

Half-yearly Financial Report  
(unaudited) for the six months to  
30 June 2014



# Albion Technology & General VCT PLC

**ALBION**VENTURES

# Contents

## Page

2	Company information
3	Investment objective and policy
3	Background to the Company
3	Financial calendar
4	Financial highlights
5	Interim management report
7	Responsibility statement
8	Portfolio of investments
11	Summary income statement
12	Summary balance sheet
13	Summary reconciliation of movements in shareholders' funds
14	Summary cash flow statement
15	Notes to the unaudited summarised Financial Statements

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

# Company information

<b>Company number</b>	04114310
<b>Directors</b>	Dr N E Cross, Chairman R Archibald M A Cordeiro M V H Rees-Mogg P H Reeve
<b>Manager, company secretary and registered office</b>	Albion Ventures LLP 1 King's Arms Yard London, EC2R 7AF
<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>	PricewaterhouseCoopers LLP 1 Embankment Place London, WC2N 6RH
<b>Legal adviser</b>	Bird & Bird LLP 15 Fetter Lane London, EC4A 1JP

Albion Technology & General VCT PLC is a member of The Association of Investment Companies.

---

<b>Shareholder information</b>	For help relating to dividend payments, shareholdings and share certificates please contact Computershare Investor Services PLC: Tel: 0870 873 5854 (UK National Rate call, lines are open 8.30am – 5.30pm; Mon – Fri, calls may be recorded) Website: <a href="http://www.investorcentre.co.uk">www.investorcentre.co.uk</a>  Shareholders can access holdings and valuation information regarding any of their shares held with Computershare by registering on Computershare's website.
<b>Financial adviser information</b>	For enquiries relating to the performance of the Fund, and information for financial advisers please contact Albion Ventures LLP: Tel: 020 7601 1850 (lines are open 9.00am – 5.30pm; Mon – Fri, calls may be recorded) Email: <a href="mailto:info@albion-ventures.co.uk">info@albion-ventures.co.uk</a> Website: <a href="http://www.albion-ventures.co.uk">www.albion-ventures.co.uk</a>

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

## Investment objective and policy

Albion Technology & General VCT PLC's (the "Company") investment strategy is to provide investors with a regular and predictable source of dividend income combined with the prospect of longer term capital growth.

This is achieved in two ways. Firstly, by controlling the VCT's exposure to technology risk through ensuring that many of the companies in the non-technology portfolio have property as their major asset, with no external borrowings. Secondly, by balancing the investment portfolio by sector, so that those areas such as leisure and business services, which are susceptible to changes in consumer sentiment, are complemented by sectors with more predictable long term characteristics, such as healthcare and the environment.

The Company offers investors the opportunity to participate in a balanced portfolio of technology and non-technology businesses. The Company's investment portfolio is intended to be split approximately as follows:

- 40 per cent. in unquoted UK technology-related companies; and
- 60 per cent. in unquoted UK non-technology companies.

This split is subject to the availability of good quality new investments arising within the UK technology and non-technology sectors.

## Background to the Company

The Company is a venture capital trust which raised £14.3 million in 2001, and raised a further £35.0 million during 2006 through the launch of a C share issue. The Company has raised a further £8.2 million under the Albion VCTs Top Up Offers since January 2011.

On 15 November 2013, the Company acquired the assets and liabilities of Albion Income & Growth VCT PLC ("Income & Growth") in exchange for new shares in the Company ("the Merger"). All of the assets and liabilities of Income & Growth totalling £28,075,000 were transferred to the Company in exchange for the issue of 33,664,049 new Ordinary shares at an issue price of 83.38 pence per share. Each Income & Growth shareholder received 0.7813 shares in the Company for each Income & Growth share that they held at the date of the Merger.

## Financial calendar

Record date for fourth dividend for the year	3 October 2014
Payment of fourth dividend for the year	31 October 2014
Financial year end	31 December 2014

# Financial highlights

	<b>Unaudited six months ended 30 June 2014 (pence per share)</b>	Unaudited six months ended 30 June 2013 (pence per share)	Audited year ended 31 December 2013 (pence per share)
Net asset value	<b>82.01</b>	84.60	85.75
Dividends paid	<b>3.75</b>	2.50	5.00
Revenue return	<b>0.61</b>	0.70	1.00
Capital (loss)/return	<b>(0.61)</b>	2.30	6.90

