

# Albion Development VCT PLC



Half-yearly Financial Report  
(unaudited) for the  
six months to 30 June 2021

2021



**Albion**Capital



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



# Company information

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## Company number

03654040

## Directors

B Larkin LLB (Chairman)  
L M Goleby MA (Cantab)  
Lord O'Shaughnessy MA (Oxon)  
P H Reeve MA (Oxon) FCA

## 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  
Bridgewater Road  
Bristol, BS99 6ZZ

## Auditor

BDO LLP  
55 Baker Street  
London, W1U 7EU

## Corporate broker

Panmure Gordon (UK) Limited  
One New Change  
London, EC4M 9AF

## Taxation adviser

Philip Hare & Associates LLP  
Hamilton House  
1 Temple Avenue  
London, EC4Y 0HA

## 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

Albion Development VCT PLC is a member of The Association of Investment Companies ([www.theaic.co.uk](http://www.theaic.co.uk)).

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## Shareholder information

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

Tel: 0370 873 5853 (UK national rate call, lines are open 8.30am – 5.30pm; Mon – Fri; calls are recorded)

Website: [www.investorcentre.co.uk](http://www.investorcentre.co.uk)

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

Shareholders can also contact the Chairman directly on: [AADVchair@albion.capital](mailto:AADVchair@albion.capital)

## Financial adviser information

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

Email: [info@albion.capital](mailto:info@albion.capital)

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

Website: [www.albion.capital](http://www.albion.capital)

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

# Investment policy

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## Investment policy

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

Funds held pending investment or for liquidity purposes will be held as cash on deposit or up to 8 per cent. of its assets, at the time of investment, in liquid open-ended equity funds providing income and capital equity exposure (where it is considered economic to do so).

## Risk diversification and maximum exposures

Risk is spread by investing in a number of different businesses within Venture Capital Trust qualifying industry sectors using a mixture of securities. The maximum amount which the Company will invest in a single 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 10 per cent. of the adjusted share capital and reserves.

# Background to the Company

The Company is a Venture Capital Trust which raised a total of £33.3 million through the issue of shares between 1999 and 2004. The C shares merged with the Ordinary shares in 2007. A further £6.3 million was raised through an issue of new D shares in 2010. The D shares converted to Ordinary shares in 2015.

An additional £55.0 million has been raised for the Ordinary shares through the Albion VCTs Top Up Offers since January 2011.

## Financial calendar

Record date for second dividend for the year	10 September 2021
Payment date for second dividend for the year	30 September 2021
Financial year end	31 December

# Financial highlights

	<b>Unaudited six months ended 30 June 2021 (pence per share)</b>	Unaudited six months ended 30 June 2020 (pence per share)	Audited year ended 31 December 2020 (pence per share)
<b>Ordinary shares</b>			
Opening net asset value	<b>82.42</b>	83.47	83.47
Capital return/(loss)	<b>12.93</b>	(2.03)	3.15
Revenue (loss)/return	<b><u>(0.46)</u></b>	<u>0.08</u>	<u>0.02</u>
Total return/(loss)	<b>12.47</b>	(1.95)	3.17
Dividends paid	<b>(2.06)</b>	(2.25)	(4.24)
Impact from share capital movements	<b><u>(0.42)</u></b>	<u>0.03</u>	<u>0.02</u>
Net asset value	<b>92.41</b>	79.30	82.42

<b>Total dividends paid to 30 June 2021</b>	<b>106.55</b>
Net asset value as at 30 June 2021	92.41

<b>Total shareholder value to 30 June 2021</b>	<b>198.96</b>
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The total shareholder value table above is for the Company, Albion Development VCT PLC Ordinary shares only. Details of the financial performance of the C shares and D shares, which have been merged into the Ordinary shares, can be found at [www.albion.capital/funds/AADV](http://www.albion.capital/funds/AADV) under the 'Financial summary for previous funds' section.

A more detailed breakdown of the dividends paid per year can be found at [www.albion.capital/funds/AADV](http://www.albion.capital/funds/AADV) under the 'Dividend History' section.

**In addition to the dividends summarised above, the Board has declared a second dividend for the year ending 31 December 2021, of 2.31 pence per Ordinary share to be paid on 30 September 2021 to shareholders on the register on 10 September 2021.**

# Interim management report

## Introduction

The Company has had a strong six months to 30 June 2021, with a total return of 12.47 pence per share, and the net asset value ("NAV") increasing to 92.41 pence per share, representing a 14.6% return on opening NAV (after adjusting for the dividend paid). Our portfolio companies are demonstrating the value they provide to their customers as the economy emerges from the pandemic.

