

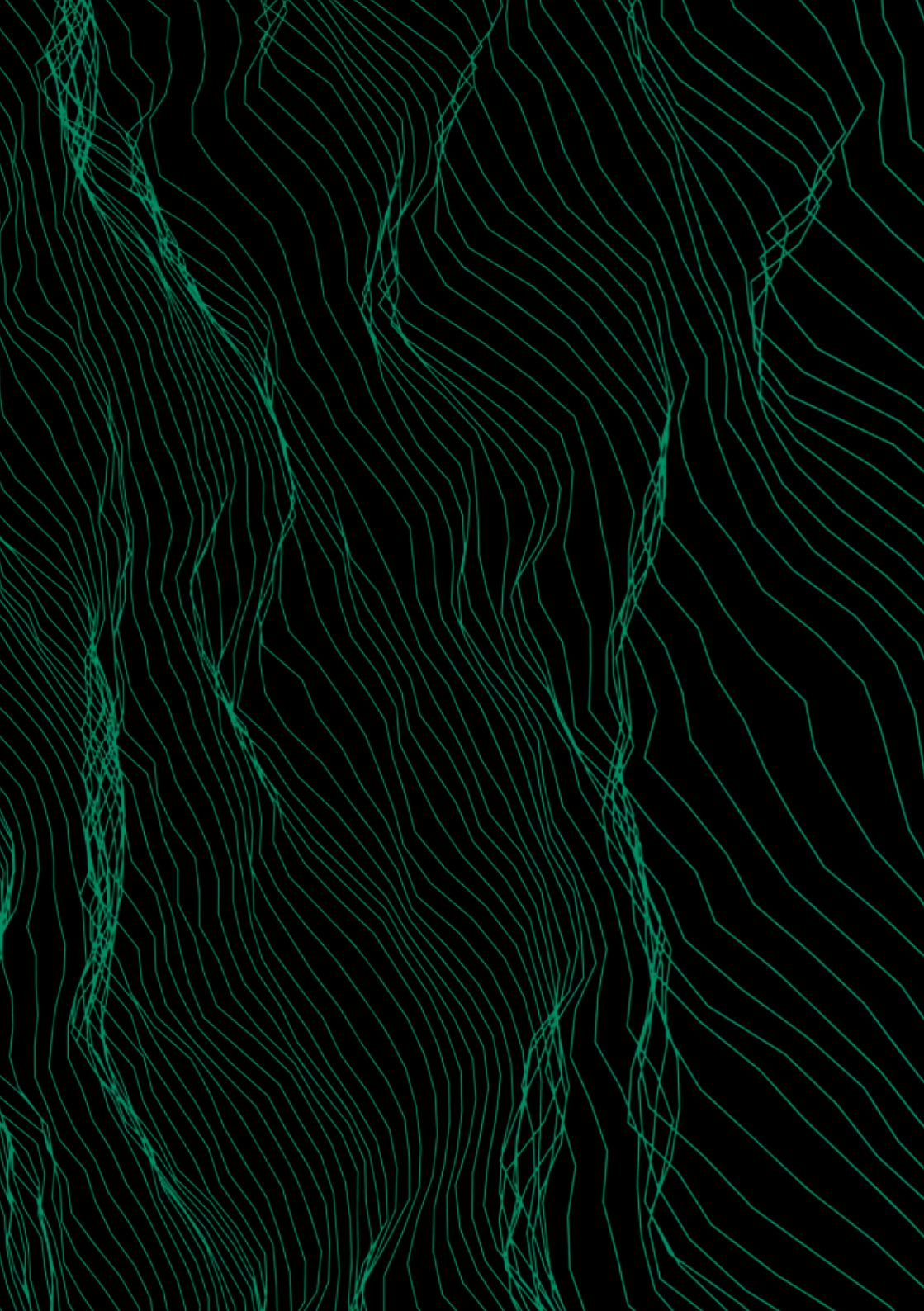
2023

Albion Venture Capital Trust PLC

Half-yearly Financial Report (unaudited)
for the six months to 30 September 2023

AlbionCapital





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COMPANY INFORMATION

Company name	Country of incorporation	Legal form
Albion Venture Capital Trust PLC (the "Company")	United Kingdom	Public Limited Company
Directors	Company number	Auditor
Richard Glover, Chairman Ann Berresford ACA Neeta Patel CBE Richard Wilson	03142609	Johnston Carmichael LLP 7-11 Melville Street Edinburgh, EH3 7PE
Manager, company secretary, AIFM and registered office	Registrar	Corporate broker
Albion Capital Group LLP 1 Benjamin Street London, EC1M 5QL	Computershare Investor Services PLC The Pavilions Bridgwater Road Bristol, BS99 6ZZ	Panmure Gordon (UK) Limited 40 Gracechurch Street London, EC3V 0BT
Taxation adviser	Legal adviser	Depository
Philip Hare & Associates LLP 6 Snow Hill London, EC1A 2AY	Howard Kennedy LLP 1 London Bridge London, SE1 9BG	Ocorian Depository (UK) Limited Level 5, 20 Fenchurch Street London, EC3M 3BY

Albion Venture Capital Trust PLC is a member of The Association of Investment Companies (www.theaic.co.uk).

