

Crown Place VCT PLC



Half-yearly Financial Report
(unaudited) for the
six months to 31 December 2019

2019



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



Company information

Company number	03495287
Directors	Richard Huntingford, Chairman James Agnew Penny Freer Pam Garside
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
Taxation adviser	Philip Hare & Associates LLP 1 Temple Avenue London, EC4Y 0HA
Legal adviser	Bird & Bird LLP 12 New Fetter Lane London, EC4A 1JP
Depository	Ocorian (UK) Limited 11 Old Jewry London, EC2R 8DU

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 are principally 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 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 dividend	6 March 2020
Payment of second dividend	31 March 2020
Financial year end	30 June 2020

Financial highlights

	Six months ended 31 December 2019 (pence per share)	Six months ended 31 December 2018 (pence per share)	Year ended 30 June 2019 (pence per share)
Opening net asset value	35.29	33.50	33.50
Revenue return	<i>0.21</i>	<i>0.21</i>	<i>0.41</i>
Capital return	<u>0.22</u>	<u>2.53</u>	<u>3.34</u>
Total return	0.43	2.74	3.75
Dividends paid	(1.00)	(1.00)	(2.00)
Impact from buy-backs and issue of share capital	<u>0.01</u>	<u>0.02</u>	<u>0.04</u>
Closing net asset value	34.73	35.26	35.29

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 2019 (period that Albion Capital has been investment manager):

Total dividends paid	33.80
Decrease in net asset value	(8.67)
Total shareholder return from April 2005 to 31 December 2019	25.13

Shareholder value since launch:

Total dividends paid to 31 December 2019 ⁽ⁱ⁾	58.73
Net asset value as at 31 December 2019	34.73
Total shareholder value as at 31 December 2019	93.46

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.

Financial highlights continued

	31 December 2019 (pence per share)
Total shareholder value since launch:	
Total dividends paid during:	
the period from launch to 6 April 2005 (prior to change of manager)	24.93
the year ended 28 February 2006	1.00
the period ended 30 June 2007	3.30
the year ended 30 June 2008	2.50
the year ended 30 June 2009	2.50
the year ended 30 June 2010	2.50
the year ended 30 June 2011	2.50
the year ended 30 June 2012	2.50
the year ended 30 June 2013	2.50
the year ended 30 June 2014	2.50
the year ended 30 June 2015	2.50
the year ended 30 June 2016	2.50
the year ended 30 June 2017	2.00
the year ended 30 June 2018	2.00
the year ended 30 June 2019	2.00
the six months ended 31 December 2019	1.00
Total dividends paid to 31 December 2019	58.73
Net asset value as at 31 December 2019	34.73
Total shareholder value as at 31 December 2019	93.46

In addition to the dividends paid above, the Board has declared a second dividend for the year ending 30 June 2020 of 1 penny per share, to be paid on 31 March 2020 to shareholders on the register on 6 March 2020.

Current dividend objective:

Pence per share (per annum)	2.00
Dividend yield on net asset value as at 31 December 2019	5.8%

Interim management report

Results

Crown Place VCT PLC achieved a total return of 0.43 pence per share for the six month period to 31 December 2019, which is a 1.2% return on opening net asset value per share.

Following payment of the first dividend for the year of 1 penny per share on 29 November 2019, the net asset value as at 31 December 2019 was 34.73 pence per share (30 June 2019: 35.29 pence per share).

Portfolio review

During the six month period, the Company deployed £2.5 million into qualifying investments (31 December 2018: £1.6 million). Of this amount, £1.5 million was invested in two new portfolio companies, both of which are likely to require further investment as the companies continue to grow:

- £779,000 into Cantab Research (trading as Speechmatics), a provider of low footprint automated speech recognition software across 29 languages which can be deployed in the cloud, on premise or on device; and
- £724,000 into Elliptic Enterprises, a provider of Anti Money Laundering technology and services to digital asset institutions.

Further investments were made in existing portfolio companies, most notably: £171,000 into InCrowd Sports to further develop its mobile apps business for professional sports clubs, £163,000 into Oviva to support their technology enabled service business in medical nutritional therapy, and £138,000 into Koru Kids to expand its current network of after school care into baby and toddler care.

