

Albion Technology & General VCT PLC



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

2021



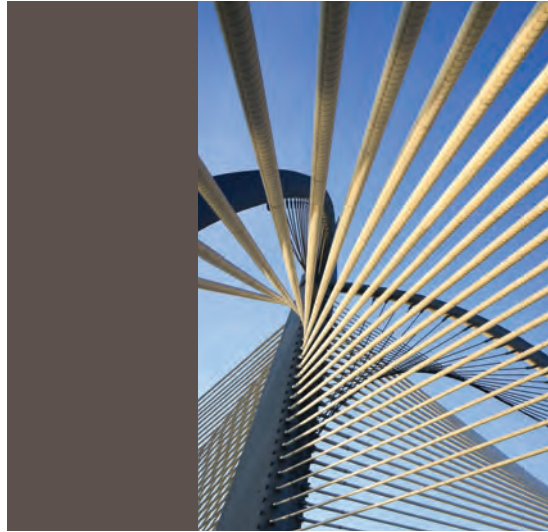
AlbionCapital

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



Company information

Company number

04114310

Directors

R Archibald
P M Payn
M A Cordeiro
M V Rees-Mogg
P H Reeve

Country of incorporation

United Kingdom

Legal form

Public Limited Company

Manager, company secretary, AIFM and registered office

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

Registrar

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

Auditor

BDO LLP
55 Baker Street
London, W1U 7EU

Corporate broker

Panmure Gordon (UK) Limited
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 Technology & General VCT PLC is a member of The Association of Investment Companies (www.theaic.co.uk).

Shareholder information

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

Tel: 0370 873 5854 (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: AATGchair@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

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

Website: www.albion.capital

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

Investment objective and policy

The Company's investment objective is to provide investors with a regular and predictable source of dividend income, combined with the prospect of long-term capital growth, through a balanced portfolio of predominantly unquoted growth and technology businesses in a qualifying Venture Capital Trust ("VCT").

Investment policy

The Company will invest in a broad portfolio of unquoted growth and technology businesses. 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 sectors and stages of maturity of portfolio companies.

VCT qualifying and non-qualifying investments

Application of the investment policy is designed to ensure that the Company continues to qualify and is approved as a VCT by HM Revenue and Customs ("VCT regulations"). The maximum amount invested in any one company is limited to any HMRC annual investment limits. It is intended that normally at least 80 per cent. of the Company's funds will be invested in VCT qualifying investments. The VCT regulations also have an impact on the type of investments and qualifying sectors in which the Company can make an investment.

Funds held either prior to investing in VCT qualifying assets or for liquidity purposes will be held as cash on deposit, invested in floating rate notes or similar instruments with banks or other financial institutions with high credit ratings or invested in liquid open-ended equity funds providing income and capital equity exposure (where it is considered economic to do so). Investment in such open-ended equity funds will not exceed 7.5 per cent. of the Company's assets at the time of investment.

Risk diversification and maximum exposures

Risk is spread by investing in a number of different businesses within VCT qualifying industry sectors using a mixture of securities. The maximum the Company will invest in a single company is 15 per cent. of the Company's assets at cost at the time of investment. The value of an individual investment is expected to increase over time as a result of trading progress and a continuous assessment is made of investments' suitability for sale. It is possible that individual holdings may grow in value to a point where they represent a significantly higher proportion of total assets prior to a realisation opportunity being available.

Borrowing powers

The Company's maximum exposure in relation to gearing is restricted to 10 per cent. of the adjusted share capital and reserves. The Directors do not have any intention of utilising long-term gearing.

