

# Albion Enterprise VCT PLC



Half-yearly Financial Report  
(unaudited) for the  
six months to 30 September 2019

2019



**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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<b>Company number</b>	05990732
<b>Directors</b>	M Packe, Chairman Lord St John of Bletso The Dowager Lady Balfour of Burleigh C Burrows P H Reeve
<b>Country of incorporation</b>	United Kingdom
<b>Legal form</b>	Public Limited Company
<b>Manager, company secretary, AIFM and registered office</b>	Albion Capital Group LLP 1 Benjamin Street London, EC1M 5QL
<b>Registrar</b>	Computershare Investor Services PLC The Pavilions Bridgwater Road Bristol, BS99 6ZZ
<b>Auditor</b>	BDO LLP 55 Baker Street London, W1U 7EU
<b>Taxation adviser</b>	Philip Hare & Associates LLP 1 Temple Avenue London, EC4Y 0HA
<b>Legal adviser</b>	Bird & Bird LLP 12 New Fetter Lane London, EC4A 1JP
<b>Depository</b>	Ocorian (UK) Limited 11 Old Jewry London, EC2R 8DU

Albion Enterprise 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 5860 (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 with Computershare by registering on Computershare's website.

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

## Financial adviser information

For enquiries relating to the performance of the Company, and information for financial advisers please contact Albion Capital Group LLP:  
Email: [info@albion.capital](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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Albion Enterprise VCT PLC (the “Company”) is a Venture Capital Trust and the investment objective of the Company is to provide investors with a regular and predictable source of income, combined with the prospect of longer term capital growth.

## Investment policy

The Company will invest in a broad portfolio of higher growth businesses across a variety of sectors of the UK economy including higher risk technology companies. 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 both in terms of sector and stage of maturity of company.

### *VCT qualifying and non-VCT 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 investment.

Funds held 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 10 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 venture capital trust qualifying industry sectors using a mixture of securities. The maximum amount which the Company will invest in a single 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.

### *Gearing*

The Company’s maximum exposure in relation to gearing is restricted to 10 per cent. of its adjusted share capital and reserves.

## Financial calendar

Record date for second dividend	7 February 2020
Payment date for second dividend	28 February 2020
Financial year end	31 March

# Financial highlights

	Unaudited six months ended 30 September 2019 (pence per share)	Unaudited six months ended 30 September 2018 (pence per share)	Audited year ended 31 March 2019 (pence per share)
Opening net asset value	117.76	109.46	109.46
Capital return	4.52	5.77	14.35
Revenue return	0.31	(0.02)	(0.01)
Total return	4.83	5.75	14.34
Dividends paid	(3.00)	(3.00)	(6.00)
Impact of Fundraising	(0.17)	(0.09)	(0.04)
Net asset value	119.42	112.12	117.76

## Total shareholder return to 30 September 2019:

(Pence per share)

Dividends paid during the year ended:

31 March 2008	0.70
31 March 2009	1.65
31 March 2010	2.00
31 March 2011	3.00
31 March 2012	3.00
31 March 2013	3.50
31 March 2014	5.00
31 March 2015	5.00
31 March 2016	5.00
31 March 2017	5.00
31 March 2018	5.00
31 March 2019	6.00

Dividends paid in the six months to 30 September 2019 3.00

**Total dividends paid to 30 September 2019 47.85**

Net asset value as at 30 September 2019 119.42

**Total shareholder return to 30 September 2019 167.27**

**In addition to the dividends summarised above, the Board has declared a second dividend for the year ending 31 March 2020, of 3.00 pence per share to be paid on 28 February 2020 to shareholders on the register on 7 February 2020.**

### Notes

- The dividend of 0.70 pence per share paid during the period ended 31 March 2008 and first dividend of 0.40 pence per share paid during the year ended 31 March 2009 were paid to shareholders who subscribed in the 2006/2007 offer only.

# Interim management report

## Introduction

I am pleased to report a total return of 4.83 pence per share for the six months to 30 September 2019 (30 September 2018: 5.75 pence per share). These results demonstrate continued growth within our investment portfolio after excellent results over the past two years (31 March 2019: 14.34 pence per share; 31 March 2018: 13.40 pence per share).

## Results and dividends

On 30 September 2019, the net asset value was £76.2 million or 119.42 pence per share compared to £67.4 million or 117.76 pence per share on 31 March 2019. The total return before taxation was £3.1 million compared to £3.3 million for the six months to 30 September 2018.

