPMG Corporate Finance where he specialised in the leisure, media and marketing services sectors acting on acquisitions, disposals and fundraising mandates. He joined Albion Ventures in 2000 and has since made and exited investments in a number of industry sectors, including healthcare, education, technology, leisure and engineering. Emil became a partner in Albion Ventures in 2009.

David Gudgin (38), BSc (Hons), ACMA, qualified as a management accountant with ICL before spending 3 years at the BBC. In 1999 he joined 3i plc as an investor in European technology based in London and Amsterdam. In 2002 he moved to Foursome Investments (now Frog Capital) as the lead investor of an environmental technology and a later stage development capital fund. David joined Albion Ventures in 2005 and became a partner in Albion Ventures in 2009. David has a BSc in Economics from Warwick University.

Michael Kaplan (34), BA, MBA. Prior to joining Albion Ventures in 2007, Michael was a Project Leader with the Boston Consulting Group (BCG) where he focused on the retail and financial services sectors. More recently, Michael was part of BCG's growing Private Equity practice – which provides strategic due diligence to some of the world's biggest PE funds. Prior to his time with BCG, Michael was the Chief Financial Officer for Widevine Technologies, a security software company based in Seattle. Michael has a BA from the University of Washington and an MBA from INSEAD. He became a partner in Albion Ventures in 2010.

Ed Lascelles (35), BA (Hons), joined Albion Ventures in 2004. He previously worked for ING Barings in the corporate finance department, focusing on smaller UK companies. Prior to ING Barings, Ed worked in the corporate broking department of Charterhouse Securities where he assisted in equity fundraisings and other corporate transactions for quoted UK companies. Ed graduated from UCL with a first class degree in Philosophy. He became a partner in Albion Ventures in 2009.

Henry Stanford (45), MA, ACA, qualified as a chartered accountant with Arthur Andersen before joining the corporate finance department of Close Brothers Group in 1992, becoming an assistant director in 1996. He moved to Albion Ventures in 1998. Henry became a partner in Albion Ventures in 2009. He holds an MA degree in Classics from Oxford University.

Robert Whitby-Smith (36), BA (Hons), MSI, ACA. After graduating in History at Reading University, Robert qualified as a chartered accountant at KPMG and subsequently worked in corporate finance at Credit Suisse First Boston and ING Barings. Since joining in 2005, Robert has assisted in the workout of three VCT portfolios (Murray VCT PLC, Murray VCT 2 PLC and Murray VCT 3 PLC now renamed Crown Place VCT PLC) formerly managed by Aberdeen Murray Johnson, and is responsible for investments in the leisure, manufacturing and technology sectors. Robert became a partner in Albion Ventures in 2009.

Marco Yu (33), MPhil, MA, MRICS, spent two and a half years at Bouygues (UK), developing cost management systems for PFI schemes, before moving to EC Harris in 2005 where he advised senior lenders on large capital projects. He joined Albion Ventures in 2007 and became an investment manager in Albion Ventures in 2009. Marco graduated from Cambridge University with a first class degree in economics and is a Chartered Surveyor.

Portfolio of investments Ordinary shares

		% voting rights of AVL** managed companies	As at 31 December 2010			As at 31 December 2009			Change in value for the year*** £'000
			Cost £'000	Cumulative movement in value £'000	Total value £'000	Cost £'000	Cumulative movement in value £'000	Total value £'000	
Qualifying technology portfolio									
Xceleron Limited	7.3%	45.1%	791	39	830	724	133	857	(94)
Blackbay Limited	2.5%	34.9%	258	151	409	258	96	354	55
Peakdale Molecular Limited	6.0%	14.9%	427	(96)	331	427	(82)	345	(14)
Lowcosttravelgroup Limited	2.0%	26.0%	200	51	251	200	(14)	186	65
Mi-Pay Limited	2.4%	43.7%	255	(13)	242	172	(37)	135	24
Dexela Limited	2.1%	34.8%	155	3	158	155	3	158	-
sparesFinder Limited	10.5%	14.3%	613	(465)	148	644	(520)	124	55
Mirada Medical Limited	2.7%	45.0%	90	54	144	90	13	103	41
Helveta Limited	0.9%	20.8%	129	-	129	129	4	133	(4)
Forth Photonics Limited	1.0%	18.4%	133	(15)	118	80	-	80	(15)
Oxsensis Limited	1.2%	20.7%	166	(72)	94	125	(40)	85	(32)
Opta Sports Data Limited	0.5%	7.1%	110	(20)	90	110	9	119	(29)
memsstar Limited (formerly Point 35 Microstructures Limited)	0.9%	28.1%	65	-	65	65	(17)	48	17
Process Systems Enterprise Limited	0.5%	16.0%	50	(10)	40	50	(26)	24	16
Palm Tree Technology Plc	0.1%	0.7%	38	(16)	22	38	(33)	5	17
Rostima Holdings Limited	1.2%	39.3%	23	-	23	88	(54)	34	-
Red-M Wireless Limited	4.1%	41.0%	30	(19)	11	30	2	32	(21)
Total qualifying technology investments			3,533	(428)	3,105	3,385	(563)	2,822	81

** Albion Ventures LLP

*** as adjusted for additions and disposals during the year

Portfolio of investments Ordinary shares (continued)

			As at 31 December 2010			As at 31 December 2009			Change in value for the year*** £'000
			% voting rights	% voting rights of AVL** managed companies	Cost £'000	Cumulative movement in value £'000	Total value £'000	Cost £'000	
Qualifying non-technology portfolio									
Evolutions Television Limited	10.7%	49.9%	1,942	(764)	1,178	1,942	(905)	1,037	141
The Q Garden Company Limited	33.4%	50.0%	2,401	(1,404)	997	2,401	(1,434)	967	30
The Weybridge Club Limited	3.3%	50.0%	530	(51)	479	530	(40)	490	(11)
Bravo Inns II Limited	4.1%	50.0%	445	(13)	432	415	(17)	398	4
Consolidated PR Limited	11.8%	23.6%	558	(134)	424	625	32	657	(166)
Peakdale Molecular Limited [®]	n/a	n/a	333	(14)	319	533	(16)	517	2
The Charnwood Pub Company Limited	1.6%	50.0%	515	(297)	218	515	(262)	253	(35)
CS (Brixton) Limited	3.9%	50.0%	165	48	213	165	9	174	39
Prime Care Holdings Limited	3.4%	49.9%	191	17	208	143	8	151	9
Orchard Portman Hospital Limited	5.9%	50.0%	202	–	202	–	–	–	–
Tower Bridge Health Clubs Limited	2.9%	50.0%	183	17	200	183	(15)	168	32
Kensington Health Clubs Limited	1.1%	50.0%	256	(79)	177	256	(108)	148	29
CS (Greenwich) Limited	2.0%	50.0%	113	(1)	112	120	(19)	101	18
Masters Pharmaceuticals Limited	0.6%	17.1%	100	1	101	–	–	–	1
Bravo Inns Limited	3.6%	50.0%	140	(64)	76	140	(65)	75	1
Radnor House School Limited	2.1%	50.0%	73	–	73	–	–	–	–
GB Pub Company VCT Limited	3.9%	50.0%	160	(98)	62	157	(98)	59	–
CS (Exeter) Limited	4.0%	50.0%	65	(18)	47	65	(6)	59	(12)
City Screen (Liverpool) Limited	4.6%	50.0%	55	(10)	45	61	(15)	46	5
Premier Leisure (Suffolk) Limited	1.5%	50.0%	110	(82)	28	110	(82)	28	–
CS (Norwich) Limited	1.9%	50.0%	30	(3)	27	30	(10)	20	7
The Dunedin Pub Company VCT Limited	2.4%	50.0%	27	–	27	123	(56)	67	56
TEG Biogas (Perth) Limited	2.7%	50.0%	24	–	24	–	–	–	–
Chichester Holdings Limited	2.3%	50.0%	150	(126)	24	150	(86)	64	(40)
The Street by Street Solar Programme Limited	1.2%	50.0%	10	–	10	–	–	–	–
Green Energy Property Services Limited	1.6%	23.4%	19	(10)	9	42	2	44	(12)
Total qualifying non-technology investments			8,797	(3,085)	5,712	8,706	(3,183)	5,523	98
Total qualifying investments			12,330	(3,513)	8,817	12,091	(3,746)	8,345	179

** Albion Ventures LLP

*** as adjusted for additions and disposals during the year

(i) This part of the Peakdale investment is in loan stock secured against debtors and property and is classified as a non-technology holding.

Portfolio of investments Ordinary shares (continued)

			As at 31 December 2010			As at 31 December 2009			Change in value for the year*** £'000
			Cost £'000	Cumulative movement in value £'000	Total value £'000	Cost £'000	Cumulative movement in value £'000	Total value £'000	
Non-qualifying investments									
Albion Investment Properties Limited	22.6%	100.0%	433	(62)	371	434	(80)	354	18
Radnor House School Limited – loan stock	n/a	n/a	293	7	300	–	–	–	7
Consolidated PR Limited	1.1%	24.5%	33	13	46	33	46	79	(33)
Mi-Pay Limited – loan stock	n/a	n/a	–	–	–	17	2	19	–
Total non-qualifying investments			759	(42)	717	484	(32)	452	(8)

** Albion Ventures LLP

*** as adjusted for additions and disposals during the year

	Disposal proceeds £'000	Cost £'000	Realised gain/(loss) £'000
Realisations in the year to 31 December 2010			
City Screen (Liverpool) Limited	5	5	–
Consolidated PR Limited	67	67	–
CS (Greenwich) Limited	7	7	–
Geronimo Inns VCT I Limited and Geronimo Inns VCT II Limited	835	740	95
Green Energy Property Services Group Limited	–	24	(24)
OneClickHR plc (AIM-listed)	21	101	(80)
Peakdale Molecular Limited	200	200	–
RFI Global Services Limited	363	220	143
River Bourne Health Club Limited	3	2	1
Rostima Limited	–	87	(87)
sparesFinder Limited	31	31	–
The Dunedin Pub Company VCT Limited	39	95	(56)
Total realisations	1,571	1,579	(8)

Portfolio of investments c shares

			As at 31 December 2010			As at 31 December 2009			Change in value for the year*** £'000
			% voting rights	% voting rights of AVL** managed companies	Cost £'000	Cumulative movement in value £'000	Total value £'000	Cost £'000	
Qualifying technology portfolio									
Mi-Pay Limited	14.8%	43.7%	1,557	(81)	1,476	1,051	(228)	823	147
Helveta Limited	7.9%	20.8%	1,136	–	1,136	1,136	38	1,174	(38)
Blackbay Limited	6.0%	34.9%	620	362	982	620	229	849	133
Dexela Limited	10.0%	34.8%	740	20	760	740	20	760	–
memsstar Limited (formerly Point 35 Microstructures Limited)	9.0%	28.1%	676	3	679	676	(175)	501	178
Xceleron Limited	8.9%	45.1%	954	(313)	641	872	(101)	771	(212)
Oxsensis Limited	7.0%	22.3%	933	(402)	531	705	(226)	479	(176)
Forth Photonics Limited	4.2%	18.4%	567	(65)	502	340	–	340	(65)
Mirada Medical Limited	9.9%	45.0%	266	196	462	203	47	250	149
Process Systems Enterprise Limited	5.5%	16.0%	520	(99)	421	520	(268)	252	169
Opta Sports Data Limited	2.4%	7.1%	515	(95)	420	515	43	558	(138)
Rostima Holdings Limited	14.3%	39.3%	282	–	282	1,051	(649)	402	–
Lowcosttravelgroup Limited	2.0%	26.0%	480	(290)	190	480	(351)	129	61
Total qualifying technology investments			9,246	(764)	8,482	8,909	(1,621)	7,288	208

** Albion Ventures LLP

*** as adjusted for additions and disposals during the year

Portfolio of Investments C shares (continued)

			As at 31 December 2010			As at 31 December 2009			Change in value for the year*** £'000
			% voting rights	% voting rights of AVL** managed companies	Cost £'000	Cumulative movement in value £'000	Total value £'000	Cost £'000	
Qualifying non-technology portfolio									
Kensington Health Clubs Limited	13.6%	50.0%	3,239	(976)	2,263	3,239	(1,204)	2,035	228
The Charnwood Pub Company Limited	10.7%	50.0%	2,279	(807)	1,472	2,279	(577)	1,702	(230)
Taunton Hospital Limited	15.8%	50.0%	1,000	4	1,004	1,000	–	1,000	4
Radnor House School Limited	9.0%	50.0%	927	14	941	–	–	–	14
Bravo Inns II Limited	7.2%	50.0%	970	(64)	906	840	(68)	772	4
Prime Care Holdings Limited	12.1%	49.9%	668	64	732	500	28	528	36
Bravo Inns Limited	14.5%	50.0%	1,290	(584)	706	1,290	(603)	687	19
The Weybridge Club Limited	3.4%	50.0%	784	(84)	700	784	(72)	712	(12)
Masters Pharmaceuticals Limited	3.1%	17.1%	475	7	482	–	–	–	7
Chichester Holdings Limited	12.9%	50.0%	1,850	(1,443)	407	1,850	(834)	1,016	(609)
Orchard Portman Hospital Limited	10.2%	50.0%	348	1	349	–	–	–	1
Premier Leisure (Suffolk) Limited	12.1%	50.0%	890	(666)	224	890	(660)	230	(6)
CS (Norwich) Limited	10.6%	50.0%	170	(19)	151	170	(56)	114	37
TEG Biogas (Perth) Limited	16.1%	50.0%	145	–	145	–	–	–	–
The Dunedin Pub Company VCT Limited	8.0%	50.0%	91	–	91	409	(186)	223	186
Evolutions Television Limited	0.4%	49.9%	85	(25)	60	85	(41)	44	16
The Street by Street Solar Programme Limited	5.5%	50.0%	44	–	44	–	–	–	–
Green Energy Property Services Limited	7.0%	23.4%	84	(42)	42	190	10	200	(52)
Total qualifying non-technology investments			15,339	(4,620)	10,719	13,526	(4,263)	9,263	(357)
Total qualifying investments			24,585	(5,384)	19,201	22,435	(5,884)	16,551	(149)

** Albion Ventures LLP

*** as adjusted for additions and disposals during the year

Portfolio of investments C shares (continued)

	As at 31 December 2010			As at 31 December 2009			Change in value for the year*** £'000
	Cost £'000	Cumulative movement in value £'000	Total value £'000	Cost £'000	Cumulative movement in value £'000	Total value £'000	
Non-qualifying fixed asset investments							
Radnor House School Limited – loan stock	637	15	652	–	–	–	15
Mi-Pay Limited	–	–	–	102	12	114	–
Total non-qualifying fixed asset investments	637	15	652	102	12	114	15


	As at 31 December 2010			As at 31 December 2009			Change in value for the year*** £'000
	Cost £'000	Cumulative movement in value £'000	Total value £'000	Cost £'000	Cumulative movement in value £'000	Total value £'000	
Non-qualifying current asset investments							
UBS Floating Rate Note May 2011	1,000	5	1,005	1,000	14	1,014	(9)
Total non-qualifying current asset investments	1,000	5	1,005	1,000	14	1,014	(9)


*** as adjusted for additions and disposals during the year


	Disposal proceeds £'000	Cost £'000	Realised gain/(loss) £'000
Realisations in the year to 31 December 2010			
Geronimo Inns VCT I Limited and Geronimo Inns VCT II Limited	881	780	101
Green Energy Property Services Group Limited	–	106	(106)
RFI Global Services Limited	202	122	80
River Bourne Health Club Limited	33	25	8
Rostima Limited	–	1,051	(1,051)
The Dunedin Pub Company VCT Limited	130	316	(186)
Total realisations	1,246	2,400	(1,154)


Portfolio companies


The top ten qualifying investments by total aggregate value of equity and loan stock are as follows:

Kensington Health Clubs Limited					
This company has developed a 29,000 square foot health and fitness club on a 999 year lease in West London which opened in December 2007.					
Audited results:		Investment information		Ordinary shares	
year to 30 September 2009				£'000	
£'000				C shares	
				£'000	
Turnover	2,037	Income recognised in the year	12	128	
Profit before interest	30	Total cost	256	3,239	
Net assets	1,688	Total valuation	177	2,263	
Basis of valuation:	Net asset value supported by independent desktop review	Voting rights	1.1 per cent.	13.6 per cent.	
Website:	www.thirtysevendegrees.co.uk/olympia				
Funds managed and advised by Albion Ventures LLP have invested in this company and their combined equity holding in the company is 50.0 per cent.					

Radnor House School Limited					
Radnor House is London's new co-educational independent day school in Twickenham, opening in September 2011. It is located in historic buildings on the banks of the River Thames in South West London. Students are currently being admitted into the Preparatory and the Senior School.					
Audited results:		Investment information		Ordinary shares	
year to 31 December 2010				£'000	
£'000				C shares	
				£'000	
The company was incorporated on 5 August 2010 and has not yet filed accounts at Companies House.					
		Income recognised in the year	3	11	
		Total cost	366	1,564	
		Total valuation	373	1,593	
Basis of valuation:	Cost	Voting rights	2.1 per cent.	9.0 per cent.	
Website:	www.radnorhouse.org				
Funds managed and advised by Albion Ventures LLP have invested in this company and their combined equity holding in the company is 50.0 per cent.					