Shareholder information

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

Tel: 0370 873 5849 (UK national rate call, lines are open 8.30am – 5.30pm; Mon – Fri, calls are recorded)

Website: www.investorcentre.co.uk

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

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

Financial adviser information

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

Email: info@albion.capital

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

Website: www.albion.capital

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

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INVESTMENT OBJECTIVE AND POLICY

The Company is a Venture Capital Trust and the investment policy is intended to produce a regular and predictable dividend stream with an appreciation in capital value.

Investment policy

The Company will invest in a broad portfolio of smaller, unquoted growth businesses across a variety of sectors including higher risk technology companies. Investments may take the form of equity or a mixture of equity and loans.

Allocation of funds will be determined by the investment opportunities which become available but efforts will be made to ensure that the portfolio is diversified both in terms of sector and stage of maturity of company. Funds held pending investment or for liquidity purposes will be held as cash on deposit.

Risk diversification and maximum exposures

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

Gearing

The Company's maximum exposure in relation to gearing is restricted to 10% of the adjusted share capital and reserves.

FINANCIAL CALENDAR

5 January 2024	Record date for second dividend
31 January 2024	Payment of second dividend
31 March	Financial year end

FINANCIAL SUMMARY

	Unaudited six months ended 30 September 2023 (pence per share)	Unaudited six months ended 30 September 2022 (pence per share)	Audited year ended 31 March 2023 (pence per share)
Opening net asset value	50.88	53.38	53.38
Capital (loss)/return	(2.41)	0.60	(0.34)
Revenue return	0.26	0.24	0.44
Total (loss)/return	(2.15)	0.84	0.10
Dividends paid	(1.27)	(1.33)	(2.65)
Impact from share capital movements	0.01	0.01	0.05
Net asset value	47.47	52.90	50.88

Total shareholder value	Ordinary shares (pence per share)
Net asset value as at 30 September 2023	47.47
Total dividends paid to 30 September 2023	193.26
Total shareholder value to 30 September 2023	240.73

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

The financial summary above is for the Company, Albion Venture Capital Trust PLC Ordinary shares only. Details of the financial performance of the C shares and Albion Prime VCT PLC, which have been merged into the Company, can be found on the Company's webpage at www.albion.capital/funds/AAVC under the 'Financial summary for previous funds' section.

The Directors have declared a second dividend of 1.19 pence per share for the year ending 31 March 2024, which will be paid on 31 January 2024 to shareholders on the register on 5 January 2024.

INTERIM MANAGEMENT REPORT



Richard Glover
Chairman

Introduction

In the six months to 30 September 2023, the Company generated a total loss of 2.15 pence per share, representing a 4.2% decrease on the opening net asset value (“NAV”). Despite the disappointing loss for the period, which reflects the challenging macroeconomic and geopolitical backdrop, the Board is encouraged by the resilience and revenue growth from a number of our portfolio companies.

Results and dividends

The total loss for the six months to 30 September 2023 was £3.0 million (30 September 2022: gain of £1.0 million; year ended 31 March 2023: gain of £0.1 million). The Company paid a first dividend of 1.27 pence per share during the period to 30 September 2023 (30 September 2022: 1.33 pence per share). As a result, the NAV has decreased to 47.47 pence per share on 30 September 2023 (31 March 2023: 50.88 pence per share).

In line with our variable dividend policy targeting a dividend around 5% of NAV per annum, the Company will pay a second dividend for the financial year ending 31 March 2024 of 1.19 pence per share on 31 January 2024 to shareholders on the register on 5 January 2024, being 2.5% of the 30 September 2023 NAV.

This will bring the total dividends paid for the year ending 31 March 2024 to 2.46 pence per share, which equates to a 4.8% yield on the opening NAV of 50.88 pence per share.

Investment performance and progress

The loss on our portfolio of investments for the six months to 30 September 2023 was £2.9 million (30 September 2022: gain of £1.2 million; year ended 31 March 2023: gain of £0.6 million). The key upward movements in the period include: Ophelos, an investment that was held for only one year, which was sold after the period end for 2 times cost, with an uplift of £0.4 million recognised during the period; and Accelex, a £0.3 million valuation uplift, after an externally led Series A funding round. Loan stock interest and dividend income, predominantly from the renewable energy investments, accounted for £0.5 million of the £0.8 million of income generated by the Company during the period.

The challenging economic environment has resulted in falling valuations in some technology and healthcare companies which has consequently led to some write-downs in our portfolio. The largest of

these have been: Threadneedle Software Holdings (T/A Solidatus) (loss of £0.6 million); Healios (loss of £0.5 million); Brytlyt (loss of £0.5 million); and The Ewell Group (loss of £0.5 million).

The Company's renewable energy generation investments have seen an aggregate valuation reduction of £0.6 million. This reduction reflects the impact of higher interest rates, and the expectation of falling electricity prices and inflation, in addition to a reduction in the remaining life of the assets.

Our top 3 portfolio companies now account for 14.7% of the Company's NAV (30 September 2022: 16.2%; 31 March 2023: 14.4%).

Given the economic uncertainty of high inflation and rising interest rates, the period to 30 September 2023 has been more subdued in terms of new investment activity. During the period, the Company has invested £0.5 million into two new portfolio companies (Phasecraft and Kennek Solutions) and £1.4 million into existing portfolio companies to help support them as they continue to grow, including £0.7 million into Gravitee Topco (T/A Gravitee.io) and £0.6 million into uMedeor (T/A uMed).