A first dividend of 3.00 pence per share was paid on 30 August 2019. The Directors have declared a second dividend of 3.00 pence per share payable on 28 February 2020, to shareholders on the register on 7 February 2020. This is in line with the current annual dividend target of 6.00 pence per share. The Company continues to offer a Dividend Reinvestment Scheme whereby shareholders can elect to receive dividends in the form of new shares.

## Investment performance and progress

The Company had four significant investment disposals during and after the period end.

Shortly after the period end, our holding in Process Systems Enterprise was sold to Siemens, realising £4.1 million (an uplift of £2.5 million in the period) and resulting in a 10 times return on the original investment. Following the successful sale of Grapeshot in 2018 this is the second time in just over a year that the Company has sold a technology investment for a ten times multiple.

As part of a restructuring of Radnor House, one of our school investments, we exited Radnor House Twickenham in November 2019 realising £4.4 million. This exit resulted in an average Internal Rate of Return of 19.6% per annum over the past nine years. The

Company has retained its stake in Radnor House Sevenoaks, which has further capacity to grow.

Our investments in the pub sector, Bravo Inns and Bravo Inns II, were also sold after the period end generating combined proceeds of £3.9 million. Over the life of our investment, including interest received, we generated a blended return of 1.7 times cost.

The sale of Earnside Energy completed during the period realising £1.7 million. Including interest received during the time this investment was held, the sale resulted in a total return of 1.4 times original cost.

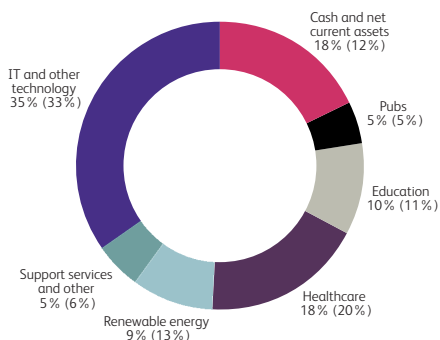
The Company's unrealised and realised gains totalled £3.9 million for the six months to 30 September 2019. The key movements in the period, apart from the disposals detailed above, included: uplifts in Oviva AG and Koru Kids of £341,000 and £301,000 respectively after the agreement of new external funding rounds; and reductions in value of Zift Channel Solutions of £321,000 due to slow trading growth, and Aridhia Informatics of £294,000.

During the period, some £2.7 million was invested in new and existing companies. Investments in new companies included:

- £792,000 in Elliptic Enterprises, which provides Anti Money Laundering services to digital asset institutions;
- £320,000 in Limitless Technology, a customer service platform powered by crowd and machine learning technology;
- £256,000 in Clear Review, which provides talent management software to mid market enterprises;
- £121,000 in Imandra, which provides automated software testing and an enhanced learning experience for artificial neural networks; and
- £47,000 in Symetrica, a designer and manufacturer of radiation detection equipment.

Significant follow on investments included £606,000 in Proveca, for the reformulation of paediatric medicines and £221,000 in Koru Kids, which provides an online marketplace connecting parents and nannies.

## Investment portfolio by sector



Comparatives for 31 March 2019 are shown in brackets  
Source: Albion Capital Group LLP

## New management arrangements and reduction in total expenses cap

The Board has reviewed the management arrangements in place with Albion Capital Group LLP, the Manager, with a view to provide further benefit to shareholders.

Shareholders who invested on 5 April 2007, the Company's first allotment, and reinvested their dividends will have seen a return (including tax relief) of three times their initial net investment. This excellent investment performance has resulted in the payment of higher management and performance fees to the Manager than were originally anticipated. The Board feels these have been well deserved. However, whilst these management arrangements were in line with market levels at the time of launch in 2007, the VCT market has developed since then. The Board and Manager therefore feel there is now a need for an amendment to the fee level and the performance incentive structure.

After a comprehensive exercise reviewing the management arrangements, the Board and the Manager have today agreed that the following changes be made:

1. A reduction in the management fee from 2.5% to 2.0% of net asset value;

2. Implementation of an administration fee of 0.2% of net asset value;
3. Increasing the hurdle, before which any performance incentive fee is payable, to the higher of (i) Retail Price Index plus 2% and (ii) the existing arrangement of Base Rate plus 2%; and
4. Reducing the total expenses cap from 3.0% to 2.5% of ongoing charges (before any incentive fee).

This was a collaborative exercise with the Manager, who has voluntarily agreed to a change in the contractual terms of the Investment Management Agreement set out above, for which the Board is appreciative. These changes, which are beneficial to shareholders, will take effect from 1 October 2019.

## Risks & uncertainties

The outlook for the UK economy continues to be a key risk affecting the Company. The forthcoming General Election and the effect of the withdrawal of Britain from the European Union are considered the biggest risks for the Company. They continue to be difficult to quantify.