Financial calendar

Record date for second dividend for the year	3 December 2021
Payment date for second dividend for the year	31 December 2021
Financial year end	31 December

Financial highlights

	Unaudited six months ended 30 June 2021 (pence per share)	Unaudited six months ended 30 June 2020 (pence per share)	Audited year ended 31 December 2020 (pence per share)
Opening net asset value	69.35	82.58	82.58
Capital return/(loss)	11.15	(2.70)	(0.06)
Revenue loss	(0.11)	(0.07)	(0.22)
Total return/(loss)	11.04	(2.77)	(0.28)
Ordinary dividends paid	(1.73)	(2.00)	(3.95)
Special dividend paid	–	–	(9.00)
Impact from share capital movements	(0.49)	0.04	–
Net asset value	78.17	77.85	69.35

Total shareholder value to 30 June 2021	Ordinary shares (pence per share)
Total dividends paid during the period ended:	
31 December 2001	1.00
31 December 2002	2.00
31 December 2003	1.50
31 December 2004	7.50
31 December 2005	9.00
31 December 2006	8.00
31 December 2007	8.00
31 December 2008	16.00
31 December 2009	–
31 December 2010	8.00
31 December 2011	5.00
31 December 2012	5.00
31 December 2013	5.00
31 December 2014	5.00
31 December 2015	5.00
31 December 2016	5.00
31 December 2017	4.00
31 December 2018	4.00
31 December 2019	4.00
31 December 2020	12.95
30 June 2021	1.73
Total dividends paid to 30 June 2021	117.68
Net asset value as at 30 June 2021	78.17
Total shareholder value to 30 June 2021	195.85

In addition to the dividends paid above, the Board declared a second dividend for the year ending 31 December 2021 of 1.95 pence per Ordinary share to be paid on 31 December 2021 to shareholders on the register on 3 December 2021.

Further details regarding the total shareholder value for C Shares and Albion Income and Growth VCT PLC can be found at www.albion.capital/funds/AATG under the 'Financial Summary for Previous Funds' section.

Notes

Total shareholder value for every 100 pence invested on initial allotment. The table above excludes tax benefits upon subscription.

Interim management report

Introduction

I am delighted to report a strong positive total return for the six months to 30 June 2021 of 11.04 pence per share, which represents a 15.9% uplift on opening net asset value. We continue to see resilience and, in many cases, growth from our portfolio, with many of our portfolio companies demonstrating the value of the services they provide to their customers as the economy emerges from the Covid-19 pandemic (“the Pandemic”).

Results and dividends

The net asset value per Ordinary share as at 30 June 2021 has increased to 78.17 pence in the six months (31 December 2020: 69.35 pence; 30 June 2020: 77.85 pence (pre special dividend payment of 12.95 pence per share)), mainly due to the continuing progress of a number of our portfolio companies as discussed below.

In line with our dividend policy, targeting 5% of NAV per annum, the Company paid a dividend of 1.73 pence per share during the period to 30 June 2021 (2020: 2.00 pence per share). The Company will pay a second dividend for the financial year to 31 December 2021 of 1.95 pence per share on 31 December 2021 to shareholders on the register on 3 December 2021, being 2.5% of the latest reported NAV at 30 June 2021.

This will bring the total dividends paid for the year ending 31 December 2021 to 3.68 pence per share, which equates to a 5.3% yield on the opening NAV of 69.35 pence per share at 31 December 2020.

Performance and portfolio update

The total gain on investments for the period ended 30 June 2021 was £15.0 million (31 December 2020: gain of £1.5 million; 30 June 2020: loss of £2.2 million). The key movements in the period include £8.9 million valuation uplift to Quantexa, and £2.2 million uplift to Oviva following their successful, externally led, funding rounds. Encouragingly, we have also seen many of our other portfolio companies performing well, including £1.0 million uplift to Black Swan Data, £0.9 million uplift to Phrasee and £0.8 million uplift to The Ewell Group.

There have also been some write-downs in our portfolio, the largest being memsstar (£0.8m) reflecting the effect of the Pandemic on its trading, and Mirada (£0.7 million) as its ability to sell its software into hospitals has also been hampered by the Pandemic.

The period saw a number of disposals with proceeds totalling £1.7 million, which has led to realised gains of £0.9 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 £0.7 million. SBD Automotive was also sold generating 2.1 times cost. Further details on these disposals can be found in the table on page 10.