After the period end, we invested £755,000 into Concirrus, a software provider bringing real-time behavioural data analytics to the marine and transport insurance industries.

There were four significant disposals in the period. Our investment in ELE Advanced Technologies was sold for £5.0 million, resulting in a total return of 4.75 times original cost.

As part of a reorganisation of the Radnor House School group, and the sale of Radnor House Twickenham in November 2019, the Company realised part of its investment and received proceeds of £4.1 million. This exit resulted in an average Internal Rate of Return of

19.6% per annum over the past nine years. The Company has retained its stake in Radnor House Sevenoaks, which has further capacity to grow.

The holding in Process Systems Enterprise was sold to Siemens, for proceeds of £1.4 million, resulting in a 10 times return on the original investment.

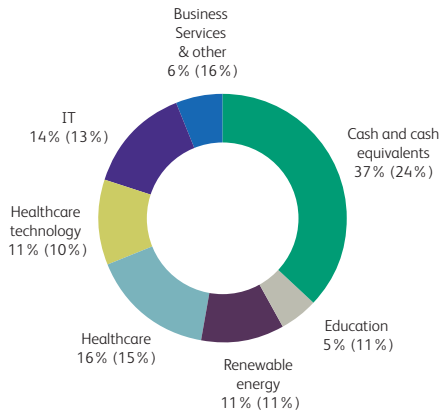
Our investments in the pub sector, Bravo Inns and Bravo Inns II, were also sold generating proceeds of £1.2 million combined. Over the life of the investment, including interest received, the Company generated a blended return of 1.7 times cost.

Further details on realisations and loan stock repayments can be found in the realisations table on page 13.

The Company's unrealised and realised gains amounted to £0.8 million for the six months to 31 December 2019. The key movements in the period include: a £531,000 realised gain on the sale of ELE Advanced Technologies as referred to above, a £237,000 uplift in Oviva and an uplift of £134,000 in G. Network Communications, both following an external investment at an increased valuation. Against this, Zift Channel Solutions was written down by £183,000 as growth has been slower than expected.

Investment portfolio by sector

The chart below illustrates the composition of the portfolio by industry sector as at 31 December 2019.



Source: Albion Capital Group LLP
Comparatives for 30 June 2019 are in brackets

Interim management report continued

Shareholder consultation

As part of the special business of the Annual General Meeting held on 27 November 2019, an ordinary resolution was proposed that increased the cap for the overall level of Directors' remuneration. Whilst the majority of shareholders supported the change, with 76.74% of the votes cast in favour of the resolution, the Board noted that more than 20% of the shareholder votes were against the resolution.

Following the Meeting, in accordance with provision 4 of the UK Corporate Governance Code, the Board has completed a consultation process with shareholders whose shareholdings represented a majority of votes that voted against the resolution to more fully understand the reasons for their opposition.

Of the total number of shares that voted against the resolution, shareholders representing 82% were contacted directly by the Chairman. Responses were received from a number of shareholders and the Board has taken time to carefully reflect on this feedback.

From the feedback received, the Board noted that the rationale for the increase, as detailed on page 34 of the Annual Report and Financial Statements for the year ended 30 June 2019, was not made sufficiently clear in the Notice of Annual General Meeting or on the proxy form. The Board acknowledges that the rationale was not explained as well as it could have been, and should have been repeated in the Notice of Annual General Meeting and on the proxy forms.

The Board would like to reassure Shareholders that there was no increase in Directors' Fees during the year, and that there is no current intention of increasing Directors' Fees materially in the near term, but the new level proposed provides extra flexibility, for example, in the case of an additional Board member being appointed prior to the retirement of an existing Director.

The Board would like to thank those shareholders who provided feedback on this matter and would like to emphasise that the Board is committed to act in the best interests of shareholders, in line with the UK Corporate Governance Code.

Dividends

In line with the annual dividend target for the Company of 2 pence per share, the first dividend for the current financial year of 1 penny per share was paid on 29 November 2019. A second dividend of 1 penny per share will be paid on 31 March 2020 to shareholders on the register on 6 March 2020. Based on the net asset value as at 31 December 2019, an annual dividend of 2 pence per share equates to a 5.8% yield.