The Company's investment risk is mitigated through a variety of processes, including investing in a diversified portfolio in terms of sector and stage of maturity and focusing on opportunities where it is believed growth can be resilient and sustainable.

Other principal risks and uncertainties remain unchanged and are as detailed on pages 13 and 14 in the Strategic report of the Annual Report and Financial Statements for the year ended 31 March 2019.

## 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, including the maintenance of sufficient resources for investment in new and existing portfolio companies and the continued payment of dividends to shareholders. It is the Board's intention for such buy-backs to be in the region of a 5% discount to net asset value so far as market conditions and liquidity permit.



# Interim management report continued

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## Transactions with the Manager

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

## Albion VCTs Prospectus Top Up Offers

The Company was pleased to announce on 2 April 2019 that it had reached its £8 million limit under the Albion VCTs Prospectus Top Up Offers 2018/19 which was fully subscribed and closed. Details of shares issued under the Offer can be found in note 8.

The proceeds of the Offer are being deployed into new investments as detailed above and further funding of existing portfolio companies to support growth.

The Company announced on 22 October 2019 that it has launched a Prospectus Top Up Offer to raise up to £6 million before issue costs, with a further over-allotment facility of £2 million, of new Ordinary shares for subscription in the 2019/20 and 2020/21 tax years. Full details of the offer are contained in a Prospectus that was published on the same date on the Manager's website at [www.albion.capital/investor-centre/current-offers](http://www.albion.capital/investor-centre/current-offers).

## Fraud warning

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

The Manager maintains a page on their website in relation to fraud advice at [www.albion.capital/investor-centre/fraud-advice](http://www.albion.capital/investor-centre/fraud-advice).

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

## Outlook

We are encouraged by these interim results and the successful exit of both technology and asset backed businesses during and after the period end. We as a Board see the portfolio as being well balanced across a variety of growth sectors. There is a strong pipeline of investments, as well as a number of existing businesses having the potential to continue to deliver positive returns for shareholders.

## Maxwell Packe

Chairman

4 December 2019

# Responsibility statement

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The Directors, Maxwell Packe, Lord St John of Bletso, The Dowager Lady Balfour of Burleigh, Christopher Burrows and Patrick Reeve, are responsible for preparing the Half-yearly Financial Report. In preparing these condensed Financial Statements for the period to 30 September 2019 we, the Directors of the Company, confirm that to the best of our knowledge:

- (a) the condensed set of Financial Statements, which has been prepared in accordance with Financial Reporting Standard 104 "Interim Financial Reporting", 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

**Maxwell Packe**  
Chairman  
4 December 2019

# Portfolio of investments

Fixed asset investments	% voting rights	As at 30 September 2019			Change in value for the period* £'000
		Cost £'000	Cumulative movement in value £'000	Value £'000	
Egress Software Technologies Limited	9.9	3,365	5,936	9,301	–
Radnor House School (Holdings) Limited	9.8	2,991	4,707	7,698	391
Process Systems Enterprise Limited	4.0	406	3,694	4,100	2,542
Mirada Medical Limited	14.2	1,487	2,300	3,787	184
Proveca Limited	9.6	1,512	2,097	3,609	(14)
Bravo Inns II Limited	13.1	2,150	1,032	3,182	276
Quantexa Limited	2.7	699	2,197	2,896	–
Regenerco Renewable Energy Limited	12.5	1,261	850	2,111	43
The Street by Street Solar Programme Limited	8.6	891	736	1,627	59
Alto Prodotto Wind Limited	11.1	918	596	1,514	(40)
G.Network Communications Limited	2.7	273	1,206	1,479	218
Greenenerco Limited	28.6	849	592	1,441	(2)
DySIS Medical Limited	6.0	2,742	(1,325)	1,417	19
Sandcroft Avenue Limited (T/A Hussle)	7.0	1,273	(184)	1,089	(118)
Convertr Media Limited	6.3	992	20	1,012	5
Oviva AG	3.5	642	346	988	341
OmPrompt Holdings Limited	10.7	994	(32)	962	(8)
Beddlestead Limited	8.1	966	(5)	961	(2)
The Ewell (Harley Street) Limited	7.3	953	–	953	–
MPP Global Solutions Limited	2.9	950	–	950	–
Zift Channel Solutions Inc.	2.0	1,053	(193)	860	(321)
Koru Kids Limited	2.5	541	301	842	301
Elliptic Enterprises Limited	1.0	792	–	792	–
Black Swan Data Limited	1.6	749	–	749	–
MyMeds&Me Limited	7.6	720	(39)	681	–
Cisiv Limited	9.0	799	(185)	614	(153)
Panaseer Limited	2.3	405	156	561	–
Oxsensis Limited	4.4	717	(163)	554	90
Secured by Design Limited	1.9	280	257	537	(27)
Bravo Inns Limited	8.4	755	(221)	534	60
Locum's Nest Limited	4.8	500	(25)	475	(56)
Phrasee Limited	2.4	474	–	474	–
Avora Limited	2.4	430	–	430	–
memsstar Limited	8.8	282	108	390	14
Abcodia Limited	5.6	953	(616)	337	–
Limitless Technology Limited	2.1	320	–	320	–
Arecor Limited	1.5	290	–	290	–
AVESI Limited	5.5	179	87	266	4
Clear Review Limited	2.0	256	–	256	–
InCrowd Sports Limited	2.7	231	22	253	–
Aridhia Informatics Limited	6.4	1,244	(1,035)	209	(294)
Innovation Broking Group Limited	8.4	84	108	192	24
Mi-Pay Group PLC	5.8	1,504	(1,333)	171	(118)
ePatient Network Limited (T/A Raremark)	1.7	160	–	160	–
uMotif Limited	1.3	210	(63)	147	(63)
Imandra Inc.	1.3	121	–	121	–
Healios Limited	0.9	100	–	100	–