Further information on the portfolio of investments can be found on pages 9 and 10.

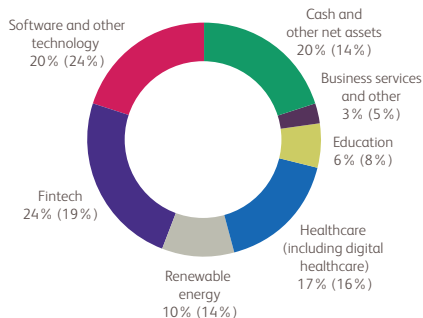
During the period, a total of £4.6 million was deployed into portfolio companies, of which £2.4 million was invested in five new portfolio companies, all of which should result in further investment as the companies prove themselves and grow. These are:

- £1.0 million into Threadneedle Software Holdings Limited (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 Limited (trading as Gravitee.io), an API management platform;
- £0.4 million into NuvoAir AB, a provider of digital therapeutics and decentralised clinical trials for respiratory conditions;
- £0.3 million into Brytlyt Limited, which uses patented software and AI, combined with the superior computation power of graphics processing units (GPUs), to derive insights thousands of times faster than legacy systems; and
- £0.2 million into Accelex Technology Limited (trading as Accelex), a provider of data extraction and analytics technology for private capital markets.

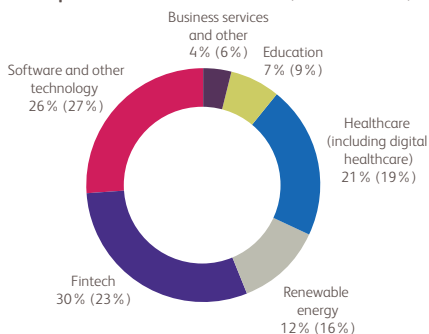
A further £2.2 million was invested in existing portfolio companies, including £0.9 million into Black Swan Data to support the restructure of its business to focus primarily on predictive analytics for consumer brands; £0.4 million into uMotif to take advantage of a growing market for its software which gathers data from clinical trials; and £0.4 million into Panaseer to continue to develop its cyber security platform.

Interim management report continued

Current portfolio sector allocation



Current portfolio sector allocation (without cash)



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

Board Composition

During the period, Neil Cross retired after being Chairman of your Company since its launch in 2000. I would like to thank Neil for his outstanding stewardship, insightful contributions and guidance, not least in his assistance to me during my time on the Board.

After serving as a non-executive Director of the Company for nine years, Modwenna Rees-Mogg will be retiring from the Board on 20 September 2021. We have valued her hugely thoughtful contributions and wish her well in the future.

The Nomination Committee is engaged in succession planning, but the Board has adequate skills and experience, amongst the four ongoing directors, to

oversee the activities of the Company. I was pleased to accept the role of chair during the next stage of the Company's development, including refreshing the Board. In relinquishing the role of Audit Chair, I am confident that Margaret Payn will fulfil the role well. The roles of Senior Independent Director and Remuneration Committee chair will be filled in due course as part of the succession planning.

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. The Company purchased 1,514,472 Ordinary shares for treasury during the period at a total cost of £1.0 million. The Company continues to provide active buy-back to help provide good secondary market liquidity for those who want to dispose of all or part of their shareholdings.

Risks, uncertainties and prospects

The continuing uncertainty and wide-reaching implications arising from the Pandemic remains the key risk facing the Company, including the impact on the UK and Global economies and the prospect of inflation as a result of government intervention during the crisis. There are also continuing potential implications of the UK's departure from the European Union which may adversely affect our underlying portfolio companies. The Manager is continually assessing the exposure to such risks for each portfolio company, and where possible appropriate actions are being implemented. Overall investment risk, however, is mitigated through a variety of processes, including our policy of aiming to achieve balance in the portfolio through the inclusion of sectors that are less exposed to the business and consumer cycles and in trying to identify, and nurture, good individual investment opportunities.