## Valuations and results

There is a £12.5 million total return for the six months to 30 June 2021 compared to a total loss of £1.8 million for the same period in the previous year. The successful series D fundraise in Quantexa and series C fundraise in Oviva have been the major contributors to the positive return. However, we have also seen many of our other portfolio companies performing well. For example, one of our portfolio companies, Arecor Therapeutics, listed onto the AIM stock exchange during the period which led to an increase in value of £0.3 million. Our top 10 portfolio companies, which now account for 50.2% of net asset value, increased in value by £13 million.

There have also been write-downs in our portfolio, the largest being Mirada (£0.5 million) and Abcodia (£0.3 million), both of which operate in the healthcare sector. Mirada's ability to sell its software to hospitals has been hampered by Covid-19 and Abcodia was impacted by disappointing clinical trial results.

The period saw disposals with proceeds totalling £2.9 million, which has led to realised gains of £1.7 million. The principal exit was the sale of OmPrompt Holdings in March which resulted in a return of 2.3 times cost, and generated proceeds of £2.3 million. SBD Automotive was also sold generating 2.1 times cost. Further details on these disposals can be found in the table on page 9.

Further details of the portfolio of investments can be found on pages 8 and 9.

## Dividends and results

In line with our variable dividend policy targeting around 5% of NAV per annum, the Company paid a dividend totalling 2.06 pence per share during the period to 30 June 2021 (30 June 2020: 2.25 pence per share). The Company

will pay a second dividend for the financial year ending 31 December 2021 of 2.31 pence per share on 30 September 2021 to shareholders on the register on 10 September 2021, being 2.5% of the latest reported NAV.

This will bring the total dividends paid for the year ending 31 December 2021 to 4.37 pence per share, which equates to a 5.3% yield on the opening NAV of 82.42 pence per share.

## Investment activity

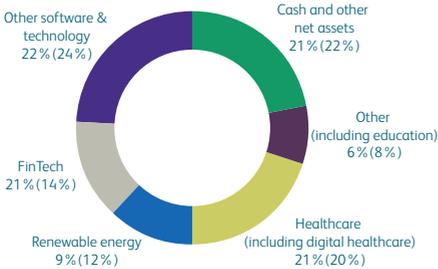
During the period the Company has invested £4.7 million into new and existing portfolio companies, with new investments comprising:

- £1.2 million into Threadneedle Software Holdings (trading as Solidatus) a provider of data lineage software to enterprise customers in regulated sectors, which allows them to rapidly discover, visualise, catalogue and understand how data flows through their systems;
- £0.5 million into Gravitee TopCo (trading as Gravitee.io) an API management platform;
- £0.4 million into NuvoAir a provider of digital therapeutics and decentralised clinical trials for respiratory conditions;
- £0.3 million into Brytlyt which uses patented software and AI, combined with the superior computation power of graphics processing units (GPUs), to derive insights 1,000s of times faster than legacy systems; and
- £0.2 million into Accelex Technologies (trading as Accelex) a data extraction and analytics technology for private capital markets.

A further £2.0 million was invested in existing portfolio companies, including £0.6 million into Black Swan to support the restructure of its business to focus primarily on predictive analytics for consumer brands, and £0.6 million into Healios to continue providing psychological care to children and adolescents using a family centric approach.

# Interim management report continued

## Investment portfolio by sector



Comparatives for 31 December 2020 are shown in brackets  
Source: Albion Capital Group LLP

## Share buy-backs

It remains the Board's policy to buy-back shares in the market, subject to the overall constraint that such purchases are in the Company's interest. This includes the maintenance of sufficient cash resources for investment in new and existing portfolio companies and the continued payment of dividends to shareholders.

It is the Board's intention that such buy-backs should be at around a 5% discount to net asset value, in so far as market conditions and liquidity permit.

## Transactions with the Manager

Details of transactions with the Manager for the reporting period can be found in note 5. Details of related party transactions can be found in note 11.

## Risks and uncertainties

The longer term implications of the Covid-19 crisis is the key risk facing the Company, including its impact on the UK and Global economies. The risk of potential implications of the UK's departure from the European Union adversely affecting our underlying portfolio companies appears to be reducing. The Manager is continually assessing the exposure to such risks for each portfolio company, and where possible appropriate mitigating actions are being taken.

