

Crown Place VCT PLC



Half-yearly Financial Report
(unaudited) for the
six months to 31 December 2022

2022



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Company information

Company name

Crown Place VCT PLC (the "Company")

Company number

03495287

Directors

Penny Freer, Chairman
James Agnew
Pam Garside
Ian Spence

Country of incorporation

United Kingdom

Legal form

Public Limited Company

**Manager, company secretary,
AIFM and registered office**

Albion Capital Group LLP
1 Benjamin Street
London, EC1M 5QL

Registrar

Computershare Investor Services PLC
The Pavilions
Bridgwater Road
Bristol, BS99 6ZZ

Auditor

BDO LLP
55 Baker Street
London, W1U 7EU

Corporate Broker

Panmure Gordon (UK) Limited
40 Gracechurch Street
London, EC3V 0BT

Taxation adviser

Philip Hare & Associates LLP
6 Snow Hill
London, EC1A 2AY

Legal adviser

Bird & Bird LLP
12 New Fetter Lane
London, EC4A 1JP

Depository

Ocorian Depository (UK) Limited
Level 5, 20 Fenchurch Street
London, EC3M 3BY

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

Shareholder enquiries

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

Tel: 0370 873 5857 (UK national rate call, lines are open 8:30am – 5:30pm; Mon-Fri; calls are recorded)

Website: www.investorcentre.co.uk

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

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

Financial adviser enquiries

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

Tel: 020 7601 1850 (lines are open 9.00am – 5:30pm; Mon-Fri; calls are recorded)

Email: info@albion.capital

Website: www.albion.capital

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

Investment policy

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

Whilst allocation of funds is determined by the investment opportunities which are available, efforts are made to ensure that the portfolio is diversified both in terms of sector and stage of maturity of investee businesses. Funds held pending investment or for liquidity purposes will be held principally 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 using a mixture of securities, as permitted. The maximum amount which the Company will invest in a single portfolio company is 15 per cent. of the Company's assets at cost thus ensuring a spread of investment risk. The value of an individual investment may increase over time as a result of trading progress and it is possible that it may grow in value to a point where it represents a significantly higher proportion of total assets prior to a realisation opportunity being available.

The Company's maximum exposure in relation to gearing is restricted to the amount of its adjusted share capital and reserves. The Directors do not have any intention of utilising long-term gearing.

Financial calendar

Record date for second interim dividend	10 March 2023
Payment date of second interim dividend	31 March 2023
Financial year end	30 June 2023

Financial summary

	Six months ended 31 December 2022 (pence per share)	Six months ended 31 December 2021 (pence per share)	Year ended 30 June 2022 (pence per share)
Opening net asset value	33.70	34.79	34.79
Capital (loss)/return	(1.20)	1.25	1.95
Revenue return	0.06	0.09	0.14
Total (loss)/return	(1.14)	1.34	2.09
Dividends paid	(0.84)	(2.37)	(3.21)
Impact from share capital movements	0.07	–	0.03
Closing net asset value	31.79	33.76	33.70

Shareholder return and shareholder value

(Pence per share)

Shareholder return from launch to April 2005:

Total dividends paid to 6 April 2005 ⁽ⁱ⁾	24.93
Decrease in net asset value	(56.60)
Total shareholder return to 6 April 2005	(31.67)

Shareholder return from April 2005 to 31 December 2022 (period that Albion Capital has been investment manager):

Total dividends paid	42.46
Decrease in net asset value	(11.61)
Total shareholder return from April 2005 to 31 December 2022	30.85

Shareholder value since launch:

Total dividends paid to 31 December 2022 ⁽ⁱ⁾	67.39
Net asset value as at 31 December 2022	31.79
Total shareholder value as at 31 December 2022	99.18

Notes

- (i) Prior to 6 April 1999, Venture Capital Trusts were able to add 20 per cent. to dividends and figures for the period up until 6 April 1999 are included at the gross equivalent rate actually paid to shareholders.

In addition to the dividends above, the Board has declared a second interim dividend for the year ending 30 June 2023 of 0.79 pence per share to be paid on 31 March 2023 to shareholders on the register on 10 March 2023. Further details on the dividends paid by the Company can be found at www.albion.capital/funds/CRWN under 'Dividend History'.