Investment activity has seen a recovery after the period end, with £1.8 million invested into new and follow on investments since 30 September 2023.

Further details of the portfolio of investments and investment realisations can be found on pages 12 to 14.

Investment portfolio by sector

The following pie chart shows the different sectors in which the Company's assets, at carrying value, were invested at 30 September 2023.

Investment portfolio by sector

- Cash and other net assets 31% (34%)
- Healthcare (including digital healthcare) 13% (13%)
- Other (including education) 11% (11%)
- Renewable energy 14% (14%)
- FinTech 13% (12%)
- Software & technology 18% (16%)

Comparatives for 31 March 2023 are shown in brackets.



Change of Auditor

As announced on 30 October 2023, following a formal and rigorous audit tender process, the Company was pleased to announce the appointment of Johnston Carmichael LLP (“Johnston Carmichael”) as the Company’s Auditor with immediate effect. Johnston Carmichael will conduct the audit of the Annual Report and Financial Statements for the year ended 31 March 2024.

The Company and the Manager would like to express their appreciation and gratitude to BDO for their diligent service over the last 16 years.

Share buy-backs

It remains the Board’s primary objective to maintain sufficient resources for investment in new and existing portfolio companies and for the continued payment of dividends to shareholders. The Board’s policy is to buy-back shares in the market, subject to the overall constraint that such purchases are in the Company’s interest. It is the Board’s intention for such buy-backs to be in the region of a 5% discount to net asset value, so far as market conditions and liquidity permit. The Board continues to review the use of buy-backs and is satisfied that it is an important means of providing market liquidity for shareholders.

Risks and uncertainties

The Company faces a number of significant risks including high interest rates, high levels of inflation, the ongoing impact of geopolitical tensions, and an expected period of low economic growth in the UK. The Company’s focus on technology investments may result in greater valuation volatility in the current economic climate. Overall investment risk is mitigated in a number of ways. In particular, the Manager is continually assessing the exposure to these risks for each portfolio company and mitigating actions, where possible, are being implemented.

In accordance with Disclosure Guidance and Transparency Rule (“DTR”) 4.2.7, the Board confirms that the principal risks and uncertainties facing the Company have not materially changed from those identified in the Annual Report and Financial Statements for the year ended 31 March 2023. The Board considers that the present processes for mitigating those risks remain appropriate.

The principal risks faced by the Company are:

- Investment, performance, technology and valuation risk;
- VCT approval and regulatory change risk;
- Regulatory and compliance risk;
- Operational and internal control risk;
- Cyber and data security risk;
- Economic and political risk;
- Environmental, social and governance (“ESG”) risk; and
- Liquidity risk.

A detailed explanation of the principal risks facing the Company can be found in the Annual Report and Financial Statements for the year ended 31 March 2023 on pages 23 to 25, copies of which are available on the Company's webpage on the Manager's website at www.albion.capital/funds/AAVC under the 'Financial Reports and Circulars' section.

Transactions with the Manager

Details of the transactions that took place with the Manager during the period can be found in note 5. Details of related party transactions can be found in note 11.

Move to electronic communications

The Board wishes to minimise the environmental impact of how the Company communicates with its shareholders. With this in mind, those shareholders that continue to receive physical copies of the Annual Report and other documentation, will receive a letter alongside this Half-yearly Financial Report explaining the forthcoming move to electronic communications.

Outlook and prospects

The Company still faces many uncertainties, with high levels of inflation, elevated interest rates and geopolitical tensions, but the portfolio remains relatively resilient during these challenging times. The portfolio is well diversified, with companies at different stages of maturity and targeted at sectors such as healthcare, data analytics and FinTech. Whilst we are disappointed with the loss for the period, we believe these sectors of focus can provide opportunities for growth, and to yield positive results for the Company and its shareholders over the longer-term.

Richard Glover

Chairman

14 December 2023

PORTFOLIO OF INVESTMENTS

	% voting rights	As at 30 September 2023			
		Cost* £'000	Cumulative movement in value £'000	Value £'000	Change in value for the period** £'000
Fixed asset investments					
Chonais River Hydro	9.2	3,074	1,148	4,222	(306)
Radnor House School (TopCo)	6.9	1,259	1,607	2,866	58
Cantab Research (T/A Speechmatics)	2.6	2,234	392	2,626	-
Gravitee TopCo (T/A Gravitee.io)	3.9	2,189	390	2,579	-
Seldon Technologies	7.4	2,539	-	2,539	(323)
The Ewell Group	5.2	1,272	992	2,264	(492)
Runa Network	2.0	1,429	520	1,949	94
Elliptic Enterprises	1.4	1,913	-	1,913	-
Gharagain River Hydro	11.5	1,363	512	1,875	(138)
Threadneedle Software Holdings (T/A Solidatus)	2.1	1,262	145	1,407	(607)
Healios	2.4	1,517	(208)	1,309	(547)
TransFICC	2.1	1,025	271	1,296	-
uMedeor (T/A uMed)	4.1	1,061	167	1,228	-
Peppy Health	1.3	1,207	-	1,207	-
The Street by Street Solar Programme	6.5	676	472	1,148	(56)
Kew Green VCT (Stansted)	45.2	1,234	(91)	1,143	27
MHS 1	14.8	1,026	72	1,098	12
Accelex Technology	3.6	788	305	1,093	305
Beddlestead	9.1	1,142	(65)	1,077	49
NuvoAir Holdings	2.3	943	124	1,067	(301)
Ophelos	1.7	433	423	856	422
Toqio FinTech Holdings	1.2	838	-	838	-
Alto Prodotto Wind	7.4	436	289	725	(57)
Regenerco Renewable Energy	4.5	451	223	674	(6)
Erin Solar	18.6	520	21	541	6
GX Molecular (T/A CS Genetics)	1.7	496	-	496	-
PerchPeek	1.9	567	(140)	427	(141)
OutThink	1.6	410	-	410	-
Dragon Hydro	7.3	234	171	405	(14)
PeakData	1.3	564	(216)	348	(253)
Diffblue	1.5	343	-	343	-
Harvest AD	0.0	307	36	343	3