Other principal risks and uncertainties remain unchanged and are as set out on pages 17 and 18 of the Annual

Interim management report continued

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 2020/21 Offers were fully subscribed and closed having raised £15.5 million for the Company. The Board was pleased to see the high level of demand for the Company's shares from existing and new shareholders. The Board will consider participating in any Albion VCTs Top Up Offers for 2021/22.

The proceeds of the Offer 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, a number of which are noted above. Details on the share allotments during the period can be found in note 8.

Transactions with the Manager

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

The Company has had a Management Performance Incentive scheme in place since the Company launched in 2000, with the last changes to the scheme being in 2013. The circumstances of the Company and markets in general have changed dramatically since 2000, not least in the ownership of the Company through Top Up Offers, a merger in 2013 and share buy-backs. The portfolio of the Company, and the demands on Managing such a portfolio, are quite different from two decades ago, as is the VCT market more generally, with technology and sector specialisation becoming more important, and against more stringent VCT eligibility requirements.

Consequently, the Board and Manager recognise that the current Management Performance Incentive scheme is not in alignment with the Company's current and future circumstances. Accordingly, the Board has agreed with the Manager to review the current arrangements and to make a proposal to shareholders, which will require shareholder approval, in the Annual Report and Financial Statements for the year ending 31 December 2021. The

proposal will include full detail and explanation of changed circumstances and the impact of what is being proposed.

It continues to be the Board's belief that an appropriate incentive fee structure is an important tool for ensuring efficiency of returns for investors and for attracting and retaining good investment management skills, and aligning these two related ingredients in the best interests of shareholders.

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 thereto, and we will keep shareholders informed as the date approaches. The Board and Manager are keen to interact with shareholders and look forward to updating you on portfolio developments, as well as answering any questions.

More details will shortly be available on the Albion Capital website: www.albion.capital.

Outlook

The Board is encouraged by the very positive result for the period, which demonstrates the resilience of our portfolio which is both diversified in terms of companies at different stages of maturity and across a variety of different sectors, as well as capable of delivering good returns. We remain confident that our portfolio companies are well positioned to grow, despite the uncertainty around the longer-term impact of the Pandemic and other market uncertainties, and that our Manager is well positioned to find new opportunities for us, as well as manage our existing investments. The Board believes the Company is well placed to continue to deliver long term value to our shareholders.

Robin Archibald

Chairman

20 September 2021

Responsibility statement

The Directors, Robin Archibald, Margaret Payn, Mary Anne Cordeiro, Modwenna Rees-Mogg and Patrick Reeve, are responsible for preparing 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", 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