The increasing maturity and success of some of our portfolio companies has resulted in a high concentration in our top 10, which may result in further volatility in the future.

Other principal 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 31 December 2020.

## Albion VCTs Top Up Offers

As announced in the Annual Report and Financial Statements for the year ended 31 December 2020, the Board was pleased to close the 2020/21 Offer, fully subscribed, having raised £10 million.

The proceeds are being used to provide support to our existing portfolio companies and to enable us to take advantage of new and exciting investment opportunities as they arise, five of which are detailed above. Details on the share allotments during the period can be found in note 8.

## Shareholder seminar

The Board is pleased to report that the current intention of the Manager, Albion Capital, is to host a physical rather than virtual shareholder seminar this year on 12 November 2021, in central London with the venue to be confirmed. This will be dependent on government guidelines and any changes thereof, and we will keep shareholders informed as the date approaches. The Board and Manager are keen to interact with shareholders and look forward to sharing with you further portfolio updates, as well as answering any questions.

More details will shortly be available on the Albion Capital website: [www.albion.capital](http://www.albion.capital).

## Prospects

The Board is encouraged by the performance of the portfolio as a whole and the prospects for the companies within it. The availability of new investments is strong, demonstrated by the five new investments in the past six months, and the Company continues to invest into exciting new companies with a focus on B2B software and healthcare. We therefore believe that the Company's portfolio continues to have the potential to deliver attractive returns to shareholders over the long term.

## Ben Larkin

Chairman  
8 September 2021

# Responsibility statement

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The Directors, Ben Larkin, Lyn Goleby, Lord O' Shaughnessy and Patrick Reeve, are responsible for the preparation of the Half-yearly Financial Report. In preparing these condensed Financial Statements for the period to 30 June 2021 we, the Directors of the Company, confirm that to the best of our knowledge:

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

- (c) the Interim management report includes a fair review of the information required by DTR 4.2.8R (disclosure of related parties' transactions and changes therein).

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

For and on behalf of the Board

**Ben Larkin**

Chairman  
8 September 2021

# Portfolio of investments

Fixed asset investments	% voting rights	As at 30 June 2021			Change in value for the period* £'000
		Cost £'000	Cumulative movement in value £'000	Value £'000	
Quantexa Limited	2.3	2,101	12,768	14,869	7,844
Egress Software Technologies Limited	6.9	2,332	5,780	8,112	519
Provecca Limited	11.8	1,829	5,674	7,503	1,053
Oviva AG	3.3	1,151	2,479	3,630	2,154
Radnor House School (TopCo) Limited	8.5	1,560	1,152	2,712	87
Black Swan Data Limited	6.9	2,213	259	2,472	892
Chonais River Hydro Limited	4.6	1,705	600	2,305	(5)
The Street by Street Solar Programme Limited	12.4	1,291	973	2,264	(174)
The Ewell Group Limited	5.4	1,073	1,007	2,080	736
Regenerco Renewable Energy Limited	11.9	1,204	713	1,917	(135)
Phrasee Limited	3.1	712	1,141	1,853	894
Panaseer Limited	3.1	1,122	534	1,656	(30)
Healios Limited	3.3	847	522	1,369	(67)
MyMeds&Me Limited	9.9	940	276	1,216	322
Threadneedle Software Holdings Limited (T/A Solidatus)	2.0	1,209	–	1,209	–
Alto Prodotto Wind Limited	9.4	696	439	1,135	(55)
Aridhia Informatics Limited	5.8	1,129	(101)	1,028	201
Convertr Media Limited	6.2	992	36	1,028	5
Cantab Research Limited (T/A Speechmatics)	1.7	685	338	1,023	338
Albion Investment Properties Limited	68.2	929	74	1,003	26
MPP Global Solutions Limited	3.0	1,000	–	1,000	–
uMotif Limited	3.2	941	58	999	–
Beddlestead Limited	8.6	1,026	(253)	773	93
InCrowd Sports Limited	4.3	545	195	740	206
Arecor Therapeutics PLC (previously Arecor Limited)	1.1	387	339	726	339
Limitless Technology Limited	2.4	648	65	713	–
Cisiv Limited	7.6	686	(27)	659	217
Elliptic Enterprises Limited	0.8	639	12	651	12
Innovation Broking Group Limited	8.4	84	519	603	346
Locum's Nest Limited	5.6	550	33	583	67
Concirrus Limited	1.1	575	–	575	–
Imandra Inc.	1.7	166	344	510	344
Koru Kids Limited	2.1	460	48	508	–
Gravitee TopCo Limited (T/A Gravitee.io)	2.3	492	–	492	–
The Voucher Market Limited (T/A WeGift)	1.2	492	–	492	–
AVESI Limited	10.5	340	110	450	(43)
NuvoAir AB	1.4	448	–	448	–
The Q Garden Company Limited	16.6	466	(75)	391	(26)
Oxsensis Limited	1.6	386	(4)	382	–
Seldon Technologies Limited	1.8	356	–	356	–
Credit Kudos Limited	1.6	344	–	344	–
Dragon Hydro Limited	5.5	207	133	340	(4)
Brytlyt Limited	2.0	330	–	330	–
DySIS Medical Limited	1.4	1,038	(749)	289	6