	% voting rights	As at 30 September 2023			
		Cost* £'000	Cumulative movement in value £'000	Value £'000	Change in value for the period** £'000
Fixed asset investments					
Phasecraft	0.6	321	-	321	-
AVESI	7.4	242	51	293	(3)
PetsApp	1.6	286	-	286	-
Imandra	1.3	175	90	265	3
5Mins AI	1.3	229	-	229	-
Ramp Software	1.5	227	-	227	-
Regulatory Genome Development	1.0	161	55	216	55
Brytlyt	3.4	727	(512)	215	(511)
Premier Leisure (Suffolk)	9.9	175	37	212	3
Arecor Therapeutics PLC	0.3	90	74	164	(20)
Tem Energy	1.2	154	-	154	-
Greenenerco	3.9	90	63	153	(11)
Kennek Solutions	0.4	131	-	131	-
Neurofenix	11.7	351	(247)	104	(142)
Symetrica	0.3	95	(6)	89	(1)
InFact Systems (T/A InFact)	1.5	80	-	80	-
Limitless Technology	1.8	471	(471)	-	(113)
Total fixed asset investments		38,757	6,694	45,451	(3,005)

*The cost includes the original cost from Albion Venture Capital Trust PLC and the carried over value on merger from Albion Prime VCT PLC as at 25 September 2012.

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

Portfolio of investments

Fixed asset investment realisations during the period to 30 September 2023	Cost* £'000	Opening carrying value £'000	Disposal proceeds £'000	Total realised gain/(loss) £'000	Gain/(loss) on opening value £'000
Disposals:					
Arecor Therapeutics PLC	40	83	66	26	(17)
uMotif	1,078	70	1	(1,077)	(69)
Loan stock repayments, conversions and other:					
uMedeor (T/A uMed)	167	174	176	9	2
Alto Prodotto Wind	25	33	33	8	-
Dragon Hydro	15	15	15	-	-
Greenenerco	5	6	6	1	-
Total realisations	1,330	381	297	(1,033)	(84)

*The cost includes the original cost from Albion Venture Capital Trust PLC and the carried over value on merger from Albion Prime VCT PLC as at 25 September 2012.

	£'000
Total change in value of investments for the period	(3,005)
Movement in loan stock accrued interest	36
Unrealised losses sub-total	(2,969)
Realised losses in current period	(84)
Unwinding of discount on deferred consideration	147
Total losses on investments as per Income statement	(2,906)

RESPONSIBILITY STATEMENT

The Directors, Richard Glover, Ann Berresford, Neeta Patel and Richard Wilson, are responsible for preparing the Half-yearly Financial Report. In preparing these condensed Financial Statements for the period to 30 September 2023 we, the Directors of the Company, confirm that to the best of our knowledge:

- (a) the condensed set of Financial Statements, which has been prepared in accordance with Financial Reporting Standard 104 “Interim Financial Reporting”, give a true and fair view of the assets, liabilities, financial position and profit and loss of the Company as required by DTR 4.2.4R;
- (b) the Interim management report includes a fair review of the information required by DTR 4.2.7R (indication of important events during the first six months and description of principal risks and uncertainties for the remaining six months of the year); and
- (c) the Interim management report includes a fair review of the information required by DTR 4.2.8R (disclosure of related parties’ transactions and changes therein).

This Half-yearly Financial Report has not been audited or reviewed by the Auditor.

For and on behalf of the Board

Richard Glover

Chairman

14 December 2023

CONDENSED INCOME STATEMENT

	Note	Unaudited six months ended 30 September 2023			Unaudited six months ended 30 September 2022			Audited year ended 31 March 2023		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Net (losses)/gains on investments	3	-	(2,906)	(2,906)	-	1,207	1,207	-	577	577
Investment income	4	769	-	769	607	-	607	1,202	-	1,202
Investment Manager's fees	5	(63)	(564)	(627)	(59)	(528)	(587)	(122)	(1,097)	(1,219)
Other expenses		(240)	-	(240)	(217)	-	(217)	(435)	-	(435)
Profit/(loss) on ordinary activities before tax		466	(3,470)	(3,004)	331	679	1,010	645	(520)	125
Tax (charge)/credit on ordinary activities		(98)	98	-	(46)	46	-	(99)	99	-
Profit/(loss) and total comprehensive income attributable to shareholders		368	(3,372)	(3,004)	285	725	1,010	546	(421)	125
Basic and diluted return/(loss) per share (pence)*	7	0.26	(2.41)	(2.15)	0.24	0.60	0.84	0.44	(0.34)	0.10

*adjusted for treasury shares

The accompanying notes on pages 20 to 26 form an integral part of this Half-yearly Financial Report.