Robin Archibald
Chairman
20 September 2021

Portfolio of investments

Portfolio company	% 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	2.6	2,740	14,145	16,885	8,907
Radnor House School (TopCo) Limited	14.8	2,710	2,001	4,711	152
Proveca Limited	7.2	1,184	3,465	4,649	650
Chonais River Hydro Limited	15.7	2,169	1,769	3,938	(18)
Oviva AG	3.5	1,192	2,568	3,760	2,231
Oxsensis Limited	15.9	2,968	729	3,697	–
Black Swan Data Limited	9.2	3,268	–	3,268	1,005
Egress Software Technologies Limited	2.2	765	1,895	2,660	170
The Ewell Group Limited	6.1	1,195	1,121	2,316	820
Cantab Research Limited (T/A Speechmatics)	3.7	1,486	734	2,220	734
Gharagin River Hydro Limited	18.5	1,526	670	2,196	(7)
Phrasee Limited	2.9	680	1,091	1,771	854
Panaseer Limited	3.1	1,122	534	1,656	(30)
Concirus Limited	3.2	1,632	–	1,632	–
The Street by Street Solar Programme Limited	8.1	895	576	1,471	(113)
Elliptic Enterprises Limited	1.8	1,402	26	1,428	26
MHS 1 Limited	22.5	1,565	(255)	1,310	(86)
Regenerco Renewable Energy Limited	7.9	822	453	1,275	(89)
uMotif Limited	3.8	1,121	49	1,170	–
Convertr Media Limited	6.9	1,105	40	1,145	5
Headios Limited	2.5	633	417	1,050	(54)
The Voucher Market Limited (T/A WeGift)	2.5	1,020	–	1,020	–
Threadneedle Software Holdings Limited (T/A Solidatus)	1.7	1,014	–	1,014	–
Credit Kudos Limited	4.5	979	–	979	–
MPP Global Solutions Limited	2.9	950	–	950	–
Beddlestead Limited	9.8	1,200	(277)	923	111
Aridhia Informatics Limited	4.9	950	(86)	864	169
InCrowd Sports Limited	5.0	636	228	864	240
Alto Prodotto Wind Limited	6.9	586	241	827	(42)
The Q Garden Company Limited	33.4	934	(150)	784	(52)
DySIS Medical Limited	3.5	2,589	(1,867)	722	15
Locum's Nest Limited	9.8	675	41	716	82
Cisiv Limited	7.7	695	(28)	667	220
memsstar Limited	30.1	515	117	632	(760)
Limitless Technology Limited	2.1	560	55	615	–
Arecor Therapeutics PLC (Previously Arecor Limited)	0.9	304	266	570	266
MyMeds&Me Limited	4.6	439	130	569	151
Gravitee Topco Limited (T/A Gravitee.io)	2.3	490	–	490	–
Albion Investment Properties Limited	31.8	434	34	468	12
Imandra Inc.	1.6	151	313	464	313
NuvoAir AB	1.4	443	–	443	–
Innovation Broking Group Limited	6.0	60	371	431	247
Premier Leisure (Suffolk) Limited	–	454	(28)	426	(28)
TransFICC Limited	2.6	397	–	397	–
Koru Kids Limited	1.6	345	36	381	–
Erin Solar Limited	15.7	440	(85)	355	(24)

Portfolio of investments continued

Portfolio company	% voting rights	As at 30 June 2021			Change in value for the period* £'000
		Cost £'000	Cumulative movement in value £'000	Value £'000	
AVESI Limited	8.0	259	84	343	(33)
Brytlyt Limited	1.9	322	–	322	–
Seldon Technologies Limited	1.4	283	–	283	–
Zift Channel Solutions Inc.	1.6	881	(633)	248	85
Harvest AD Limited	–	210	(2)	208	(6)
Xperiome Limited (Previously Raremark)	2.4	322	(121)	201	(176)
Accelex Technology Limited (T/A Accelex)	2.0	181	–	181	–
Avora Limited	2.2	400	(249)	151	(249)
Greenenerco Limited	3.1	90	57	147	(6)
uMedeor Limited (T/A uMed)	0.9	100	–	100	–
Symetrica Limited	0.3	79	(16)	63	–
Sandcroft Avenue Limited (T/A Hussle)	2.1	427	(403)	24	(34)
Palm Tree Technology Limited	0.5	320	(304)	16	(16)
Forward Clinical Limited (T/A Pando)	1.6	196	(190)	6	(48)
Abcodia Limited	3.2	568	(564)	4	(209)
Mirada Medical Limited	12.9	1,321	(1,321)	–	(683)
Elements Software Limited	3.3	19	(19)	–	–
Total fixed asset investments		55,418	27,658	83,076	14,702

T/A – trading as

* As adjusted for additions and disposals during the period.