The Board aims to maintain this level of annualised dividend distribution going forward, subject to the availability of cash resources and distributable reserves. At 31 December 2019, the Company had £29.8 million of distributable reserves.

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 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 Company's webpage on the Manager's website at www.albion.capital/funds/CRWN.

Risks and uncertainties

The outlook for the UK and global economies, including any disruption from the departure of the UK from the EU, continues to be the key risk affecting the Company. Investment risk is mitigated in a number of ways, including our policy that the portfolio should be balanced across sectors and stages of investment.

Other risks and uncertainties remain unchanged and are as detailed on pages 15 and 16 of the Annual Report and Financial Statements for the year ended 30 June 2019.

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

Interim management report continued

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.

During the period, the Company bought back and held in treasury 1,421,000 shares at a total cost of £469,000, 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 2019/20

The Board was pleased to announce on 10 December 2019 that the Company had reached its £4 million limit under its offer pursuant to the Prospectus dated 22 October 2019, and so was closed to further applications. Due to the successful disposals detailed above, the Board elected not to exercise the over-allotment facility. 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.

The first allotment under the Offer took place on 31 January 2020. Details can be found in note 10.

Board composition

As part of the Board's succession planning, and after almost eight years on the Board including six years as Chairman, I will retire from the Board in September 2020. Penny Freer, who has been on the Board since 2014, will succeed me as Chair. The Nomination Committee has commenced a process to recruit a new Non-Executive Director to join the Board ahead of my retirement.

Fraud warning

We note over recent months an increase in the number of shareholders being contacted in connection with sophisticated but fraudulent financial scams. This is often by a phone call or an email which normally originates from outside of the UK, often claiming or appearing to come from a corporate finance firm and typically offering to buy your VCT shares at an inflated price. If you are contacted, we recommend that you do not respond with any personal information and say you are not interested.

The Manager maintains a page on their website in relation to fraud advice at www.albion.capital/investor-centre/fraud-advice.

If you are in any doubt, we recommend that you seek financial advice before taking any action. You can also call Shareholder Relations on 020 7601 1850, or email info@albion.capital, if you wish to check whether any claims made are genuine.

Outlook

The Company yielded double digit total returns in each of the last three financial years. Whilst the portfolio has seen a more modest gain during the six months to 31 December 2019, the Board is encouraged by the successful exits of both technology and asset backed investments during the period. The performance and prospects of a number of companies within the investment portfolio, as well as the quality of the new investments being made, gives us cause to be optimistic about the long term prospects of the Company. Whilst there may be increased volatility within the portfolio over the coming years, we remain confident in the fundamentals of the investments within our portfolio to continue to grow shareholder value over time.

Richard Huntingford

Chairman

20 February 2020

Responsibility statement

The Directors, Richard Huntingford, James Agnew, Penny Freer and Pam Garside, are responsible for preparing the Half-yearly Financial Report. In preparing these condensed Financial Statements for the period to 31 December 2019 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

