

# Albion Development VCT PLC



Half-yearly Financial Report  
(unaudited) for the  
six months to 30 June 2020



**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>	03654040
<b>Directors</b>	B Larkin LLB (Chairman) L M Goleby MA (Cantab) Lord O'Shaughnessy MA (Oxon) P H Reeve MA (Oxon) FCA
<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>Corporate broker</b>	Panmure Gordon (UK) Limited One New Change London, EC4M 9AF
<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 Development VCT PLC is a member of The Association of Investment Companies ([www.theaic.co.uk](http://www.theaic.co.uk)).

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## Shareholder information

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

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

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

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

## Financial adviser information

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

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

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

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

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

# Investment policy

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## Investment policy

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

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

## Risk diversification and maximum exposures

Risk is spread by investing in a number of different businesses within venture capital trust qualifying industry sectors using a mixture of securities. The maximum amount which the Company will invest in a single portfolio company is 15 per cent. of the Company's assets at cost thus ensuring a spread of investment risk. The value of an individual investment may increase over time as a result of trading progress and it is possible that it may grow in value to a point where it represents a significantly higher proportion of total assets prior to a realisation opportunity being available.

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

# Background to the Company

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

An additional £45.2 million has been raised for the Ordinary shares through the Albion VCTs Top Up Offers since 2011.

## Financial calendar

Record date for second dividend for the year	11 September 2020
Payment date for second dividend for the year	30 September 2020
Financial year end	31 December



# Financial summary

Ordinary shares	Unaudited six months ended 30 June 2020 (pence per share)	Unaudited six months ended 30 June 2019 (pence per share)	Audited year ended 31 December 2019 (pence per share)
Opening net asset value	83.47	84.70	84.70
Capital (loss)/return	(2.03)	2.64	2.55
Revenue return	<u>0.08</u>	<u>0.28</u>	<u>0.73</u>
Total (loss)/return	(1.95)	2.92	3.28
Impact from share capital movements	0.03	(0.09)	(0.01)
Dividends paid	<u>(2.25)</u>	<u>(2.25)</u>	<u>(4.50)</u>
Net asset value	<b>79.30</b>	85.28	83.47

## Total shareholder value to 30 June 2020

Ordinary shares (pence per share)

Total dividends paid during the period ended:

31 December 1999	1.00
31 December 2000	2.90
31 December 2001	3.95
31 December 2002	4.20
31 December 2003	4.50
31 December 2004	4.00
31 December 2005	5.20
31 December 2006	3.00
31 December 2007	5.00
31 December 2008	12.00
31 December 2009	4.00
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	4.50
30 June 2020	2.25

## Total dividends paid to 30 June 2020

**102.50**

Net asset value as at 30 June 2020

79.30

## Total shareholder value to 30 June 2020

**181.80**

The financial summary above is for the Company, Albion Development VCT PLC Ordinary shares only. Details of the financial performance of the C shares and D shares, which have been merged into the Ordinary shares, can be found at [www.albion.capital/funds/AADV](http://www.albion.capital/funds/AADV) under the 'Financial summary for previous funds' section.

**In addition to the dividends summarised above, the Board has declared a second dividend for the year ending 31 December 2020, of 1.99 pence per Ordinary share to be paid on 30 September 2020 to shareholders on the register on 11 September 2020. The details of the new dividend policy can be found in the Interim Management Report on page 5.**

### Notes

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

# Interim management report

## Introduction

Since the announcement of our year end results to 31 December 2019, we have entered a global health and economic crisis due to the coronavirus (Covid-19) pandemic, and unsurprisingly our portfolio has been affected. However, the Board has been in close contact with the Manager and has undergone a rigorous and robust revaluation process to quantify the effect of the coronavirus (Covid-19) pandemic on the portfolio.

## Valuations and results

The net effect of the Board's portfolio valuation exercise has been an overall loss on investments of £1.3 million for the six months to 30 June 2020.

I am pleased to report that there have been some uplifts to portfolio companies during this time, showing the resilience of our portfolio and some of the businesses we have backed. There was a £2.6 million uplift in the valuation of Quantexa, following a £50 million externally led fundraising, and a £0.9 million uplift in the valuation of Proveca, due to strong sales of its product Sialanar across Europe.