Interim management report

Results

In the six-month period to 31 December 2022, your Company delivered a total loss of 1.14 pence per share, representing a 3.2% fall on the opening net asset value. This relatively small decrease reflects the multiple headwinds which all businesses currently face. Despite the ongoing uncertainty resulting from rising interest rates, high levels of inflation and the war in Ukraine, many of our portfolio companies continue to show resilience through the underlying quality of their business offering.

Following the payment of the 0.84 pence per share dividend during the period, the net asset value as at 31 December 2022 was 31.79 pence per share (30 June 2022: 33.70 pence per share).

Portfolio review

The total loss on investments for the six months to 31 December 2022 was £2.4 million (31 December 2021: gain of £3.7 million). 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 valuation movements in the period were: a £0.8 million decrease in uMotif; a £0.7 million decrease in Black Swan Data; and a £0.5 million decrease in Oviva. These were partially offset by uplifts of £0.8 million in Threadneedle Software Holdings (trading as Solidatus) and £0.6 million in Convertr Media.

During the six month period, the Company deployed a total of £7.5 million into new and existing investments (31 December 2021: £1.8 million). Of this amount, the Company made investments into 11 new portfolio companies during the period, totaling £5.3 million. The largest of these were:

- £1.2 million into Peppy Health, an employee digital healthcare platform;
- £1.0 million into Toqio FinTech Holdings, a provider of embedded FinTech solutions;
- £0.6 million into GX Molecular (trading as CS Genetics), a developer of single-cell sequencing solutions; and
- £0.5 million into OutThink, a SaaS platform to measure and manage human risk for enterprises.

Further investments were made into a number of existing portfolio companies to support their continuing growth, most notably: £0.9 million into Healios, an online

platform delivering family centric psychological care; and £0.8 million into WeGift, a cloud platform that enables corporates to purchase digital gift cards.

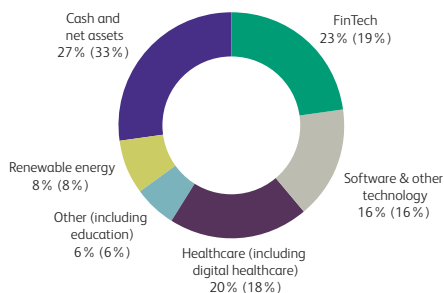
Further details of the portfolio of investments can be found on pages 8 to 11.

Updated NAV Announcement post period end

On 2 March 2023, a NAV update was announced with a pleasing 1.72 pence per share uplift, representing a 5.41% increase on the 31 December 2022 unaudited NAV announced on 23 February 2023. This update resulted from a company within the portfolio undergoing an external fundraising process after the period end which required us to revalue the holding.

Investment portfolio by sector

The chart below illustrates the composition of the portfolio by industry sector as at 31 December 2022.



Comparatives for 30 June 2022 are in brackets

Dividends

In line with the variable dividend policy targeting an annual dividend yield of 5% on the prevailing net asset value, the first interim dividend for the current financial year of 0.84 pence per share, was paid on 30 November 2022. A second interim dividend of 0.79 pence per share will be paid on 31 March 2023 to shareholders on the register on 10 March 2023, being 2.5% of the 31 December 2022 net asset value.

Dividends are paid free of tax to shareholders. Qualifying shareholders who elect to participate in the Dividend Reinvestment Scheme will be able, in respect of further dividends, to receive their dividends in the form of new shares rather than cash, which will entitle

Interim management report continued

them to income tax relief at the current rate of 30% (new shares have to be held for at least five years to retain the tax relief). Further details of the Dividend Reinvestment Scheme can be found on the Company's webpage on the Manager's website at www.albion.capital/funds/CRWN.

Risks and uncertainties

The UK is experiencing its highest level of inflation in decades, increased interest rates, and uncertainty over the future course, and global impact, of Russia's invasion of Ukraine. Our investment portfolio, while concentrated principally in the technology and healthcare sectors, remains diversified in terms of both sub-sector and stage of maturity.

In accordance with 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 30 June 2022. The Board considers that the present processes for mitigating those risks remain appropriate.

The principal risks faced by the Company are:

- Investment, performance and valuation risk;
- VCT approval risk;
- Regulatory and compliance risk;
- Operational and internal control risk (including cyber and data security);
- Economic, political and social risk;
- Liquidity risk; and
- Environmental, social and governance ("ESG") 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 30 June 2022 on pages 17 to 20, copies of which are available on the Company's webpage on the Manager's website at www.albion.capital/funds/CRWN under the 'Financial Reports and Circulars' section.