Richard Huntingford
Chairman
20 February 2020

Portfolio of investments

Portfolio company	Nature of business	% voting rights	As at 31 December 2019 (unaudited)		As at 30 June 2019 (audited)		Change in value for the period* £'000
			Cost £'000	Value £'000	Cost £'000	Value £'000	
Shinfield Lodge Care Limited	Owner and operator of a 66 bed care home in Shinfield, Berkshire	11.8	2,140	4,271	2,140	4,216	55
Chonais River Hydro Limited	Owner and operator of a 2 MW hydro-power scheme in the Scottish Highlands	14.0	1,549	3,253	1,549	3,255	(2)
Radnor House School (TopCo) Limited	Independent school for children aged 5-18	8.7	1,592	2,778	2,665	6,770	45
Active Lives Care Limited	Owner and operator of a 75 bed care home in Cumnor Hill, Oxfordshire	7.5	1,620	2,767	1,620	2,771	(4)
Proveca Limited	Reformulation of paediatric medicines	6.1	974	2,380	974	2,317	63
Ryefield Court Care Limited	Owner and operator of a 60 bed care home in Hillingdon, Middlesex	7.7	1,275	2,258	1,275	2,239	19
Quantexa Limited	Network analytics platform to detect financial crime	1.7	438	1,816	438	1,816	-
Gharagain River Hydro Limited	Owner and operator of a 1 MW hydro-power scheme in the Scottish Highlands	15.0	1,116	1,670	1,116	1,650	20
Mirada Medical Limited	Developer of medical imaging software	5.8	511	1,531	511	1,531	-
Beddlestead Limited	Developer and operator of a dedicated wedding venue	8.2	1,060	1,068	1,060	1,066	2
G. Network Communications Limited	Ultra-fast fibre optic broadband provider in central London	1.8	186	1,009	580	1,269	134
Oviva AG	A technology enabled service business in medical nutritional therapy (MNT)	2.1	598	849	435	449	237
Egress Software Technologies Limited	Encrypted email and file transfer service provider	0.9	306	846	306	846	-
The Street by Street Solar Programme Limited	Owner and operator of photovoltaic systems on domestic properties	4.4	461	845	461	812	33
The Ewell (Harley Street) Limited	Operator of a women's health centre focusing on fertility	6.2	824	824	778	778	-
Cantab Research Limited (T/A Speechmatics)	Provider of low footprint automated speech recognition software across 29 languages	1.9	779	779	-	-	-
Elliptic Enterprises Limited	Provider of Anti Money Laundering services to digital asset institutions	0.9	724	724	-	-	-
Convertr Media Limited	Digital lead generation software	4.3	680	695	664	676	3
Regenerco Renewable Energy Limited	Generator of renewable energy from roof top solar installations	3.4	344	582	344	558	24
Alto Prodotto Wind Limited	Owner and operator of community scale wind energy projects	4.1	336	564	345	577	1
MPP Global Solutions Limited	Provider of a digital subscription management platform	1.7	550	550	550	550	-
Koru Kids Limited	Online marketplace connecting parents and nannies	1.6	338	527	200	389	-

Portfolio of investments continued

Portfolio company	Nature of business	% voting rights	As at 31 December 2019 (unaudited)		As at 30 June 2019 (audited)		Change in value for the period* £'000
			Cost £'000	Value £'000	Cost £'000	Value £'000	
Avora Limited	Developer of software to improve decision making through augmented analytics & machine learning	2.8	510	510	510	510	-
MHS 1 Limited	Education	6.9	481	481	481	480	1
Black Swan Data Limited	Data analysis that supports corporate decision making	1.3	477	477	454	454	-
Panaseer Limited	Provider of cyber security services	1.5	342	471	253	351	31
DySIS Medical Limited	Medical devices for the detection of cervical cancer	1.9	1,038	441	1,038	536	(95)
SBD Automotive Limited (previously Secured by Design Limited)	Automotive technology research and consultancy provider	1.5	220	428	220	469	(41)
MyMeds&Me Limited	Provider of a platform for collecting data from pharmaceutical adverse events	4.6	440	416	440	416	-
InCrowd Sports Limited	Developer of mobile apps for professional sports clubs	2.5	318	410	147	161	78
Locum's Nest Limited	Provider of a technology solution for the management of locum doctors for the NHS	4.6	400	380	400	424	(44)
Phrasee Limited	AI platform that generates optimised marketing campaigns	1.7	356	356	356	356	-
ePatient Network Limited (T/A Raremark)	Online community connecting people affected by rare diseases	2.4	230	310	115	73	122
Limitless Technology Limited	Provider of a customer service platform powered by the crowd and machine learning technology	1.8	280	280	280	280	-
Clear Review Limited	Provider of talent management software to mid market enterprises	1.8	231	231	231	231	-
Arecor Limited	Development of biopharmaceuticals through the application of a formulation technology platform	1.1	210	210	210	210	-
Oxsensis Limited	Developer and producer of high temperature sensors	1.7	274	210	274	210	-
Healios Limited	Provider of an online platform delivering family centric psychological care	0.7	203	203	75	75	-
AVESI Limited	Owner and operator of photovoltaic systems on domestic properties	3.8	123	184	123	177	7
Zift Channel Solutions Inc.	Business collaboration and communication solutions	0.6	321	183	321	366	(183)
Sandcroft Avenue Limited (T/A Hussle)	A provider of flexible access to gyms	0.9	171	169	159	151	6
Cisiv Limited	Software and services for non-interventional clinical trials	3.1	278	160	278	267	(107)
uMotif Limited	A patient engagement and data capture platform for use in research	0.9	210	152	140	98	(16)
OmPrompt Holdings Limited	A provider of process automation software	1.6	153	148	153	148	-