	<b>Ordinary shares (pence per share) (i)</b>	<b>C shares (pence per share) (i)(ii)</b>	<b>Albion Income &amp; Growth VCT PLC (pence per share) (i)(iii)</b>
<b>Total shareholder net asset value return to 30 June 2014</b>			
Total dividends paid during the period ended:			
31 December 2001	1.00	–	–
31 December 2002	2.00	–	–
31 December 2003	1.50	–	–
31 December 2004	7.50	–	–
31 December 2005	9.00	–	0.65
31 December 2006	8.00	0.50	2.60
31 December 2007	8.00	2.50	3.45
31 December 2008	16.00	4.50	3.50
31 December 2009	–	1.00	3.00
31 December 2010	8.00	3.00	3.00
31 December 2011	5.00	3.80	3.50
31 December 2012	5.00	3.90	3.50
31 December 2013	5.00	3.90	3.50
30 June 2014	3.75	2.92	2.93
<b>Total dividends paid to 30 June 2014</b>	<b>79.75</b>	<b>26.02</b>	<b>29.63</b>
Net asset value as at 30 June 2014	82.01	63.80	64.07
<b>Total shareholder net asset value return to 30 June 2014</b>	<b>161.76</b>	<b>89.82</b>	<b>93.70</b>

In addition to the dividends paid above, the Board declared a fourth dividend for the year ending 31 December 2014 of 1.25 pence per Ordinary share to be paid on 31 October 2014 to shareholders on the register at 3 October 2014.

#### Notes:

- (i) Excludes tax benefits upon subscription.
- (ii) The C shares were converted into Ordinary shares on 31 March 2011, with a conversion factor of 0.7779 Ordinary shares for each C share. The net asset value per share and all dividends paid subsequent to the conversion of the C shares to the Ordinary shares are multiplied by the conversion factor of 0.7779 in respect of the C shares' return, in order to give an accurate picture of the shareholder value since launch relating to the C shares.
- (iii) Albion Income & Growth VCT PLC was merged with Albion Technology & General VCT PLC on 15 November 2013. The pro-forma NAV is based upon 0.7813 Albion Technology & General VCT PLC shares for every Albion Income & Growth VCT PLC share. The total shareholder returns are based on the dividends paid to shareholders before the merger and the pro-rata net asset value per share and the pro-rata dividends paid to 30 June 2014.

# Interim management report

## Introduction

The results for Albion Technology & General VCT PLC for the six months to 30 June 2014 showed a subdued performance with a break-even total return, compared to a positive total return of 3.0 pence per share for the period to 30 June 2013. Net asset value at 30 June 2014 was 82.01 pence per share, largely reflecting the deduction of 3.75 pence per share dividends paid to date, compared to 85.75 pence per share net asset value at 31 December 2013.

## Investment performance and progress

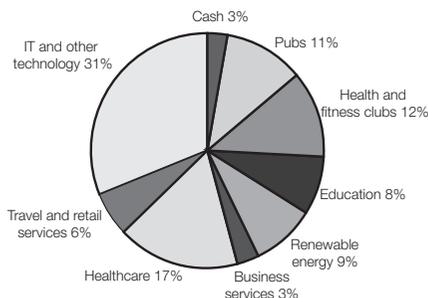
Approximately £940,000 was invested in unquoted companies during the period. These include £200,000 in Egress, a fast growing developer of encryption services for secure email with major public and private sector clients both in the UK and overseas. In addition, we invested £135,000 in Grapeshot, a business providing contextual analysis for the advertising technology sector. Additional sums were also invested in our hydroelectric renewable energy businesses, within the overall target that renewable energy should in due course form approximately 15 per cent. of the VCT's portfolio by cost.

The sale of our investment in Peakdale Molecular completed just after the half year. Since we first backed Peakdale in 2001, our investment has returned just over twice the sums invested. In addition a number of further exits from within the portfolio are under negotiation. Meanwhile, Mi-Pay, which manages top-up services on behalf of international mobile phone operators, obtained a quotation on AIM in April.

The value of Peakdale has been written up to its sale proceeds and third party valuations of both our renewable energy businesses

and our pubs portfolios have resulted in uplifts to our holding value. While our Tower Bridge Healthclub also saw a strong increase in value, the third party valuations of our Weybridge and Kensington Healthclubs saw an aggregate reduction of just over £900,000. Trading at both these clubs, however, has improved following a change in management. In addition, our investments in both Rostima and Helveta, despite their niches in interesting global markets, saw further write-downs in value of £915,000.

## Portfolio split as at 30 June 2014



Source: Albion Ventures LLP

## Risks, uncertainties and prospects

Although growth in the UK has recovered well, the outlook for the UK and global economies continues to be the key risk affecting your Company. Investment risk is mitigated through a variety of processes, including our policy of ensuring that the Company has a first charge over portfolio companies' assets wherever possible and of ensuring that the portfolio is balanced through the inclusion of sectors that are less exposed to the business and consumer cycles.

Other principal risks and uncertainties remain unchanged and are as detailed on pages 13

# Interim management report (continued)

to 15 of the Annual Report and Financial Statements for the year ended 31 December 2013.