Share buy-backs

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

During the period, the Company bought back and held in treasury 2,794,142 shares at a total cost of £887,000, in line with the share buy-back policy.

Transactions with the Manager

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

Albion VCTs Prospectus Top Up Offers

Your Board, in conjunction with the boards of other VCTs managed by Albion Capital Group LLP, launched a prospectus top up offer of new Ordinary shares on 10 October 2022. The Board announced on 11 January 2023 that, following strong demand for the Company's shares, it had elected to exercise its £3.5 million over-allotment facility, taking the total offer to £11.5 million.

The first allotment of the shares under the Offer was on 2 December 2022 where 15,392,377 shares were allotted. After the period end, the Company announced the closure of the Offer on 10 March 2023. Details of the allotment on 2 December 2022 can be found in note 8. The proceeds of the Offer will be used to provide further resources at a time when a number of attractive investment opportunities are being seen.

Outlook and prospects

Whilst noting the small loss for the period, the Board remains encouraged by the longer-term prospects for our portfolio companies against a backdrop of multiple macroeconomic and geopolitical uncertainties. These uncertainties may continue to impact the portfolio in the short-term, however, we also expect them to create attractive long-term investment opportunities. Our focus on technology and healthcare, thus minimising exposure to discretionary consumer expenditure, is designed to help the Company weather uncertain times. Importantly the Company has the cash resources to support the existing portfolio and capitalise on exciting new investment opportunities being seen by the Manager.

Penny Freer

Chairman

29 March 2023

Responsibility statement

The Directors, Penny Freer, James Agnew, Pam Garside and Ian Spence, are responsible for preparing the Half-yearly Financial Report. In preparing these condensed Financial Statements for the period to 31 December 2022 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", gives 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

Penny Freer
Chairman
29 March 2023

Portfolio of investments

Portfolio company	Nature of business	% voting rights	As at 31 December 2022 (unaudited)		As at 30 June 2022 (audited)		Change in value for the period* £'000
			Cost £'000	Value £'000	Cost £'000	Value £'000	
Quantexa	Network analytics platform to detect financial crime	1.7	1,797	10,119	1,797	10,119	–
Proveca	Reformulation of medicines for children	6.1	974	3,993	974	3,908	85
Chonais River Hydro	Owner and operator of a 2 MW hydro-power scheme in the Scottish Highlands	14.0	1,549	3,175	1,549	3,297	(122)
Radnor House School (TopCo)	Independent school for children aged 2-18 years	8.7	1,592	3,081	1,592	3,130	(49)
Oviva AG	A technology enabled service business in Medical Nutritional Therapy (MNT)	1.9	1,766	2,818	1,766	3,332	(514)
The Evewell Group	Operator and developer of women's health centres focusing on fertility	5.1	1,240	2,451	1,240	2,415	36
The Voucher Market (T/A WeGift)	A cloud platform that enables corporates to purchase digital gift cards	2.6	1,652	2,131	828	1,308	–
Cantab Research (T/A Speechmatics)	Provider of low footprint automated speech recognition software	1.8	1,521	2,001	1,521	2,423	(422)
Threadneedle Software Holdings (T/A Solidatus)	Provider of data lineage software	2.0	1,239	1,993	1,239	1,239	754
Healios	Provider of an online platform delivering family centric psychological care	2.6	1,580	1,972	688	1,081	–
Gharagain River Hydro	Owner and operator of a 1 MW hydro-power scheme in the Scottish Highlands	15.0	1,116	1,754	1,116	1,807	(53)
Gravitee TopCo (T/A Gravitee.io)	API management platform	2.7	1,140	1,432	1,140	1,432	–
Convertr Media	Digital lead generation software	4.3	680	1,330	680	711	619
TransFICC	A provider of a connectivity solution, connecting financial institutions with trading venues via a single API	2.1	1,066	1,275	1,066	1,275	–
Egress Software Technologies	Encrypted email and file transfer service provider	0.9	306	1,183	306	1,102	81
Peppy Health	Provider of support for underserved areas of health and wellness	1.3	1,157	1,157	–	–	–
Elliptic Enterprises	Provider of anti-money laundering services to digital asset institutions	0.8	1,114	1,114	1,114	1,529	(415)
NuvoAir Holdings	Digital therapeutics and decentralised clinical trials for respiratory conditions	1.7	707	1,048	707	1,040	8
Seldon Technologies	Software that enables enterprises to deploy Machine Learning models in production	2.2	1,039	1,039	1,039	1,039	–
Toqio FinTech Holdings	Provider of an orchestration platform to any business large or small which wishes to launch a financial product	1.4	1,017	1,017	–	–	–
Beddlestead	Developer and operator of a dedicated wedding venue	8.2	1,060	1,006	1,060	1,203	(197)
Panaseer	Provider of cyber security services	1.4	510	880	510	753	127
The Street by Street Solar Programme	Owner and operator of photovoltaic systems on domestic properties	4.4	461	848	461	829	19
Black Swan Data	Data analysis that supports corporate decision making	2.9	1,471	796	1,298	1,355	(733)
PerchPeek	App which coordinates every aspect of relocations	2.4	755	755	672	672	–
PeakData	Platform that provides insights and analytics for the world's top pharmaceutical companies	1.5	685	736	685	709	27