Portfolio of investments continued

Portfolio company	Nature of business	% voting rights	As at 31 December 2019 (unaudited)		As at 30 June 2019 (audited)		Change in value for the period* £'000
			Cost £'000	Value £'000	Cost £'000	Value £'000	
memsstar Limited	Refurbisher and manufacturer of MEMS and semiconductor fabrication equipment	3.0	77	126	97	169	(23)
Kew Green VCT (Stansted) Limited	Operator of a Holiday Inn Express hotel at Stansted Airport	2.0	22	121	22	121	-
Forward Clinical Limited (T/A Pando)	A secure mobile communication and collaboration platform in healthcare	1.5	184	108	160	160	(76)
Abcodia Limited	Validation and discovery of serum biomarkers	1.7	304	107	304	107	-
Imandra Inc.	Provider of automated software testing and an enhanced learning experience for artificial neural networks	1.1	106	106	106	106	-
Greenenerco Limited	Owns & operates a 500kW wind project	1.9	57	100	59	102	-
Innovation Broking Group Limited	Commercial insurance broker	2.7	27	60	27	59	1
Aridhia Informatics Limited	Healthcare informatics and analysis provider	2.3	442	58	442	94	(36)
Symetrica Limited	A designer and manufacturer of radiation detection equipment	0.2	43	40	43	43	(3)
Mi-Pay Group PLC	Provider of mobile payment services	3.0	713	20	713	130	(110)
Palm Tree Technology Limited	Software company	0.2	102	12	102	12	-
Avanti Communications Group plc	Supplier of satellite communications	0.1	136	1	136	1	-
Other holdings			486	509	486	507	2
Total fixed asset investments			28,366	40,764	27,366	42,589	144

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

The total comparative cost and valuations for 30 June 2019 do not agree to the Annual Report and Financial Statements for the year ended 30 June 2019 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 gain/(loss) £'000	Gain/ (loss) on opening value £'000
Realisations in the period to 31 December 2019					
Disposals:					
ELE Advanced Technologies Limited	1,050	4,453	4,984	3,934	531
Radnor House School (TopCo) Limited	1,073	4,036	4,116	3,043	80
Process Systems Enterprise Limited	138	1,372	1,413	1,275	41
Bravo Inns II Limited	595	871	920	325	49
Augean PLC	593	407	368	(225)	(39)
Bravo Inns Limited	306	251	235	(71)	(16)
Loan stock repayments and other:					
G. Network Communications Limited	394	394	394	–	–
Black Swan Data Limited	128	128	151	23	23
memsstar Limited	20	20	20	–	–
Alto Prodotto Wind Limited	8	14	14	6	–
Greenenerco Limited	2	3	3	1	–
Escrow adjustments**	–	–	29	29	29
Total fixed asset investment realisations	4,307	11,949	12,647	8,340	698

** Fair value movements on deferred consideration from previously disposed investments.

Total change in value of investments	144
Movement in loan stock accrued interest	2
Unrealised gains sub-total	146
Realised gains in current period	698
Total gains on investments as per condensed income statement	844