Comparative figures have been extracted from the unaudited Half-yearly Financial Report for the six months ended 30 September 2022 and the audited statutory accounts for the year ended 31 March 2023.

The total column of this Condensed 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.

CONDENSED BALANCE SHEET

	Note	Unaudited 30 September 2023 £'000	Unaudited 30 September 2022 £'000	Audited 31 March 2023 £'000
Fixed asset investments		45,451	44,015	46,823
Current assets				
Trade and other receivables		2,640	2,219	1,960
Cash in bank and at hand		18,791	17,901	22,886
		21,431	20,120	24,846
Payables: amounts falling due within one year				
Trade and other payables		(676)	(508)	(654)
Net current assets		20,755	19,612	24,192
Total assets less current liabilities		66,206	63,627	71,015
Equity attributable to equity holders				
Called-up share capital	8	1,601	1,381	1,587
Share premium		22,193	11,121	21,531
Capital redemption reserve		31	31	31
Unrealised capital reserve		6,395	8,163	8,415
Realised capital reserve		737	6,805	2,089
Other distributable reserve		35,249	36,126	37,362
Total equity shareholders' funds		66,206	63,627	71,015
Basic and diluted net asset value per share (pence)*		47.47	52.90	50.88

*excluding treasury shares

The accompanying notes on pages 20 to 26 form an integral part of this Half-yearly Financial Report.

Comparative figures have been extracted from the unaudited Half-yearly Financial Report for the six months ended 30 September 2022 and the audited statutory accounts for the year ended 31 March 2023.

These Financial Statements were approved by the Board of Directors and authorised for issue on 14 December 2023, and were signed on its behalf by

Richard Glover

Chairman

Company number: 03142609

CONDENSED STATEMENT OF CHANGES IN EQUITY

	Called-up share capital £'000	Share premium £'000	Capital redemption reserve £'000	Unrealised capital reserve £'000	Realised capital reserve* £'000	Other distributable reserve* £'000	Total £'000
At 1 April 2023	1,587	21,531	31	8,415	2,089	37,362	71,015
(Loss)/return and total comprehensive income for the period	-	-	-	(2,969)	(403)	368	(3,004)
Transfer of previously unrealised losses on realisations of investments	-	-	-	949	(949)	-	-
Purchase of shares for treasury	-	-	-	-	-	(698)	(698)
Issue of equity	14	672	-	-	-	-	686
Cost of issue of equity	-	(10)	-	-	-	-	(10)
Net dividends paid (note 6)	-	-	-	-	-	(1,783)	(1,783)
At 30 September 2023	1,601	22,193	31	6,395	737	35,249	66,206
At 1 April 2022	1,369	10,047	22	6,550	7,693	38,256	63,937
Return/(loss) and total comprehensive income for the period	-	-	-	980	(255)	285	1,010
Transfer of previously unrealised losses on realisations of investments	-	-	-	633	(633)	-	-
Purchase of shares for cancellation	(9)	-	9	-	-	(455)	(455)
Purchase of shares for treasury	-	-	-	-	-	(346)	(346)
Issue of equity	21	1,094	-	-	-	-	1,115
Cost of issue of equity	-	(20)	-	-	-	-	(20)
Net dividends paid (note 6)	-	-	-	-	-	(1,614)	(1,614)
At 30 September 2022	1,381	11,121	31	8,163	6,805	36,126	63,627
At 1 April 2022	1,369	10,047	22	6,550	7,693	38,256	63,937
Return/(loss) and total comprehensive income for the year	-	-	-	492	(913)	546	125
Transfer of previously unrealised losses on realisations of investments	-	-	-	1,373	(1,373)	-	-
Purchase of shares for cancellation	(9)	-	9	-	-	(455)	(455)
Purchase of treasury shares	-	-	-	-	-	(985)	(985)
Issue of equity	227	11,754	-	-	-	-	11,981
Cost of issue of equity	-	(270)	-	-	-	-	(270)
Net dividends paid (note 6)	-	-	-	-	(3,318)	-	(3,318)
At 31 March 2023	1,587	21,531	31	8,415	2,089	37,362	71,015

*Included within these reserves is an amount of £29,965,000 (30 September 2022: £23,008,000; 31 March 2023: £20,254,000) which is considered distributable. Over the next two years an additional £3,583,000 will become distributable. This is due to the HMRC requirement that the Company cannot use capital raised in the past three years to make a payment or distribution to shareholders.

The accompanying notes on pages 20 to 26 form an integral part of this Half-yearly Financial Report.

Comparative figures have been extracted from the unaudited Half-yearly Financial Report for the six months ended 30 September 2022 and the audited statutory accounts for the year ended 31 March 2023.