# Portfolio of investments continued

	% voting rights	As at 30 September 2019			Change in value for the period* £'000
		Cost £'000	Cumulative movement in value £'000	Value £'000	
<b>Fixed asset investments</b>					
Forward Clinical Limited	1.8	190	(95)	95	(95)
MHS 1 Limited	1.2	83	(1)	82	–
Symetrica Limited	0.2	47	–	47	–
<b>Total fixed asset investments</b>		<b>40,783</b>	<b>21,833</b>	<b>62,616</b>	<b>3,260</b>

	As at 30 September 2019			Change in value for the period* £'000
	Cost £'000	Cumulative movement in value £'000	Value £'000	
<b>Current asset investments</b>				
SVS Albion OLIM UK Equity Income Fund	4,990	(42)	4,948	115
<b>Total current asset investments</b>	<b>4,990</b>	<b>(42)</b>	<b>4,948</b>	<b>115</b>

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

Investment realisations in the period to 30 September 2019	Cost £'000	Opening carrying value £'000	Disposal proceeds £'000	Total realised gain £'000	Gain/(loss) on opening value £'000
<b>Disposals:</b>					
Earnside Energy Limited	1,394	1,853	1,675	281	(178)
<b>Loan stock repayments and other:</b>					
G.Network Communications Limited	577	577	577	–	–
Greenenerco Limited	27	38	38	11	–
Alto Prodotto Wind Limited	23	34	34	11	–
memsstar Limited	16	16	16	–	–
Escrow adjustments**	–	–	439	439	439
<b>Total fixed asset realisations</b>	<b>2,037</b>	<b>2,518</b>	<b>2,779</b>	<b>742</b>	<b>261</b>

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

<b>Total change in value of investments for the period</b>	<b>3,260</b>
Movement in loan stock accrued interest	224
<b>Unrealised gains on fixed asset investments</b>	<b>3,484</b>
Realised gains on fixed asset investments	261
Unrealised gains on current asset investments	115
<b>Total gains on investments as per Income statement</b>	<b>3,860</b>

# Condensed income statement

	Note	Unaudited six months ended 30 September 2019			Unaudited six months ended 30 September 2018			Audited year ended 31 March 2019		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains on investments	3	–	3,860	3,860	–	4,265	4,265	–	10,408	10,408
Investment income	4	659	–	659	434	–	434	992	–	992
Investment management fee	5	(220)	(661)	(881)	(195)	(586)	(781)	(398)	(1,195)	(1,593)
Performance incentive fee	5	(105)	(314)	(419)	(125)	(375)	(500)	(333)	(999)	(1,332)
Other expenses		(138)	–	(138)	(128)	–	(128)	(263)	–	(263)
<b>Return/(loss) on ordinary activities before taxation</b>		<b>196</b>	<b>2,885</b>	<b>3,081</b>	<b>(14)</b>	<b>3,304</b>	<b>3,290</b>	<b>(2)</b>	<b>8,214</b>	<b>8,212</b>
Tax on ordinary activities		–	–	–	–	–	–	–	–	–
<b>Return/(loss) and total comprehensive income attributable to shareholders</b>		<b>196</b>	<b>2,885</b>	<b>3,081</b>	<b>(14)</b>	<b>3,304</b>	<b>3,290</b>	<b>(2)</b>	<b>8,214</b>	<b>8,212</b>
<b>Basic and diluted return/(loss) per share (pence)*</b>	7	<b>0.31</b>	<b>4.52</b>	<b>4.83</b>	<b>(0.02)</b>	<b>5.77</b>	<b>5.75</b>	<b>(0.01)</b>	<b>14.35</b>	<b>14.34</b>