Condensed income statement

	Note	Unaudited six months ended 31 December 2019			Unaudited six months ended 31 December 2018			Audited year ended 30 June 2019		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains on investments	3	-	844	844	-	4,547	4,547	-	6,475	6,475
Investment income	4	699	-	699	637	-	637	1,285	-	1,285
Investment management fees	5	(144)	(431)	(575)	(125)	(376)	(501)	(260)	(780)	(1,040)
Other expenses		(167)	-	(167)	(164)	-	(164)	(328)	-	(328)
Profit on ordinary activities before tax		388	413	801	348	4,171	4,519	697	5,695	6,392
Tax on ordinary activities		-	-	-	-	-	-	-	-	-
Profit and total comprehensive income attributable to shareholders		388	413	801	348	4,171	4,519	697	5,695	6,392
Basic and diluted earnings per Ordinary share (pence)*	7	0.21	0.22	0.43	0.21	2.53	2.74	0.41	3.34	3.75

* adjusting for treasury shares

Comparative figures have been extracted from the unaudited Half-yearly Financial Report for the six months ended 31 December 2018 and the audited statutory accounts for the year ended 30 June 2019.

The accompanying notes on pages 18 to 23 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 2019 £'000	Unaudited 31 December 2018 £'000	Audited 30 June 2019 £'000
Fixed asset investments	40,764	48,601	49,943
Current assets			
Trade and other receivables less than one year	164	249	359
Cash and cash equivalents	24,183	9,596	16,083
	24,347	9,845	16,442
Total assets	65,111	58,446	66,385
Payables: amounts falling due within one year			
Trade and other payables less than one year	(360)	(327)	(390)
Total assets less current liabilities	64,751	58,119	65,995
Equity attributable to equity holders			
Called up share capital 8	2,080	1,837	2,072
Share premium	9,338	1,230	9,061
Unrealised capital reserve	12,260	17,357	19,756
Realised capital reserve	6,052	(982)	(1,857)
Other distributable reserve	35,021	38,677	36,963
Total equity shareholders' funds	64,751	58,119	65,995
Basic and diluted net asset value per share (pence)*	34.73	35.26	35.29

* excluding treasury shares

Comparative figures have been extracted from the unaudited Half-yearly Financial Report for the six months ended 31 December 2018 and the audited statutory accounts for the year ended 30 June 2019.

The accompanying notes on pages 18 to 23 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 20 February 2020 and were signed on its behalf by

Richard Huntingford

Chairman

Company number 03495287

Condensed statement of changes in equity

	Ordinary share capital £'000	Share premium £'000	Unrealised capital reserve £'000	Realised capital reserve* £'000	Other distributable reserve* £'000	Total £'000
As at 1 July 2019	2,072	9,061	19,756	(1,857)	36,963	65,995
Profit and total comprehensive income	-	-	146	267	388	801
Transfer of previously unrealised gains on disposals of investments	-	-	(7,642)	7,642	-	-
Dividends paid	-	-	-	-	(1,861)	(1,861)
Purchase of shares for treasury (including costs)	-	-	-	-	(469)	(469)
Issue of equity	9	292	-	-	-	301
Cost of issue of equity	-	(16)	-	-	-	(16)
As at 31 December 2019	2,080	9,338	12,260	6,052	35,021	64,751
As at 1 July 2018	1,829	974	12,973	(769)	40,407	55,414
Profit/(loss) and total comprehensive income	-	-	4,520	(349)	348	4,519
Transfer of previously unrealised gains on disposals of investments	-	-	(136)	136	-	-
Dividends paid	-	-	-	-	(1,649)	(1,649)
Purchase of shares for treasury (including costs)	-	-	-	-	(429)	(429)
Issue of equity	8	258	-	-	-	266
Cost of issue of equity	-	(2)	-	-	-	(2)
As at 31 December 2018	1,837	1,230	17,357	(982)	38,677	58,119
As at 1 July 2018	1,829	974	12,973	(769)	40,407	55,414
Profit/(loss) and total comprehensive income	-	-	5,929	(234)	697	6,392
Transfer of previously unrealised losses on disposal of investments	-	-	854	(854)	-	-
Dividends paid	-	-	-	-	(3,280)	(3,280)
Purchase of shares for treasury (including costs)	-	-	-	-	(861)	(861)
Issue of equity	243	8,277	-	-	-	8,520
Cost of issue of equity	-	(190)	-	-	-	(190)
As at 30 June 2019	2,072	9,061	19,756	(1,857)	36,963	65,995

* Included within these reserves is an amount of £29,836,000 (31 December 2018: £19,712,000; 30 June 2019: £17,123,000) which is considered distributable. In time, a further £11,237,000 will become distributable.