Mi-Pay Limited					
Mi-Pay provides an outsourced payment processing service to mobile network operators and related customers, focusing on pre paid top ups and money transfers.					
Audited results:		Investment information		Ordinary shares	
year to 31 December 2009				£'000	
£'000				C shares	
				£'000	
Turnover	1,737	Income recognised in the year	-	-	
Loss before interest	(1,923)	Total cost	255	1,557	
Net liabilities	(2,083)	Total valuation	242	1,476	
Basis of valuation:	Revenue multiple	Voting rights	2.4 per cent.	14.8 per cent.	
Website:	www.mi-pay.com				
Funds managed and advised by Albion Ventures LLP have invested in this company and their combined equity holding in the company is 43.7 per cent.					

The Charnwood Pub Company Limited					
The company is a pub company which owns and operates 11 freehold public houses in central England.					
Audited results:		Investment information		Ordinary shares	
year to 31 March 2010**				£'000	
£'000				C shares	
				£'000	
Turnover	3,314	Income recognised in the year	10	64	
Loss before interest	(255)	Total cost	515	2,279	
Net liabilities	(608)	Total valuation	218	1,472	
Basis of valuation:	Net asset value supported by third party valuation	Voting rights	1.6 per cent.	10.7 per cent.	
Website:	www.charnwoodpubco.co.uk				
Funds managed and advised by Albion Ventures LLP have invested in this company and their combined equity holding in the company is 50.0 per cent.					
** The audited results include the costs associated with the acquisition of a further 8 pubs and costs relating to the restructuring of the pub portfolio.					

Xceleron Limited					
Xceleron has pioneered the use of Accelerator Mass Spectrometry, the world's most sensitive analytical technique, in drug development. The company focuses on providing metabolism data in clinical and pre-clinical development.					
Audited results:		Investment information		Ordinary shares	
year to 31 December 2009				£'000	
£'000				C shares	
				£'000	
Turnover	5,270	Income recognised in the year	-	3	
Loss before interest	(197)	Total cost	791	954	
Net liabilities	(1,134)	Total valuation	830	641	
Basis of valuation:	Revenue multiple	Voting rights	7.3 per cent.	8.9 per cent.	
Website:	www.xceleron.com				
Funds managed and advised by Albion Ventures LLP have invested in this company and their combined equity holding in the company is 45.1 per cent.					

Portfolio companies (continued)

Blackbay Limited

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



	Audited results: year to 31 December 2009	Investment information	Ordinary shares	C shares
	£'000		£'000	£'000
Turnover	6,199	Income recognised in the year	35	83
Profit before interest	726	Total cost	258	620
Net liabilities	(1,705)	Total valuation	409	982
Basis of valuation:	Earnings multiple	Voting rights	2.5 per cent.	6.0 per cent.
Website:	www.blackbay.com			

Funds managed and advised by Albion Ventures LLP have invested in this company and their combined equity holding in the company is 34.9 per cent.

Bravo Inns II Limited

The company was formed in September 2007 and owns and operates 17 freehold pubs in the North of England. The pubs are trading well with considerable demand for the value offering.



	Audited results: year to 31 March 2010	Investment information	Ordinary shares	C shares
	£'000		£'000	£'000
Turnover	3,167	Income recognised in the year	40	69
Loss before interest	(4)	Total cost	445	970
Net assets	1,623	Total valuation	432	906
Basis of valuation:	Net asset value supported by third party valuation	Voting rights	4.1 per cent.	7.2 per cent.
Website:	www.bravoinns.com			

Funds managed and advised by Albion Ventures LLP have invested in this company and their combined equity holding in the company is 50.0 per cent.

Helveta Limited

Helveta is a young software company, providing traceability and verification primarily to the timber industry. Implementation of Helveta's system helps eradicate illegal logging as well as improving the efficiency of the supply chain.



	Audited results: year to 31 December 2009	Investment information	Ordinary shares	C shares
	£'000		£'000	£'000
Turnover	2,629	Income recognised in the year	-	-
Loss before interest	(1,356)	Total cost	129	1,136
Net assets	529	Total valuation	129	1,136
Basis of valuation:	Cost	Voting rights	0.9 per cent.	7.9 per cent.
Website:	www.helveta.com			

Funds managed and advised by Albion Ventures LLP have invested in this company and their combined equity holding in the company is 20.8 per cent.

Evolutions Television Limited

The company is a television post production business providing services, including video and sound editing and automation, to a broad range of production companies. It operates from a freehold building in Oxford Street, London and two leasehold premises nearby.



	Audited results: year to 30 June 2009	Investment information	Ordinary shares	C shares
	£'000		£'000	£'000
Turnover	9,203	Income recognised in the year	-	-
Loss before interest	(268)	Total cost	1,942	85
Net assets	632	Total valuation	1,178	60
Basis of valuation:	Net asset value supported by third party valuation of freehold property	Voting rights	10.7 per cent.	0.4 per cent.
Website:	www.evolutions.tv			

Funds managed and advised by Albion Ventures LLP have invested in this company and their combined equity holding in the company is 49.9 per cent.

The Weybridge Club Limited

The company owns a 30 acre freehold site near to the centre of Weybridge, Surrey, which has been developed into a premium health and fitness club. The club opened in May 2007 and membership is now approaching 3,000 members.



	Audited results: year to 31 August 2009	Investment information	Ordinary shares	C shares
	£'000		£'000	£'000
Turnover	1,612	Income recognised in the year	16	38
Loss before interest	(22)	Total cost	530	784
Net liabilities	(358)	Total valuation	479	700
Basis of valuation:	Net asset value supported by third party valuation	Voting rights	3.3 per cent.	3.4 per cent.
Website:	www.theweybridgeclub.com			

Funds managed and advised by Albion Ventures LLP have invested in this company and their combined equity holding in the company is 50.0 per cent.

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

Directors' report and enhanced business review

The Directors submit their Annual Report and the audited Financial Statements on the affairs of Albion Technology & General VCT PLC (the "Company") for the year ended 31 December 2010.

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. Approval for the year ended 31 December 2010 is subject to review should there be any subsequent enquiry under corporation tax self assessment.

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

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

Capital structure

Details of the authorised and 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 and C shares. Following the first allotment of shares under the Albion VCTs Linked Top Up Offer on 7 January 2011, Ordinary shares currently represent 27.5 per cent. of the total voting rights and C shares currently represent 72.5 per cent. of the total voting rights.

The Ordinary shares and C shares are designed for individuals who are professionally advised private investors, seeking, over the long term, investment exposure to a diversified portfolio of unquoted investments. The investments are spread over a number of sectors, to produce a regular and predictable source of income, combined with the prospect of longer term capital growth.

Both Ordinary shares and C shares currently rank *pari passu* for voting rights, save in respect of specific resolutions impacting their class, such as in the case of a reconstruction. Each Ordinary share and C share is entitled to one vote.

Ordinary and C shareholders are entitled to receive dividends paid out of the reserves attributable to their respective class of shares. Ordinary and C shareholders are entitled to the return on capital on winding up or other return on capital

based on the surpluses attributable to their respective class of shares.

The Company currently operates a Dividend Reinvestment Scheme, details of which can be found on www.albion-ventures.co.uk under the 'Our Funds' section. During the year, the Company issued 68,188 new Ordinary shares and 117,236 new C shares under the Dividend Reinvestment Scheme, details of which can be found in note 15.

On 1 November 2010 the Company announced the launch of the Albion VCTs Linked Top Up Offer. Details are disclosed in the Chairman's statement. On 8 December 2010, the Company held a General Meeting at which special resolutions were passed to facilitate this offer. On 7 January 2011, 344,862 new Ordinary shares and 440,166 new C shares were issued as the first allotment under the Top Up Offer, details of which can be found in note 21.

Conversion of C shares and Ordinary shares

In accordance with the Articles of Association, on 31 March 2011, the C shares will convert to Ordinary shares on the basis of the net assets attributable to the Ordinary shares and the C shares as disclosed in the audited accounts for the year to 31 December 2010 and in accordance with the calculation as described and approved by shareholders' resolution number 4 at the Extraordinary General Meeting on 8 December 2005. C shareholders will therefore receive 0.7779 Ordinary shares for each C share they currently own. Following receipt of the new Ordinary share certificates, the existing C share certificates will be worthless and should be destroyed. New certificates will be sent to C shareholders on or before 30 April 2011.

Substantial interests and shareholder profile

As at 31 December 2010 and at the date of this report, the Company is aware that J M Finn Nominees Limited had a beneficial interest of 3.1 per cent. (2009: 3.3 per cent.) of the issued Ordinary share capital of the Company, and there have been no disclosures in accordance with Disclosure and Transparency Rule 5 made to the Company during the year ended 31 December 2010, and up to the date of this report.

Ordinary shares

The table below shows the shareholder profile as at 28 February 2011 for the Company's Ordinary shares:

Number of shares held	% shareholders	% of class
1 – 10,000	66.6	20.6
10,001 – 50,000	30.4	48.9
50,001 – 100,000	2.5	14.3
100,001 – 500,000	0.4	8.2
500,001 – 1,000,000	0.1	8.0

Directors' report and enhanced business review (continued)

C shares

The table below shows the shareholder profile as at 28 February 2011 for the Company's C shares:

Number of shares held	% shareholders	% of class
1 – 10,000	54.2	16.6
10,001 – 50,000	39.2	43.4
50,001 – 100,000	4.7	16.9
100,001 – 500,000	1.7	14.5
500,001 – 1,000,000	0.2	8.6

The Board welcomes the views of shareholders, and has actively sought shareholder opinion in the year. Questionnaires were sent to the shareholders of all the Albion VCTs. Of these shareholders, 72 per cent. were satisfied or very satisfied with their returns, 47 per cent. intended to hold their shares indefinitely, and dividend yield was ranked as the most common feature that investors were looking for in a Venture Capital Trust. A total of 64 per cent. of respondents would consider investing in future offerings from Albion Ventures. The Board wishes to thank shareholders who took part in the survey and will bear in mind the findings in their development of the Company's strategy.

Investment policy

The Company's investment strategy is to provide investors with a regular and predictable source of dividend income combined with the prospect of long term capital growth through allowing investors the opportunity to participate in a balanced portfolio of technology and non-technology businesses. It is intended that, in time, the Company's investment portfolio will be split approximately as follows:

- 40 per cent. in unquoted UK technology related companies; and
- 60 per cent. in unquoted UK non-technology companies.

This split is subject to the availability of good quality new investment opportunities arising within the UK technology and non-technology sectors.

In neither of the categories listed above would investee companies normally have any external borrowing with a charge ranking ahead of the Company. Up to two-thirds of investments (by cost) will comprise loan stock secured with a first charge on the investee company's assets.

The Investment Manager pursues a longer term investment approach, with a view to providing shareholders with a strong, predictable dividend flow combined with the prospects of capital growth. This is achieved in two ways. First, controlling the VCT's exposure to technology risk by ensuring that many of the companies in the non-technology

portfolio have property as their major asset, with no external borrowings. Second, by balancing the investment portfolio by sector, so that those areas such as leisure and business services, which are susceptible to changes in consumer sentiment, are complemented by sectors with more predictable long term characteristics, such as healthcare and the environment.

The Company realised its one remaining AIM quoted technology investment during the year. The Company does not currently intend to make new investments in AIM quoted shares.

Venture Capital Trust status

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

- (1) The Company's income must be derived wholly or mainly from shares and securities;
- (2) At least 70 per cent. of the HMRC value of its investments must have been represented throughout the year by shares or securities that are classified as 'qualifying holdings';
- (3) At least 30 per cent. by HMRC value of its total qualifying holdings must have been represented throughout the year by holdings of 'eligible shares';
- (4) At no time in the year must the Company's holdings in any one company (other than another VCT) have exceeded 15 per cent. by value of its investments;
- (5) The Company must not have retained greater than 15 per cent. of its income earned in the year from shares and securities;
- (6) Eligible shares must comprise at least 10 per cent. by HMRC value of the total of the shares and securities that the Company holds in any one investee company; and
- (7) The Company's shares, throughout the year must have been listed in the Official List of the Stock Exchange.

These tests drive a spread of investment risk through disallowing holdings of more than 15 per cent. in any investee company. The tests have been carried out and independently reviewed for the year ended 31 December 2010. The Company has complied with all tests and continues to do so.

Directors' report and enhanced business review (continued)

'Qualifying holdings' for Albion Technology & General VCT PLC include shares or securities (including loans with a five year or greater maturity period) in companies which operate a 'qualifying trade' wholly or mainly in the United Kingdom. 'Qualifying trade' excludes, amongst other sectors, dealing in property or shares and securities, insurance, banking, agriculture, and operating or managing hotels or residential care homes.

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

Gearing

As defined by the Articles of Association, the Company's maximum exposure in relation to gearing is restricted to 10 per cent. of the adjusted share capital and reserves. As at 31 December 2010, the Company's maximum exposure was £3,409,000 (2009: £3,711,000) and its actual short term and long term gearing at this date was £nil (2009: £nil). The Directors do not currently have any intention to utilise long term gearing.

Current portfolio sector allocation

The pie charts on page 9 of the Manager's report show the split of the portfolio valuation for Ordinary and C shares by industrial or commercial sector as at 31 December 2010. Details of the principal investments made by the Company are shown in the Portfolio of investments on pages 13 to 18.

Review of business and future changes

A detailed review of the Company's business during the year and future prospects is contained in the Chairman's statement on page 7 and Manager's report on page 9. Details of significant events which have occurred since the end of the financial year are listed in note 21. Details of related party transactions are shown in note 22.

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

Operational arrangements

The Company has delegated the investment management of the portfolio to Albion Ventures LLP, which is authorised and regulated by the Financial Services Authority. Albion Ventures LLP also provides company secretarial and other accounting and administrative support to the Company. Further details regarding the terms of engagement of the Manager are shown on page 26.

Results and dividends

	Ordinary shares £'000	C shares £'000	Com- bined £'000
Net revenue return for the year ended 31 December 2010	208	372	580
Revenue dividend of 1.95p (Ordinary shares)/0.17p (C shares) per share paid on 21 May 2010	(250)	(59)	(309)
Revenue dividend of 1.19p (Ordinary shares)/0.78p (C shares) per share paid on 29 October 2010	(152)	(264)	(416)
Transferred (from)/to revenue reserve	(194)	49	(145)
Net capital gain/(loss) for the year ended 31 December 2010	132	(1,013)	(881)
Dividend of 2.05p (Ordinary shares)/1.33p (C shares) per share paid out of the Special reserve on 21 May 2010	(262)	(462)	(724)
Dividend of 0.53p (Ordinary shares) per share paid out of Realised capital reserve on 29 October 2010	(67)	–	(67)
Dividend of 2.28p (Ordinary shares)/0.72p (C shares) per share paid out of the Special reserve on 29 October 2010	(291)	(246)	(537)
Transferred from realised capital, unrealised capital and special reserves	(488)	(1,721)	(2,209)
Net assets as at 31 December 2010	11,073	23,018	34,091
Net asset value per share as at 31 December 2010	87.6p	68.1p	

Directors' report and enhanced business review (continued)

The Company paid dividends of 8.0p per Ordinary share (2009: nil) and 3.0p per C share (2009: 1.0p) during the year ended 31 December 2010.

As shown in the Income statement on page 39 of the Financial Statements, the Ordinary shares' investment income has decreased to £406,000 (2009: £547,000) due to the reduced receipt of loan stock interest on some investments which have taken longer than expected to reach maturity or have been restructured. Ordinary shares' revenue return to equity holders has fallen to £208,000 (2009: £328,000) due to the decrease in income noted above. The revenue return for 2009 was boosted by a one-off recovery of historic VAT totaling £23,000.

The Ordinary shares' capital return for the year was £132,000 (2009: £409,000). The majority of this return is due to the increase in value of the investment portfolio and the realised gains arising from the disposal of RFI Global Services Limited (£143,000) and of Geronimo Inns VCT I Limited and Geronimo Inns VCT II Limited (£95,000) offset by realised losses in Rostima Limited, Green Energy Property Services Limited and management fees charged to capital. The Ordinary share total return per share was 2.6 pence per share (2009: 5.7 pence per share).

The Balance sheet on page 41 of the Financial Statements shows that the Ordinary shares' net asset value has decreased over the last year to 87.6 pence per share (2009: 92.7 pence per share) which is due to the dividends paid during the year partly offset by increased realised and unrealised gains as described above.

The C shares' investment income has decreased to £791,000 (2009: £849,000), due to the decrease in interest received from current asset investments in Floating Rate Notes. The C shares' revenue return to equity holders has fallen to £372,000 (2009: £526,000) due to the decrease in income noted above and a fall in tax recovered under consortium relief claims.