\*adjusting for treasury shares

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

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 September 2019 £'000	Unaudited 30 September 2018 £'000	Audited 31 March 2019 £'000
<b>Fixed asset investments</b>	<b>62,616</b>	50,987	59,146
<b>Current assets</b>			
Current asset investments	4,948	2,560	3,642
Trade and other receivables less than one year	2,681	1,256	1,974
Cash and cash equivalents	6,947	10,401	4,441
	<b>14,576</b>	14,217	10,057
<b>Total assets</b>	<b>77,192</b>	65,204	69,203
<b>Payables: amounts falling due within one year</b>			
Trade and other payables less than one year	(988)	(945)	(1,815)
<b>Total assets less current liabilities</b>	<b>76,204</b>	64,259	67,388
<b>Equity attributable to equity holders</b>			
Called up share capital	8	720	648
Share premium		38,285	29,996
Capital redemption reserve		104	104
Unrealised capital reserve		21,789	13,101
Realised capital reserve		7,857	8,750
Other distributable reserve		7,449	11,660
<b>Total equity shareholders' funds</b>		<b>76,204</b>	64,259
<b>Basic and diluted net asset value per share (pence)*</b>		<b>119.42</b>	112.12
			117.76

\*excluding treasury shares

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

The accompanying notes on pages 15 to 20 form an integral part of this Half-yearly Financial Report.

These Financial Statements were approved by the Board of Directors, and authorised for issue on 4 December 2019 and were signed on its behalf by

**Maxwell Packe**

Chairman

Company number: 05990732

# 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 April 2019</b>	650	30,255	104	18,672	8,089	9,618	67,388
Return/(loss) and total comprehensive income for the period	-	-	-	3,599	(714)	196	3,081
Transfer of previously unrealised gains on disposal of investments	-	-	-	(482)	482	-	-
Issue of equity	70	8,229	-	-	-	-	8,299
Cost of issue of equity	-	(199)	-	-	-	-	(199)
Purchase of own shares for treasury	-	-	-	-	-	(454)	(454)
Dividends paid	-	-	-	-	-	(1,911)	(1,911)
<b>As at 30 September 2019</b>	720	38,285	104	21,789	7,857	7,449	76,204
<b>As at 1 April 2018</b>	638	28,945	104	17,657	890	13,637	61,871
Return/(loss) and total comprehensive income for the period	-	-	-	4,071	(767)	(14)	3,290
Transfer of previously unrealised gains on disposal of investments	-	-	-	(8,627)	8,627	-	-
Issue of equity	10	1,072	-	-	-	-	1,082
Cost of issue of equity	-	(21)	-	-	-	-	(21)
Purchase of own shares for treasury	-	-	-	-	-	(247)	(247)
Dividends paid	-	-	-	-	-	(1,716)	(1,716)
<b>As at 30 September 2018</b>	648	29,996	104	13,101	8,750	11,660	64,259
<b>As at 1 April 2018</b>	638	28,945	104	17,657	890	13,637	61,871
Return/(loss) and total comprehensive income for the year	-	-	-	9,835	(1,621)	(2)	8,212
Transfer of previously unrealised gains on disposal of investments	-	-	-	(8,820)	8,820	-	-
Issue of equity	12	1,333	-	-	-	-	1,345
Cost of issue of equity	-	(23)	-	-	-	-	(23)
Purchase of own shares for treasury	-	-	-	-	-	(585)	(585)
Dividends paid	-	-	-	-	-	(3,432)	(3,432)
<b>As at 31 March 2019</b>	650	30,255	104	18,672	8,089	9,618	67,388

\*These reserves amount to £15,306,000 (30 September 2018: £20,410,000; 31 March 2019: £17,707,000) which is considered distributable.