Portfolio of investments continued

Portfolio company	Nature of business	% voting rights	As at 31 December 2022 (unaudited)		As at 30 June 2022 (audited)		Change in value for the period* £'000
			Cost £'000	Value £'000	Cost £'000	Value £'000	
Locum's Nest	Provider of a technology solution for the management of locum doctors for the NHS	4.1	482	701	482	817	(116)
GX Molecular (T/A CS Genetics)	Developer of a wet-phase approach to single cell indexing in a single tube	2.1	615	615	–	–	–
Regenerco Renewable Energy	Generator of renewable energy from roof top solar installations	3.4	344	568	344	562	6
Aridhia Informatics	Healthcare informatics and analysis provider	2.3	442	548	442	539	9
InCrowd Sports	Developer of mobile apps for professional sports clubs	2.4	374	531	318	451	23
Ophelos	Provider of a new standard for organisations customer debt management	2.0	521	521	521	521	–
MHS 1	Education	6.9	481	511	481	402	109
OutThink	SaaS platform to measure and manage human risk for enterprises	2.0	505	505	–	–	–
Brytlyt	GPU database	2.3	475	475	396	396	–
Alto Prodotto Wind	Owner and operator of community scale wind energy projects	4.1	273	443	284	479	(18)
Accelex Technology	Data extraction and analytics technology for private capital markets	2.4	433	433	433	433	–
Neurofenix	Provider of neurorehabilitation for patients recovering from stroke, TBI and spinal cord injury	2.1	432	432	–	–	–
Diffblue	Developer of software using AI	1.8	425	425	–	–	–
Arecor Therapeutics PLC	Development of biopharmaceuticals through the application of a formulation technology platform	0.6	221	417	290	760	(160)
Koru Kids	Online marketplace connecting parents and nannies	1.3	421	354	421	610	(256)
PetsApp	Vertical software for the vet industry	1.9	354	354	–	–	–
5Mins AI	Provider of a platform which provides personalised, video based, bite-sized workplace learning	1.6	284	284	–	–	–
Imandra	Provider of automated software testing and an enhanced learning experience for artificial neural networks	1.1	155	236	155	234	2
uMedeor (T/A uMed)	Middleware technology platform that enables life science organisations to conduct medical research programmes	1.4	228	230	152	152	2
Ramp Software	Platform for forecasting and analytics for consumer companies	1.4	217	217	–	–	–
Limitless Technology	Provider of a customer service platform powered by the crowd and machine learning technology	1.5	412	208	412	237	(29)
Tem-Energy	Provides the ability for SMEs to purchase renewable energy by connecting them directly from renewable energy generators	1.5	193	193	–	–	–
Cisiv	Software and services for non-interventional clinical trials	3.0	278	166	278	402	(236)
AVESI	Owner and operator of photovoltaic systems on domestic properties	3.8	123	164	123	162	2