The C shares' capital return for the year was a loss of £1,013,000 (2009: loss of £2,831,000). The C share capital loss in the year is mainly attributable to the unrealised devaluations in the Company's investment portfolio, and the capitalisation of management fees. The C share total return per share was a loss of 1.9 pence per share (2009: loss of 6.6 pence per share).

The C share net asset value has decreased over the last year to 68.1 pence per share (2009: 72.7 pence per share), which can be explained in part by the trading factors described above, but also by the dividend paid.

The cash flow for the business has been negative for the year for both Ordinary and C shares due to dividends paid, share buy backs and new investments made.

Key performance indicators

The Directors believe that the following key performance indicators are the most important for the business.

The graphs on pages 4 and 5 shows Albion Technology & General VCT PLC's net asset value total return against the FTSE All-Share Index total return, in both instances with dividends reinvested. Details on the performance of the net asset value and return per share for the year are shown on the previous page.

The total expense ratio for the year to 31 December 2010 was 3.2 per cent. (2009: 2.8 per cent. including the refund of historic VAT, or 3.1 per cent. excluding the refund of historic VAT). There was no recovery of historic VAT in the year to 31 December 2010.

The Company continues to comply with HMRC rules in order to maintain its status under Venture Capital Trust legislation as highlighted on page 22.

Share buy-backs

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

Principal risks and uncertainties

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

1. *Investment risk*
This is the risk of investment in poor quality assets which reduces the capital and income returns to shareholders, and negatively impacts on the Company's reputation. By nature, smaller unquoted businesses, such as those that qualify for venture capital trust purposes, are more fragile than larger, long established businesses.

To reduce this risk, the Board places reliance upon the skills and expertise of the Manager and its strong track record for investing in this segment of the market. In addition, the Manager operates a formal and structured investment process, which includes an Investment Committee, comprising investment professionals from the Manager and at least one external investment professional. The Manager also invites comments from

Directors' report and enhanced business review (continued)

non-executive Directors of the Company on investments discussed at the Investment Committee meetings. Investments are actively and regularly monitored by the Manager (investment managers normally sit on investee company boards) and the Board receives detailed reports on each investment as part of the Manager's report at quarterly board meetings.

2. *Venture Capital Trust approval risk*

The Company's current approval as a venture capital trust allows investors to take advantage of tax reliefs on initial investment and ongoing tax free capital gains and dividend income. Failure to meet the qualifying requirements could result in investors losing the tax relief on initial investment and loss of tax relief on any tax-free income or capital gains received. In addition, failure to meet the qualifying requirements could result in a loss of listing of the shares.

To reduce this risk, the Board has appointed the Manager, who has a team with significant experience in venture capital trust management, used to operating within the requirements of the venture capital trust legislation. In addition, to provide further formal reassurance, the Board has appointed PricewaterhouseCoopers LLP as its taxation advisers. PricewaterhouseCoopers LLP report quarterly to the Board to independently confirm compliance with the venture capital trust legislation, to highlight areas of risk and to inform on changes in legislation.

3. *Compliance risk*

The Company is listed on The London Stock Exchange and is required to comply with the rules of the UK Listing Authority, as well as with the Companies Act, Accounting Standards and other legislation. Failure to comply with these regulations could result in a delisting of the Company's shares, or other penalties under the Companies Act or from financial reporting oversight bodies.

Board members and the Manager have experience of operating at senior levels within quoted businesses. In addition, the Board and the Manager receive regular updates on new regulation from the Company's Auditors, lawyers and other professional bodies.

4. *Internal control risk*

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

The Audit Committee will meet with the Manager's internal auditors, Littlejohn LLP, at least once a year, receiving a report regarding the last formal internal audit performed on the Manager, and providing the opportunity for the Audit Committee to ask specific and detailed questions. During the year the Board met with the partner at Littlejohn LLP responsible for Albion Ventures LLP internal audit to discuss the most recent Internal Audit Report completed on the Manager. The Manager has a comprehensive business continuity plan in place in the event that operational continuity is threatened. Further details regarding the Board's management and review of the Company's internal controls through the implementation of the Turnbull guidance are detailed on page 32.

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

5. *Reliance upon third parties risk*

The Company is reliant upon the services of Albion Ventures LLP for the provision of investment management and administrative functions. There are provisions within the Management agreement for the change of Manager under certain circumstances (for more detail, see the Management agreement paragraph on page 26). In addition, the Manager has demonstrated to the Board that there is no undue reliance placed upon any one individual within Albion Ventures LLP.

6. *Financial risks*

By its nature, as a venture capital trust, the Company is exposed to investment risk (which comprises investment price risk and cash flow interest rate risk), credit risk and liquidity risk. The Company's policies for managing these risks and its financial instruments are outlined in full in note 19 to the Financial Statements.

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

Environment

The management and administration of Albion Technology & General VCT PLC is undertaken by the Manager. Albion Ventures LLP recognises the importance of its environmental responsibilities, monitors its impact on the environment, and designs and implements policies to reduce any damage that

Directors' report and enhanced business review (continued)

might be caused by its activities. Initiatives designed to minimise the Company's impact on the environment include recycling and reducing energy consumption as is shown in the financial statements of Albion Ventures LLP.

Employees

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

Directors

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

	31 December 2010		31 December 2009	
	Ordinary shares	C shares	Ordinary shares	C shares
Dr Neil Cross	100,000	100,000	100,000	100,000
Lt. Gen Sir Edmund Burton	27,660	31,050	27,660	31,050
Michael Hart	100,000	–	100,000	–
Patrick Reeve	151,679	200,000	153,873	200,000

Between 31 December 2010 and the date of this report, 4,133 Ordinary shares and 5,250 C shares were acquired by Patrick Reeve on 7 January 2011 under the Albion VCTs Linked Top Up Offer.

No Director has a service contract with the Company.

All Directors, except for Patrick Reeve, who is the Managing Partner of the Manager, are members of the Audit Committee, of which Dr. Neil Cross is Chairman.

Patrick Reeve, as Managing Partner of Albion Ventures LLP is deemed to have an interest in the Management Agreement and management performance incentive to which the Company is party.

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

Further details regarding Directors' remuneration are shown on pages 35 and 36.

Directors' indemnity

Each Director has entered into a Deed of Indemnity with the Company which indemnifies each Director, subject to the provisions of the Companies Act 2006 and the limitations set out in each deed, against any liability arising out of any claim

made against him in relation to the performance of his duties as a Director of the Company. A copy of each Deed of Indemnity entered into by the Company for each Director is available at the Registered Office of the Company.

Re-election of Directors

Directors' retirement and re-election is subject to the Articles of Association and the Combined Code on Corporate Governance. At the forthcoming Annual General Meeting, Neil Cross, Edmund Burton and Michael Hart, having served as Directors for longer than nine years, will retire and offer themselves for re-election. Patrick Reeve is not considered to be independent as he is the Managing Partner of the Manager, Albion Ventures LLP, and will therefore also retire and offer himself for re-election at the forthcoming Annual General Meeting.

Management agreement

Under the Management agreement, the Manager provides investment management, secretarial and administrative services to the Company. The Management agreement can be terminated by either party on 12 months' notice. The Management Agreement is subject to earlier termination in the event of certain breaches or on the insolvency of either party. The Manager is paid an annual fee equal to 2.5 per cent. of the net asset value of the Company, payable quarterly in arrears. Total annual expenses, including the management fee, are limited to 3.5 per cent. of the net asset value.

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

Management performance incentive

In order to provide the Manager with an incentive to maximise the return to investors, the Company has entered into a Management performance incentive arrangement with the Manager. Under the incentive arrangement, if the net asset value per share at the end of a financial period, when added to the aggregate dividends per share (both revenue and capital) paid to that date, exceeds £1 increased at the rate of 8 per cent. per annum since the Company's commencement of trading, then the Manager will be entitled to an incentive fee equal to 20 per cent. of such excess. The calculation is made separately for each class of share. In the event that the performance of the Company falls short of the target in any period, such shortfall must be made up in future periods before the Manager is entitled to any incentive in respect of such future periods. The fee if applicable, will be payable annually. No performance fee has arisen during the year (2009: £nil).

Directors' report and enhanced business review (continued)

Evaluation of the manager

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

Valuation of investments

As described in note 2 of the Financial Statements, the unquoted equity, convertible loan stock and debt issued at a discount held by the Company are valued at fair value through profit or loss in accordance with the International Private Equity and Venture Capital Valuation Guidelines. These guidelines set out recommendations, intended to represent current best practice on the valuation of venture capital investments. These investments are valued on the basis of forward looking estimates and judgements about the business itself, its market and the environment in which it operates, together with the state of the mergers and acquisitions market, stock market conditions and other factors. In making these judgements the valuation takes into account all known material facts up to the date of approval of the Financial Statements by the Board. All other unquoted loan stock is valued at amortised cost.

Investment and co-investment

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

Auditors

The current auditors, PKF (UK) LLP, have indicated their willingness to continue as auditors to Albion Technology & General VCT PLC. A resolution to re-appoint PKF (UK) LLP as auditors will be proposed at the Annual General Meeting on 13 May 2011.

Supplier payment policy

The Company's policy is to pay all supplier invoices within 30 days of the invoice date, or as otherwise agreed. As at 31 December 2010, trade creditors totalled £77,000 for the Ordinary share portfolio (2009: £nil) and £157,000 for the C share portfolio (2009: £nil). Creditor days at 31 December 2010 were 80 days for the Ordinary shares and 77 days for the C shares (2009: nil for both share classes). The movement in creditor days between 31 December 2010 and

31 December 2009 has arisen due to timing differences in the payment of the invoice for the quarterly management fee.

Annual General Meeting

The Annual General Meeting will be held at the City of London Club, 19 Old Broad Street, London EC2N 1DS at 12 noon on 13 May 2011. The notice of the Annual General Meeting is at the end of this document.

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

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

Power to allot shares

Ordinary resolution number 9 will request the authority to allot up to an aggregate nominal amount of £2,079,936 representing approximately 10 per cent. of the total combined issued Ordinary share capital after the conversion of C shares to Ordinary shares of the Company as at 28 February 2011.

The Directors do not currently have any intention to allot shares, except under the Dividend Reinvestment Scheme and the Albion VCTs Linked Top Up Offer, and reissuing treasury shares where it is in the Company's interest to do so. The Company currently holds 1,125,870 Ordinary treasury shares representing 8.2 per cent. of the total Ordinary share capital in issue and 1,986,267 C treasury shares representing 5.7 per cent. of the total C share capital in issue as at 31 December 2010.

This resolution replaces the authority given to the Directors at the General Meeting on 8 December 2010. The authority sought at the forthcoming Annual General Meeting will expire 18 months from the date this resolution is passed or at the conclusion of the next Annual General Meeting of the Company, whichever is the earlier.

Dis-application of pre-emption rights

Special resolution number 10 will request authority for the Directors to allot equity securities for cash without first being required to offer such securities to existing members. This will

Directors' report and enhanced business review (continued)

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 £2,079,936 of the nominal value of the share capital representing 10 per cent. of the combined issued Ordinary share capital of the Company as at the date of this report after the conversion of C shares to Ordinary shares.

The authority sought at the Annual General Meeting will expire 18 months from the date this resolution is passed or at the conclusion of the next Annual General Meeting of the Company, whichever is the earlier. Members will note that this resolution also applies to treasury shares.

Purchase of own shares

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

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

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

This resolution would renew the 2009 authority, which was in similar terms. During the financial year under review, the Company purchased 257,776 Ordinary shares of 50 pence each for treasury at an aggregate consideration of £200,000 (including stamp duty) representing 1.9 per cent. of the issued Ordinary share capital as at 31 December 2009 and 991,235 C shares of 50 pence each for treasury at an aggregate consideration of £594,000 (including stamp duty) representing 2.8 per cent. of the issued C share capital as at 31 December 2009.

Treasury shares

Under the Companies (Acquisition of Own Shares) (Treasury Shares) Regulations 2003 (the "Regulations"), shares purchased by the Company out of distributable profits can be held as treasury shares, which may then be cancelled or sold for cash. The authority sought by these resolutions is intended to apply equally to shares to be held by the Company as treasury shares in accordance with the Regulations. These powers are intended to permit Directors to sell treasury shares at a price not less than that at which they were purchased.

Special resolution number 12 will request the authority to permit Directors to sell treasury shares at the higher of the prevailing current share price and the price bought in at.

Recommendation

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

Statement of Directors' responsibilities

The Directors are responsible for preparing the Directors' report and enhanced business review, the Directors' remuneration report and the Financial Statements in accordance with applicable law and regulations. They are also responsible for ensuring that the Annual Report includes information required by the Listing Rules of the Financial Services Authority.

Company law requires the Directors to prepare Financial Statements for each financial year. Under that law the Directors have elected to prepare the Financial Statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 of the Company for that period. In preparing these Financial Statements the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, 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.

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.

Directors' report and enhanced business review (continued)

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of the Financial Statements and other information included in annual reports may differ from legislation in other jurisdictions.

The Directors confirm, to the best of their knowledge that:

- the Financial Statements, which have been prepared in accordance with UK Generally Accepted Accounting Practice, give a true and fair view of the assets, liabilities, financial position and loss of the Company; and
- the Management report included within the Chairman's statement, Manager's report and Director's report and enhanced business review, includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that it faces.

The names and functions of all the Directors are stated on page 2.

Disclosure of information to auditors

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

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

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

By Order of the Board

Albion Ventures LLP

Company Secretary
1 King's Arms Yard
London EC2R 7AF
28 February 2011

Statement of corporate governance

Background

The Financial Services Authority requires all listed companies to disclose how they have applied the principles and complied with the provisions of the Combined Code issued by the Financial Reporting Council ("FRC") in July 2003 ("the Code") and updated in June 2006 and June 2008.

The Board of Albion Technology & General VCT PLC has also considered the principles and recommendations of the AIC Code of Corporate Governance ("AIC Code") by reference to the AIC Corporate Governance Guide for Investment Companies ("AIC Guide"). The AIC Code, as explained by the AIC Guide, addresses all the principles set out in Section 1 of the Combined Code, as well as setting out additional principles and recommendations on issues that are of specific relevance to Albion Technology & General VCT PLC.

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

The Company has complied with the recommendations of the AIC Code and the relevant provisions of Section 1 of the Combined Code, except as set out below.

Application of the Principles of the Code

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

Board of Directors

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

Dr Neil Cross is the Chairman, and he, Mr Michael Hart and Lt Gen Sir Edmund Burton, are considered independent directors. Lt Gen Sir Edmund Burton is the Senior Independent Director. Mr Patrick Reeve is not considered an independent Director as he is the Managing Partner of Albion Ventures LLP, the Manager.

Dr Neil Cross, Mr Michael Hart and Lt Gen Sir Edmund Burton have all been Directors of the Company for more than nine years and, in accordance with the recommendations of the AIC code, are subject to annual re-election. The Board does not have a policy of limiting the tenure of any Director

as the Board does not consider that a Director's length of service reduces his ability to act independently of the Manager. Mr Patrick Reeve is also subject to annual re-election as he is not considered to be an independent Director.

The Directors have a range of business and financial skills which are relevant to the Company; these are described in the Board of Directors section of this Report, on page 11. Directors are provided with key information on the Company's activities, including regulatory and statutory requirements, and internal controls, by the Manager. The Board has access to secretarial advice and compliance services by the Manager, who is responsible for ensuring that Board procedures are followed and applicable procedures complied with. All Directors are able to take independent professional advice in furtherance of their duties if necessary. In accordance with the Combined Code, the Company has in place Directors' & Officers' Liability Insurance.

The Board met four times during 2010 as part of its regular programme of quarterly Board meetings. The Board also met to discuss and approve revisions to the Albion VCTs portfolio allocation agreement that arose after Albion Ventures LLP was appointed investment manager of Spark VCT PLC (renamed Kings Arms Yard VCT PLC on 10 February 2011) and Spark VCT 2 PLC (renamed Kings Arms Yard VCT 2 PLC on 10 February 2011). Patrick Reeve and Sir Edmund Burton attended all five meetings, and Dr. Neil Cross and Michael Hart attended four of the meetings. A sub-committee of the Board comprising Dr. Neil Cross and Patrick Reeve met twice during the year to allot shares issued under the Dividend Reinvestment Scheme. A sub-committee of Dr. Neil Cross, Michael Hart and Patrick Reeve met during the year to approve the terms and contents of the offer documents under the Albion VCTs Linked Top Up Offer.

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

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

Statement of corporate governance (continued)

- the consideration and approval of future developments or changes to the investment policy, including risk and asset allocation;
- consideration of corporate strategy;
- application of the principles of the Combined Code, corporate governance and internal control;
- review of sub-committee recommendations, including the recommendation to shareholders for the appointment and remuneration of auditors;
- approval of the appropriate dividend to be paid to shareholders;
- the appointment, evaluation, removal and remuneration of the Manager;
- the performance of the Company, including monitoring of the discount of the net asset value and the share price;
- share buy-back and treasury share policy; and
- monitoring shareholder profile and considering shareholder communications.