CONDENSED STATEMENT OF CASH FLOWS

	Unaudited six months ended 30 September 2023 £'000	Unaudited six months ended 30 September 2022 £'000	Audited year ended 31 March 2023 £'000
Cash flow from operating activities			
Loan stock income received	477	411	851
Dividend income received	74	91	121
Income from fixed term funds received	96	22	85
Deposit interest received	159	12	55
Investment management fee paid	(658)	(431)	(1,019)
Other cash payments	(277)	(253)	(431)
UK Corporation tax refund/(paid)	-	-	-
Net cash flow generated from operating activities	(129)	(148)	(338)
Cash flow from investing activities			
Purchase of fixed asset investments	(2,480)	(5,849)	(9,425)
Disposal of fixed asset investments	236	423	834
Net cash flow generated from investing activities	(2,244)	(5,426)	(8,591)
Cash flow from financing activities			
Issue of share capital	405	822	11,159
Cost of issue of equity	(2)	(2)	(6)
Dividends paid*	(1,511)	(1,336)	(2,758)
Purchase of own shares (including costs)	(614)	(677)	(1,248)
Net cash flow generated from financing activities	(1,722)	(1,193)	7,147
Decrease in cash in bank and at hand	(4,095)	(6,767)	(1,782)
Cash in bank and at hand at start of period	22,886	24,668	24,668
Cash in bank and at hand at end of period	18,791	17,901	22,886

*The equity dividends paid in the cash flow is different to the dividends disclosed in note 6 due to the non-cash effect of the Dividend Reinvestment Scheme.

The accompanying notes on pages 20 to 26 form an integral part of this Half-yearly Financial Report.

Comparative figures have been extracted from the unaudited Half-yearly Financial Report for the six months ended 30 September 2022 and the audited statutory accounts for the year ended 31 March 2023.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

1. Basis of preparation

The condensed Financial Statements have been prepared in accordance with applicable United Kingdom law and accounting standards, including Financial Reporting Standard 102 (“FRS 102”), Financial Reporting Standard 104 – Interim Financial Reporting (“FRS 104”), and with the Statement of Recommended Practice “Financial Statements of Investment Trust Companies and Venture Capital Trusts” (“SORP”) issued by The Association of Investment Companies (“AIC”). The Financial Statements have been prepared on a going concern basis.

The preparation of the Financial Statements requires management to make judgements and estimates that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The most critical estimates and judgements relate to the determination of carrying value of investments at fair value through profit and loss (“FVTPL”). The Company values investments by following the International Private Equity and Venture Capital Valuation (“IPEV”) Guidelines as updated in 2022 and further detail on the valuation techniques used are outlined below.

Company information can be found on page 4.

2. Accounting policies

Fixed asset investments

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

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

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

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

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

the investment in question is valued at the amount reported at the previous reporting date. Examples of events or changes that could indicate a diminution include:

- the performance and/or prospects of the underlying business are significantly below the expectations on which the investment was based;
- a significant adverse change either in the portfolio company's business or in the technological, market, economic, legal or regulatory environment in which the business operates; or
- market conditions have deteriorated, which may be indicated by a fall in the share prices of quoted businesses operating in the same or related sectors.

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

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

Current assets and payables

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

Investment income

Dividend income

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

Unquoted loan stock

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

Fixed term funds income

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

Bank deposit income

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

Investment management fee, performance incentive fee and other expenses

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

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

Taxation

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

Notes to the condensed Financial Statements

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

Share capital and reserves

Called-up share capital

This reserve accounts for the nominal value of the shares.

Share premium

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

Capital redemption reserve

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

Unrealised capital reserve

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

Realised capital reserve

The following are disclosed in this reserve:

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

Other distributable reserve

The special reserve, treasury share reserve and the revenue reserve were combined in 2012 to form a single reserve named other distributable reserve.

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

Dividends

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

Segmental reporting

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

3. (Losses)/gains on investments

	Unaudited six months ended 30 September 2023 £'000	Unaudited six months ended 30 September 2022 £'000	Audited year ended 31 March 2023 £'000
Unrealised (losses)/gains on fixed asset investments	(2,969)	980	492
Realised (losses)/gains on fixed asset investments	(84)	102	(176)
Unwinding of discount on deferred consideration	147	125	261
	(2,906)	1,207	577

4. Investment income

	Unaudited six months ended 30 September 2023 £'000	Unaudited six months ended 30 September 2022 £'000	Audited year ended 31 March 2023 £'000
Loan stock interest	441	482	941
Bank interest	158	12	55
Income from fixed term funds	96	22	85
Dividend income	74	91	121
	769	607	1,202

5. Investment management fee

	Unaudited six months ended 30 September 2023 £'000	Unaudited six months ended 30 September 2022 £'000	Audited year ended 31 March 2023 £'000
Investment management fee charged to capital	564	528	1,097
Investment management fee charged to revenue	63	59	122
	627	587	1,219

Further details of the Management agreement under which the investment management fee and any performance incentive fee is paid are given in the Strategic report on page 19 of the Annual Report and Financial Statements for the year ended 31 March 2023.