## **Discount management and share buy-backs**

It remains the Board's primary objective to maintain sufficient resources for investment in existing and new portfolio companies and for the continued payment of dividends to shareholders. The Board's policy is to buy-back shares in the market, subject to the overall constraint that such purchases are in the VCT's interest. In order to ensure that these conditions are satisfied, the Company will limit the sum available for buy-backs for the 6 month period to 31 December 2014 to £1 million. It is the Board's intention for such buy-backs to be in the region of a 5 per cent. discount to net asset value, so far as market conditions and liquidity permit.

## **Albion VCTs Top Up Offers**

During the period 1 January 2014 to 31 July 2014, the Company issued 3,402,873 shares under the Albion VCTs Top Up Offers 2013/2014 and the Albion VCTs Prospectus Top Up Offers 2013/2014. The Offer will close on 30 September 2014. To date your Company has raised a total of £2.9 million under this Offer, this compares to £2.1 million raised under the previous Top Up Offer.

The proceeds of the Offers will be used to provide further resources at a time when a number of attractive new investment opportunities are being seen.

## **Transactions with Manager**

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

## **Results and dividend**

As at 30 June 2014 the net asset value per Ordinary share was 82.01 pence (30 June 2013 84.60 pence, 31 December 2013 85.75 pence) largely reflecting the 3.75 pence per share dividends paid to date against a break-even total return. Dividends are now paid on a quarterly basis, the next payment being 1.25 pence per Ordinary share on 31 October 2014, to those shareholders on the register at 3 October 2014.

Following the merger with Albion Income and Growth VCT PLC in 2013, the company's investment portfolio is both substantial and well balanced. As indicated in the portfolio split above, the VCT has investments in a variety of sectors which balance cash generation with growth potential. We are therefore confident that in the longer term, we shall see a return to growth.

## **Dr N E Cross**

Chairman  
8 August 2014

# Responsibility statement

The Directors, as listed on page 2 of this Report, are responsible for preparing the Half-yearly Financial Report. The Directors have chosen to prepare this Half-yearly Financial Report for the Company in accordance with United Kingdom Generally Accepted Accounting Practice ("UK GAAP").

In preparing these summarised Financial Statements for the period to 30 June 2014, we the Directors of the Company, confirm that to the best of our knowledge:

- (a) the summarised set of Financial Statements has been prepared in accordance with the pronouncement on interim reporting issued by the Accounting Standards Board;
- (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);
- (c) the summarised set of Financial Statements give a true and fair view in accordance with UK GAAP of the assets, liabilities, financial position and profit and loss of the Company for the six months ended 30 June 2014 and comply with UK GAAP and Companies Act 2006; and

- (d) 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).

The accounting policies applied to the Half-yearly Financial Report have been consistently applied in current and prior periods and are those applied in the Annual Report and Financial Statements for the year ended 31 December 2013.

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

By order of the Board

**Dr N E Cross**  
Chairman  
8 August 2014

# Portfolio of investments

The following is a summary of the technology fixed asset investments as at 30 June 2014:

Technology investments	% voting rights held by Albion Technology & General VCT PLC	Cost £'000	Cumulative movement in value £'000	Value £'000	Change in value for the period* £'000
Blackbay Limited	23.5	4,159	969	5,128	9
Process Systems Enterprise Limited	13.3	2,019	1,209	3,228	112
Lowcosttravelgroup Limited	15.3	2,638	92	2,730	171
AMS Sciences Limited	23.9	1,953	177	2,130	304
memsstar Limited	19.2	1,322	617	1,939	55
Mirada Medical Limited	15.4	690	1,035	1,725	(45)
Rostima Holdings Limited	29.2	1,553	(240)	1,313	(465)
sparesFinder Limited	10.4	613	449	1,062	23
Helveta Limited	30.3	3,224	(2,205)	1,019	(450)
Peakdale Molecular Limited	6.0	650	325	975	209
DySIS Medical Limited	8.5	1,181	(274)	907	(256)
Oxsensis Limited	13.9	1,589	(686)	903	–
Relayware Limited	2.9	639	40	679	27
Aridhia Informatics Limited	1.7	581	15	596	11
Cisiv Limited	2.3	257	(12)	245	(15)
Silent Herdsman Holdings Limited	4.9	214	–	214	–
Egress Software Technologies Limited	2.1	200	–	200	–
Proveca Limited	3.8	187	9	196	8
Palm Tree Technology Limited	0.5	320	(156)	164	(163)
Abcodia Limited	3.1	139	1	140	1
MyMeds&Me Limited	2.2	137	–	137	–
Grapeshot Limited	1.2	135	–	135	–
Sandcroft Avenue Limited (payasUgym.com)	0.4	25	–	25	–
<b>Total technology investments</b>		<b>24,425</b>	<b>1,365</b>	<b>25,790</b>	<b>(464)</b>

\* As adjusted for additions and disposals during the period.