# Condensed statement of cash flows

	Unaudited six months ended 30 September 2019 £'000	Unaudited six months ended 30 September 2018 £'000	Audited year ended 31 March 2019 £'000
<b>Cash flow from operating activities</b>			
Investment income received	735	361	773
Dividend income received	106	47	170
Deposit interest received	27	20	38
Investment management fee paid	(832)	(769)	(1,568)
Performance incentive fee paid	(1,332)	(1,100)	(1,100)
Other cash payments	(160)	(158)	(261)
UK corporation tax paid	–	–	–
<b>Net cash flow from operating activities</b>	<b>(1,456)</b>	<b>(1,599)</b>	<b>(1,948)</b>
<b>Cash flow from investing activities</b>			
Purchase of current asset investments	(1,190)	(1,400)	(2,600)
Purchase of fixed asset investments	(2,978)	(4,016)	(6,824)
Disposal of fixed asset investments	2,340	8,559	8,748
<b>Net cash flow from investing activities</b>	<b>(1,828)</b>	<b>3,143</b>	<b>(676)</b>
<b>Cash flow from financing activities</b>			
Issue of share capital	7,807	793	793
Cost of issue of equity	(2)	(2)	(3)
Dividends paid	(1,603)	(1,447)	(2,900)
Purchase of own shares (including costs)	(412)	(247)	(585)
<b>Net cash flow from financing activities</b>	<b>5,790</b>	<b>(903)</b>	<b>(2,695)</b>
<b>Increase/(decrease) in cash and cash equivalents</b>	<b>2,506</b>	<b>641</b>	<b>(5,319)</b>
Cash and cash equivalents at start of the period	4,441	9,760	9,760
<b>Cash and cash equivalents at end of the period</b>	<b>6,947</b>	<b>10,401</b>	<b>4,441</b>
<b>Cash and cash equivalents comprise</b>			
Cash at bank	6,947	10,401	4,441
Cash equivalents	–	–	–
<b>Total cash and cash equivalents</b>	<b>6,947</b>	<b>10,401</b>	<b>4,441</b>



# Notes to the condensed Financial Statements

## 1. Accounting convention

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

The preparation of the Financial Statements requires management to make judgements and estimates that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The most critical estimates and judgements relate to the determination of carrying value of investments at fair value through profit and loss ("FVTPL"). The Company values investments by following the International Private Equity and Venture Capital Valuation ("IPEV") Guidelines and further detail on the valuation techniques used are outlined in note 2 below.

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

Company information can be found on page 2.

## 2. Accounting policies

### Fixed 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, including liquid open-ended equity funds, are valued at their bid prices at the end of the accounting period or otherwise at fair value based on published price quotations;
- Unquoted investments, where there is not an active market, are valued using an appropriate valuation technique in accordance with the IPEV Guidelines. Indicators of fair value are derived using established methodologies including earnings multiples, the level of third party offers received, cost or price of recent investment rounds, net assets and industry valuation benchmarks. Where the Company has an investment in an early stage enterprise, the price of a recent investment is often the most appropriate approach to determining fair value.
- 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.

# Notes to the condensed Financial Statements *continued*

## 2. Accounting policies (continued)

### Other current assets and payables

Receivables, payables and cash are carried at amortised cost, in accordance with FRS 102. There are no financial liabilities other than payables.

### Investment income

#### *Equity income*

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

#### *Unquoted loan stock*

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

#### *Bank interest income*

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

### Investment management fee, performance incentive fee and other expenses

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

- 75 per cent. of management fees and performance incentive fees are allocated to the capital account to the extent that these relate to an enhancement in the value of investments. 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.

### Reserves

#### *Share premium*

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

#### *Capital redemption reserve*

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

#### *Unrealised capital reserve*

Increases and decreases in the valuation of investments held at the 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 by capital.

#### *Other distributable reserve*

The special reserve, treasury share reserve and the revenue reserve were combined in 2013 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 buyback 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 equity and debt. The Company invests in smaller companies principally based in the UK.

# Notes to the condensed Financial Statements continued

## 3. Gains on investments

	Unaudited six months ended 30 September 2019 £'000	Unaudited six months ended 30 September 2018 £'000	Audited year ended 31 March 2019 £'000
Unrealised gains on fixed asset investments	3,484	4,038	9,919
Unrealised gains/(losses) on current asset investments	115	33	(84)
Realised gains on fixed asset investments	261	194	573
	<u>3,860</u>	<u>4,265</u>	<u>10,408</u>

## 4. Investment income

	Unaudited six months ended 30 September 2019 £'000	Unaudited six months ended 30 September 2018 £'000	Audited year ended 31 March 2019 £'000
Interest from loans to portfolio companies	526	367	785
Dividends	106	47	170
Bank deposit interest	27	20	37
	<u>659</u>	<u>434</u>	<u>992</u>

## 5. Investment management fee and performance incentive fee

	Unaudited six months ended 30 September 2019 £'000	Unaudited six months ended 30 September 2018 £'000	Audited year ended 31 March 2019 £'000
Investment management fee charged to revenue	220	195	398
Investment management fee charged to capital	661	586	1,195
Performance incentive fee charged to revenue	105	125	333
Performance incentive fee charged to capital	314	375	999
	<u>1,300</u>	<u>1,281</u>	<u>2,925</u>

Further details of the Management agreement under which the investment management fee and performance incentive fee are paid is given in the Strategic report on pages 11 and 12 of the Annual Report and Financial Statements for the year ended 31 March 2019.