Committees' and Directors' performance evaluation

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

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

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

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

In light of the structured performance evaluation, Dr Neil Cross, Mr Michael Hart, Lt Gen Sir Edmund Burton and Mr Patrick Reeve, all of whom are subject to re-election at the forthcoming Annual General Meeting, are considered to be effective directors to demonstrate strong commitment to the role, and the Board believes it to be in the best interest of the Company to appoint these Directors at the forthcoming Annual General Meeting.

Remuneration Committee

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

Audit Committee

The Audit Committee consists of all Directors excluding Mr Patrick Reeve. Dr Neil Cross has been appointed Chairman of the Audit Committee as a result of the depth of his experience in this area. In accordance with the Code, all members of the Audit Committee have recent and relevant financial experience. The Committee met twice during the year ended 31 December 2010; Dr. Neil Cross and Sir Edmund Burton attended both meetings, and Michael Hart attended once.

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

- providing an overview of the Company's accounting policies and financial reporting;
- considering and reviewing the effectiveness of the Company's internal controls and risk management systems;
- monitoring the integrity of the Financial Statements of the Company and any formal announcements relating to the Company's financial performance, reviewing significant financial reporting judgements contained in them;
- meeting the Company's external Auditors annually, approving their appointment, re-appointment, remuneration, terms of engagement and providing an ongoing review of Auditor independence and objectivity;
- monitoring and reviewing the external Auditor's independence and objectivity and the effectiveness of the audit process;
- developing and implementing a policy for the supply of non-audit services by the external Auditors;
- meeting external Auditors at least once a year without the presence of the Manager;
- meeting with the internal Auditors of the Manager when appropriate;
- ensuring that all Directors of the Company and staff of the Manager feel able to raise issues of serious concern with the Chairman of the Audit Committee, and that these issues, where raised, are subject to proportionate and independent investigation, and appropriate action;

Statement of corporate governance (continued)

- reporting to the Board, identifying any matters in respect of which action or improvement is needed and recommending appropriate steps to be taken; and
- undertaking the duties of the Engagement Committee, and reviewing the performance of the Manager and all matters arising under the Management Agreement.

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

- formally reviewing the final Annual Report and Financial Statements, the Half-yearly Report, the Interim Management Statements and the associated announcements, with particular focus on the main areas requiring judgement and on critical accounting policies;
- reviewing the effectiveness of the internal controls system and examination of the Internal Controls Report produced by the Manager;
- meeting with the external Auditors and reviewing their findings; and
- reviewing the performance of the Manager and making recommendations regarding their re-appointment to the Board.

The Committee reviews the performance and continued suitability of the Company's external auditors on an annual basis. They assess the external auditors' 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 auditors that they are independent and of the level of non-audit fees earned by them and their affiliates. Where non-audit fee levels are considered significant, the Committee considers the appropriateness of the independence safeguards put in place by the auditors. Note 6 details the total fees paid to PKF (UK) LLP in the financial year to 31 December 2010. The Committee considers PKF (UK) LLP to be independent of the Company, and that the provision of non-audit services does not threaten the objectivity and independence of the audit. As part of its annual review procedures, the Committee has obtained sufficient assurance from their own evaluation and the audit feedback documentation. Based on the assurance obtained, the Committee has recommended to the Board that PKF (UK) LLP is reappointed and that a resolution to this effect be proposed at the forthcoming AGM.

Nomination Committee

The Nomination Committee consists of all Directors, save Patrick Reeve, with Dr Neil Cross as Chairman. The terms of reference of the Nomination Committee are to evaluate the balance of skills, experience and time commitment of the

current Board members and make recommendations to the Board as and when a particular appointment arises. The Nomination Committee did not meet during 2010 and will meet when it is appropriate for it to do so.

It is the policy of the Company that all of the Directors are nominated for re-election every three years. In accordance with the recommendations of the AIC Code, Directors who have served the Company for longer than nine years are subject to annual re-election, and any non-independent Directors are also subject to annual re-election. The next re-election is at the Annual General Meeting on 13 May 2011. The terms and conditions of Directors' appointment are available for inspection at the Annual General Meeting.

Internal control

In accordance with principle C.2 of the Combined Code, the Board has an established process for identifying, evaluating and managing the significant risks faced by the Company. This process has been in place throughout the year and continues to be subject to regular review by the Board in accordance with the Internal Control Guidance for Directors in the Combined Code published in September 1999 and updated in 2005 (the "Turnbull guidance"). The Board is responsible for the Company's system of internal control and for reviewing its effectiveness. However, such a system is designed to manage, rather than eliminate the risks of failure to achieve the Company's business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

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

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

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

Statement of corporate governance (continued)

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

During the year, as the Board has delegated the investment management and administration to Albion Ventures LLP, the Board feels that it is not necessary to have its own internal audit function. Instead, the Board had access to Littlejohn LLP, which, as Internal Auditor for Albion Ventures LLP undertakes periodic examination of the business processes and controls environment at Albion Ventures LLP, and ensures that any recommendations to implement improvements in controls are carried out. Littlejohn LLP report formally to the Albion Technology & General VCT PLC Board on an annual basis. The Board will continue to monitor its system of internal control in order to provide assurance that it operates as intended.

Going concern

In accordance with Going Concern and Liquidity Risk: Guidance for Directors of UK Companies 2009 issued by Financial Reporting Council, the Board has assessed the Company's operation as a going concern. The Company has significant cash and liquid resources, its portfolio of investments is well diversified in terms of sector, and the major cash outflows of the Company (namely investments, buy-backs and dividends) are within the Company's control. Accordingly, after making diligent enquiries the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, the Directors have adopted the going concern basis in preparing the accounts.

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

Conflicts of interest

Directors review the disclosure of conflicts of interest annually, with any changes reviewed and noted at the beginning of each Board meeting. A Director who has conflicts of interest has two independent Directors authorise those conflicts. Procedures to disclose and authorise conflicts of interest have been adhered to throughout the year.

Capital structure and Articles of Association

Details regarding the Company's capital structure, substantial interests and Directors' powers to buy and issue shares are detailed in full on pages 21, 24 and 27 respectively of the Directors' report and enhanced business review. The Company is not party to any significant agreements that may take effect, alter or terminate upon a change of control of the Company following a takeover bid.

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

Relationships with shareholders

The Company's Annual General Meeting on 13 May 2011 will be used as an opportunity to communicate with investors. The Board, including the Chairman of the Audit Committee, will be available to answer questions at the Annual General Meeting.

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

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

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

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

Tel: 0871 664 0300

(calls cost 10p per minute plus network extras; lines are open 8.30 am – 5.30 pm, Mon-Fri)

Email: ssd@capitaregistrars.com

Statement of corporate governance (continued)

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

Tel: 020 7601 1850

(calls may be recorded; lines are open 9.00 am – 5.30 pm; Mon-Fri)

Email: info@albion-ventures.co.uk

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

Statement of compliance

With the exception of the requirement to have a Remuneration Committee, the Directors consider that the Company has complied throughout the year ended 31 December 2010 with all the relevant provisions set out in Section 1 of the Code, and with the AIC Code of Corporate Governance. The Company continues to comply with the Code as at the date of this report.

Dr Neil Cross

Chairman

28 February 2011

Directors' remuneration report

Introduction

This report is submitted in accordance with Section 420 of the Companies Act 2006. The report also meets the relevant rules of the Listing Rules of the Financial Services Authority and describes how the Board has applied the principles relating to the Directors' remuneration. As required by the Act, a resolution to approve the report will be proposed at the Annual General Meeting.

UNAUDITED INFORMATION

Remuneration Committee

Since the Company's Board consists solely of non-executive Directors and there are no executive employees, a Remuneration Committee is not considered necessary.

Directors' remuneration policy

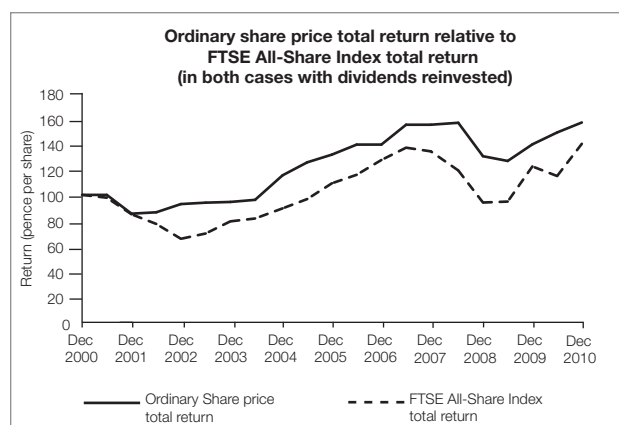
The Company's policy is that fees payable to non-executive Directors should reflect their expertise, responsibilities and time spent on Company matters. In determining the level of non-executive remuneration, market equivalents are considered in comparison to the overall activities and size of the Company.

The maximum level of non-executive Directors' remuneration is fixed by the Company's Articles of Association, not to exceed £75,000 per annum; amendment to this is by way of a special resolution subject to ratification by shareholders.

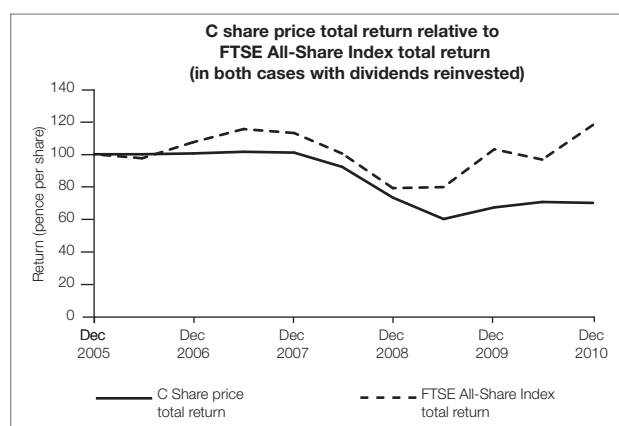
Performance graph

The graphs that follow show Albion Technology & General VCT PLC's Ordinary and C shares total return against the FTSE All-Share Index total return, in both instances with dividends reinvested, since launch. The Directors consider the FTSE All-Share Index to be the most appropriate benchmark for the Company. Investors should, however, be reminded that shares in VCTs generally trade at a discount to the actual net asset value of the Company.

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



Source: Albion Ventures LLP



Source: Albion Ventures LLP

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

Service contracts

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

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

Directors' remuneration report (continued)

AUDITED INFORMATION

Directors' remuneration

The following items have been audited.

The following table shows an analysis of the remuneration of individual directors, exclusive of National Insurance or VAT:

	2010 Fees £'000	2009 Fees £'000
Dr Neil Cross	17.5	17.5
Michael Hart	17.5	17.5
Lt Gen Sir Edmund Burton	17.5	17.5
Albion Ventures LLP (for Patrick Reeve's services)	17.5	17.5
	<hr/> 70.0 <hr/>	<hr/> 70.0 <hr/>

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

Each Director of the Company was remunerated personally through the Manager's payroll, which has been recharged to the Company, save for Patrick Reeve, whose services are provided by Albion Ventures LLP.

In addition to Directors' remuneration, the Company pays an annual premium in respect of Directors' & Officers' Liability Insurance of £11,000 (2009: £11,000).

By Order of the Board

Albion Ventures LLP

Company Secretary
1 King's Arms Yard
London EC2R 7AF
28 February 2011

Independent Auditors' report to the Members of Albion Technology & General VCT PLC

We have audited the Financial Statements of Albion Technology & General VCT Plc for the year ended 31 December 2010 which comprise the Income statement, the Balance sheet, the Reconciliation of movements in shareholders' funds, the Cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

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. Our responsibility is to audit the Financial Statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the Financial Statements sufficient to give reasonable assurance that the Financial Statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the Financial Statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited Financial Statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on 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 December 2010 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

- the part of the Directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006;
- the information given in the Directors' report and enhanced business review for the financial year for which the Financial Statements are prepared is consistent with the Financial Statements; and
- the information given in the Statement of corporate governance in compliance with rules 7.2.5 and 7.2.6 in the Disclosure Rules and Transparency Rules sourcebook issued by the Financial Services Authority (information about internal control and risk management systems in relation to financial reporting processes and about share capital structures) is consistent with the Financial Statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

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

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

Under the Listing Rules we are required to review:

- the Directors' statement, set out on page 33, in relation to going concern; and
- the part of the Statement of corporate governance relating to the Company's compliance with the nine provisions of the June 2008 Combined Code specified for our review.

Rhodri Whitlock (Senior statutory auditor)

for and on behalf of PKF (UK) LLP, Statutory auditor
London, UK
28 February 2011

Income statement

	Note	Combined Year ended 31 December 2010			Combined Year ended 31 December 2009		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Losses on investments	3	–	(391)	(391)	–	(1,979)	(1,979)
Investment income	4	1,197	–	1,197	1,396	–	1,396
Investment management fees	5	(225)	(673)	(898)	(233)	(698)	(931)
Recovery of VAT		–	–	–	23	68	91
Other expenses	6	(194)	–	(194)	(210)	–	(210)
Return/(loss) on ordinary activities before tax		778	(1,064)	(286)	976	(2,609)	(1,633)
Tax (charge)/credit on ordinary activities	8	(198)	183	(15)	(122)	187	65
Return/(loss) attributable to shareholders		580	(881)	(301)	854	(2,422)	(1,568)

The accompanying notes on pages 49 to 68 form an integral part of these Financial Statements.

The total column of this Income statement represents the profit and loss account of the Company. The supplementary revenue and capital columns have been prepared in accordance with the Association of Investment Companies' Statement of Recommended Practice.

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

There are no recognised gains or losses other than the results for the year disclosed above. Accordingly a statement of total recognised gains and losses is not required.

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

Disclosure of basic and diluted earnings per share is given in the underlying Ordinary and C share funds on the following pages.

Income statement (non-statutory analysis)

	Note	Ordinary shares Year ended 31 December 2010			Ordinary shares Year ended 31 December 2009		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains on investments	3	–	291	291	–	502	502
Investment income	4	406	–	406	547	–	547
Investment management fees	5	(74)	(220)	(294)	(72)	(215)	(287)
Recovery of VAT		–	–	–	23	68	91
Other expenses	6	(57)	–	(57)	(66)	–	(66)
Return on ordinary activities before tax		275	71	346	432	355	787
Tax (charge)/credit on ordinary activities	8	(67)	61	(6)	(104)	54	(50)
Return attributable to shareholders		208	132	340	328	409	737
Basic and diluted return per share (pence)*	10	1.6	1.0	2.6	2.5	3.2	5.7

* excluding treasury shares

	Note	C shares Year ended 31 December 2010			C shares Year ended 31 December 2009		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Losses on investments	3	–	(682)	(682)	–	(2,481)	(2,481)
Investment income	4	791	–	791	849	–	849
Investment management fees	5	(151)	(453)	(604)	(161)	(483)	(644)
Other expenses	6	(137)	–	(137)	(144)	–	(144)
Return/(loss) on ordinary activities before tax		503	(1,135)	(632)	544	(2,964)	(2,420)
Tax (charge)/credit on ordinary activities	8	(131)	122	(9)	(18)	133	115
Return/(loss) attributable to shareholders		372	(1,013)	(641)	526	(2,831)	(2,305)
Basic and diluted return/(loss) per share (pence)*	10	1.1	(3.0)	(1.9)	1.5	(8.1)	(6.6)

* excluding treasury shares

Balance sheet

	Note	Combined 31 December 2010 £'000	Combined 31 December 2009 £'000
Fixed asset investments			
Qualifying		28,018	26,819
Non-qualifying		1,369	566
AIM		–	20
Total fixed asset investments	11	29,387	27,405
Current assets			
Trade and other debtors	13	304	319
Current asset investment	13	1,005	1,014
Cash at bank and in hand	17	3,895	8,749
		5,204	10,082
Creditors: amounts falling due within one year	14	(500)	(375)
Net current assets		4,704	9,707
Net assets		34,091	37,112
Capital and reserves			
Called up share capital	15	24,772	24,680
Share premium		294	259
Capital redemption reserve		400	400
Unrealised capital reserve		(9,312)	(10,083)
Special reserve		14,914	21,327
Treasury shares reserve		(2,166)	(1,372)
Realised capital reserve		4,278	845
Revenue reserve		911	1,056
Total equity shareholders' funds		34,091	37,112

The accompanying notes on pages 49 to 68 form an integral part of these Financial Statements.