Unfortunately, two of our portfolio companies have been particularly hard hit by Covid-19, which has resulted in corresponding declines in their value. These are Mirada Medical, a medical imaging software company which uses deep learning to help clinicians plan radiation treatment, which saw a reduction of £1.5 million in the period, and Sandcroft Avenue (trading as Hussle), a provider of flexible gym memberships to thousands of venues across the UK, whose value declined by £1.1 million. Our investment in the SVS Albion OLIM UK Equity Income Fund declined by £1.0 million due to the impact of Covid-19 on quoted markets.

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

This has resulted in a total loss for the six months to 30 June 2020 of 1.95 pence per share (2.34% loss on opening net asset value) compared to a positive total return of 2.92 pence per share for the same period in the previous year.

The net asset value per share has fallen to 79.30 pence (30 June 2019: 85.28 pence; 31 December 2019: 83.47 pence) following the loss during the period and the payment of a 2.25 pence per share dividend on 29 May 2020.

## New dividend policy

The Board is aware of the importance of dividends to shareholders and it remains its intention to continue to pay regular dividends, as far as liquidity permits. Given the uncertainty that the current pandemic has created and the volatile nature of investing in small unquoted growth businesses, the Board considers it appropriate to move to a variable dividend policy targeting an annual dividend yield of around 5%. Semi-annual dividends will be paid calculated as 2.5% of the most recently announced net asset value when the dividend is declared (in most cases this will be the net asset value announced in the Half-yearly Financial Report or in the Annual Report and Financial Statements). This has the advantage of avoiding unsustainably high dividends if the net asset value falls, whilst rewarding shareholders more immediately if the net asset value rises.

As a result, the Company will pay a second dividend for the financial year ending 31 December 2020 of 1.99 pence per share on 30 September 2020 to shareholders on the register on 11 September 2020.

## Investment activity

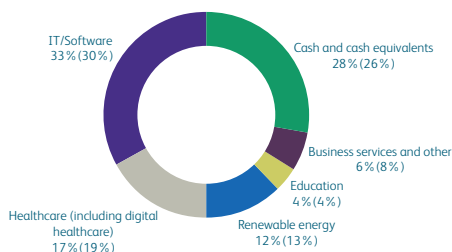
During the period the Company has invested £1.6 million of cash into new and existing portfolio companies, with new investments comprising:

- £575,000 into Concirrus (a software provider bringing real-time behavioural data analytics to the marine and transport insurance industries);
- £344,000 into Credit Kudos (a challenger credit bureau helping lenders optimise and automate their affordability and risk assessments); and
- £207,000 into TransFICC (a provider of a connectivity solution, connecting financial institutions with trading venues via a single API).

# Interim management report continued

Following the period end, the Company has invested a further £2.6 million into new and existing companies, the largest being £1.4 million into Quantexa. Further details of post balance sheet events can be found in note 10.

## Investment portfolio by sector



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

## Corporate broker and share buy-backs

The Board was pleased to announce on 17 June 2020 the appointment of Panmure Gordon (UK) Limited as corporate broker.

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

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

## Transactions with the Manager

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

## Risks and uncertainties

The wide reaching implications arising from the Covid-19 crisis is the key risk facing the Company, including its impact on the UK and Global economies and recent turmoil in the quoted market. There are also the 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.

Other principal risks and uncertainties remain unchanged and are as detailed on pages 15 and 16 of the Annual Report and Financial Statements for the year ended 31 December 2019.

## Albion VCTs Top Up Offers

As announced in the Annual Report and Financial Statements for the year ended 31 December 2019, the Board was pleased to close the Offer having raised £8 million for the 2019/20 tax year.

The proceeds are continually being used to nurture our existing portfolio companies as they grow, as highlighted by our further investment into Quantexa detailed above, but also to support existing portfolio companies during the current pandemic. The proceeds raised also enable us to take advantage of new and exciting investment opportunities as they arise, and three of such are detailed above. Details on the share allotments during the period can be found in note 8.