During the period, services of a total value of £661,000 (30 September 2022: £617,000; 31 March 2023: £1,279,000), were purchased by the Company from Albion Capital Group LLP; this includes £627,000 (30 September 2022: £587,000; 31 March 2023: £1,219,000) of investment management fee and £34,000 (30 September 2022: £30,000; 31 March 2023: £60,000) of secretarial and administration fee. At the financial period end, the amount due to Albion Capital Group LLP in respect of these services disclosed within payables was £315,000 (30 September 2022: £301,000; 31 March 2023: £345,000).

Notes to the condensed Financial Statements

Albion Capital Group LLP is, from time to time, eligible to receive arrangement fees and monitoring fees from portfolio companies. During the period to 30 September 2023, fees of £51,000 attributable to the investments of the Company were received pursuant to these arrangements (30 September 2022: £104,000; 31 March 2023: £193,000).

Albion Capital Group LLP, its partners and staff held a total of 1,487,317 shares in the Company on 30 September 2023.

6. Dividends

	Unaudited six months ended 30 September 2023 £'000	Unaudited six months ended 30 September 2022 £'000	Audited year ended 31 March 2023 £'000
First dividend of 1.27p per share paid on 31 July 2023 (29 July 2022: First dividend of 1.33p per share)	1,783	1,614	1,614
Second dividend of 1.32p per share paid on 31 January 2023	-	-	1,716
Unclaimed dividends	-	-	(12)
	1,783	1,614	3,318

The Directors have declared a second dividend for the year ending 31 March 2024 of 1.19 pence per share (total approximately £1,660,000), payable on 31 January 2024 to shareholders on the register on 5 January 2024.

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

	Unaudited six months ended 30 September 2023		Unaudited six months ended 30 September 2022		Audited year ended 31 March 2023	
	Revenue	Capital	Revenue	Capital	Revenue	Capital
Return/(loss) attributable to equity shares (£'000)	368	(3,372)	285	725	546	(421)
Weighted average shares in issue (adjusted for treasury shares)	140,099,618		120,975,277		123,938,910	
Return/(loss) attributable per equity share (pence)	0.26	(2.41)	0.24	0.60	0.44	(0.34)

The weighted average number of shares is calculated after adjusting for treasury shares of 20,615,500 (30 September 2022: 17,848,388; 31 March 2023: 19,137,781).

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

8. Called-up share capital

	Unaudited 30 September 2023	Unaudited 30 September 2022	Audited 31 March 2023
Allotted, called-up and fully paid shares of 1 penny each			
Number of shares	160,072,698	138,135,653	158,716,332
Nominal value of allotted shares (£'000)	1,601	1,381	1,587
Voting rights (number of shares net of treasury shares)	139,457,198	120,287,265	139,578,551

During the period to 30 September 2023 the Company purchased 1,477,719 Ordinary shares (nominal value of £14,777) to be held in treasury (30 September 2022: 914,702 shares for cancellation and 694,957 to be held in treasury; 31 March 2023: 914,702 shares for cancellation and 1,984,350 to be held in treasury) at a total cost of £698,000 (30 September 2022: £801,000; 31 March 2023: £1,440,000) representing 0.9% of the shares in issue as at 30 September 2023.

The total number of Ordinary shares held in treasury as at 30 September 2023 was 20,615,500 (30 September 2022: 17,848,388; 31 March 2023: 19,137,781) representing 12.9% of the share capital as at 30 September 2023.

Under the terms of the Dividend Reinvestment Scheme Circular dated 10 July 2008, the following new Ordinary shares of nominal value 1 penny per share were allotted during the period:

Date of allotment	Number of shares allotted	Aggregate nominal value of shares (£'000)	Issue price (pence per share)	Net invested (£'000)	Opening- market price on allotment date (pence per share)
31 July 2023	548,397	5	49.61	271	47.20

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

Date of allotment	Number of shares allotted	Aggregate nominal value of shares (£'000)	Issue price (pence per share)	Net consideration received (£'000)	Opening- market price on allotment date (pence per share)
14 April 2023	377,529	4	50.90	189	47.60
14 April 2023	48,922	-	51.10	25	47.60
14 April 2023	381,518	4	51.40	191	47.60
	807,969			405	

9. Commitments and contingencies

As at 30 September 2023, the Company had no financial commitments (30 September 2022 and 31 March 2023: £nil).

There are no contingencies or guarantees of the Company as at 30 September 2023 (30 September 2022 and 31 March 2023: £nil).

10. Post balance sheet events

The following are the material post balance sheet events since 30 September 2023:

- Disposal of Ophelos for proceeds of £0.9 million; and
- Investments totalling £1.8 million in 1 new and 4 existing portfolio companies.

As announced on 30 October 2023, following a formal tender process, Johnston Carmichael LLP were appointed as the Company's Auditor.

11. Related party transactions

Other than transactions with the Manager as described in note 5, there are no other related party transactions.

12. Going concern

The Board has conducted a detailed assessment of the Company's ability to meet its liabilities as they fall due. Cash flow forecasts are updated and discussed quarterly at Board level and have been stress tested to allow for the forecasted impact of the current economic climate and increasingly volatile geopolitical backdrop. The Board has revisited and updated their assessment of liquidity risk and concluded that it remains unchanged since the last Annual Report and Financial Statements. Further details can be found on page 87 of those accounts.