These financial statements were approved by the Board of Directors and authorised for issue on 28 February 2011, and were signed on its behalf by

Dr Neil Cross

Chairman

Company number: 4114310

Balance sheet (non-statutory analysis)

	Note	Ordinary shares 31 December 2010 £'000	Ordinary shares 31 December 2009 £'000
Fixed asset investments			
Qualifying		8,817	9,312
Non-qualifying		717	452
AIM		–	20
Total fixed asset investments	11	<u>9,534</u>	<u>9,784</u>
Current assets			
Trade and other debtors	13	70	60
Cash at bank and in hand	17	<u>1,601</u>	<u>2,168</u>
		<u>1,671</u>	2,228
Creditors: amounts falling due within one year	14	<u>(132)</u>	<u>(110)</u>
Net current assets		<u>1,539</u>	<u>2,118</u>
Net assets		<u>11,073</u>	<u>11,902</u>
Capital and reserves			
Called up share capital	15	6,885	6,851
Share premium		234	215
Capital redemption reserve		400	400
Unrealised capital reserve		(3,631)	(3,930)
Special reserve		2,194	5,554
Treasury shares reserve		(1,008)	(808)
Realised capital reserve		5,486	2,913
Revenue reserve		<u>513</u>	<u>707</u>
Total equity shareholders' funds		<u>11,073</u>	<u>11,902</u>
Basic and diluted net asset value per share (pence)*	16	<u>87.6</u>	<u>92.7</u>

* excluding treasury shares

The accompanying notes on pages 49 to 68 form an integral part of these Financial Statements.

Balance Sheet (non-statutory analysis)

	Note	C shares 31 December 2010 £'000	C shares 31 December 2009 £'000
Fixed asset investments			
Qualifying		19,201	17,507
Non-qualifying		652	114
Total fixed asset investments	11	<u>19,853</u>	<u>17,621</u>
Current assets			
Trade and other debtors	13	234	259
Current asset investment	13	1,005	1,014
Cash at bank and in hand	17	2,294	6,581
		<u>3,533</u>	<u>7,854</u>
Creditors: amounts falling due within one year	14	<u>(368)</u>	<u>(265)</u>
Net current assets		<u>3,165</u>	<u>7,589</u>
Net assets		<u>23,018</u>	<u>25,210</u>
Capital and reserves			
Called up share capital	15	17,887	17,829
Share premium		60	44
Unrealised capital reserve		(5,681)	(6,153)
Special reserve		12,720	15,773
Treasury shares reserve		(1,158)	(564)
Realised capital reserve		(1,208)	(2,068)
Revenue reserve		398	349
Total equity shareholders' funds		<u>23,018</u>	<u>25,210</u>
Basic and diluted net asset value per share (pence)*	16	<u>68.1</u>	<u>72.7</u>

* excluding treasury shares

The accompanying notes on pages 49 to 68 form an integral part of these Financial Statements.

Reconciliation of movements in shareholders' funds

Combined

	Called-up share capital £'000	Share premium £'000	Capital redemption reserve £'000	Unrealised capital reserve* £'000	Special reserve* £'000	Treasury share reserve* £'000	Realised capital reserve* £'000	Revenue reserve* £'000	Total £'000
As at 1 January 2010	24,680	259	400	(10,083)	21,327	(1,372)	845	1,056	37,112
Net realised losses on investments in the year	-	-	-	-	-	-	(161)	-	(161)
Unrealised losses on investments	-	-	-	(230)	-	-	-	-	(230)
Transfer of previously unrealised losses on sale of investments	-	-	-	1,001	-	-	(1,001)	-	-
Capitalised investment management fee	-	-	-	-	-	-	(673)	-	(673)
Tax on capitalised management fees	-	-	-	-	-	-	183	-	183
Purchase of own treasury shares	-	-	-	-	-	(794)	-	-	(794)
Issue of equity (net of costs)	92	35	-	-	-	-	-	-	127
Transfer from Special reserve to Realised capital reserve†	-	-	-	-	(5,152)	-	5,152	-	-
Revenue return attributable to shareholders	-	-	-	-	-	-	-	580	580
Dividends paid	-	-	-	-	(1,261)	-	(67)	(725)	(2,053)
As at 31 December 2010	24,772	294	400	(9,312)	14,914	(2,166)	4,278	911	34,091

† The Special reserve allows the Company, amongst other things, to facilitate the payment of dividends earlier than would otherwise have been possible as transfers can be made from this reserve to the Realised capital reserve to offset gross losses on disposal of investments. Accordingly, a transfer of £2,807,000 in respect of the Ordinary shares and £2,345,000 in respect of the C shares, representing gross realised losses on disposal of investments from launch to 31 December 2010, has been made from the Special reserve to the Realised capital reserve.

As at 1 January 2009	24,660	256	400	(9,176)	21,327	(743)	2,360	551	39,635
Net realised gains on investments in the year	-	-	-	-	-	-	282	-	282
Unrealised losses on investments	-	-	-	(2,261)	-	-	-	-	(2,261)
Transfer of previously unrealised losses on sale of investments	-	-	-	1,354	-	-	(1,354)	-	-
Capitalised investment management fee	-	-	-	-	-	-	(698)	-	(698)
Capitalised recoverable VAT	-	-	-	-	-	-	68	-	68
Tax on capitalised management fees	-	-	-	-	-	-	187	-	187
Purchase of own treasury shares	-	-	-	-	-	(629)	-	-	(629)
Issue of equity (net of costs)	20	3	-	-	-	-	-	-	23
Revenue return attributable to shareholders	-	-	-	-	-	-	-	854	854
Dividends paid	-	-	-	-	-	-	-	(349)	(349)
As at 31 December 2009	24,680	259	400	(10,083)	21,327	(1,372)	845	1,056	37,112

* Included within these reserves is an amount of £8,625,000 (2009: £11,773,000) which is considered distributable. The Special reserve has been treated as distributable in determining the amounts available for distribution.

Reconciliation of movements in shareholders' funds

Ordinary shares (non-statutory analysis)

	Called-up share capital £'000	Share premium £'000	Capital redemption reserve £'000	Unrealised capital reserve* £'000	Special reserve* £'000	Treasury share reserve* £'000	Realised capital reserve* £'000	Revenue reserve* £'000	Total £'000
As at 1 January 2010	6,851	215	400	(3,930)	5,554	(808)	2,913	707	11,902
Net realised gains on investments in the year	-	-	-	-	-	-	185	-	185
Unrealised gains on investments	-	-	-	106	-	-	-	-	106
Transfer of previously unrealised losses on sale of investments	-	-	-	193	-	-	(193)	-	-
Capitalised investment management fee	-	-	-	-	-	-	(220)	-	(220)
Tax on capitalised management fees	-	-	-	-	-	-	61	-	61
Purchase of own treasury shares	-	-	-	-	-	(200)	-	-	(200)
Issue of equity (net of costs)	34	19	-	-	-	-	-	-	53
Transfer from Special reserve to Realised capital reserve	-	-	-	-	(2,807)	-	2,807	-	-
Revenue return attributable to shareholders	-	-	-	-	-	-	-	208	208
Dividends paid	-	-	-	-	(553)	-	(67)	(402)	(1,022)
As at 31 December 2010	6,885	234	400	(3,631)	2,194	(1,008)	5,486	513	11,073

As at 1 January 2009	6,851	215	400	(4,747)	5,554	(713)	3,321	379	11,260
Net realised gains on investments in the year	-	-	-	-	-	-	431	-	431
Unrealised gains on investments	-	-	-	71	-	-	-	-	71
Transfer of previously unrealised losses on sale of investments	-	-	-	746	-	-	(746)	-	-
Capitalised investment management fee	-	-	-	-	-	-	(215)	-	(215)
Capitalised recoverable VAT	-	-	-	-	-	-	68	-	68
Tax on capitalised management fees	-	-	-	-	-	-	54	-	54
Purchase of own treasury shares	-	-	-	-	-	(95)	-	-	(95)
Revenue return attributable to shareholders	-	-	-	-	-	-	-	328	328
As at 31 December 2009	6,851	215	400	(3,930)	5,554	(808)	2,913	707	11,902

* Included within these reserves is an amount of £3,554,000 (2009: £4,436,000) which is considered distributable. The Special reserve has been treated as distributable in determining the amounts available for distribution.

Reconciliation of movements in shareholders' funds

C shares (non-statutory analysis)

	Called-up share capital £'000	Share premium £'000	Unrealised capital reserve* £'000	Special reserve* £'000	Treasury share reserve* £'000	Realised capital reserve* £'000	Revenue reserve* £'000	Total £'000
As at 1 January 2010	17,829	44	(6,153)	15,773	(564)	(2,068)	349	25,210
Net realised losses on investments in the year	-	-	-	-	-	(346)	-	(346)
Unrealised losses on investments	-	-	(336)	-	-	-	-	(336)
Transfer of previously unrealised losses on sale of investments	-	-	808	-	-	(808)	-	-
Capitalised investment management fee	-	-	-	-	-	(453)	-	(453)
Tax on capitalised management fees	-	-	-	-	-	122	-	122
Purchase of own treasury shares	-	-	-	-	(594)	-	-	(594)
Issue of equity (net of costs)	58	16	-	-	-	-	-	74
Transfer from Special reserve to Realised capital reserve	-	-	-	(2,345)	-	2,345	-	-
Revenue return attributable to shareholders	-	-	-	-	-	-	372	372
Dividends paid	-	-	-	(708)	-	-	(323)	(1,031)
As at 31 December 2010	17,887	60	(5,681)	12,720	(1,158)	(1,208)	398	23,018

As at 1 January 2009	17,809	41	(4,429)	15,773	(30)	(961)	172	28,375
Net realised losses on investments in the year	-	-	-	-	-	(149)	-	(149)
Unrealised losses on investments	-	-	(2,332)	-	-	-	-	(2,332)
Transfer of previously unrealised gains on sale of investments	-	-	608	-	-	(608)	-	-
Capitalised investment management fee	-	-	-	-	-	(483)	-	(483)
Capitalised recoverable VAT	-	-	-	-	-	133	-	133
Tax on capitalised management fees	-	-	-	-	(534)	-	-	(534)
Release of previous cost accrual	20	3	-	-	-	-	-	23
Purchase of own treasury shares	-	-	-	-	-	-	526	526
Issue of equity (net of costs)	-	-	-	-	-	-	(349)	(349)
As at 31 December 2009	17,829	44	(6,153)	15,773	(564)	(2,068)	349	25,210

* Included within these reserves is an amount of £5,071,000 (2009: £7,337,000) which is considered distributable. The Special reserve has been treated as distributable in determining the amounts available for distribution.

Cash flow statement

Combined

		Year ended 31 December 2010 £'000	Year ended 31 December 2009 £'000
	Note		
Operating activities			
Investment income received		1,095	1,449
Deposit interest received		105	92
Dividend income received		4	68
Investment management fees paid		(904)	(726)
Recovery of VAT		-	714
Other cash payments		(193)	(196)
Interclass account movement		-	341
Net cash inflow from operating activities	18	<u>107</u>	<u>1,742</u>
Taxation			
UK corporation tax recovered/(paid)		131	(339)
Capital expenditure and financial investments			
Purchase of fixed asset investments		(5,148)	(3,668)
Disposal of fixed asset investments		2,776	1,109
Net cash outflow from investing activities		<u>(2,372)</u>	<u>(2,559)</u>
Management of liquid resources			
Purchase of current asset investment		-	(1,000)
Disposal of current asset investments		-	10,001
Net cash inflow from liquid resources		<u>-</u>	<u>9,001</u>
Equity dividends paid (net of costs of issuing shares under the Dividend Reinvestment Scheme)		<u>(1,911)</u>	<u>(326)</u>
Net cash (outflow)/inflow before financing		<u>(4,045)</u>	<u>7,519</u>
Financing			
Purchase of own shares	15	(794)	(629)
Costs of issue of share capital		(15)	-
Net cash outflow from financing		<u>(809)</u>	<u>(629)</u>
Cash (outflow)/inflow in the year	17	<u>(4,854)</u>	<u>6,890</u>

Cash flow statement

Ordinary shares (non-statutory analysis)

		Year ended 31 December 2010 £'000	Year ended 31 December 2009 £'000
	Note		
Operating activities			
Investment income received		401	497
Deposit interest received		25	29
Dividend income received		4	11
Investment management fees paid		(299)	(229)
Recovery of VAT		-	368
Other cash payments		(57)	(59)
Interclass account movement		-	355
Net cash inflow from operating activities	18	<u>74</u>	<u>972</u>
Taxation			
UK corporation tax recovered/(paid)		10	(122)
Capital expenditure and financial investments			
Purchase of fixed asset investments		(1,026)	(1,285)
Disposal of fixed asset investments		1,545	1,051
Net cash inflow/(outflow) from investing activities		<u>519</u>	<u>(234)</u>
Equity dividends paid (net of costs of issuing shares under the Dividend Reinvestment Scheme)	9	<u>(963)</u>	<u>-</u>
Net cash (outflow)/inflow before financing		<u>(360)</u>	<u>616</u>
Financing			
Purchase of own shares	15	(200)	(95)
Costs of issue of share capital		(7)	-
Net cash outflow from financing		<u>(207)</u>	<u>(95)</u>
Cash (outflow)/inflow in the year	17	<u>(567)</u>	<u>521</u>

Cash flow statement

C shares (non-statutory analysis)

		Year ended 31 December 2010 £'000	Year ended 31 December 2009 £'000
	Note		
Operating activities			
Investment income received		694	952
Deposit interest received		80	63
Dividend income received		–	57
Investment management fees paid		(605)	(497)
Recovery of VAT		–	346
Other cash payments		(136)	(137)
Interclass account movement		–	(14)
Net cash inflow from operating activities	18	33	770
Taxation			
UK corporation tax recovered/(paid)		121	(217)
Capital expenditure and financial investments			
Purchase of fixed asset investments		(4,122)	(2,383)
Disposal of fixed asset investments		1,231	58
Net cash outflow from investing activities		(2,891)	(2,325)
Management of liquid resources			
Purchase of current asset investment		–	(1,000)
Disposal of current asset investments		–	10,001
Net cash inflow from liquid resources		–	9,001
Equity dividends paid (net of costs of issuing shares under the Dividend Reinvestment Scheme)	9	(948)	(326)
Net cash (outflow)/inflow before financing		(3,685)	6,903
Financing			
Purchase of own shares	15	(594)	(534)
Costs of issue of share capital		(8)	–
Net cash outflow from financing		(602)	(534)
Cash (outflow)/inflow in the year	17	(4,287)	6,369

Notes to the Financial Statements

1. Accounting convention

The Financial Statements have been prepared in accordance with the historical cost convention, modified to include the revaluation of investments, in accordance with applicable United Kingdom law and accounting standards and with the Statement of Recommended Practice "Financial Statements of Investment Trust Companies and Venture Capital Trusts" ('AIC SORP') issued by the Association of Investment Companies in January 2009. Accounting policies have been applied consistently in current and prior periods.

2. Accounting policies

Investments

Quoted and unquoted equity investments, debt issued at a discount, and convertible bonds

In accordance with FRS 26 "Financial Instruments Recognition and Measurement", quoted and unquoted equity, debt issued at a discount and convertible bonds are designated as fair value through profit or loss ("FVTPL"). Investments listed on recognised exchanges are valued at the closing bid prices at the end of the accounting period. Unquoted investments' fair value is determined by the Directors in accordance with the September 2009 International Private Equity and Venture Capital Valuation Guidelines (IPEVCV guidelines).

Desk top reviews are carried out by independent RICS qualified surveyors by updating previously prepared full valuations for current trading and market indices. Full valuations are prepared by similarly qualified surveyors but in full compliance with the RICS Red Book.

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

Warrants and unquoted equity derived instruments

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

Unquoted loan stock

Unquoted loan stock (excluding convertible bonds and debt issued at a discount) is classified as loans and receivables in accordance with FRS 26 and carried at amortised cost using the Effective Interest Rate method less impairment. Movements in respect of capital provisions are reflected in the capital column of the Income Statement and are reflected in the Realised capital reserve following sale, or in the Unrealised capital reserve on revaluation.

For all unquoted loan stock, fully performing, renegotiated, past due and impaired, the Board considers whether the fair value is equal to or greater than the security value of these assets. For unquoted loan stock, the amount of any

impairment is the difference between the asset's cost and the present value of estimated future cash flows, discounted at the effective interest rate. The future cash flows are estimated based on the fair value of the security held less estimated selling costs.

Floating rate notes

In accordance with FRS 26, floating rate notes are designated as fair value through profit or loss and are valued at market bid price at the balance sheet date. Floating rate notes are classified as current asset investments as they are investments held for the short term.

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 revenue reserve when a share becomes ex-dividend.

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

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

Investment income

Unquoted equity income

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

Unquoted loan stock and other preferred income

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

Bank interest income

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

Floating rate note income

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

Investment management fees and other expenses

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

- 75 per cent. of management fees are allocated to the capital account to the extent that these relate to an enhancement in the value of the investments and in line with the Board's expectation that over the long term

Notes to the Financial Statements (continued)

75 per cent. of the Company's investment returns will be in the form of capital gains; and

- expenses which are incidental to the purchase or disposal of an investment are charged through the Realised capital reserve. Under the terms of the Management agreement, total expenses including management fees and excluding performance fees will not exceed 3.5 per cent. of net asset value of the Company at the year end.

Performance incentive fee

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

Taxation

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

The Directors have considered the requirements of FRS 19 and do not believe that any provision should be made for deferred tax.