Investment realisations in the period to 30 June 2021	Cost £'000	Opening carrying value £'000	Disposal proceeds £'000	Total realised gain £'000	Gain/(loss) on opening value £'000
<u>Disposals:</u>					
OmPrompt Holdings Limited	306	678	701	395	23
SBD Automotive Limited	273	569	567	294	(2)
Mi-Pay Group PLC	135	135	150	15	15
<u>Loan stock repayments and other:</u>					
Alto Prodotto Wind Limited	17	25	25	8	–
Greenenerco Limited	3	5	5	2	–
Escrow adjustments and other**	–	–	228	228	228
Total	734	1,412	1,676	942	264

** 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

Unrealised gains on fixed asset investments	14,702
Realised gains on fixed asset investments	264
Total gains on investments as per Income statement	14,966

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	–	14,966	14,966	–	(2,224)	(2,224)	–	1,453	1,453
Investment income	4	330	–	330	348	–	348	604	–	604
Investment management fee	5	(270)	(807)	(1,077)	(260)	(779)	(1,039)	(505)	(1,516)	(2,021)
Other expenses		(193)	–	(193)	(163)	–	(163)	(347)	–	(347)
(Loss)/profit on ordinary activities before tax		(133)	14,159	14,026	(75)	(3,003)	(3,078)	(248)	(63)	(311)
Tax (charge)/credit on ordinary activities		–	–	–	–	–	–	–	–	–
(Loss)/profit and total comprehensive income attributable to shareholders		(133)	14,159	14,026	(75)	(3,003)	(3,078)	(248)	(63)	(311)
Basic and diluted (loss)/return per share (pence)*	7	(0.11)	11.15	11.04	(0.07)	(2.70)	(2.77)	(0.22)	(0.06)	(0.28)

* adjusted for treasury shares

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 accompanying notes on pages 15 to 20 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 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
Fixed asset investments		83,076	58,658	65,152
Current assets				
Current asset investments		–	1,662	–
Trade and other receivables		2,133	132	2,038
Cash and cash equivalents		19,957	26,200	11,451
		22,090	27,994	13,489
Total assets		105,166	86,652	78,641
Payables: amounts falling due within one year				
Trade and other payables		(947)	(659)	(613)
Total assets less current liabilities		104,219	85,993	78,028
Equity attributable to equity holders				
Called up share capital	8	1,530	1,287	1,307
Share premium		52,293	35,246	37,036
Capital redemption reserve		48	42	48
Unrealised capital reserve		27,619	11,234	13,595
Realised capital reserve		23,752	23,038	23,617
Other distributable reserve		(1,023)	15,146	2,425
Total equity shareholders' funds		104,219	85,993	78,028
Basic and diluted net asset value per share (pence)*		78.17	77.85	69.35

*excluding treasury shares

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 accompanying notes form on pages 15 to 20 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 September 2021 and were signed on its behalf by

Robin Archibald
Chairman
Company number: 04114310

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
As at 1 January 2021	1,307	37,036	48	13,595	23,617	2,425	78,028
Profit/(loss) and total comprehensive income for the period	-	-	-	14,702	(543)	(133)	14,026
Transfer of previously unrealised gains on disposal of investments	-	-	-	(678)	678	-	-
Purchase of own shares for treasury	-	-	-	-	-	(1,009)	(1,009)
Issue of equity	223	15,643	-	-	-	-	15,866
Cost of issue of equity	-	(386)	-	-	-	-	(386)
Dividends paid	-	-	-	-	-	(2,306)	(2,306)
As at 30 June 2021	1,530	52,293	48	27,619	23,752	(1,023)	104,219
As at 1 January 2020	1,296	34,949	28	13,708	23,567	18,474	92,022
Loss and total comprehensive income for the period	-	-	-	(2,561)	(442)	(75)	(3,078)
Transfer of previously unrealised losses on disposal of investments	-	-	-	87	(87)	-	-
Purchase of own shares for cancellation	(14)	-	14	-	-	(1,052)	(1,052)
Issue of equity	4	314	-	-	-	-	318
Cost of issue of equity	-	(16)	-	-	-	-	(16)
Dividends paid	-	-	-	-	-	(2,201)	(2,201)
As at 30 June 2020	1,287	35,246	42	11,234	23,038	15,146	85,993
As at 1 January 2020	1,296	34,949	28	13,708	23,567	18,474	92,022
Profit/(loss) and total comprehensive income for the year	-	-	-	1,233	(1,296)	(248)	(311)
Transfer of previously unrealised gains on disposal of investments	-	-	-	(1,346)	1,346	-	-
Purchase of shares for cancellation	(20)	-	20	-	-	(1,473)	(1,473)
Issue of equity	31	2,138	-	-	-	-	2,169
Cost of issue of equity	-	(51)	-	-	-	-	(51)
Dividends paid	-	-	-	-	-	(14,328)	(14,328)
As at 31 December 2020	1,307	37,036	48	13,595	23,617	2,425	78,028