Portfolio of investments continued

Portfolio company	Nature of business	% voting rights	As at 31 December 2022 (unaudited)		As at 30 June 2022 (audited)		Change in value for the period* £'000
			Cost £'000	Value £'000	Cost £'000	Value £'000	
DySIS Medical	Medical devices for the detection of cervical cancer	1.4	1,038	157	1,038	224	(67)
Zift Channel Solutions	Business collaboration and communication solutions	1.6	321	118	321	108	10
Regulatory Genome Development	SaaS provider of 'structured regulatory content' using deep tech	0.8	116	116	116	116	–
uMotif	A patient engagement and data capture platform for use in research	3.3	1,022	111	1,022	912	(801)
Mirada Medical	Developer of medical imaging software	2.0	511	87	511	87	–
Greenenerco	Owner and operator of a 500kW wind project	1.9	47	79	48	84	(3)
Infact Systems	Provider of technology for credit assessment	1.4	75	75	–	–	–
Symetrica	A designer and manufacturer of radiation detection equipment	0.2	50	40	50	40	–
Kew Green VCT (Stansted)	Operator of a Holiday Inn Express hotel at Stansted Airport	2.0	22	38	22	29	9
Oxsensis	Developer and producer of high temperature sensors	2.0	439	10	439	240	(230)
Forward Clinical (T/A Pando)	A secure mobile communication and collaboration platform in healthcare	1.5	184	–	184	3	(3)
Other holdings			422	460	422	380	80
Total fixed asset investments			42,129	61,926	34,753	57,088	(2,416)

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

The total comparative cost and valuations for 30 June 2022 do not agree to the Annual Report and Financial Statements for the year ended 30 June 2022 as the above list does not include brought forward investments that were fully disposed of in the period.

Portfolio of investments continued

	Cost £'000	Opening carrying value £'000	Disposal proceeds £'000	Total realised (loss)/gain £'000	(Loss)/ gain on opening value £'000
Realisations in the period to 31 December 2022					
Disposals:					
Arecor Therapeutics PLC	69	182	156	87	(26)
memsstar	65	45	65	–	19
Palm Tree	102	6	–	(102)	(6)
Avanti Communications PLC	136	1	–	(136)	(1)
Abcodia	315	1	–	(315)	(1)
Avora	510	–	–	(510)	–
Concirus	831	29	–	(831)	(29)
Loan stock repayments and other:					
Alto Prodotto Wind	12	17	17	5	–
Greenenerco	2	3	3	1	–
Escrow adjustments and other*	–	–	(7)	(7)	(7)
Total fixed asset investment realisations	2,042	284	234	(1,808)	(51)

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

Total change in value of investments	(2,416)
Movement in loan stock accrued interest	(44)
Unrealised losses sub-total	(2,460)
Realised losses in current period	(51)
Finance income from the unwinding of discount on deferred consideration	106
Total losses on investments as per condensed income statement	(2,405)

Condensed income statement

	Note	Unaudited six months ended 31 December 2022			Unaudited six months ended 31 December 2021			Audited year ended 30 June 2022		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
(Losses)/gains on investments	3	–	(2,405)	(2,405)	–	3,736	3,736	–	6,386	6,386
Investment income	4	448	–	448	453	–	453	853	–	853
Investment Manager's fees	5	(76)	(679)	(755)	(67)	(947)	(1,014)	(137)	(1,822)	(1,959)
Other expenses		(213)	–	(213)	(196)	–	(196)	(391)	–	(391)
(Loss)/profit on ordinary activities before tax		159	(3,084)	(2,925)	190	2,789	2,979	325	4,564	4,889
Tax on ordinary activities		–	–	–	–	–	–	–	–	–
(Loss)/profit and total comprehensive income attributable to shareholders		159	(3,084)	(2,925)	190	2,789	2,979	325	4,564	4,889
Basic and diluted (loss)/earnings per Ordinary share (pence)*	7	0.06	(1.20)	(1.14)	0.09	1.25	1.34	0.14	1.95	2.09

* Adjusting for treasury shares.

Comparative figures have been extracted from the unaudited Half-yearly Financial Report for the six months ended 31 December 2021 and the audited statutory accounts for the year ended 30 June 2022.

The accompanying notes on pages 16 to 21 form an integral part of this Half-yearly Financial Report.

The total column of this condensed income statement represents the profit and loss account of the Company. The supplementary revenue and capital columns are prepared under guidance published by The Association of Investment Companies.