Condensed statement of cash flows

	Unaudited six months ended 31 December 2019 £'000	Unaudited six months ended 31 December 2018 £'000	Audited year ended 30 June 2019 £'000
Cash flow from operating activities			
Loan stock income received	646	619	1,378
Deposit interest received	45	19	45
Dividend income received	9	15	61
Investment management fees paid	(578)	(486)	(993)
Other cash payments	(194)	(181)	(316)
Corporation tax paid	–	–	–
Net cash flow from operating activities	(72)	(14)	175
Cash flow from investing activities			
Purchase of fixed asset investments	(2,475)	(1,590)	(3,536)
Disposal of fixed asset investments	12,676	430	2,686
Net cash flow from investing activities	10,201	(1,160)	(850)
Cash flow from financing activities			
Issue of share capital	–	–	7,802
Cost of issue of equity	(15)	–	(3)
Equity dividends paid	(1,545)	(1,369)	(2,749)
Purchase of own shares for treasury (including costs)	(469)	(465)	(896)
Net cash flow from financing activities	(2,029)	(1,834)	4,154
Increase/(decrease) in cash and cash equivalents	8,100	(3,008)	3,479
Cash and cash equivalents at the start of the period	16,083	12,604	12,604
Cash and cash equivalents at the end of the period	24,183	9,596	16,083
Cash and cash equivalents comprise:			
Cash at bank	24,183	9,596	16,083
Cash equivalents	–	–	–
Total cash and cash equivalents	24,183	9,596	16,083

Notes to the unaudited condensed Financial Statements

1. Basis of preparation

The condensed Financial Statements have been prepared in accordance with the historical cost convention, modified to include the revaluation of investments, in accordance with applicable United Kingdom law and accounting standards, 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 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 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 can be found 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 prices 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 other distributable reserve when a share becomes ex-dividend.

Current assets and payables

Receivables, payables and cash are carried at amortised cost, in accordance with FRS 102. 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 fees, performance incentive fees and other expenses

All expenses have been accounted for on an accruals basis. Expenses are charged through the revenue column of the condensed income statement, except for management fees and performance incentive fees which are allocated in part to the capital column of the Income statement, to the extent that these relate to the maintenance or enhancement in the value of the investments and in line with the Board's expectation that over the long term 75 per cent. of the Company's investment returns will be in the form of capital gains.

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.

Reserves

Share premium

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

Capital redemption reserve

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

Unrealised capital reserve

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

Realised capital reserve

The following are disclosed in this reserve:

- gains and losses compared to cost on the realisation of investments, or permanent diminution in value;
- 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.

Notes to the unaudited condensed Financial Statements continued

3. Gains on investments

	Unaudited six months ended 31 December 2019 £'000	Unaudited six months ended 31 December 2018 £'000	Audited year ended 30 June 2019 £'000
Unrealised gains on fixed asset investments	146	4,520	5,929
Realised gains on fixed asset investments	698	27	546
	844	4,547	6,475

4. Investment income

	Unaudited six months ended 31 December 2019 £'000	Unaudited six months ended 31 December 2018 £'000	Audited year ended 30 June 2019 £'000
Loan stock interest and other fixed returns	644	602	1,179
UK dividend income	9	15	61
Bank deposit interest	46	20	45
	699	637	1,285

5. Investment management fees

	Unaudited six months ended 31 December 2019			Unaudited six months ended 31 December 2018			Audited year ended 30 June 2019		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Investment management fee	144	431	575	125	376	501	260	780	1,040

Further details of the management agreement under which the investment management fee is paid are given on page 13 of the Strategic report in the Annual Report and Financial Statements for the year ended 30 June 2019.

During the period, services of a total value of £600,000 (31 December 2018: £526,000; 30 June 2019: £1,090,000) were purchased by the Company from Albion Capital Group LLP; comprising £575,000 management fee and £25,000 administration fee. At the financial period end, the amount due to Albion Capital Group LLP disclosed as payables was £297,000 (administration fee accrual £12,500, management fee accrual £284,500) (31 December 2018: £269,000; 30 June 2019: £300,500).