*These reserves amount to £22,729,000 (30 June 2020: £38,184,000; 31 December 2020: £26,042,000) 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
Cash flow from operating activities			
Loan stock income received	315	269	511
Dividend income received	15	82	108
Deposit interest received	1	51	58
Investment management fee paid	(871)	(996)	(2,062)
Other cash payments	(231)	(180)	(344)
Corporation tax paid	–	–	–
Net cash flow from operating activities	(771)	(774)	(1,729)
Cash flow from investing activities			
Purchase of current asset investments	–	(4)	(4)
Purchase of fixed asset investments	(4,634)	(3,497)	(9,158)
Disposal of current asset investments	–	–	1,616
Disposal of fixed asset investments	1,587	952	1,936
Net cash flow from investing activities	(3,047)	(2,549)	(5,610)
Cash flow from financing activities			
Issue of share capital	15,120	–	–
Cost of issue of equity	(19)	–	(47)
Dividends paid	(1,932)	(1,898)	(12,158)
Purchase of own shares (including costs)	(845)	(1,047)	(1,473)
Net cash flow from financing activities	12,324	(2,945)	(13,678)
Increase/(decrease) in cash and cash equivalents	8,506	(6,268)	(21,017)
Cash and cash equivalents at start of period	11,451	32,468	32,468
Cash and cash equivalents at end of period	19,957	26,200	11,451

Notes to the condensed Financial Statements

1. Basis of preparation

The condensed Financial Statements have been prepared in accordance with applicable United Kingdom law and accounting standards, including Financial Reporting Standard 102 ("FRS 102"), 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:
 - o the performance and/or prospects of the underlying business are significantly below the expectations on which the investment was based;
 - o 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
 - o 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.

Notes to the condensed Financial Statements continued

2. Accounting policies (continued)

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.

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 rights to receive payment and expected settlement are 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

This accounts for the nominal value of the 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.

Capital redemption reserve

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

Unrealised capital reserve

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

Realised capital reserve

The following are disclosed in this reserve:

- gains and losses compared to cost on the realisation of investments, or permanent diminutions in value;
- expenses, together with the related taxation effect, charged in accordance with the above policies; and
- dividends paid to equity holders where paid out in the form of 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 distributed 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	14,702	(2,026)	1,233
Unrealised losses on current asset investments	–	(535)	–
Realised gains on fixed asset investments	264	337	801
Realised losses on current asset investments	–	–	(581)
	14,966	(2,224)	1,453

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	314	269	510
Dividend income	15	30	39
Bank deposit interest	1	49	55
	330	348	604

5. Investment management 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	270	260	505
Investment management fee charged to capital	807	779	1,516
	1,077	1,039	2,021

Further details of the Management agreement under which the investment management fee is paid are given in the Strategic report on page 13 of the Annual Report and Financial Statements for the year ended 31 December 2020.

During the period, services for a total value of £1,077,000 (30 June 2020: £1,039,000; 31 December 2020: £2,021,000) were purchased by the Company from Albion Capital Group LLP in respect of management fees. At the financial period end, the amount due to Albion Capital Group LLP in respect of these services disclosed as accruals was £683,000 (30 June 2020: £561,000; 31 December 2020: £477,000). The total annual running costs of the Company are capped at an amount equal to 2.75 per cent. of the Company's net assets, with any excess being met by Albion Capital by way of a reduction in management fees. During the period, the management fee was reduced by £162,000 as a result of this cap (30 June 2020: £37,000; 31 December 2020: £78,000).