# Portfolio of investments continued

Fixed asset investments	% voting rights	As at 30 June 2021			Change in value for the period* £'000
		Cost £'000	Cumulative movement in value £'000	Value £'000	
Zift Channel Solutions Inc.	1.7	885	(636)	249	85
Xperime Limited (previously Raremark)	2.9	378	(142)	236	(206)
TransFICC Limited	1.4	207	–	207	–
MHS 1 Limited	3.3	231	(37)	194	(13)
Greenenerco Limited	1.0	113	74	187	(8)
Accelex Technology Limited (T/A Accelex)	2.0	185	–	185	–
Avora Limited	2.2	400	(249)	151	(249)
uMedeor Limited (T/A uMed)	1.2	128	–	128	–
Premier Leisure (Suffolk) Limited	6.2	109	(7)	102	(7)
Erin Solar Limited	4.3	120	(23)	97	(7)
Sandcroft Avenue Limited (T/A Hussle)	6.4	1,281	(1,208)	73	(100)
Symetrica Limited	0.3	89	(18)	71	–
memstar Limited	2.8	62	(3)	59	(72)
Abcodia Limited	4.7	838	(832)	6	(309)
Forward Clinical Limited (T/A Pando)	1.8	219	(213)	6	(54)
Elements Software Limited	0.6	3	(3)	–	–
Mirada Medical Limited	7.7	909	(909)	–	(513)
<b>Total fixed asset investments</b>		<b>44,483</b>	<b>31,206</b>	<b>75,689</b>	<b>14,709</b>

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

Investment realisations in the period to 30 June 2021	Cost £'000	Opening value £'000	Disposal proceeds £'000	Total realised gain £'000	Gain/(loss) on opening value £'000
<u>Disposals:</u>					
OmPrompt Holdings Limited	994	2,202	2,276	1,282	74
SBD Automotive Limited	220	459	458	238	(1)
Mi-Pay Group PLC	22	22	25	3	3
<u>Loan stock repayments and other:</u>					
Alto Prodotto Wind Limited	23	34	34	11	–
Greenenerco Limited	4	6	6	2	–
Escrow adjustments*	–	–	144	144	144
<b>Total</b>	<b>1,263</b>	<b>2,723</b>	<b>2,943</b>	<b>1,680</b>	<b>220</b>

\* These comprise fair value movements on deferred consideration on previously disposed investments, release of the G.Network Communications discount which is treated as a financing transaction, and expenses which are incidental to the purchase or disposal of an investment.

Total change in value of investments for the year	14,709
Movement in accrued loan stock interest	(1)
<b>Unrealised gains on fixed asset investments sub-total</b>	<b>14,708</b>
Realised gains in the current period	220
<b>Total gains on investments as per Income statement</b>	<b>14,928</b>