During the period, services of a total value of £881,000 (30 September 2018: £781,000; 31 March 2019: £1,593,000) 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 disclosed within payables was £460,000 (30 September 2018: £397,000; 31 March 2019: £410,000). For the period to 30 September 2019, a performance incentive fee of £419,000 has been accrued (30 September 2018: £500,000; 31 March 2019: £1,332,000).

The new management arrangements and reduction in total expenses cap detailed in the Interim management report are with effect from 1 October 2019. As Albion is the investment manager of the Company, it is a related party of the Company under the Listing Rules, and therefore this variation to the investment management arrangements is a transaction to which Listing Rule 11.1.10R applies.

# Notes to the condensed Financial Statements continued

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

Patrick Reeve is the Chairman of the Manager, Albion Capital Group LLP. From 30 June 2018, Patrick Reeve agreed to waive his fees for his services as a Director. During the period, the Company was not charged in respect of Patrick Reeve's services as a Director (30 September 2018: £6,000; 31 March 2019: £6,000). At the financial period end, the amount due to Albion Capital Group LLP in respect of these services disclosed as payables was £nil (30 September 2018: £nil; 31 March 2019: £nil).

Albion Capital Group LLP, its partners and staff (including Patrick Reeve) hold a total of 391,087 shares in the Company as at 30 September 2019.

Albion Capital Group LLP is, from time to time, eligible to receive arrangement fees and monitoring fees from portfolio companies. During the period to 30 September 2019, fees of £103,000 attributable to the investments of the Company were received pursuant to these arrangements (30 September 2018: £112,000; 31 March 2019: £201,000).

The Company entered into an offer agreement relating to the Offers which were open in the period with the Company's investment manager Albion Capital Group LLP, pursuant to which Albion Capital receives a fee of 2.5 per cent. of the gross proceeds of the Offers, and out of which Albion Capital will pay the costs of the Offers. Details of the current Offer are in the Prospectus.

During the period, an amount of £1,190,000 (30 September 2018: £1,400,000; 31 March 2019: £2,600,000) was invested in the SVS Albion OLIM UK Equity Income Fund ("OUEIF") as part of the Company's management of surplus liquid funds. To avoid double charging, Albion Capital agreed to reduce its management fee relating to the investment in the OUEIF by 0.75 per cent., which represents the OUEIF management fee charged by OLIM. This resulted in a reduction of the management fee of £16,100 (30 September 2018: £7,400; 31 March 2019: £18,000).

## 6. Dividends

	Unaudited six months ended 30 September 2019 £'000	Unaudited six months ended 30 September 2018 £'000	Audited year ended 31 March 2019 £'000
Dividend of 3.00p per share paid on 31 August 2018	–	1,716	1,716
Dividend of 3.00p per share paid on 28 February 2019	–	–	1,716
Dividend of 3.00p per share paid on 30 August 2019	1,911	–	–
	<b>1,911</b>	<b>1,716</b>	<b>3,432</b>

In addition to the dividends summarised above, the Board has declared a second dividend for the year ending 31 March 2020 of 3.00 pence per share which will be paid on 28 February 2020 to shareholders on the register on 7 February 2020. This is expected to amount to approximately £1,914,000.

## 7. Basic and diluted return per share

	Unaudited six months ended 30 September 2019			Unaudited six months ended 30 September 2018			Audited year ended 31 March 2019		
	Revenue	Capital	Total	Revenue	Capital	Total	Revenue	Capital	Total
Return/(loss) attributable to equity shares (£'000)	196	2,885	3,081	(14)	3,304	3,290	(2)	8,214	8,212
Weighted average shares in issue (adjusting for treasury shares)	63,802,980			57,255,901			57,257,089		
Return/(loss) attributable per Ordinary share (pence) (basic and diluted)	0.31	4.52	4.83	(0.02)	5.77	5.75	(0.01)	14.35	14.34

# Notes to the condensed Financial Statements continued

## 7. Basic and diluted return per share (continued)

The weighted average number of shares is calculated after adjusting for treasury shares of 8,231,443 (30 September 2018: 7,509,443; 31 March 2019: 7,821,443).