## Prospects

Given the current uncertainty around the Covid-19 pandemic, the Board was pleased to see some large uplifts in the Company's investment portfolio during the period. The priority of the Board is to give support to the existing portfolio where it is needed, whilst also taking advantage of new business ideas which are proving resilient to the current pandemic. We believe the portfolio is well positioned to continue to provide long term growth to shareholders.

## Ben Larkin

Chairman  
3 September 2020



# Responsibility statement

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The Directors, Ben Larkin, Lyn Goleby, Lord O'Shaughnessy and Patrick Reeve, are responsible for the preparation of the Half-yearly Financial Report. In preparing these condensed Financial Statements for the period to 30 June 2020 we, the Directors of the Company, confirm that to the best of our knowledge:

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

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

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

For and on behalf of the Board

**Ben Larkin**

Chairman  
3 September 2020

# Portfolio of investments

Fixed asset investments	% voting rights	As at 30 June 2020			Change in value for the period* £'000
		Cost £'000	Cumulative movement in value £'000	Value £'000	
Egress Software Technologies Limited	6.9	2,332	4,115	6,447	–
Quantexa Limited	2.9	727	4,925	5,652	2,641
Proveca Limited	11.8	1,829	3,628	5,457	915
Radnor House School (TopCo) Limited	8.5	1,560	1,033	2,593	(130)
Chonais River Hydro Limited	4.6	1,705	660	2,365	7
The Street by Street Solar Programme Limited	12.4	1,291	1,002	2,293	(70)
Regenerco Renewable Energy Limited	11.9	1,204	759	1,963	(71)
Black Swan Data Limited	3.9	1,610	–	1,610	–
G.Network Communications Limited	2.7	273	1,206	1,479	–
Alto Prodotto Wind Limited	9.4	741	516	1,257	4
Oviva AG	3.4	1,021	160	1,181	(210)
Panaseer Limited	3.2	752	281	1,033	–
Convertr Media Limited	6.2	992	27	1,019	5
MPP Global Solutions Limited	3.0	1,000	–	1,000	–
OmPrompt Holdings Limited	10.7	994	(32)	962	–
Albion Investment Properties Limited	68.2	929	27	956	28
The Ewell (Harley Street) Limited	7.5	1,027	(93)	934	(93)
MyMeds&Me Limited	9.9	940	(46)	894	5
Beddlestead Limited	8.6	1,026	(270)	756	(265)
Aridhia Informatics Limited	5.8	1,129	(420)	709	559
Cantab Research Limited (T/A Speechmatics)	1.7	685	–	685	–
SBD Automotive Limited	2.2	330	339	669	27
Elliptic Enterprises Limited	0.8	639	–	639	–
Concirrus Limited	1.2	575	–	575	–
InCrowd Sports Limited	4.3	545	(12)	533	(170)
Locum's Nest Limited	5.6	550	(18)	532	10
Mirada Medical Limited	7.7	909	(396)	513	(1,545)
Clear Review Limited	3.2	409	103	512	103
Koru Kids Limited	2.1	460	48	508	(208)
AVESI Limited	10.5	340	138	478	(29)
Limitless Technology Limited	2.8	440	–	440	–
The Q Garden Company Limited	16.6	466	(49)	417	(48)
Phrasee Limited	2.0	410	–	410	–
Avora Limited	2.2	400	–	400	–
Dragon Hydro Limited	5.5	217	137	354	10
Credit Kudos Limited	1.6	344	–	344	–
uMotif Limited	1.2	300	40	340	122
ePatient Network Limited (T/A Raremark)	2.9	270	62	332	(32)
Cisiv Limited	7.7	686	(357)	329	(66)
Abcodia Limited	4.7	809	(523)	286	–
Arecor Limited	1.5	280	–	280	–
Healios Limited	0.9	270	–	270	–
DySIS Medical Limited	1.9	1,038	(815)	223	(219)
Innovation Broking Group Limited	8.4	84	134	218	30