Condensed balance sheet

Note	Unaudited 31 December 2022 £'000	Unaudited 31 December 2021 £'000	Audited 30 June 2022 £'000
Fixed asset investments	61,926	55,124	57,170
Current assets			
Trade and other receivables	1,667	1,938	1,869
Cash and cash equivalents	22,228	19,147	28,024
	23,895	21,085	29,893
Total assets	85,821	76,209	87,063
Payables: amounts falling due within one year			
Trade and other payables	(499)	(771)	(1,224)
Total assets less current liabilities	85,322	75,438	85,839
Equity attributable to equity holders			
Called up share capital 8	3,070	2,547	2,905
Share premium	40,782	23,814	35,522
Unrealised capital reserve	19,680	22,192	20,384
Realised capital reserve	10,349	9,145	12,729
Other distributable reserve	11,441	17,740	14,299
Total equity shareholders' funds	85,322	75,438	85,839
Basic and diluted net asset value per share (pence)*	31.79	33.76	33.70

* Excluding treasury shares.

Comparative figures have been extracted from the unaudited Half-yearly Financial Report for the six months ended 31 December 2021 and the audited statutory accounts for the year ended 30 June 2022.

The accompanying notes on pages 16 to 21 form an integral part of this Half-yearly Financial Report.

These Financial Statements were approved by the Board of Directors, and authorised for issue on 29 March 2023 and were signed on its behalf by:

Penny Freer
Chairman

Company number: 03495287

Condensed statement of changes in equity

	Called up share capital £'000	Share premium £'000	Unrealised capital reserve £'000	Realised capital reserve* £'000	Other distributable reserve* £'000	Total £'000
As at 1 July 2022	2,905	35,522	20,384	12,729	14,299	85,839
(Loss)/profit and total comprehensive income	–	–	(2,460)	(624)	159	(2,925)
Transfer of previously unrealised losses on disposal of investments	–	–	1,756	(1,756)	–	–
Dividends paid	–	–	–	–	(2,130)	(2,130)
Purchase of shares for treasury (including costs)	–	–	–	–	(887)	(887)
Issue of equity	165	5,394	–	–	–	5,559
Cost of issue of equity	–	(134)	–	–	–	(134)
As at 31 December 2022	3,070	40,782	19,680	10,349	11,441	85,322
As at 1 July 2021	2,521	23,011	18,643	9,905	23,570	77,650
Profit/(loss) and total comprehensive income	–	–	3,600	(811)	190	2,979
Transfer of previously unrealised gains on disposal of investments	–	–	(51)	51	–	–
Dividends paid	–	–	–	–	(5,263)	(5,263)
Purchase of shares for treasury (including costs)	–	–	–	–	(757)	(757)
Issue of equity	25	821	–	–	–	846
Cost of issue of equity	–	(17)	–	–	–	(17)
As at 31 December 2021	2,547	23,814	22,192	9,145	17,740	75,438
As at 1 July 2021	2,521	23,011	18,643	9,905	23,570	77,650
Profit/(loss) and total comprehensive income	–	–	2,756	1,808	325	4,889
Transfer of previously unrealised gains on disposal of investments	–	–	(1,015)	1,015	–	–
Dividends paid	–	–	–	–	(7,384)	(7,384)
Purchase of shares for treasury (including costs)	–	–	–	–	(2,212)	(2,212)
Issue of equity	384	12,834	–	–	–	13,218
Cost of issue of equity	–	(323)	–	–	–	(323)
As at 30 June 2022	2,905	35,522	20,384	12,729	14,299	85,839

* Included within these reserves is an amount of £21,176,000 (31 December 2021: £26,885,000; 30 June 2022: £24,165,000) which is considered distributable.

Condensed statement of cash flows

	Unaudited six months ended 31 December 2022 £'000	Unaudited six months ended 31 December 2021 £'000	Audited year ended 30 June 2022 £'000
Cash flow from operating activities			
Loan stock income received	255	223	671
Deposit interest received	79	1	17
Dividend income received	10	–	64
Investment Manager's fees paid	(1,337)	(1,504)	(2,162)
Other cash payments	(217)	(217)	(390)
Corporation tax paid	–	–	–
Net cash flow from operating activities	(1,210)	(1,497)	(1,800)
Cash flow from investing activities			
Purchase of fixed asset investments	(7,456)	(2,514)	(7,510)
Proceeds from disposals of fixed asset investments	547	1,072	6,643
Net cash flow from investing activities	(6,909)	(1,442)	(867)
Cash flow from financing activities			
Issue of share capital	5,075	–	11,710
Cost of issue of equity	–	(2)	(36)
Equity dividends paid*	(1,722)	(4,417)	(6,176)
Purchase of own shares for treasury (including costs)	(1,030)	(921)	(2,233)
Net cash flow from financing activities	2,323	(5,340)	3,265
(Decrease)/increase in cash and cash equivalents	(5,796)	(8,279)	598
Cash and cash equivalents at the start of the period	28,024	27,426	27,426
Cash and cash equivalents at the end of the period	22,228	19,147	28,024