# Condensed income statement

	Note	Unaudited six months ended 30 June 2021			Unaudited six months ended 30 June 2020			Audited year ended 31 December 2020		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains/(losses) on investments	3	-	14,928	14,928	-	(1,295)	(1,295)	-	4,073	4,073
Investment income	4	370	-	370	403	-	403	692	-	692
Investment management fee	5	(230)	(692)	(922)	(186)	(558)	(744)	(382)	(1,146)	(1,528)
Performance incentive fee	5	(441)	(1,322)	(1,763)	-	-	-	(11)	(31)	(42)
Other expenses		(159)	-	(159)	(141)	-	(141)	(282)	-	(282)
<b>(Loss)/profit on ordinary activities before tax</b>		<b>(460)</b>	<b>12,914</b>	<b>12,454</b>	<b>76</b>	<b>(1,853)</b>	<b>(1,777)</b>	<b>17</b>	<b>2,896</b>	<b>2,913</b>
Tax (charge)/credit on ordinary activities		-	-	-	(2)	2	-	-	-	-
<b>(Loss)/profit and total comprehensive income attributable to shareholders</b>		<b>(460)</b>	<b>12,914</b>	<b>12,454</b>	<b>74</b>	<b>(1,851)</b>	<b>(1,777)</b>	<b>17</b>	<b>2,896</b>	<b>2,913</b>
<b>Basic and diluted (loss)/return per share (pence)*</b>	7	<b>(0.46)</b>	<b>12.93</b>	<b>12.47</b>	<b>0.08</b>	<b>(2.03)</b>	<b>(1.95)</b>	<b>0.02</b>	<b>3.15</b>	<b>3.17</b>

\* adjusted for treasury shares

The accompanying notes on pages 14 to 19 form an integral part of this Half-yearly Financial Report.

Comparative figures have been extracted from the unaudited Half-yearly Financial Report for the six months ended 30 June 2020 and the audited statutory accounts for the year ended 31 December 2020.

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

# Condensed balance sheet

	Note	Unaudited 30 June 2021 £'000	Unaudited 30 June 2020 £'000	Audited 31 December 2020 £'000
<b>Fixed asset investments</b>		<b>75,689</b>	52,585	58,998
<b>Current assets</b>				
Current asset investments		–	4,057	–
Trade and other receivables		<b>1,827</b>	177	1,757
Cash and cash equivalents		<b>20,400</b>	17,074	15,645
		<b>22,227</b>	21,308	17,402
<b>Total assets</b>		<b>97,916</b>	73,893	76,400
<b>Payables: amounts falling due within one year</b>				
Trade and other payables		<b>(2,576)</b>	(446)	(541)
<b>Total assets less current liabilities</b>		<b>95,340</b>	73,447	75,859
<b>Equity attributable to equity holders</b>				
Called-up share capital	8	<b>1,163</b>	1,036	1,040
Share premium		<b>54,961</b>	44,687	44,978
Capital redemption reserve		<b>12</b>	12	12
Unrealised capital reserve		<b>31,267</b>	13,383	18,020
Realised capital reserve		<b>10,432</b>	14,619	12,886
Other distributable reserve		<b>(2,495)</b>	(290)	(1,077)
<b>Total equity shareholders' funds</b>		<b>95,340</b>	73,447	75,859
<b>Basic and diluted net asset value per share (pence)*</b>		<b>92.41</b>	79.30	82.42

\*excluding treasury shares

The accompanying notes on pages 14 to 19 form an integral part of this Half-yearly Financial Report.

Comparative figures have been extracted from the unaudited Half-yearly Financial Report for the six months ended 30 June 2020 and the audited statutory accounts for the year ended 31 December 2020.

These Financial Statements were approved by the Board of Directors and authorised for issue on 8 September 2021, and were signed on its behalf by