# Portfolio of investments continued

Fixed asset investments	% voting rights	As at 30 June 2020			Change in value for the period* £'000
		Cost £'000	Cumulative movement in value £'000	Value £'000	
Greenenerco Limited	4.0	121	86	207	(1)
TransFICC Limited	1.4	207	–	207	–
MHS 1 Limited	3.3	231	(24)	207	(24)
Zift Channel Solutions Inc.	1.7	885	(715)	170	(335)
Imandra Inc.	1.7	166	–	166	–
Oxsensis Limited	1.7	274	(111)	163	(47)
Sandcroft Avenue Limited (T/A Hussle)	6.4	1,281	(1,160)	121	(1,142)
memsstar Limited	2.8	68	51	119	5
Premier Leisure (Suffolk) Limited	6.2	109	–	109	(12)
Erin Solar Limited	4.3	120	(17)	103	(12)
Forward Clinical Limited (T/A Pando)	1.8	219	(146)	73	(56)
Symetrica Limited	0.3	89	(18)	71	(13)
Mi-Pay Group PLC	3.2	22	–	22	–
Elements Software Limited	0.6	3	(3)	–	–
<b>Total fixed asset investments</b>		<b>38,333</b>	<b>14,252</b>	<b>52,585</b>	<b>(327)</b>

Current asset investments	As at 30 June 2020			Change in value for the period* £'000*
	Cost £'000	Cumulative movement in value £'000	Value £'000	
SVS Albion OLIM UK Equity Income Fund	4,990	(933)	4,057	(1,011)
<b>Total current asset investments</b>	<b>4,990</b>	<b>(933)</b>	<b>4,057</b>	<b>(1,011)</b>

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

# Portfolio of investments continued

Investment realisations in the period to 30 June 2020	Cost £'000	Opening value £'000	Disposal proceeds £'000	Total realised gain/(loss) £'000	Gain/(loss) on opening value £'000
<u>Disposals:</u>					
TWCL Limited	518	487	485	(33)	(2)
<u>Loan stock repayments and other:</u>					
Alto Prodotto Wind Limited	21	31	31	10	–
memsstar Limited	6	6	6	–	–
Greenenerco Limited	3	4	4	1	–
Escrow adjustments**	–	–	45	45	45
<b>Total</b>	<b>548</b>	<b>528</b>	<b>571</b>	<b>23</b>	<b>43</b>

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

Unrealised losses on fixed asset investments	(327)
Unrealised losses on current asset investments	(1,011)
Realised gains in the current period	43
<b>Total losses on investments as per Income statement</b>	<b>(1,295)</b>

# Condensed income statement

	Note	Unaudited six months ended 30 June 2020			Unaudited six months ended 30 June 2019			Audited year ended 31 December 2019		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
(Losses)/gains on investments	3	-	(1,295)	(1,295)	-	2,678	2,678	-	3,074	3,074
Investment income	4	403	-	403	593	-	593	1,294	-	1,294
Investment management fee	5	(186)	(558)	(744)	(172)	(515)	(687)	(357)	(1,070)	(1,427)
Performance incentive fee	5	-	-	-	(32)	(94)	(126)	-	-	-
Other expenses		(141)	-	(141)	(143)	-	(143)	(268)	-	(268)
<b>Profit/(loss) on ordinary activities before tax</b>		<b>76</b>	<b>(1,853)</b>	<b>(1,777)</b>	<b>246</b>	<b>2,069</b>	<b>2,315</b>	<b>669</b>	<b>2,004</b>	<b>2,673</b>
Tax (charge)/credit on ordinary activities		(2)	2	-	(21)	21	-	(76)	76	-
<b>Profit/(loss) and total comprehensive income attributable to shareholders</b>		<b>74</b>	<b>(1,851)</b>	<b>(1,777)</b>	<b>225</b>	<b>2,090</b>	<b>2,315</b>	<b>593</b>	<b>2,080</b>	<b>2,673</b>
<b>Basic and diluted return/(loss) per share (pence)*</b>	7	<b>0.08</b>	<b>(2.03)</b>	<b>(1.95)</b>	<b>0.28</b>	<b>2.64</b>	<b>2.92</b>	<b>0.73</b>	<b>2.55</b>	<b>3.28</b>