Reserves

Share premium account

This reserve accounts for the difference between the price paid for shares and the nominal value of the shares, less issue costs and transfers to the Special 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 reserves

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

Special reserve

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

Treasury shares reserve

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

Realised capital reserve

The following are disclosed in this reserve:

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

Dividends

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

C shares

Until such time that C shares are converted into Ordinary shares, all investments and returns attributable to this class of share will be separately identifiable from the existing Ordinary shares. All residual expenses will be allocated on the basis of total funds raised for each class of share.

Notes to the Financial Statements (continued)

3. (Losses)/gains on investments

	Year ended 31 December 2010			Year ended 31 December 2009		
	Ordinary shares £'000	C shares £'000	Total £'000	Ordinary shares £'000	C shares £'000	Total £'000
Unrealised (losses)/gains on fixed asset investments held at fair value through profit or loss account	(57)	170	113	660	(1,072)	(412)
Unrealised gains/(impairments) on fixed asset investments held at amortised cost	163	(496)	(333)	(589)	(1,274)	(1,863)
Unrealised gains/(losses) on fixed asset investments	106	(326)	(220)	71	(2,346)	(2,275)
Unrealised (losses)/gains on current asset investments held at fair value through profit or loss account	-	(10)	(10)	-	14	14
Unrealised gains/(losses) sub-total	106	(336)	(230)	71	(2,332)	(2,261)
Realised gains/(losses) on fixed asset investments held at fair value through profit or loss account	187	(243)	(56)	447	(97)	350
Realised losses on fixed asset investments held at amortised cost	(2)	(103)	(105)	(16)	(115)	(131)
Realised gains on current asset investments held at fair value through profit or loss account	-	-	-	-	63	63
Realised gains/(losses) sub-total	185	(346)	(161)	431	(149)	282
Total	291	(682)	(391)	502	(2,481)	(1,979)

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

4. Investment income

	Year ended 31 December 2010			Year ended 31 December 2009		
	Ordinary shares £'000	C shares £'000	Total £'000	Ordinary shares £'000	C shares £'000	Total £'000
Income recognised on investments held at fair value through profit or loss						
Dividend income	4	-	4	11	57	68
Floating rate note interest	-	27	27	-	114	114
Bank deposit interest	25	69	94	29	60	89
Income from convertible bonds and discounted debt	25	28	53	-	-	-
Other interest	-	2	2	-	-	-
	54	126	180	40	231	271
Income recognised on investments held at amortised cost						
Return on loan stock investments	352	665	1,017	507	618	1,125
	406	791	1,197	547	849	1,396

Interest income earned on impaired investments at 31 December 2010 for Ordinary shares amounted to £77,000 (2009: £217,000) and for C shares amounted to £169,000 (2009: £258,000). These investments are all held at amortised cost.

Notes to the Financial Statements (continued)

5. Investment management fees

	Year ended 31 December 2010			Year ended 31 December 2009		
	Ordinary shares £'000	C shares £'000	Total £'000	Ordinary shares £'000	C shares £'000	Total £'000
Investment management fee charged to revenue	74	151	225	72	161	233
Investment management fee charged to capital	220	453	673	215	483	698
	294	604	898	287	644	931

Further details of the Management agreement under which the investment management fee is paid are given in the Directors' report and enhanced business review on page 26.

6. Other expenses

	Year ended 31 December 2010			Year ended 31 December 2009		
	Ordinary shares £'000	C shares £'000	Total £'000	Ordinary shares £'000	C shares £'000	Total £'000
Directors' fees (including VAT and NIC)	22	55	77	22	55	77
Other administrative expenses	22	51	73	30	57	87
Tax services	5	12	17	6	14	20
Auditors' remuneration for statutory audit services	8	19	27	8	18	26
	57	137	194	66	144	210

7. Directors' fees

The amounts paid to Directors during the year are as follows:

	Year ended 31 December 2010			Year ended 31 December 2009		
	Ordinary shares £'000	C shares £'000	Total £'000	Ordinary shares £'000	C shares £'000	Total £'000
Directors' fees	20	50	70	20	50	70
National insurance and/or VAT	2	5	7	2	5	7
	22	55	77	22	55	77

Further information regarding Directors' remuneration can be found in the Directors' remuneration report on pages 35 and 36.

8. Tax charge/(credit) on ordinary activities

The Company's combined tax charge of £15,000 (2009: credit of £65,000) is analysed between the two share classes as follows:

Ordinary shares	Year ended 31 December 2010			Year ended 31 December 2009		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
UK corporation tax in respect of current year	(72)	61	(11)	(113)	54	(59)
UK corporation tax in respect of prior year	5	-	5	9	-	9
Total	(67)	61	(6)	(104)	54	(50)

Notes to the Financial Statements (continued)

8. Tax charge/(credit) on ordinary activities (continued)

Factors affecting the tax charge:

	Year ended 31 December 2010 £'000	Year ended 31 December 2009 £'000
Return on ordinary activities before taxation	346	787
Tax on return at the standard rate (28%)	(97)	(220)
Factors affecting the charge:		
Non-taxable profits	82	141
Non-taxable income	1	2
Consortium relief in respect of prior years	5	9
Marginal relief	3	18
	<u>(6)</u>	<u>(50)</u>

C shares

	Year ended 31 December 2010			Year ended 31 December 2009		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
UK corporation tax in respect of current year	(132)	122	(10)	(139)	133	(6)
UK corporation tax in respect of prior year	1	-	1	121	-	121
Total	<u>(131)</u>	<u>122</u>	<u>(9)</u>	<u>(18)</u>	<u>133</u>	<u>115</u>

Factors affecting the tax charge:

	Year ended 31 December 2010 £'000	Year ended 31 December 2009 £'000
Loss on ordinary activities before taxation	(632)	(2,420)
Tax on loss at the standard rate (28%)	177	678
Factors affecting the charge:		
Non-taxable losses	(191)	(704)
Non-taxable income	-	16
Consortium relief in respect of prior years	1	121
Marginal relief	4	4
	<u>(9)</u>	<u>115</u>

The tax charge for the year shown in the Income statement is lower than the standard rate of corporation tax in the UK of 28 per cent. (2009: 28 per cent.). The differences are explained above.

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

Notes

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

Notes to the Financial Statements (continued)

9. Dividends Ordinary shares

	Year ended 31 December 2010			Total £'000	Year ended 31 December 2009		
	Paid from				Paid from		
	Revenue reserve £'000	Realised capital reserve £'000	Special reserve £'000	Revenue reserve £'000	Realised capital reserve £'000	Total £'000	
Dividend of 4.0p (1.95p from revenue reserves, and 2.05p from the special reserve) per share paid on 21 May 2010	250	–	262	512	–	–	–
Dividend of 4.0p (1.19p from revenue reserves, 0.53p from realised capital reserves and 2.28p from the special reserve) per share paid on 29 October 2010	152	67	291	510	–	–	–
	402	67	553	1,022	–	–	–

Shareholders are reminded that the Ordinary share dividend of 8p for the year to 31 December 2009 was paid in advance on 30 December 2008.

C shares

	Year ended 31 December 2010			Total £'000	Year ended 31 December 2009	
	Paid from				Paid from	
	Revenue reserve £'000	Special reserve £'000	Revenue reserve £'000	Realised capital reserve £'000	Total £'000	
Revenue dividend of 1.0p per share paid on 18 September 2009	–	–	–	349	–	349
Dividend of 1.5p (0.17p paid from revenue reserves and 1.33p the special reserve) per share paid on 21 May 2010	59	462	521	–	–	–
Dividend of 1.5p (0.78p paid from revenue reserves and 0.72p from the special reserve) per share paid on 29 October 2010	264	246	510	–	–	–
	323	708	1,031	349	–	349

Shareholders are reminded that the first C share dividend of 1.5p for the year to 31 December 2009 was paid in advance on 30 December 2008.

In addition to the dividends summarised above, the Board has declared a first dividend for the year ending 31 December 2011 of 2.5 pence per Ordinary share (post-conversion). This dividend will be paid on 28 April 2011 to shareholders on the register as at 1 April 2011. The total dividend will be approximately £973,000.

Notes to the Financial Statements (continued)

10. Basic and diluted return per share Ordinary shares

	Year ended 31 December 2010			Year ended 31 December 2009		
	Revenue	Capital	Total	Revenue	Capital	Total
The return per share has been based on the following figures:						
Return attributable to equity shares (£'000)	208	132	340	328	409	737
Weighted average shares in issue (excluding treasury shares)		12,800,207			12,911,888	
Return attributable per equity share (pence)	1.6	1.0	2.6	2.5	3.2	5.7

The weighted average number of shares is calculated excluding treasury shares of 1,125,870 (2009: 868,094).

C shares

	Year ended 31 December 2010			Year ended 31 December 2009		
	Revenue	Capital	Total	Revenue	Capital	Total
The return per share has been based on the following figures:						
Return/(loss) attributable to equity shares (£'000)	372	(1,013)	(641)	526	(2,831)	(2,305)
Weighted average shares in issue (excluding treasury shares)		34,251,343			35,130,628	
Return/(loss) attributable per equity share (pence)	1.1	(3.0)	(1.9)	1.5	(8.1)	(6.6)

The weighted average number of shares is calculated excluding treasury shares of 1,986,267 (2009: 995,032).

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

11. Fixed asset investments

	31 December 2010			31 December 2009		
	Ordinary shares £'000	C shares £'000	Total £'000	Ordinary shares £'000	C shares £'000	Total £'000
Qualifying investments	8,817	19,201	28,018	9,312	17,507	26,819
Non-qualifying investments	717	652	1,369	452	114	566
AIM instruments	–	–	–	20	–	20
	9,534	19,853	29,387	9,784	17,621	27,405

The classification of investments by nature of instruments is as follows:

	31 December 2010			31 December 2009		
	Ordinary shares £'000	C shares £'000	Total £'000	Ordinary shares £'000	C shares £'000	Total £'000
Unquoted equity	2,666	7,553	10,219	2,935	6,024	8,959
Quoted equity	–	–	–	20	–	20
Unquoted loan stock (including convertible bond loan stocks)	6,868	12,300	19,168	6,810	11,597	18,407
Warrants	–	–	–	19	–	19
	9,534	19,853	29,387	9,784	17,621	27,405

Notes to the Financial Statements (continued)

11. Fixed asset investments (continued)

Ordinary shares

	Qualifying investments £'000	Non-qualifying investments £'000	AIM investments £'000	Total £'000
Opening valuation as at 1 January 2010	9,312	452	20	9,784
Transfer of non-qualifying to qualifying investment	17	(17)	–	–
Purchases at cost	727	306	–	1,033
Disposal proceeds	(1,537)	(13)	(21)	(1,571)
Realised gains	184	–	1	185
Movement in loan stock accrued income	(3)	–	–	(3)
Unrealised gains/(losses)	117	(11)	–	106
Closing valuation as at 31 December 2010	8,817	717	–	9,534
Movement in loan stock accrued income				
Opening accumulated movement in loan stock accrued income	158	–	–	158
Movement in loan stock accrued income	(3)	–	–	(3)
Closing accumulated movement in loan stock accrued income	155	–	–	155
Movement in unrealised losses				
Opening accumulated unrealised losses	(3,897)	(32)	(81)	(4,010)
Transfer of previously unrealised losses to realised reserve on disposal of investments	112	–	81	193
Movement in unrealised gains/(losses)	117	(11)	–	106
Closing accumulated unrealised losses	(3,668)	(43)	–	(3,711)
Historic cost basis				
Opening book cost	13,051	484	101	13,636
Transfer of non-qualifying to qualifying investment	17	(17)	–	–
Purchases at cost	727	306	–	1,033
Sales at cost	(1,465)	(13)	(101)	(1,579)
Closing book cost	12,330	760	–	13,090

Fixed asset investments held at fair value through the profit or loss account total £4,023,000 (2009: £2,974,000) and include convertible bonds and debt with a carrying value of £1,201,000 at 31 December 2010 which have been re-presented from the amortised cost to fair value category in the accounts having previously been designated at fair value through profit or loss on initial recognition. Investments held at amortised cost total £5,511,000 (2009: £6,810,000).

The purchases of £1,026,000 per the Cash flow statement do not agree to the purchases at cost above of £1,033,000 due to a £19,000 investment in Opta Sports Data Limited which had not settled as at 31 December 2010 and is disclosed in other debtors, as well as £26,000 not yet drawn down by Bravo Inns II Limited.

The disposal proceeds of £1,545,000 per the Cash flow statement do not agree to the disposal proceeds above of £1,571,000 due to £26,000 in respect of deferred proceeds from the disposal of RFI Global Services Limited that will be held in escrow until December 2011.

The Company's single remaining AIM investment in OneClickHR plc was sold in the year to 31 December 2010 (proceeds totalled £21,000).

Notes to the Financial Statements (continued)

11. Fixed asset investments (continued)

C shares

	Qualifying investments £'000	Non-qualifying investments £'000	Total £'000
Opening valuation as at 1 January 2010	17,507	114	17,621
Transfer of non-qualifying investment to qualifying	102	(102)	–
Purchases at cost	3,365	796	4,161
Disposal proceeds	(1,088)	(158)	(1,246)
Realised losses	(346)	–	(346)
Movement in loan stock accrued income	(11)	–	(11)
Unrealised (losses)/gains	(328)	2	(326)
Closing valuation as at 31 December 2010	19,201	652	19,853
Movement in loan stock accrued income			
Opening accumulated movement in loan stock accrued income	295	–	295
Movement in loan stock accrued income	(11)	–	(11)
Closing accumulated movement in loan stock accrued income	284	–	284
Movement in unrealised (losses)/gains			
Opening accumulated unrealised (losses)/gains	(6,149)	12	(6,137)
Transfer of previously unrealised losses to realised reserve on disposal of investments	808	–	808
Movement in unrealised (losses)/gains	(328)	2	(326)
Closing accumulated unrealised (losses)/gains	(5,669)	14	(5,655)
Historic cost basis			
Opening book cost	23,361	102	23,463
Transfer of non-qualifying investment to qualifying	102	(102)	–
Purchases at cost	3,365	796	4,161
Sales at cost	(2,242)	(158)	(2,400)
Closing book cost	24,586	638	25,224

Fixed asset investments held at fair value through the profit or loss account total £9,128,000 (2009: £6,024,000) and include convertible bonds and debt with a carrying value of £1,004,000 at 31 December 2010 which have been re-presented from the amortised cost to fair value category in the accounts having previously been designated at fair value through profit or loss on initial recognition. Investments held at amortised cost total £10,725,000 (2009: £11,597,000).

The purchases of £4,122,000 per the Cash flow statement do not agree to the purchases at cost above of £4,161,000 due to a £73,000 investment in Opta Sports Data Limited which had not settled as at 31 December 2010 and is disclosed in other debtors, and £4,000 relating to payment of retained fees on investments, and £116,000 not yet drawn down by Bravo Inns II Limited.

The disposal proceeds of £1,231,000 per the Cash flow statement do not agree to the disposal proceeds above of £1,246,000 due to £15,000 in respect of deferred proceeds from the disposal of RFI Global Services Limited that will be held in escrow until December 2011.

Unquoted loan stock investments (excluding convertible loan stock and debt issued at a discount) are measured on an amortised cost basis. Loan stock in the Ordinary share portfolio using a fixed interest rate total £6,546,000 (2009: £6,747,000) and in the C share portfolio total £11,803,000 (2009: £9,698,000).

Loan stock in the Ordinary share portfolio using a floating rate total £25,000 (2009: £44,000) and C share portfolio using a floating rate total £407,000 (2009: £1,899,000).

The Directors believe that the carrying value of loan stock measured at amortised cost is not materially different to fair value.

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

Notes to the Financial Statements (continued)

11. Fixed asset investments (continued)

Fixed asset investment valuation methodologies

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

Investment methodology	31 December 2010			31 December 2009		
	Ordinary shares £'000	C shares £'000	Total £'000	Ordinary shares £'000	C shares £'000	Total £'000
Cost reviewed for impairment	413	1,790	2,203	188	1,132	1,320
Net asset value supported by independent third party valuation	370	325	695	562	548	1,110
Net asset value supported by independent desktop review	9	110	119	–	–	–
Price of recent investment	230	1,751	1,981	880	3,360	4,240
Earnings multiple	1,093	872	1,965	1,324	984	2,308
Revenue multiple	550	2,705	3,255	–	–	–
	2,665	7,553	10,218	2,954	6,024	8,978

The unquoted equity investments in the Ordinary shares portfolio had the following movements between valuation methodologies between 31 December 2009 and 31 December 2010.

Change in valuation methodology (2009 to 2010)	Value as at 31 December 2010		Explanatory note
	£'000		
Cost reviewed for impairment to recent investment price	94		Most recent price
Cost reviewed for impairment to earnings multiple	118		Improvement in investment performance
Price of recent investment to revenue multiple	158		Improvement in investment performance

The unquoted equity investments in the C shares portfolio had the following movements between valuation methodologies between 31 December 2009 and 31 December 2010.