**Ben Larkin**  
Chairman  
Company number: 03654040

# Condensed statement of changes in equity

	Called-up share capital £'000	Share premium £'000	Capital redemption reserve £'000	Unrealised capital reserve £'000	Realised capital reserve* £'000	Other distributable reserve* £'000	Total £'000
<b>As at 1 January 2021</b>	<b>1,040</b>	<b>44,978</b>	<b>12</b>	<b>18,020</b>	<b>12,886</b>	<b>(1,077)</b>	<b>75,859</b>
Profit/(loss) and total comprehensive income for the period	-	-	-	14,708	(1,794)	(460)	12,454
Transfer of previously unrealised gains on disposal of investments	-	-	-	(1,461)	1,461	-	-
Purchase of shares for treasury	-	-	-	-	-	(958)	(958)
Issue of equity	123	10,229	-	-	-	-	10,352
Cost of issue of equity	-	(246)	-	-	-	-	(246)
Dividends paid	-	-	-	-	(2,121)	-	(2,121)
<b>As at 30 June 2021</b>	<b>1,163</b>	<b>54,961</b>	<b>12</b>	<b>31,267</b>	<b>10,432</b>	<b>(2,495)</b>	<b>95,340</b>
<b>As at 1 January 2020</b>	<b>938</b>	<b>36,712</b>	<b>12</b>	<b>14,702</b>	<b>15,151</b>	<b>2,168</b>	<b>69,683</b>
(Loss)/profit and total comprehensive income for the period	-	-	-	(1,338)	(513)	74	(1,777)
Transfer of previously unrealised losses on disposal of investments	-	-	-	19	(19)	-	-
Purchase of shares for treasury	-	-	-	-	-	(455)	(455)
Issue of equity	98	8,172	-	-	-	-	8,270
Cost of issue of equity	-	(197)	-	-	-	-	(197)
Dividends paid	-	-	-	-	-	(2,077)	(2,077)
<b>As at 30 June 2020</b>	<b>1,036</b>	<b>44,687</b>	<b>12</b>	<b>13,383</b>	<b>14,619</b>	<b>(290)</b>	<b>73,447</b>
<b>As at 1 January 2020</b>	<b>938</b>	<b>36,712</b>	<b>12</b>	<b>14,702</b>	<b>15,151</b>	<b>2,168</b>	<b>69,683</b>
Profit/(loss) and total comprehensive income for the year	-	-	-	4,595	(1,699)	17	2,913
Transfer of previously unrealised gains on disposal of investments	-	-	-	(1,277)	1,277	-	-
Purchase of shares for treasury	-	-	-	-	-	(1,189)	(1,189)
Issue of equity	102	8,478	-	-	-	-	8,580
Cost of issue of equity	-	(212)	-	-	-	-	(212)
Dividends paid	-	-	-	-	(1,843)	(2,073)	(3,916)
<b>As at 31 December 2020</b>	<b>1,040</b>	<b>44,978</b>	<b>12</b>	<b>18,020</b>	<b>12,886</b>	<b>(1,077)</b>	<b>75,859</b>

\*These reserves amount to £7,937,000 (30 June 2020: £14,329,000; 31 December 2020: £11,809,000) which is considered distributable.

# Condensed statement of cash flows

	Unaudited six months ended 30 June 2021 £'000	Unaudited six months ended 30 June 2020 £'000	Audited year ended 31 December 2020 £'000
<b>Cash flow from operating activities</b>			
Loan stock income received	349	301	583
Deposit interest received	1	34	35
Dividend income received	18	141	191
Investment management fee paid	(827)	(716)	(1,475)
Performance incentive fee paid	(42)	–	–
Other cash payments	(195)	(154)	(283)
Corporation tax paid	–	–	–
<b>Net cash flow from operating activities</b>	<b>(696)</b>	<b>(394)</b>	<b>(949)</b>
<b>Cash flow from investing activities</b>			
Purchase of current asset investments	–	(1,190)	(1,190)
Purchase of fixed asset investments	(4,705)	(1,614)	(5,156)
Disposal of current asset investments	–	–	3,945
Disposal of fixed asset investments	2,882	196	1,201
<b>Net cash flow from investing activities</b>	<b>(1,823)</b>	<b>(2,608)</b>	<b>(1,200)</b>
<b>Cash flow from financing activities</b>			
Issue of share capital	9,767	7,738	7,737
Cost of issue of shares	(17)	(16)	(33)
Equity dividends paid*	(1,766)	(1,719)	(3,251)
Purchase of own shares (including costs)	(710)	(456)	(1,188)
<b>Net cash flow from financing activities</b>	<b>7,274</b>	<b>5,547</b>	<b>3,265</b>
<b>Increase in cash and cash equivalents</b>	<b>4,755</b>	<b>2,545</b>	<b>1,116</b>
Cash and cash equivalents at start of period	15,645	14,529	14,529
<b>Cash and cash equivalents at end of period</b>	<b>20,400</b>	<b>17,074</b>	<b>15,645</b>

\*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 condensed Financial Statements

## 1. Basis of accounting

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

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 2018 and further detail on the valuation techniques used are outlined in note 2 below.

Company information can be found on page 2.

## 2. Accounting policies

### Fixed and current 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, 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 (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 condensed Financial Statements 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 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:

- 75 per cent. of management fees and performance incentive fees, if any, are allocated to the realised capital reserve. This is 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; and
- expenses which are incidental to the purchase or disposal of an investment are charged through the realised capital reserve.

## Taxation

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

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

Called-up share capital accounts for the nominal value of the Company's shares.