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 2019, fees of £74,000 attributable to the investments of the Company were received pursuant to these arrangements (31 December 2018: £72,000; 30 June 2019: £167,000).

Albion Capital Group LLP, its partners and staff hold 1,090,631 Ordinary shares in the Company.

Notes to the unaudited condensed Financial Statements continued

6. Dividends

	Unaudited six months ended 31 December 2019 £'000	Unaudited six months ended 31 December 2018 £'000	Audited year ended 30 June 2019 £'000
First dividend of 1 penny per share paid on 30 November 2018	–	1,649	1,649
Second dividend of 1 penny per share paid on 29 March 2019	–	–	1,646
First dividend of 1 penny per share paid on 29 November 2019	1,861	–	–
Unclaimed dividends	–	–	(15)
	1,861	1,649	3,280

In addition, the Board has declared a second dividend of 1 penny per share for the year ending 30 June 2020. This will be paid on 31 March 2020 to shareholders on the register on 6 March 2020. This is expected to amount to approximately £1,971,000.

7. Basic and diluted return per share

	Unaudited six months ended 31 December 2019			Unaudited six months ended 31 December 2018			Audited year ended 30 June 2019		
	Revenue	Capital	Total	Revenue	Capital	Total	Revenue	Capital	Total
Return attributable to equity shares (£'000)	388	413	801	348	4,171	4,519	697	5,695	6,392
Weighted average shares in issue (adjusting for treasury shares)	186,644,811			165,106,141			170,478,118		
Return attributable per Ordinary share (pence) (basic and diluted)	0.21	0.22	0.43	0.21	2.53	2.74	0.41	3.34	3.75

The return per share has been calculated after adjusting for treasury shares of 21,589,410 (31 December 2018: 18,840,410; 30 June 2019: 20,168,410).

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

8. Ordinary share capital

Allotted, called up and fully paid Ordinary shares of 1 penny each	Unaudited 31 December 2019	Unaudited 31 December 2018	Audited 30 June 2019
Number of shares	208,035,211	183,657,792	207,170,647
Nominal value of allotted shares (£'000)	2,080	1,837	2,072
Voting rights (number of shares net of treasury shares)	186,445,801	164,817,382	187,002,237

During the period to 31 December 2019 the Company purchased 1,421,000 Ordinary shares (nominal value £14,000) for treasury at a cost of £469,000. The total number of Ordinary shares held in treasury as at 31 December 2019 was 21,589,410 (31 December 2018: 18,840,410; 30 June 2019: 20,168,410) representing 10.4 per cent. of the Ordinary shares in issue as at 31 December 2019.

Notes to the unaudited condensed Financial Statements continued

8. Ordinary share capital (continued)

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)
29 November 2019	864,564	9	34.82	285	32.70

9. Contingencies and guarantees

As at 31 December 2019 the Company had no financial commitments in respect of investments (31 December 2018: £nil; 30 June 2019: £nil).

There are no external contingencies or guarantees of the Company as at 31 December 2019 (31 December 2018: £nil; 30 June 2019: £nil).

10. Post balance sheet events

Since 31 December 2019, the Company has completed the following material transaction:

- Investment of £755,000 in a new portfolio company, Concirrus Limited, a software provider bringing real-time behavioural data analytics to the marine and transport insurance industries.

The following new Ordinary shares of nominal value 1 penny each were allotted under the Albion VCTs Prospectus Top Up Offers 2019/20 after 31 December 2019:

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)
31 January 2020	4,051,167	41	35.40	1,413	32.70
31 January 2020	904,613	9	35.60	316	32.70
31 January 2020	5,684,033	57	35.80	1,983	32.70
	10,639,813			3,712	

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's assessment of liquidity risk remains unchanged since the last Annual Report and Financial Statements for the year ended 30 June 2019 and is detailed on page 67 of those accounts. The Company has adequate cash and liquid resources. 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 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.

Notes to the unaudited condensed Financial Statements *continued*

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 2019 and 31 December 2018 and is unaudited. The financial information for the year ended 30 June 2019 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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