\* adjusted for treasury shares

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

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

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 2020 £'000	Unaudited 30 June 2019 £'000	Audited 31 December 2019 £'000
<b>Fixed asset investments</b>		<b>52,585</b>	56,233	51,406
<b>Current assets</b>				
Current asset investments		4,057	2,603	3,878
Trade and other receivables less than one year		177	1,403	304
Cash and cash equivalents		17,074	11,753	14,529
		<b>21,308</b>	15,759	18,711
<b>Total assets</b>		<b>73,893</b>	71,992	70,117
<b>Payables: amounts falling due within one year</b>				
Trade and other payables less than one year		(446)	(545)	(434)
<b>Total assets less current liabilities</b>		<b>73,447</b>	71,447	69,683
<b>Equity attributable to equity holders</b>				
Called up share capital	8	1,036	934	938
Share premium		44,687	36,418	36,712
Capital redemption reserve		12	12	12
Unrealised capital reserve		13,383	18,320	14,702
Realised capital reserve		14,619	11,543	15,151
Other distributable reserve		(290)	4,220	2,168
<b>Total equity shareholders' funds</b>		<b>73,447</b>	71,447	69,683
<b>Basic and diluted net asset value per share (pence)*</b>		<b>79.30</b>	85.28	83.47

\*excluding treasury shares

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

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

These Financial Statements were approved by the Board of Directors and authorised for issue on 3 September 2020, and were signed on its behalf by

**Ben Larkin**  
Chairman  
Company number: 03654040



# Condensed statement of changes in equity

	Called up share capital £'000	Share premium £'000	Capital redemption reserve £'000	Unrealised capital reserve £'000	Realised capital reserve* £'000	Other distributable reserve* £'000	Total £'000
<b>As at 1 January 2020</b>	<b>938</b>	<b>36,712</b>	<b>12</b>	<b>14,702</b>	<b>15,151</b>	<b>2,168</b>	<b>69,683</b>
Profit/(loss) and total comprehensive income for the period	-	-	-	(1,338)	(513)	74	(1,777)
Transfer of previously unrealised losses on disposal of investments	-	-	-	19	(19)	-	-
Purchase of shares for treasury	-	-	-	-	-	(456)	(456)
Issue of equity	98	8,172	-	-	-	-	8,270
Cost of issue of equity	-	(197)	-	-	-	-	(197)
Dividends paid	-	-	-	-	-	(2,076)	(2,076)
<b>As at 30 June 2020</b>	<b>1,036</b>	<b>44,687</b>	<b>12</b>	<b>13,383</b>	<b>14,619</b>	<b>(290)</b>	<b>73,447</b>
<b>As at 1 January 2019</b>	<b>839</b>	<b>28,406</b>	<b>12</b>	<b>16,234</b>	<b>11,539</b>	<b>6,348</b>	<b>63,378</b>
Profit/(loss) and total comprehensive income for the period	-	-	-	2,510	(420)	225	2,315
Transfer of previously unrealised gains on disposal of investments	-	-	-	(424)	424	-	-
Purchase of shares for treasury	-	-	-	-	-	(473)	(473)
Issue of equity	95	8,211	-	-	-	-	8,306
Cost of issue of equity	-	(199)	-	-	-	-	(199)
Dividends paid	-	-	-	-	-	(1,880)	(1,880)
<b>As at 30 June 2019</b>	<b>934</b>	<b>36,418</b>	<b>12</b>	<b>18,320</b>	<b>11,543</b>	<b>4,220</b>	<b>71,447</b>
<b>As at 1 January 2019</b>	<b>839</b>	<b>28,406</b>	<b>12</b>	<b>16,234</b>	<b>11,539</b>	<b>6,348</b>	<b>63,378</b>
Profit and total comprehensive income for the period	-	-	-	1,667	413	593	2,673
Transfer of unrealised gains on disposal of investments	-	-	-	(3,199)	3,199	-	-
Purchase of shares for treasury	-	-	-	-	-	(1,013)	(1,013)
Issue of equity	99	8,521	-	-	-	-	8,620
Cost of issue of equity	-	(215)	-	-	-	-	(215)
Dividends paid	-	-	-	-	-	(3,760)	(3,760)
<b>As at 31 December 2019</b>	<b>938</b>	<b>36,712</b>	<b>12</b>	<b>14,702</b>	<b>15,151</b>	<b>2,168</b>	<b>69,683</b>

\*These reserves amount to £14,329,000 (30 June 2019: £15,763,000; 31 December 2019: £17,319,000) which is considered distributable.