### Share premium

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

### Capital redemption reserve

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

### Unrealised capital reserve

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

### Realised capital reserve

The following are disclosed in this reserve:

- gains and losses compared to cost on the realisation of investments, or permanent diminutions in value;
- 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 condensed Financial Statements continued

## 3. Gains/(losses) on investments

	Unaudited six months ended 30 June 2021 £'000	Unaudited six months ended 30 June 2020 £'000	Audited year ended 31 December 2020 £'000
Unrealised gains/(losses) on fixed asset investments	14,708	(327)	4,595
Unrealised losses on current asset investments	–	(1,011)	–
Realised gains on fixed asset investments	220	43	601
Realised losses on current asset investments	–	–	(1,123)
	<b>14,928</b>	<b>(1,295)</b>	<b>4,073</b>

## 4. Investment income

	Unaudited six months ended 30 June 2021 £'000	Unaudited six months ended 30 June 2020 £'000	Audited year ended 31 December 2020 £'000
Loan stock interest	351	302	584
Dividend income	18	68	74
Bank deposit interest	1	33	34
	<b>370</b>	<b>403</b>	<b>692</b>

## 5. Investment management fee and performance incentive fee

	Unaudited six months ended 30 June 2021 £'000	Unaudited six months ended 30 June 2020 £'000	Audited year ended 31 December 2020 £'000
Investment management fee charged to revenue	230	186	382
Investment management fee charged to capital	692	558	1,146
Performance incentive fee charged to revenue	441	–	11
Performance incentive fee charged to capital	1,322	–	31
	<b>2,685</b>	<b>744</b>	<b>1,570</b>

Further details of the Management agreement under which the investment management fee and performance incentive fee are paid are given in the Strategic report on page 12 of the Annual Report and Financial Statements for the year ended 31 December 2020.

During the period, services to a total value of £922,000 (30 June 2020: £744,000; 31 December 2020: £1,528,000) were purchased by the Company from Albion Capital Group LLP. At the financial period end, the amount due to Albion Capital Group LLP in respect of these services was £495,000 (30 June 2020: £375,000; 31 December 2020: £401,000). The total annual running costs of the Company are capped at an amount equal to 2.5% of the Company's net assets, with any excess being met by Albion by way of a reduction in management fees. During the period, the management fee was reduced by £41,000 as a result of this cap (30 June 2020: £48,000; 31 December 2020: £97,000). For the period to 30 June 2021, a performance incentive fee of £1,763,000 has been accrued, however any performance incentive fee is calculated on year end results and payable in line with the Management agreement (30 June 2020: £nil; 31 December 2020: £42,000).

During the period, the Company was not charged by Albion Capital Group LLP in respect of Patrick Reeve's services as a Director (30 June 2020: £nil; 31 December 2020: £nil).

# Notes to the condensed Financial Statements continued

## 5. Investment management fee and performance incentive fee (continued)

Albion Capital Group LLP, its Partners and staff (including Patrick Reeve) hold 791,411 Ordinary shares in the Company as at 30 June 2021.

The Manager is, from time to time, eligible to receive arrangement fees and monitoring fees from portfolio companies. During the period ended 30 June 2021, fees of £136,000 attributable to the investments of the Company were paid pursuant to these arrangements (30 June 2020: £77,000; 31 December 2020: £168,000).

The Company entered into an offer agreement relating to the Offers with the Company's investment manager Albion Capital Group LLP, pursuant to which Albion Capital would receive a fee of 2.5% of the gross proceeds of the Offers and out of which Albion Capital would pay the costs of the Offers, as detailed in the Prospectus.

## 6. Dividends

	Unaudited six months ended 30 June 2021 £'000	Unaudited six months ended 30 June 2020 £'000	Audited year ended 31 December 2020 £'000
Dividend of 1.99p per share paid on 30 September 2020	–	–	1,843
Dividend of 2.06p per share paid on 28 May 2021 (29 May 2020: 2.25p per share)	2,126	2,077	2,077
Unclaimed dividends	(5)	–	(4)
	<b>2,121</b>	<b>2,077</b>	<b>3,916</b>

In addition to the dividends summarised above, the Board has declared a second dividend for the year ending 31 December 2021 of 2.31 pence per share (total approximately £2,383,000), payable on 30 September 2021 to shareholders on the register on 10 September 2021.