* The dividends paid shown in the cash flow are different to the dividends disclosed in note 6 as a result of the non-cash effect of the Dividend Reinvestment Scheme.

Notes to the unaudited 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") in accordance with FRS 102 sections 11 and 12. The Company values investments by following the International Private Equity and Venture Capital Valuation ("IPEV") Guidelines as updated in 2022 and further detail on the valuation techniques used are outlined in note 2 below.

The Half-yearly Financial Report has not been audited, nor has it been reviewed by the auditor pursuant to the FRC's guidance on Review of interim financial information.

Company information is shown on page 2.

2. Accounting policies

Fixed asset investments

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

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

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

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

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

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

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

Current assets and payables

Receivables (including debtors due after more than one year), payables and cash are carried at amortised cost, in accordance with FRS 102. Debtors due after more than one year meet 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.

Notes to the unaudited condensed Financial Statements continued

2. Accounting policies (continued)

Investment income

Equity income

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

Unquoted loan stock income

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

Bank interest income

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

Investment management fee, performance incentive fee and other expenses

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

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

Taxation

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

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

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 diminution in value (including gains recognised on the realisation of investment where consolidation 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 liability to make the payment has been established 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.

Notes to the unaudited condensed Financial Statements continued

3. (Losses)/gains on investments

	Unaudited six months ended 31 December 2022 £'000	Unaudited six months ended 31 December 2021 £'000	Audited year ended 30 June 2022 £'000
Unrealised (losses)/gains on fixed asset investments	(2,460)	3,600	2,756
Realised gains on fixed asset investments	(51)	45	3,440
Unwinding of discount on deferred consideration	106	91	190
	(2,405)	3,736	6,386

4. Investment income

	Unaudited six months ended 31 December 2022 £'000	Unaudited six months ended 31 December 2021 £'000	Audited year ended 30 June 2022 £'000
Loan stock interest	299	452	763
UK dividend income	70	–	74
Bank deposit interest	79	1	16
	448	453	853

5. Investment management fees

	Unaudited six months ended 31 December 2022			Unaudited six months ended 31 December 2021			Audited year ended 30 June 2022		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Investment management fee	76	679	755	67	608	675	137	1,238	1,375
Performance incentive fee	–	–	–	–	339	339	–	584	584
	76	679	755	67	947	1,014	137	1,822	1,959

Further details of the management agreement under which the investment management fee is paid are given on pages 13 and 14 of the Strategic report in the Annual Report and Financial Statements for the year ended 30 June 2022.

During the period, services of a total value of £780,000 (31 December 2021: £700,000; 30 June 2022: £1,425,000) were purchased by the Company from Albion Capital Group LLP; comprising £755,000 management fee and £25,000 administration fee. For the period to 31 December 2022, no performance incentive fee has been accrued, however any performance incentive fee is calculated on year end results and payable in line with the Management agreement (31 December 2021: £339,000; 30 June 2022: £584,000). At the financial period end, the amount due to Albion Capital Group LLP disclosed as payable or accrued was £388,500 (administration fee: £12,500, management fee: £376,000) (31 December 2021: £684,500; 30 June 2022: £971,500).

Albion Capital Group LLP is, from time to time, eligible to receive arrangement fees and monitoring fees from portfolio companies. During the period to 31 December 2022, fees of £137,000 attributable to the investments of the Company were received pursuant to these arrangements (31 December 2021: £47,000; 30 June 2022: £121,000).

Albion Capital Group LLP, its partners and staff hold 2,333,932 Ordinary shares in the Company as at 31 December 2022.