# Condensed statement of cash flows

	Unaudited six months ended 30 June 2020 £'000	Unaudited six months ended 30 June 2019 £'000	Audited year ended 31 December 2019 £'000
<b>Cash flow from operating activities</b>			
Loan stock income received	301	588	1,131
Deposit interest received	34	24	49
Dividend income received	141	104	151
Investment management fee paid	(716)	(708)	(1,435)
Performance incentive fee paid	–	(420)	(420)
Other cash payments	(154)	(145)	(253)
Corporation tax paid	–	–	–
<b>Net cash flow from operating activities</b>	<b>(394)</b>	<b>(557)</b>	<b>(777)</b>
<b>Cash flow from investing activities</b>			
Purchase of current asset investments	(1,190)	(1,200)	(2,400)
Purchase of fixed asset investments	(1,614)	(2,832)	(5,675)
Disposal of fixed asset investments	196	1,382	10,560
<b>Net cash flow from investing activities</b>	<b>(2,608)</b>	<b>(2,650)</b>	<b>2,485</b>
<b>Cash flow from financing activities</b>			
Issue of share capital	7,738	7,807	7,807
Cost of issue of shares	(16)	(2)	(30)
Equity dividends paid	(1,719)	(1,561)	(3,132)
Purchase of own shares (including costs)	(456)	(473)	(1,013)
<b>Net cash flow from financing activities</b>	<b>5,547</b>	<b>5,771</b>	<b>3,632</b>
<b>Increase in cash and cash equivalents</b>	<b>2,545</b>	<b>2,564</b>	<b>5,340</b>
Cash and cash equivalents at start of period	14,529	9,189	9,189
<b>Cash and cash equivalents at end of period</b>	<b>17,074</b>	<b>11,753</b>	<b>14,529</b>

# Notes to the condensed Financial Statements

## 1. Basis of accounting

The condensed Financial Statements have been prepared in accordance with the historical cost convention, modified to include the revaluation of investments, in accordance with applicable United Kingdom law and accounting standards, including Financial Reporting Standard 102 ("FRS 102"), Financial Reporting Standard 104 – Interim Financial Reporting ("FRS 104"), and with the Statement of Recommended Practice "Financial Statements of Investment Trust Companies and Venture Capital Trusts" ("SORP") issued by The Association of Investment Companies ("AIC"). The 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"). The Company values investments by following the International Private Equity and Venture Capital Valuation ("IPEV") Guidelines as issued in 2018 and further detail on the valuation techniques used are 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, the 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 are designated 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 price of recent investment is used as a starting point for estimating fair value at subsequent measurement dates, this has been benchmarked using an appropriate valuation technique permitted by the IPEV guidelines.
- In situations where cost or price of recent investment is used, consideration is given to the circumstances of the portfolio company since that date in determining fair value. This includes consideration of whether there is any evidence of deterioration or strong definable evidence of an increase in value. In the absence of these indicators, the investment in question is valued at the amount reported at the previous reporting date. Examples of events or changes that could indicate a diminution include:
  - the performance and/or prospects of the underlying business are significantly below the expectations on which the investment was based;
  - a significant adverse change either in the portfolio company's business or in the technological, market, economic, legal or regulatory environment in which the business operates; or
  - market conditions have deteriorated, which may be indicated by a fall in the share prices of quoted businesses operating in the same or related sectors.

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

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

# Notes to the condensed Financial Statements 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 creditors.

## 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 expect settlement is established. Where interest is rolled up and/or payable at redemption then it is recognised as income unless there is reasonable doubt as to its receipt.

### Bank interest income

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

## Investment management fees, performance incentive fees and 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 the 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 (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.

### 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 the movements from the revenue column of the Income statement, the payment of dividends, the buy-back of shares and other non-capital realised movements.