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

	Unaudited six months ended 30 June 2021		Unaudited six months ended 30 June 2020		Audited year ended 31 December 2020	
	Revenue	Capital	Revenue	Capital	Revenue	Capital
(Loss)/return attributable to Ordinary shares (£'000)	(460)	12,914	74	(1,851)	17	2,896
Weighted average shares in issue	99,832,987		91,020,671		91,755,964	
(Loss)/return per Ordinary share (pence)	(0.46)	12.93	0.08	(2.03)	0.02	3.15

The weighted average number of shares is calculated after adjusting for treasury shares of 13,137,307 (30 June 2020: 10,954,270; 31 December 2020: 11,938,106).

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

# Notes to the condensed Financial Statements continued

## 8. Called-up share capital

Allotted, called-up and fully paid Ordinary shares of 1 penny each	Unaudited 30 June 2021	Unaudited 30 June 2020	Audited 31 December 2020
Number of shares	116,303,264	103,573,410	103,974,504
Nominal value of allotted shares (£'000)	1,163	1,036	1,040
Voting rights (number of shares net of treasury shares)	103,165,957	92,619,140	92,036,398

During the period to 30 June 2021 the Company purchased 1,199,201 Ordinary shares (nominal value £11,992) for treasury at a cost of £958,000. The total number of Ordinary shares held in treasury as at 30 June 2021 was 13,137,307 (30 June 2020: 10,954,270; 31 December 2020: 11,938,106) representing 11.3% of the Ordinary shares in issue as at 30 June 2021.

Under the terms of the Dividend Reinvestment Scheme Circular dated 27 August 2008, the following new Ordinary shares, of nominal value 1 penny each, were allotted:

Date of allotment	Number of shares allotted	Aggregate nominal value of shares (£'000)	Issue price (pence per share)	Net invested (£'000)	Opening market price on allotment date (pence per share)
28 May 2021	434,384	4	82.01	339	78.00

Under the terms of the Albion VCTs Prospectus Top Up Offers 2020/21, the following new Ordinary shares, of nominal value 1 penny each, were allotted during the period to 30 June 2021:

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)
26 February 2021	1,932,052	19	83.30	1,585	78.00
26 February 2021	515,665	5	83.80	424	78.00
26 February 2021	8,866,225	89	84.20	7,279	78.00
9 April 2021	202,566	2	83.70	167	78.50
9 April 2021	32,777	–	84.20	27	78.50
9 April 2021	345,091	3	84.60	285	78.50
	<b>11,894,376</b>			<b>9,767</b>	

## 9. Commitments and contingencies

As at 30 June 2021, the Company had no financial commitments in respect of investments (30 June 2020: £nil; 31 December 2020: £nil).

There were no contingencies or guarantees of the Company as at 30 June 2021 (30 June 2020: £nil; 31 December 2020: £nil).

# Notes to the condensed Financial Statements continued

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## 10. Post balance sheet events

The following are the post balance sheet events since 30 June 2021:

- Investment of £1,450,000 in an existing portfolio company, Oviva AG, a technology enabled service business in medical nutritional therapy (MNT);
- Investment of £334,000 in an existing portfolio company, The Ewell Group Limited, an operator and developer of women's health centres focusing on fertility; and
- Investment of £70,000 in an existing portfolio company, Imandra Inc., a provider of automated software testing and an enhanced learning experience for artificial neural networks.

## 11. Related party transactions

Other than transactions with the Manager as disclosed in note 5 and that disclosed above, there are no other related party transactions or balances 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 Coronavirus (Covid-19). The Board have 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 65 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 this Half-yearly Financial Report does not constitute the Company's statutory accounts within the terms of section 434 of the Companies Act 2006 for the periods ended 30 June 2021 and 30 June 2020 and is unaudited. The information for the year ended 31 December 2020, does not constitute statutory accounts within the terms of section 434 of the Companies Act 2006 but is derived from the audited statutory accounts for the financial year, which have been delivered to the Registrar of Companies. The Auditor reported on those accounts; their report was unqualified and did not contain a statement under s498 (2) or (3) of the Companies Act 2006.

## 14. Publication

This Half-yearly Financial Report is being sent to shareholders and copies will be made available to the public at the registered office of the Company, Companies House, the National Storage Mechanism and also electronically at [www.albion.capital/funds/AADV](http://www.albion.capital/funds/AADV), where the Report can be accessed from the 'Financial Reports and Circulars' section.







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