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

## 8. Called up share capital

Allotted, called up and fully paid shares of 1 penny each	Unaudited 30 September 2019	Unaudited 30 September 2018	Audited 31 March 2019
Number of shares	72,041,984	64,821,000	65,047,503
Nominal value of allotted shares (£'000)	720	648	650
Voting rights (number of shares net of treasury shares)	63,810,541	57,311,557	57,226,060

In the six months to 30 September 2019, the Company purchased 410,000 shares (30 September 2018: 239,000; 31 March 2019: 551,000) to be held in treasury at a nominal value of £4,100 and at a cost of £454,000 (30 September 2018: £247,000; 31 March 2019: £585,000), representing 0.6 per cent. of the shares in issue (excluding treasury shares) as at 30 September 2019.

The Company holds a total of 8,231,443 shares (30 September 2018: 7,509,443; 31 March 2019: 7,821,443) in treasury representing 11.4 per cent. of the shares in issue as at 30 September 2019.

Under the terms of the Dividend Reinvestment Scheme Circular (dated 26 November 2009), the following new Ordinary shares of nominal value 1 penny each were allotted during the period to 30 September 2019:

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 August 2019	265,920	3	115.42	292	109.00

Under the terms of the Albion VCTs Prospectus Top Up Offers 2018/19, the following new Ordinary shares of nominal value 1 penny each were allotted during the period to 30 September 2019:

Date of allotment	Number of shares allotted	Aggregate nominal value of shares (£'000)	Issue price (pence per share)	Net consideration received (£'000)	Opening market price on allotment date (pence per share)
1 April 2019	4,839,369	48	119.00	5,615	110.00
1 April 2019	1,028,359	10	117.80	1,193	110.00
1 April 2019	218,561	2	118.40	254	110.00
5 April 2019	214,463	2	119.00	249	110.00
12 April 2019	281,572	3	119.00	327	110.00
12 April 2019	143,535	1	117.80	166	110.00
12 April 2019	2,702	–	118.40	3	110.00
	<b>6,728,561</b>	<b>67</b>		<b>7,807</b>	

# Notes to the condensed Financial Statements continued

## 9. Commitments and contingencies

As at 30 September 2019, the Company had no financial commitments in respect of investments (30 September 2018: £58,000; 31 March 2019: £nil).

There were no contingencies or guarantees of the Company as at 30 September 2019 (30 September 2018: £nil; 31 March 2019: £nil).

## 10. Post balance sheet events

The following are the post balance sheet events since 30 September 2019:

- Following a restructuring of Radnor House School (Holdings) Limited, Radnor House Twickenham was sold generating proceeds of £4.4 million;
- Disposal of Process Systems Enterprise Limited for £4.1 million;
- Disposal of Bravo Inns Limited and Bravo Inns II Limited generating combined proceeds of £3.9 million;
- Investment of £696,000 into Cantab Research Limited (trading as Speechmatics);
- Investment of £268,000 into InCrowd Sports Limited;
- Investment of £170,000 into Healios Limited;
- Investment of £107,000 into Oviva AG;
- Investment of £105,000 into uMotif Limited; and
- Investment of £96,000 into Sandcroft Avenue Limited (trading as Hussle).

The Company announced on 22 October 2019 that it has launched a Prospectus Top Up Offer to raise up to £6 million before issue costs, with a further over-allotment facility of £2 million, of new Ordinary shares for subscription in the 2019/20 and 2020/21 tax years. Full details of the offer are contained in a Prospectus that was published on the same date on the Manager's website at [www.albion.capital/investor-centre/current-offers](http://www.albion.capital/investor-centre/current-offers).

## 11. Related party transactions

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

## 12. Going concern

The Board's assessment of liquidity risk remains unchanged since the last Annual Report and Financial Statements for the year ended 31 March 2019, and is detailed on pages 61 and 62 of those accounts. The Company has adequate cash and liquid resources and has no borrowing. The portfolio of investments is diversified in terms of sector, and the major cash outflows of the Company (namely investments, share buy-backs and dividends) are within the Company's control. Accordingly, after making diligent enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, the Directors have adopted the going concern basis in preparing this Half-yearly Financial Report and this is in accordance with the Guidance on Risk Management, Internal Control and Related Financial and Business Reporting issued by the Financial Reporting Council in September 2014.

## 13. Other information

The information set out in this Half-yearly Financial Report does not constitute the Company's statutory accounts within the terms of section 434 of the Companies Act 2006 for the periods ended 30 September 2019 and 30 September 2018, and is unaudited. The information for the year ended 31 March 2019 does not constitute statutory accounts within the terms of section 434 of the Companies Act 2006 but is derived from the 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 statements under s498 (2) or (3) of the Companies Act 2006.

## 14. Publication

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





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