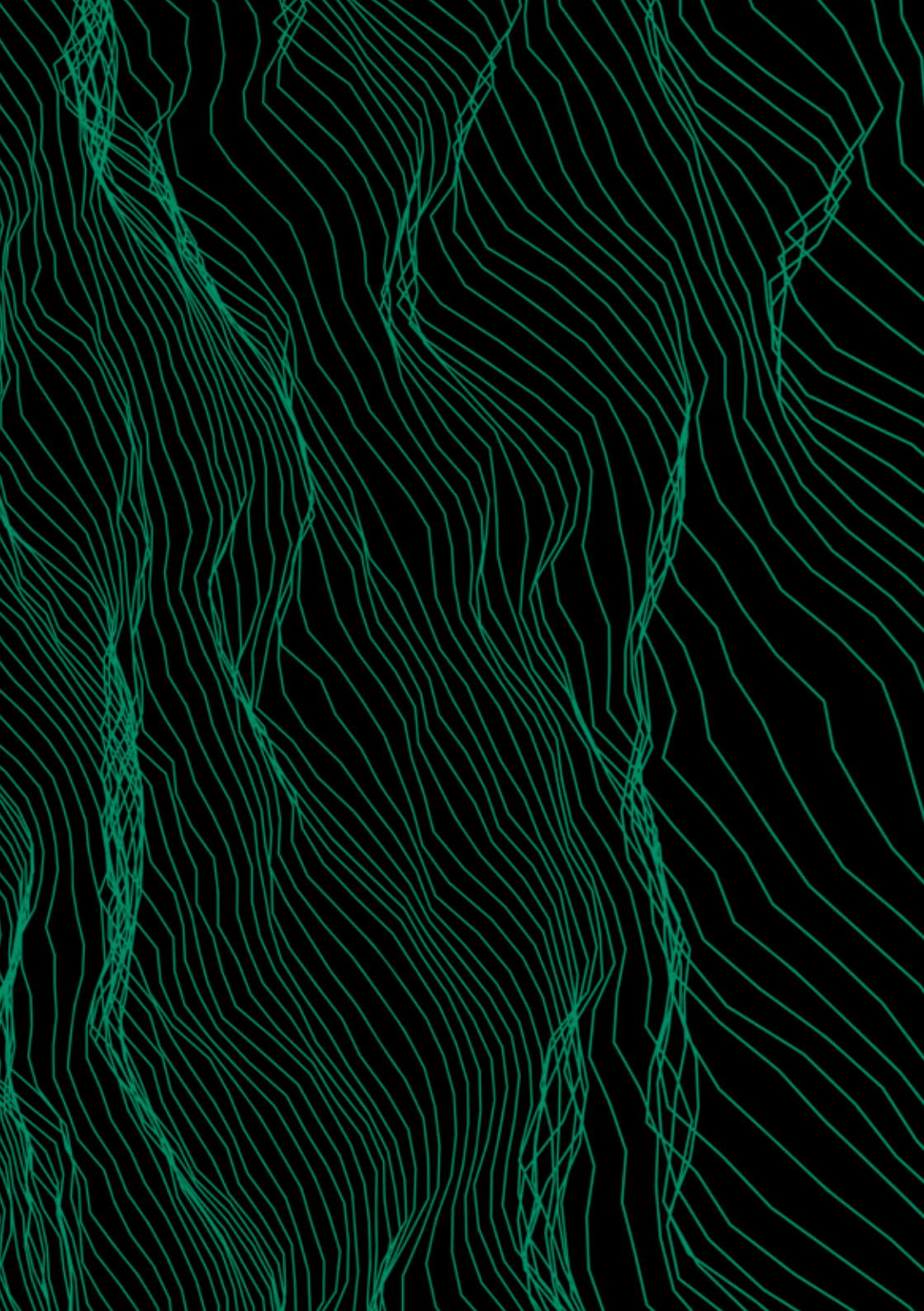
The portfolio of investments is diversified in terms of sector and the major cash outflows of the Company (namely investments, dividends and share buy-backs) are within the Company's control. Accordingly, after making diligent enquiries, the Directors have a reasonable expectation that the Company has adequate cash and liquid resources to continue in operational existence for the foreseeable future. For this reason, the Directors have adopted the going concern basis in preparing this Half-yearly Financial Report and this is in accordance with the Guidance on Risk Management, Internal Control and Related Financial and Business Reporting issued by the Financial Reporting Council in September 2014, and the subsequent updated Going concern, risk and viability guidance issued by the FRC in 2021.

13. Other information

The information set out in this Half-yearly Financial Report does not constitute the Company's statutory accounts within the terms of section 434 of the Companies Act 2006 for the periods ended 30 September 2023 and 30 September 2022 and is unaudited. The information for the year ended 31 March 2023 does not constitute statutory accounts within the terms of section 434 of the Companies Act 2006 but is derived from the audited statutory accounts for the financial year, which have been delivered to the Registrar of Companies. BDO LLP, as auditor of the 31 March 2023 accounts, reported on those accounts; their report was unqualified and did not contain a statement under s498 (2) or (3) of the Companies Act 2006.

14. Publication

This Half-yearly Financial Report is being sent to shareholders and copies will be made available to the public at the registered office of the Company, Companies House, the National Storage Mechanism and also electronically at www.albion.capital/funds/AAVC, where the Report can be accessed as a PDF document in the 'Financial Reports and Circulars' section.



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