## Dividends

Dividends by the Company are accounted for in the period in which the dividend is paid or approved at the Annual General Meeting.

## Segmental reporting

The Directors are of the opinion that the Company is engaged in a single operating segment of business, being investment in equity and debt. The Company invests in smaller companies principally based in the UK.

# Notes to the condensed Financial Statements continued

## 3. (Losses)/gains on investments

	Unaudited six months ended 30 June 2020 £'000	Unaudited six months ended 30 June 2019 £'000	Audited year ended 31 December 2019 £'000
Unrealised (losses)/gains on fixed asset investments	(327)	2,350	1,431
Unrealised (losses)/gains on current asset investments	(1,011)	160	236
Realised gains on fixed asset investments	43	168	1,407
	<b>(1,295)</b>	<b>2,678</b>	<b>3,074</b>

## 4. Investment income

	Unaudited six months ended 30 June 2020 £'000	Unaudited six months ended 30 June 2019 £'000	Audited year ended 31 December 2019 £'000
Loan stock interest and other fixed returns	302	435	977
UK dividend income	68	134	268
Bank deposit interest	33	24	49
	<b>403</b>	<b>593</b>	<b>1,294</b>

## 5. Investment management fee and performance incentive fee

	Unaudited six months ended 30 June 2020 £'000	Unaudited six months ended 30 June 2019 £'000	Audited year ended 31 December 2019 £'000
Investment management fee charged to revenue	186	172	357
Investment management fee charged to capital	558	515	1,070
Performance incentive fee charged to revenue	–	32	–
Performance incentive fee charged to capital	–	94	–
	<b>744</b>	<b>813</b>	<b>1,427</b>

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

During the period, services to a total value of £744,000 (30 June 2019: £687,000; 31 December 2019: £1,427,000) were purchased by the Company from Albion Capital Group LLP. At the financial period end, the amount due to Albion Capital Group LLP in respect of these services was £375,000 (30 June 2019: £333,000; 31 December 2019: £347,000). The total annual running costs of the Company are capped at an amount equal to 2.5 per cent. of the Company's net assets, with any excess being met by Albion by way of a reduction in management fees. During the period, the management fee was reduced by £48,000 as a result of this cap (30 June 2019: £64,000; 31 December 2019: £105,000). For the period to 30 June 2020, no performance incentive fee has been accrued, however any performance incentive fee is only payable on year end results (30 June 2019: £126,000; 31 December 2019: £nil).

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 2019: £nil; 31 December 2019: £nil).

# Notes to the condensed Financial Statements continued

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

Albion Capital Group LLP, its Partners and staff (including Patrick Reeve) hold 660,830 Ordinary shares in the Company as at 30 June 2020.

The Manager is, from time to time, eligible to receive arrangement fees and monitoring fees from portfolio companies. During the period ended 30 June 2020, fees of £77,000 attributable to the investments of the Company were paid pursuant to these arrangements (30 June 2019: £108,000; 31 December 2019: £198,000).

The Company has entered into an offer agreement relating to the Offers with the Company's investment manager Albion Capital Group LLP, pursuant to which Albion Capital will receive 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, as detailed in the Prospectus.

During the period, an amount of £1,190,000 (30 June 2019: £1,200,000; 31 December 2019: £2,400,000) 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 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 further reduction of the management fee of £12,000 (30 June 2019: £7,000; 31 December 2019: £20,000).

## 6. Dividends

	Unaudited six months ended 30 June 2020 £'000	Unaudited six months ended 30 June 2019 £'000	Audited year ended 31 December 2019 £'000
Dividend of 2.25p per Ordinary share paid on 31 May 2019	–	1,880	1,880
Dividend of 2.25p per Ordinary share paid on 30 September 2019	–	–	1,885
Dividend of 2.25p per Ordinary share paid on 29 May 2020	2,076	–	–
Unclaimed dividends	–	–	(5)
	<b>2,076</b>	1,880	3,760

The Directors have declared a second dividend for the year ending 31 December 2020 of 1.99 pence per Ordinary share (total approximately £1,843,000), payable on 30 September 2020 to shareholders on the register on 11 September 2020. The details of the new dividend policy can be found in the Interim management report on page 5.