Change in valuation methodology (2009 to 2010)	Value as at 31 December 2010		Explanatory note
	£'000		
Cost reviewed for impairment to recent investment price	531		Most recent price
Cost reviewed for impairment to earnings multiple	502		Improvement in investment performance
Price of recent investment to revenue multiple	760		Improvement in investment performance

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 September 2009 IPEVCV Guidelines. The Directors believe that, within these parameters, there are no other possible methods of valuation which would be reasonable as at 31 December 2010.

The amended FRS 29 'Financial Instruments: Disclosures' requires the Company to disclose the inputs to the valuation methods applied to its investments measured at fair value through profit or loss in a fair value hierarchy according to the following definitions:

Fair value hierarchy	Definition
Level 1	Unadjusted quoted (bid) prices applied
Level 2	Inputs to valuation are from observable sources and are directly or indirectly derived from prices
Level 3	Inputs to valuations not based on observable market data

The Ordinary shares' investments as at 31 December 2010 are categorised in accordance with FRS 29 as follows:

	31 December 2010 £'000	Level 1 £'000	Level 2 £'000	Level 3 £'000
Financial assets at fair value through profit or loss:				
Unquoted equity	2,666	–	–	2,666
Unquoted loan stock (including convertible and discounted)	1,357	–	–	1,357
	4,023	–	–	4,023

Notes to the Financial Statements (continued)

11. Fixed asset investments (continued)

The Ordinary shares' investments as at 31 December 2009 are categorised in accordance with FRS 29 as follows:

	31 December 2009 £'000	Level 1 £'000	Level 2 £'000	Level 3 £'000
Financial assets at fair value through profit or loss:				
AIM quoted equity	20	20	–	–
Unquoted equity	<u>2,954</u>	<u>–</u>	<u>–</u>	<u>2,954</u>
	<u>2,974</u>	<u>20</u>	<u>–</u>	<u>2,954</u>

The C shares' investments as at 31 December 2010 are categorised in accordance with FRS 29 as follows:

	31 December 2010 £'000	Level 1 £'000	Level 2 £'000	Level 3 £'000
Financial assets at fair value through profit or loss:				
Floating rate notes (current asset investment)	1,005	1,005	–	–
Unquoted equity	7,553	–	–	7,553
Unquoted loan stock	<u>1,575</u>	<u>–</u>	<u>–</u>	<u>1,575</u>
	<u>10,133</u>	<u>1,005</u>	<u>–</u>	<u>9,128</u>

The C shares' investments as at 31 December 2009 are categorised in accordance with FRS 29 as follows:

	31 December 2009 £'000	Level 1 £'000	Level 2 £'000	Level 3 £'000
Financial assets at fair value through profit or loss:				
Floating rate notes (current asset investment)	1,014	1,014	–	–
Unquoted equity	<u>6,024</u>	<u>–</u>	<u>–</u>	<u>6,024</u>
	<u>7,038</u>	<u>1,014</u>	<u>–</u>	<u>6,024</u>

The Ordinary shares and C shares investments held at fair value through profit or loss (level 3) had the following movements in the year to 31 December 2010:

	Ordinary shares £'000	C Shares £'000
Opening balance	2,954	6,024
Additions	642	2,999
Disposals	(540)	(470)
Realised losses	72	(798)
Re-presentation of convertible bond and debt	1,201	1,004
Unrealised (losses)/gains	<u>(306)</u>	<u>369</u>
Closing balance	<u>4,023</u>	<u>9,128</u>

The Ordinary shares and C shares investments held at fair value through profit or loss (level 3) had the following movements in the year to 31 December 2009:

	Ordinary shares £'000	C Shares £'000
Opening balance	1,871	5,938
Additions	520	1,265
Disposals	(22)	(97)
Unrealised gains/(losses)	<u>585</u>	<u>(1,082)</u>
Closing balance	<u>2,954</u>	<u>6,024</u>

Notes to the Financial Statements (continued)

11. Fixed asset investments (continued)

FRS 29 requires the Directors to consider the impact of changing one or more of the inputs used as part of the valuation process to reasonable possible alternative assumptions. The valuation methodology applied to 65 per cent. of the equity, discounted debt and convertible bond investments (by valuation) in the Ordinary share portfolio and 72 per cent. of the equity, discounted debt and convertible bond investments (by valuation) in the C share portfolio is based on third-party independent evidence and recent investment price. The Directors believe that changes to reasonable possible alternative assumptions for the valuation of the portfolio could result in an increase in the valuation of investments by £371,000 for the Ordinary share portfolio and £742,000 for the C share portfolio or a decrease in the valuation of investments by £341,000 for the Ordinary share portfolio and £1,330,000 for the C share portfolio.

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 investee company, it will not take a controlling interest or become involved in the management. The size and structure of the companies with unquoted securities may result in certain holdings in the portfolio representing a participating interest without there being any partnership, joint venture or management consortium agreement. The Company has interests of greater than 20 per cent. of the nominal value of any class of the allotted shares in the investee companies as at 31 December 2010 as described below:

Company	Country of incorporation	Principal activity	% class and share type	% total voting rights
Xceleron Limited	Great Britain	Bio-analytical services	26.0% A Ordinary	16.2%
Evolutions Television Limited	Great Britain	Television and post production	22.6% A Ordinary	11.1%
The Q Garden Company Limited	Great Britain	Garden centre operator	67.0% A Ordinary	33.3%
Consolidated PR Limited	Great Britain	Public relations agency	50.0% A Ordinary	12.3%
Smiles Pub Company Limited	Great Britain	Owner of residential property	22.6% A Ordinary	22.6%
Blackbay Limited	Great Britain	Mobile data solutions	24.2% A Ordinary	7.5%
Prime Care Holdings Limited	Great Britain	Domiciliary care services	31.2% A Ordinary	15.5%

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

13. Current assets include the following:

	31 December 2010			31 December 2009		
	Ordinary shares £'000	C shares £'000	Total £'000	Ordinary shares £'000	C shares £'000	Total £'000
Trade and other debtors						
Prepayments and accrued income	4	12	16	25	12	37
UK corporation taxable receivable	20	116	136	35	247	282
Other debtors	46	106	152	–	–	–
	<u>70</u>	<u>234</u>	<u>304</u>	<u>60</u>	<u>259</u>	<u>319</u>

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

	31 December 2010			31 December 2009		
	Ordinary shares £'000	C shares £'000	Total £'000	Ordinary shares £'000	C shares £'000	Total £'000
Current asset investments						
UBS FRN May 2011	–	1,005	1,005	–	1,014	1,014

The investment in the UBS floating rate note represents money held for investment. The floating rate note can be converted to cash within five working days.

Notes to the Financial Statements (continued)

14. Creditors: amounts falling due within one year

	31 December 2010			31 December 2009		
	Ordinary shares	C shares	Total	Ordinary shares	C shares	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Trade creditors	77	157	234	–	–	–
Accruals and deferred income	22	47	69	102	200	302
Other creditors	33	164	197	8	65	73
	<u>132</u>	<u>368</u>	<u>500</u>	<u>110</u>	<u>265</u>	<u>375</u>

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

15. Called up share capital

	31 December 2010 £'000	31 December 2009 £'000
Authorised		
70,000,000 Ordinary shares of 50p each (2009: 70,000,000)	35,000	35,000
40,000,000 C shares of 50p each (2009: 40,000,000)	20,000	20,000
	<u>55,000</u>	<u>55,000</u>
Allotted, called up and fully paid		
13,770,233 Ordinary shares of 50p each (2009: 13,702,045)	6,885	6,851
35,774,708 C shares of 50p each (2009: 35,657,472)	17,887	17,829
	<u>24,772</u>	<u>24,680</u>

Shares in issue

12,644,363 Ordinary shares of 50p each in issue (net of treasury shares) (2009: 12,833,951) and 33,788,441 C shares of 50p each in issue (net of treasury shares) (2009: 34,662,440).

The Company purchased 257,776 Ordinary shares (2009: 137,457) to be held in treasury at a cost of £200,000 (2009: £95,000) and 991,235 C shares (2009: 956,236) at a cost of £594,000 (2009: £534,000) to be held in treasury and representing 1.9 per cent. and 2.8 per cent. respectively of the shares in issue (excluding treasury shares) as at 1 January 2010. The shares purchased for treasury were funded from the Ordinary shares and C shares Treasury shares reserve.

The Company holds a total of 1,125,870 Ordinary shares and 1,986,267 C shares in treasury, representing 8.2 per cent. and 5.7 per cent. respectively of the Ordinary and C shares in issue as at 31 December 2010.

Under the terms of the Dividend Reinvestment Scheme Circular dated 18 April 2008, the following Ordinary shares and C shares of nominal value 50 pence per share were allotted in the year to 31 December 2010:

Date of allotment	Issue price (pence per share)		Number of shares allotted		Aggregate nominal value of shares (£'000)		Consideration received (£'000)		Opening market price per share on allotment date (pence per share)	
	Ordinary shares	C shares	Ordinary shares	C shares	Ordinary shares	C shares	Ordinary shares	C shares	Ordinary shares	C shares
	shares	shares	shares	shares	shares	shares	shares	shares	shares	shares
21 May 2010	88.7	71.2	33,738	57,168	17	28	30	41	74	62
29 October 2010	88.0	69.1	34,450	60,068	17	30	30	42	78	61

Notes to the Financial Statements (continued)

16. Basic and diluted net asset value per share

	31 December 2010		31 December 2009	
	Ordinary shares (pence per share)	C shares (pence per share)	Ordinary shares (pence per share)	C shares (pence per share)
Basic and diluted net asset values per share	87.6	68.1	92.7	72.7

The basic and diluted net asset values per share at the year end are calculated in accordance with the Articles of Association and are based upon total shares in issue (less treasury shares) of 12,644,363 Ordinary shares (2009: 12,833,951) and 33,788,441 C shares (2009: 34,662,440) in issue at 31 December 2010.

17. Analysis of changes in cash during the year

	31 December 2010			31 December 2009		
	Ordinary shares £'000	C shares £'000	Total £'000	Ordinary shares £'000	C shares £'000	Total £'000
Opening cash balances	2,168	6,581	8,749	1,647	212	1,859
Net cash (outflow)/inflow	(567)	(4,287)	(4,854)	521	6,369	6,890
Closing cash balances	1,601	2,294	3,895	2,168	6,581	8,749

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

	Year ended 31 December 2010			Year ended 31 December 2009		
	Ordinary shares £'000	C shares £'000	Total £'000	Ordinary shares £'000	C shares £'000	Total £'000
Revenue return on ordinary activities before taxation	275	503	778	432	544	976
Investment management fee charged to capital	(220)	(453)	(673)	(215)	(483)	(698)
Recoverable VAT capitalised	-	-	-	68	-	68
Movement in accrued amortised loan stock interest	3	11	14	5	81	86
Decrease/(increase) in debtors	20	(2)	18	254	461	715
(Decrease)/increase in creditors	(4)	(26)	(30)	73	182	255
Interclass account movement	-	-	-	355	(15)	340
Net cash inflow from operating activities	74	33	107	972	770	1,742

19. Capital and financial instruments risk management

The Company's capital comprises Ordinary shares and C shares as described in note 15. The Company is permitted to buy-back its own shares for cancellation or treasury purposes, and this is described in more detail on page 24 of the Directors' report and enhanced business review.

On 1 November 2010 the Company announced the launch of the Albion VCTs Linked Top Up Offer. In aggregate, the Albion VCTs will be aiming to raise up to £15 million across all of the seven VCTs managed by Albion Ventures LLP, of which Albion Technology & General VCT PLC's share will be approximately £2.25 million.

On 7 January 2011, the Company issued 344,862 Ordinary shares at 94.8 pence per share and 440,166 C shares at 74.3 pence per share under the Offer. For further details, please see note 21.

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

Notes to the Financial Statements (continued)

19. Capital and financial instruments risk management (continued)

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

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

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

Investment risk

As a venture capital trust, it is the Company's specific nature to evaluate and control the investment risk of its portfolio in unquoted and in quoted investments, details of which are shown on pages 13 to 18. Investment risk is the exposure of the Company to the revaluation and devaluation of investments. The main driver of investment risk is the operational and financial performance of the investee company and the dynamics of market quoted comparators. The Manager receives management accounts from investee companies, and members of the investment management team often sit on the boards of unquoted investee companies; this enables the close identification, monitoring and management of investment risk.

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

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

The maximum investment risk as at the balance sheet date is the value of the fixed and current asset investment portfolio which is £9,534,000 (2009: £9,784,000) for Ordinary shares and £20,858,000 for the C shares (2009: £18,635,000). Fixed and current asset investments form 86 per cent. of the Ordinary shares' net asset value as at 31 December 2010 (2009: 82 per cent.) and 91 per cent. of the C shares' net asset value as at 31 December 2010 (2009: 74 per cent.).

More details regarding the classification of fixed and current asset investments are shown in notes 11 and 13.

Investment price risk

Investment price risk is the risk that the fair value of future investment cash flows will fluctuate due to factors specific to an investment instrument or to a market in similar instruments. To mitigate the investment price risk for the Company as a whole, the strategy of the Company is to invest in a broad spread of industries with up to two-thirds of the unquoted investments comprising debt securities, which, owing to the structure of their yield and the fact that they are usually secured, have a lower level of price volatility than equity. Details of the industries in which investments have been made are contained in the Portfolio of investments section on pages 13 to 18 and in the Manager's report.

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

As required under FRS 29 "Financial Instruments: Disclosures", the Board is required to illustrate by way of a sensitivity analysis the degree of exposure to market risk. The Board considers that the value of the fixed and current asset investment portfolio is sensitive to a 10 per cent. change based on the current economic climate. The impact of a 10 per cent. change has been selected as this is considered reasonable given the current level of volatility observed both on a historical basis and future expectations.

The sensitivity of a 10 per cent. increase or decrease in the valuation of the fixed and current asset investments (keeping all other variables constant) would increase or decrease the net asset value and return for the year of Ordinary shares by £953,000 (2009: £978,000) and for C shares by £2,086,000 (2009: £1,864,000).

Cash flow interest rate risk

It is the Company's policy to accept a degree of interest rate risk on its financial assets through the effect of interest rate changes. On the basis of the Company's analysis, it is estimated that a rise of one percentage point in all interest rates would have increased total return before tax for the year by approximately £15,000 for the Ordinary shares (2009: £29,000) and £54,000 for the C shares (2009: £112,000). Furthermore, it is considered that a fall of interest rates below current levels during the year would have been very unlikely.

The weighted average interest rate applied to the Company's fixed rate assets during the year was approximately 4.1 per cent. (2009: 6.5 per cent.) for the Ordinary shares and 5.5 per cent. for the C shares (2009: 5.0 per cent.). The weighted average period to maturity for the fixed rate assets is approximately 2.3 years for the Ordinary shares and approximately 2.8 years for the C shares (2009: 2.9 years for the Ordinary shares and 3.0 years for C shares).

Notes to the Financial Statements (continued)

19. Capital and financial instruments risk management (continued)

The Company's financial assets and liabilities as at 31 December 2010, all denominated in pounds sterling, consist of the following:

Ordinary shares

	31 December 2010			Total £'000	31 December 2009			Total £'000
	Fixed rate £'000	Floating rate £'000	Non- interest bearing £'000		Fixed rate £'000	Floating rate £'000	Non- interest bearing £'000	
Unquoted equity	-	-	2,666	2,666	-	-	2,954	2,954
Quoted equity	-	-	-	-	-	-	20	20
Unquoted loan stock	6,546	25	297	6,868	6,729	63	18	6,810
Debtors	-	-	70	70	-	-	60	60
Current liabilities	-	-	(132)	(132)	-	-	(110)	(110)
Cash	1,194	407	-	1,601	1,949	219	-	2,168
Total net assets	7,740	432	2,901	11,073	8,678	282	2,942	11,902

C shares

	31 December 2010			Total £'000	31 December 2009			Total £'000
	Fixed rate £'000	Floating rate £'000	Non- interest bearing £'000		Fixed rate £'000	Floating rate £'000	Non- interest bearing £'000	
Unquoted equity	-	-	7,553	7,553	-	-	6,024	6,024
Unquoted loan stock	11,803	407	90	12,300	9,688	1,899	10	11,597
Floating rate notes	-	1,005	-	1,005	-	1,014	-	1,014
Debtors	-	-	234	234	-	-	259	259
Current liabilities	-	-	(368)	(368)	-	-	(265)	(265)
Cash	1,883	411	-	2,294	6,502	79	-	6,581
Total net assets	13,686	1,823	7,509	23,018	16,190	2,992	6,028	25,210

Credit risk

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

The Manager evaluates credit risk on loan stock and floating rate note instruments prior to investment, and as part of its ongoing monitoring of investments. In doing this, it takes into account the extent and quality of any security held. Typically loan stock instruments have a first fixed charge or a fixed and floating charge over the assets of the investee company in order to mitigate the gross credit risk. The Manager receives management accounts from investee companies, and members of the investment management team often sit on the boards of unquoted investee companies; this enables the close identification, monitoring and management of investment specific credit risk.