Notes to the unaudited condensed Financial Statements continued

6. Dividends

	Unaudited six months ended 31 December 2022 £'000	Unaudited six months ended 31 December 2021 £'000	Audited year ended 30 June 2022 £'000
First interim dividend of 0.84 pence per share paid on 30 November 2022 (30 November 2021: First interim and special dividend of 2.37 pence per share)	2,130	5,263	5,263
Second interim dividend of 0.84 pence per share paid on 31 March 2022	–	–	2,134
Unclaimed dividends	–	–	(13)
	2,130	5,263	7,384

In addition, the Board has declared a second interim dividend of 0.79 pence per share for the year ending 30 June 2023. This will be paid on 31 March 2023 to shareholders on the register on 10 March 2023. This is expected to amount to approximately £2,120,000.

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

	Unaudited six months ended 31 December 2022			Unaudited six months ended 31 December 2021			Audited year ended 30 June 2022		
	Revenue	Capital	Total	Revenue	Capital	Total	Revenue	Capital	Total
(Loss)/return attributable to equity shares (£'000)	159	(3,084)	(2,925)	190	2,789	2,979	325	4,564	4,889
Weighted average shares in issue (adjusting for treasury shares)	256,695,682			223,013,411			234,049,617		
(Loss)/return attributable per Ordinary share (pence) (basic and diluted)	0.06	(1.20)	(1.14)	0.09	1.25	1.34	0.14	1.95	2.09

The (loss)/return per share has been calculated after adjusting for treasury shares of 38,617,058 (31 December 2021: 31,228,496; 30 June 2022: 35,822,916).

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

Notes to the unaudited condensed Financial Statements continued

8. Called up share capital

Allotted, called up and fully paid Ordinary shares of 1 penny each	Unaudited 31 December 2022	Unaudited 31 December 2021	Audited 30 June 2022
Number of shares	307,032,867	254,666,956	290,523,837
Nominal value of allotted shares (£'000)	3,070	2,547	2,905
Voting rights (number of shares net of treasury shares)	268,415,809	223,438,460	254,700,921

During the period to 31 December 2022 the Company purchased 2,794,142 Ordinary shares (nominal value £28,000) for treasury at a cost of £887,000. The total number of Ordinary shares held in treasury as at 31 December 2022 was 38,617,058 (31 December 2021: 31,228,496; 30 June 2022: 35,822,916) representing 12.6 per cent. of the Ordinary shares in issue as at 31 December 2022.

Under the terms of the Dividend Reinvestment Scheme Circular dated 26 February 2009, the following new Ordinary shares of nominal value 1 penny per share were allotted during the period:

Allotment date	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)
30 November 2022	1,116,653	11	32.93	350	31.30

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

Allotment date	Number of shares allotted	Aggregate nominal value of shares (£'000)	Issue price (pence per share)	Net consideration received (£'000)	Opening market price on allotment date (pence per share)
2 December 2022	3,844,616	38	33.50	1,269	31.30
2 December 2022	616,505	6	33.70	204	31.30
2 December 2022	10,931,256	109	33.80	3,602	31.30
	<u>15,392,377</u>			<u>5,075</u>	

9. Contingencies and guarantees

As at 31 December 2022 the Company had no financial commitments in respect of investments (31 December 2021: £nil; 30 June 2022: £nil).

There are no external contingencies or guarantees of the Company as at 31 December 2022 (31 December 2021: £nil; 30 June 2022: £nil).

Notes to the unaudited condensed Financial Statements *continued*

10. Post balance sheet events

Since 31 December 2022 the Company has not made any material investment transactions.

On 2 March 2023, a NAV update was announced with a 1.72 pence per share uplift, representing a 5.41% increase on the 31 December 2022 unaudited NAV (which was announced on 23 February 2023). The uplift is a result of a portfolio company undergoing an external fundraising process, after the period end. There is no certainty that this transaction will complete, or complete on the basis of the proposed terms.

11. Related party transactions

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

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, high inflation, rising interest rates and a 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 75 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 due to Covid-19 in 2020.

13. Other information

The information set out in the 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 31 December 2022 and 31 December 2021 and is unaudited. The financial information for the year ended 30 June 2022 does not constitute statutory accounts within the terms of section 434 of the Companies Act 2006 and is derived from the statutory accounts for the financial year, which have been delivered to the Registrar of Companies. The Auditor's report on those accounts was unqualified and did not contain statements 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/CRWN.

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