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

	Unaudited six months ended 30 June 2020		Unaudited six months ended 30 June 2019		Audited year ended 31 December 2019	
	Revenue	Capital	Revenue	Capital	Revenue	Capital
Return/(loss) attributable to Ordinary shares (£'000)	74	(1,851)	225	2,090	593	2,080
Weighted average shares in issue	91,020,671		79,196,675		81,487,820	
Return/(loss) per Ordinary share (pence)	0.08	(2.03)	0.28	2.64	0.73	2.55

The weighted average number of shares is calculated after adjusting for treasury shares of 10,954,270 (30 June 2019: 9,668,156; 31 December 2019: 10,350,156).

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



# Notes to the condensed Financial Statements continued

## 8. Called up share capital

Allotted, called up and fully paid Ordinary shares of 1 penny each	Unaudited 30 June 2020	Unaudited 30 June 2019	Audited 31 December 2019
Number of shares	103,573,410	93,449,963	93,828,305
Nominal value of allotted shares (£'000)	1,036	934	938
Voting rights (number of shares net of treasury shares)	92,619,140	83,781,807	83,478,149

During the period to 30 June 2020 the Company purchased 604,114 Ordinary shares (nominal value £6,041) for treasury at a cost of £456,000. The total number of Ordinary shares held in treasury as at 30 June 2020 was 10,954,270 (30 June 2019: 9,668,156; 31 December 2019: 10,350,156) representing 10.6 per cent. of the Ordinary shares in issue as at 30 June 2020.

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

Date of allotment	Number of shares allotted	Aggregate nominal value of shares (£'000)	Issue price (pence per share)	Net invested (£'000)	Opening market price on allotment date (pence per share)
29 May 2020	467,957	5	75.41	336	72.00

Under the terms of the Albion VCTs Prospectus Top Up Offers 2019/20, 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 consideration received (£'000)	Opening market price on allotment date (pence per share)
31 January 2020	1,843,797	18	84.80	1,540	79.50
31 January 2020	401,498	4	85.30	336	79.50
31 January 2020	6,789,082	68	85.70	5,674	79.50
30 April 2020	137,627	1	78.90	106	74.50
30 April 2020	105,144	1	79.70	81	74.50
	9,277,148	93		7,737	

## 9. Commitments and contingencies

As at 30 June 2020, the Company had no financial commitments in respect of investments (30 June 2019: £nil; 31 December 2019: £nil).

There were no contingencies or guarantees of the Company as at 30 June 2020 (30 June 2019: £nil; 31 December 2019: £nil).

# Notes to the condensed Financial Statements continued

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## 10. Post balance sheet events

The following are the post balance sheet events since 30 June 2020:

- Investment of £1,374,000 in Quantexa Limited;
- Investment of £492,000 in a new portfolio company, which provides a cloud platform that enables corporates to purchase digital gift cards and to distribute them to employees and customers;
- Investment of £301,000 in Phrasee Limited;
- Investment of £234,000 in uMotif Limited;
- Investment of £112,000 in Oxsensis Limited; and
- Investment of £47,000 in The Ewell (Harley Street) Limited.

## 11. Related party transactions

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

## 12. Going concern

The Board has conducted a detailed assessment of the Company's ability to meet its liabilities as they fall due. Cash flow forecasts are updated and discussed quarterly at Board level and have been stress tested to allow for the forecasted impact of Coronavirus (Covid-19). The Board have revisited and updated their assessment of liquidity risk and concluded that it remains unchanged since the last Annual Report and Financial Statements. Further details can be found on page 62 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.

## 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 2020 and 30 June 2019 and is unaudited. The information for the year ended 31 December 2019, does not constitute statutory accounts within the terms of section 434 of the Companies Act 2006 but is derived from the audited statutory accounts for the financial year, which have been delivered to the Registrar of Companies. The Auditor reported on those accounts; their report was unqualified and did not contain a statement under s498 (2) or (3) of the Companies Act 2006.

## 14. Publication

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





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