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

The Company's total gross credit risk for Ordinary shares at 31 December 2010 was limited to £6,868,000 (2009: £6,810,000) of unquoted loan stock instruments and £1,601,000 (2009: £2,168,000) cash deposits with banks.

The cost, impairment and carrying value of impaired loan stocks in the Ordinary share portfolio held at amortised cost at 31 December 2010 and 31 December 2009 are as follows:

	31 December 2010			31 December 2009		
	Cost £'000	Impairment £'000	Carrying value £'000	Cost £'000	Impairment £'000	Carrying value £'000
Impaired loan stock	4,713	(1,738)	2,975	4,859	(1,878)	2,981

Notes to the Financial Statements (continued)

19. Capital and financial instruments risk management (continued)

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

The Company's total gross credit risk for C shares at 31 December 2010 is limited to £12,300,000 (2009: £11,597,000) of unquoted loan stock instruments, £1,005,000 (2009: £1,014,000) of floating rate notes and £2,294,000 (2009: £6,581,000) cash deposits with banks.

The cost, impairment and carrying value of impaired loan stocks in the C share portfolio held at amortised cost at 31 December 2010 and 31 December 2009 are as follows:

	31 December 2010			31 December 2009		
	Cost £'000	Impairment £'000	Carrying value £'000	Cost £'000	Impairment £'000	Carrying value £'000
Impaired loan stock	<u>4,702</u>	<u>(1,792)</u>	<u>2,910</u>	<u>4,751</u>	<u>(1,203)</u>	<u>3,548</u>

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

As at the balance sheet date, the cash held by the Company is held with the Royal Bank of Scotland plc, Lloyds TSB Bank plc, Scottish Widows, Standard Life and UBS Wealth Management. Credit risk on cash transactions is mitigated by transacting with counterparties that are regulated entities subject to regulatory supervision, with Moody's credit ratings of at least 'A' or equivalent as assigned by international credit-rating agencies.

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

As at the year end the Company held one floating rate note with UBS of £1,005,000 (2009: one floating rate note with UBS of £1,014,000).

Liquidity risk

Liquid assets are held as cash on current account, cash on deposit or short term money market account and as floating rate notes. Under the terms of its Articles, the Company has the ability to borrow up to 10 per cent. of its adjusted capital and reserves of the latest published audited balance sheet, which amounts to £1,107,000 for Ordinary shares (2009: £1,190,000) and £2,302,000 for C shares (2009: £2,521,000) as at 31 December 2010.

The Company has no committed borrowing facilities as at 31 December 2010 (2009: £nil). Ordinary shares had cash balances of £1,601,000 (2009: £2,168,000) and C share cash balances were £2,294,000 (2009: £6,581,000) together with £1,005,000 (2009: £1,014,000) invested in one floating rate note, which is considered to be readily realisable within the timescales required to make cash available for investment. The main cash outflows are for new investments, share buy-backs and dividend payments, which are within the control of the Company. The Manager formally reviews the cash requirements of the Company on a monthly basis, and the Board on a quarterly basis as part of its review of management accounts and forecasts. All the Company's financial liabilities are short term in nature and total £132,000 for the Ordinary shares (2009: £110,000) and £368,000 for the C shares (2009: £265,000) at 31 December 2010.

The UBS floating rate note matures in less than one year on 20 May 2011.

Ordinary shares

The carrying value of loan stock investments held at amortised cost and at fair value through profit and loss at 31 December 2010 as analysed by expected maturity dates is as follows:

Redemption date	Fully performing loan stock £'000	Renegotiated loan stock £'000	Impaired loan stock £'000	Past due loan stock £'000	Total £'000
Less than one year	–	–	1,157	205	1,362
1-2 years	642	248	156	282	1,328
2-3 years	379	–	1,031	756	2,166
3-5 years	863	45	631	463	2,002
+5 years	10	–	–	–	10
Total	<u>1,894</u>	<u>293</u>	<u>2,975</u>	<u>1,706</u>	<u>6,868</u>

Notes to the Financial Statements (continued)

19. Capital and financial instruments risk management (continued)

Loan stock categorised as past due includes:

- Loan stock valued at £114,000 yielding 14.6 per cent. which has capital past due by 2 months, and loan stock valued at £205,000 yielding 6.5 per cent which has capital past due by 6 months;
- Loan stock valued at £756,000 which has interest overdue for the past 10 months, payment for which has been deferred to December 2011;
- Loan stock valued at £413,000 which has yielded 4.3 per cent. in 2010, and loan stock valued at £168,000 which has yielded 7.2 per cent. in 2010;
- Loan stock valued at a total of £50,000 has interest overdue for in excess of 15 months.

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

Redemption date	Fully performing loan stock £'000	Renegotiated loan stock £'000	Impaired loan stock £'000	Total £'000
Less than one year	80	238	96	414
1-2 years	476	520	529	1,525
2-3 years	221	446	1,116	1,783
3-5 years	1,606	242	1,240	3,088
Total	2,383	1,446	2,981	6,810

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

C shares

The carrying value of loan stock investments held at amortised cost and at fair value through profit and loss at 31 December 2010 as analysed by expected maturity dates is as follows:

Redemption date	Fully performing loan stock £'000	Renegotiated loan stock £'000	Impaired loan stock £'000	Past due loan stock £'000	Total £'000
Less than one year	–	–	60	–	60
1-2 years	1,175	–	1,019	1,596	3,790
2-3 years	1,400	–	317	1,426	3,143
3-5 years	3,553	–	1,514	196	5,263
+5 years	44	–	–	–	44
Total	6,172	–	2,910	3,218	12,300

Loan stock categorised as past due includes:

- Loan stock valued at £551,000 which has interest overdue for the past 10 months, payment for which has been deferred to December 2011;
- Loan stock valued at £423,000 which has yielded 4.2 per cent. in 2010, and loan stock valued at £2,153,000 which has yielded 7.2 per cent. in 2010;
- Loan stock valued at a total of £91,000 has interest overdue for the past 15 months.

Notes to the Financial Statements (continued)

19. Capital and financial instruments risk management (continued)

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

Redemption date	Fully performing loan stock £'000	Renegotiated loan stock £'000	Impaired loan stock £'000	Total £'000
Less than one year	–	114	–	114
1-2 years	1,115	41	45	1,201
2-3 years	1,234	226	2,494	3,954
3-5 years	4,123	1,196	1,009	6,328
Total	6,472	1,577	3,548	11,597

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

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

Fair values of financial assets and financial liabilities

All the Company's financial assets and liabilities as at 31 December 2010 are stated at fair value as determined by the Directors, with the exception of loans and receivables included within investments, which are carried at amortised cost, in accordance with FRS 26. The Directors believe that the current carrying value of loan stock is not materially different to the fair value. There are no financial liabilities other than creditors. The Company's financial liabilities are all non-interest bearing. It is the Directors' opinion that the book value of the financial liabilities is not materially different to the fair value and all are payable within one year.

20. Commitments and contingencies

As at 31 December 2010, the Company was committed to making a further investment of £375,000 (£54,000 in respect of the Ordinary share portfolio and £321,000 in respect of the C share portfolio) in TEG Biogas (Perth) Limited, following its initial investment of £169,000 (£24,000 in respect of the Ordinary share portfolio and £145,000 in respect of the C share portfolio) in July 2010.

There are no contingent liabilities or guarantees given by the Company as at 31 December 2010 (31 December 2009: nil).

21. Post balance sheet events

Since 31 December 2010 the Company has had the following post balance sheet events:

- Investment in Opta Sports Data Limited of £19,000 (Ordinary shares) and £91,000 (C shares) in January 2011;
- Investment in Regenerco Renewable Energy Limited of £12,000 (Ordinary shares) and £55,000 (C shares) in January 2011;
- Investment in AVESI Limited of £10,000 (Ordinary shares) and £44,000 (C shares) in February 2011;
- Investment in Orchard Portman Hospital Limited of £15,000 (Ordinary shares) and £26,000 (C shares) in February 2011;
- Investment in Xceleron Limited of £48,000 (Ordinary shares) and £59,000 (C shares) in February 2011;
- On 1 November 2010 the Company announced the launch of the Albion VCTs Linked Top Up Offer. In aggregate, the Albion VCTs will be aiming to raise up to £15 million across all of the seven VCTs managed by Albion Ventures LLP, of which Albion Technology & General VCT PLC's share will be approximately £2.25 million. The maximum amount raised by each of the Albion VCTs will be the lower of Euros 2.5 million, and 10 per cent. of its issued share capital (over any one 12 month period, and including any shares issued under Dividend Reinvestment Schemes), being the amount that they may issue under the Prospectus Rules without the publication of a full prospectus. The number of new shares available may change depending on the £: euro exchange rate at the date of allotment.

The proceeds of the Offer will be used to provide further resources to the Albion VCTs at a time when a number of attractive new investment opportunities are being seen. An Investor Guide and Offer Document have been sent to shareholders. A General Meeting which agreed the proposal of special resolutions to permit the allotment of new ordinary shares in the Company in relation to Albion VCTs Linked Top Up Offer was held on Wednesday, 8 December 2010.

Notes to the Financial Statements (continued)

21. Post balance sheet events (continued)

The following Ordinary shares and C shares of nominal value 50 pence per share were allotted under the Offer on 7 January 2011:

Date of allotment	Issue price (pence per share)		Number of shares allotted		Aggregate nominal value of shares (£'000)		Net consideration received (£'000)		Opening market price per share on allotment date (pence per share)	
	Ordinary shares	C shares	Ordinary shares	C shares	Ordinary shares	C shares	Ordinary shares	C shares	Ordinary shares	C shares
7 January 2011	94.8	74.3	344,862	440,166	172	220	302	302	76	60

22. Related party transactions

The Manager, Albion Ventures LLP, is considered to be a related party by virtue of the fact that Patrick Reeve, a Director of the Company, is also a Partner of the Manager. The Manager is party to a Management agreement from the Company (details disclosed on page 26 of this report). During the year, services of a total value of £898,000 (2009: £931,000) were purchased by the Company from Albion Ventures LLP. At the financial year end, the amount due to Albion Ventures LLP in respect of these services disclosed as trade creditors was £229,000 (2009: accrual of £221,000).

Patrick Reeve is the Managing Partner of the Manager, Albion Ventures LLP. During the year, the Company was charged by Albion Ventures LLP £21,000 (including VAT) in respect of his services as a Director (2009: £20,000). At the year end, the amount due to Albion Ventures LLP in respect of these services disclosed as accruals and deferred income was £5,000 (2009: £5,000).

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Albion Technology & General VCT PLC (the “Company”) will be held at the City of London Club, 19 Old Broad Street, London EC2N 1DS on 13 May 2011 at 12 noon for the following purposes:

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

Ordinary Business

1. To receive and adopt the Company’s accounts for the year ended 31 December 2010 together with the report of the Directors and Auditors.
2. To approve the Directors’ remuneration report for the year ended 31 December 2010.
3. To re-elect Dr Neil Cross as a Director of the Company.
4. To re-elect Lt Gen Sir Edmund Burton as a Director of the Company.
5. To re-elect Mr Michael Hart as a Director of the Company.
6. To re-elect Mr Patrick Reeve as a Director of the Company.
7. To re-appoint PKF (UK) LLP as Auditors of the Company to hold office from the conclusion of the meeting to the conclusion of the next meeting at which the accounts are to be laid.
8. To authorise the Directors to agree the Auditors’ remuneration.

Special Business

9. That the Directors be generally and unconditionally authorised in accordance with section 551 of the Companies Act 2006 (the “Act”) to allot Ordinary shares of nominal value 50 pence per share in the Company up to a maximum aggregate nominal amount of £2,079,936 provided that this authority shall expire on the earlier of 13 November 2012 or the conclusion of the next Annual General Meeting but so that the Company may, before the expiry of such period, make an offer or agreement which would or might require shares to be allotted after the expiry of such period and the Directors may allot shares pursuant to such an offer or agreement as if the authority had not expired.
10. That, subject to and conditional on the passing of resolution number 9, the Directors be empowered, pursuant to section 570 of the Act, to allot equity securities (within the meaning of section 560 of the Act) for cash pursuant to the authority conferred by resolution number 9 as if section 561(1) of the Act did not apply to any such allotment, provided that this power shall be limited to the allotment of equity securities:
 - (a) in connection with an offer of such securities by way of rights issue;
 - (b) in connection with any Dividend Reinvestment Scheme introduced and operated by the Company;
 - (c) in connection with the Albion VCTs Linked Top Up Offer; and
 - (d) otherwise than pursuant to paragraphs (a) to (c) above, up to an aggregate nominal amount of £2,079,936,

and shall expire on the earlier of 13 November 2012 or at the conclusion of the next Annual General Meeting, save that the Company may, before such expiry, make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of any such offer or agreement as if the power had not expired.

Notice of Annual General Meeting (continued)

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

This power applies in relation to a sale of treasury shares which is an allotment of equity securities by virtue of section 560(2)(b) of the Act as if in the first paragraph of the resolution the words “pursuant to the authority conferred by resolution number 9” were omitted in relation to such a sale.

11. That, the Company be generally and unconditionally authorised to make market purchases (within the meaning of Section 693(4) of the Act) of Ordinary shares of 50 pence each in the capital of the Company (“Ordinary shares”), on such terms as the Directors think fit, and where such shares are held as treasury shares, the Company may use them for the purposes set out in section 727 of the Act, provided that:
- (a) the maximum number of shares hereby authorised to be purchased is 14.99 per cent. of the issued Ordinary share capital of the Company as at the date of the passing of this resolution;
 - (b) the minimum price, exclusive of any expenses, which may be paid for a share is 50 pence;
 - (c) the maximum price, exclusive of any expenses, which may be paid for each share is an amount equal to the higher of (a) 105 per cent. of the average of the middle market quotations for the share, as derived from the London Stock Exchange Daily Official List, for the five business days immediately preceding the day on which the share is purchased; and (b) the amount stipulated by Article 5(1) of the Buy-back and Stabilisation Regulation 2003;
 - (d) the authority hereby conferred shall, unless previously revoked or varied, expire on 13 November 2012 or, if earlier, at the conclusion of the next Annual General Meeting; and
 - (e) the Company may make a contract or contracts to purchase 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.

Under the Companies (Acquisition of Own Shares) (Treasury Shares) Regulations 2003 (the “Regulations”), shares purchased by the Company out of distributable profits can be held as treasury shares, which may then be cancelled or sold for cash. The authority sought by this special resolution number 11 is intended to apply equally to shares to be held by the Company as treasury shares in accordance with the Regulations. These powers are intended to permit Directors to sell treasury shares at a price not less than that at which they were purchased.

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

By order of the Board

Albion Ventures LLP

Company Secretary

Registered office

1 King's Arms Yard

London

EC2R 7AF

Registered in England and Wales with number 4114310

28 February 2011

Notice of Annual General Meeting (continued)

Notes

1. Members entitled to attend, speak and vote at the Annual General Meeting ("AGM") may appoint a proxy or proxies (who need not be a member of the Company) to exercise these rights in their place at the meeting. A member may appoint more than one proxy, provided that each proxy is appointed to exercise the rights attached to different shares. Proxies may only be appointed by completing and returning the Form of Proxy enclosed with this Notice to Capita Registrars, PXS, 34 Beckenham Road, Beckenham BR3 4TU.

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

To be effective the Form of Proxy must be completed in accordance with the instructions and received by the Registrars of the Company by 12 noon on 11 May 2011.

In accordance with good governance practice, the Company is offering shareholders use of an online service, offered by the Company's registrar, Capita Registrars, at www.capitashareportal.com. Shareholders can use this service to vote or appoint a proxy online. The same voting deadline of 12 noon on 11 May 2011 applies as if you were using your Personalised Voting Form to vote or appoint a proxy by post to vote for you. Shareholders will need to use the unique personal identification Investor Code that is printed in their Form of Proxy. 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 12 noon on 11 May 2011 (or, in the event of any adjournment, on the date which is two days before the time of the adjourned meeting). Changes to the register of members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.
4. 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.
5. Copies of contracts of service and letters of appointment between the Directors and the Company will be available for inspection at the Registered Office of the Company during normal business hours from the date of this Notice until the conclusion of the meeting, and at the place of the meeting for at least 15 minutes prior to the meeting until its conclusion. In addition, a copy of the articles of association will be available for inspection at the Company's registered office from the date of 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.
6. 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 Report and Financial Statements 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 sections 527 or 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.
7. A copy of this Notice, and other information regarding the meeting, as required by section 311A of the Act, is available from www.albion-ventures.co.uk, Our Funds, Albion Technology & General VCT PLC.
8. 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.
9. As at 28 February 2011 (being the latest practicable date prior to the publication of this Notice), the Company's issued share capital consists of 14,115,095 Ordinary shares and 36,214,874 C shares. The Company holds 1,125,870 Ordinary shares and 1,986,267 C shares in treasury. Therefore, the total voting rights in the Company as at 28 February 2011 are 47,217,832.