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 and 31 December 2020: £nil).

Albion Capital Group LLP, its partners and staff (including Patrick Reeve), held 1,219,349 Ordinary shares in the Company as at 30 June 2021.

Albion Capital Group LLP is, from time to time, eligible to receive arrangement fees and monitoring fees from portfolio companies. During the period to 30 June 2021, fees of £145,000 attributable to the investments of the Company were received by Albion Capital Group LLP pursuant to these arrangements (30 June 2020: £99,000; 31 December 2020: £237,000).

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.

Notes to the condensed Financial Statements continued

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
Special dividend of 9.00p per share paid on 30 October 2020	–	–	9,942
Dividend of 1.95p per share paid on 31 December 2020	–	–	2,185
Dividend of 1.73p per share paid on 30 June 2021 (30 June 2020: 2.00p per share)	2,306	2,201	2,201
	2,306	2,201	14,328

The Directors have declared a dividend of 1.95 pence per Ordinary share (total approximately £2,600,000) payable on 31 December 2021, to shareholders on the register on 3 December 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
Ordinary shares						
(Loss)/profit attributable to equity shares (£'000)	(133)	14,159	(75)	(3,003)	(248)	(63)
Weighted average shares in issue (adjusted for treasury shares)	127,004,453		110,973,597		110,981,864	
(Loss)/return attributable per equity share (pence)	(0.11)	11.15	(0.07)	(2.70)	(0.22)	(0.06)

The weighted average number of shares is calculated after adjusting for treasury shares of 19,710,942 (30 June 2020: 18,196,470; 31 December 2020: 18,196,470).

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

8. Share capital

Allotted, called up and fully paid shares of 1 penny each	Unaudited 30 June 2021	Unaudited 30 June 2020	Audited 31 December 2020
Number of shares	153,035,258	128,657,872	130,710,891
Nominal value of allotted shares (£'000)	1,530	1,287	1,307
Voting rights (number of shares net of treasury shares)	133,324,316	110,461,402	112,514,421

During the period to 30 June 2021 the Company purchased 1,514,472 Ordinary shares (nominal value £15,145) for treasury at a cost of £1,009,000. The total number of Ordinary shares held in treasury as at 30 June 2021 was 19,710,942 (30 June 2020: 18,196,470; 31 December 2020: 18,196,470) representing 12.9 per cent. of the Ordinary shares in issue as at 30 June 2021.

Under the terms of the Dividend Reinvestment Scheme, the following new Ordinary shares of nominal value 1 penny each were allotted during the period to 30 June 2020:

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)
30 June 2021	512,667	5	73.62	360	70.00

Notes to the condensed Financial Statements continued

8. Share capital (continued)

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	2,059,020	21	70.30	1,426	66.00
26 February 2021	520,699	5	70.70	361	66.00
26 February 2021	18,541,660	185	71.10	12,854	66.00
9 April 2021	175,959	2	70.50	122	66.00
9 April 2021	16,384	–	70.80	11	66.00
9 April 2021	497,978	5	71.20	346	66.00
	<u>21,811,700</u>			<u>15,120</u>	

9. Commitments and contingencies

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

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

10. Post balance sheet events

Since 30 June 2021, the Company has completed the following material transactions:

- Investment of £1,501,000 in Oviva AG; and
- Investment of £352,000 in The Ewell Group Limited.

11. Related party transactions

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

12. Going concern

The Board has conducted a detailed assessment of the Company's ability to meet its liabilities as they fall due. Cash flow forecasts are updated and discussed quarterly at Board meetings and have been stress tested to allow for the forecasted impact of the Covid-19 pandemic. The Board has revisited and updated its 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 68 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.

Notes to the condensed Financial Statements continued

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 and is derived from the statutory accounts for that 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/AATG, where the Report can be accessed from the 'Financial Reports and Circulars' section.



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