## Portfolio of investments (continued)

The following is a summary of the non-technology fixed asset investments as at 30 June 2014:

Non-technology investments	% voting rights held by Albion Technology & General VCT PLC	Cost £'000	Cumulative movement in value £'000	Value £'000	Change in value for the period* £'000
Radnor House School (Holdings) Limited	15.3	3,224	1,575	4,799	42
Taunton Hospital Limited	17.8	2,838	588	3,426	40
Kensington Health Clubs Limited	18.2	5,225	(1,984)	3,241	(412)
The Weybridge Club Limited	25.2	3,648	(804)	2,844	(508)
Bravo Inns II Limited	15.1	2,639	12	2,651	35
The Charnwood Pub Company Limited	22.5	3,481	(994)	2,487	236
Tower Bridge Health Clubs Limited	20.2	1,126	691	1,817	622
Bravo Inns Limited	28.8	2,134	(524)	1,610	(11)
Chichester Holdings Limited	37.6	2,380	(1,225)	1,155	170
The Street by Street Solar Programme Limited	8.1	896	157	1,053	22
Masters Pharmaceuticals Limited	5.8	796	239	1,035	65
TEG Biogas (Perth) Limited	12.4	766	66	832	11
Alto Prodotto Wind Limited	6.9	692	139	831	48
Regenerco Renewable Energy Limited	7.9	779	44	823	15
The Q Garden Company Limited	33.4	2,401	(1,590)	811	46
Hilson Moran Holdings Limited	9.0	513	243	756	19
Chonais Holdings Limited	7.5	750	4	754	3
Erin Solar Limited	15.7	440	-	440	(1)
Green Highland Renewables (Ledgowan) Limited	12.9	434	5	439	5
Premier Leisure (Suffolk) Limited	25.8	1,212	(791)	421	10
Albion Investment Properties Limited	22.6	434	(70)	364	8
AVESI Limited	8.0	247	17	264	17
The Dunedin Pub Company VCT Limited	25.8	230	(1)	229	4
Harvest AD Limited	0.0	210	-	210	-
Greenenerco Limited	3.1	110	40	150	40
Consolidated PR Limited	21.5	623	(523)	100	50
<b>Total non-technology investments</b>		<b>38,228</b>	<b>(4,686)</b>	<b>33,542</b>	<b>576</b>
<b>Total unquoted investments</b>		<b>62,653</b>	<b>(3,321)</b>	<b>59,332</b>	<b>112</b>

## Portfolio of investments (continued)

AIM quoted investments	% voting rights held by Albion Technology & General VCT PLC	Cost £'000	Cumulative movement in value £'000	Value £'000	Change in value for the period* £'000
Mi-Pay Group PLC	22.4	3,852	(957)	2,895	(224)
<b>Total AIM quoted investments</b>		<b>3,852</b>	<b>(957)</b>	<b>2,895</b>	<b>(224)</b>
<b>Total fixed asset investments</b>		<b>66,505</b>	<b>(4,278)</b>	<b>62,227</b>	<b>(112)</b>

Current asset investments	Cost £'000	Cumulative movement in value £'000	Value £'000	Change in value for the period* £'000
Dexela Limited	41	170	211	106
Opta Sports Data Limited	13	28	41	–
<b>Total current asset investments</b>	<b>54</b>	<b>198</b>	<b>252</b>	<b>106</b>

\* As adjusted for additions and disposals during the period.

<b>Total change on value on investments for the year</b>	<b>(6)</b>
Realised gain in current year	–
Movement in loan stock accrued interest	15
<b>Total gains on investments as per income statement</b>	<b>9</b>

# Summary income statement

	Note	Unaudited six months ended 30 June 2014			Unaudited six months ended 30 June 2013			Audited year ended 31 December 2013		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains on investments	3	–	9	9	–	1,246	1,246	–	3,787	3,787
Investment income	4	918	–	918	571	–	571	1,082	–	1,082
Investment management fees	5	(200)	(600)	(800)	(111)	(334)	(445)	(247)	(743)	(990)
Other expenses		(129)	–	(129)	(105)	–	(105)	(247)	–	(247)
<b>Return/(loss) on ordinary activities before tax</b>		<b>589</b>	<b>(591)</b>	<b>(2)</b>	355	912	1,267	588	3,044	3,632
Tax (charge)/credit on ordinary activities		(120)	120	–	(79)	76	(3)	(124)	144	20
<b>Return/(loss) attributable to shareholders</b>		<b>469</b>	<b>(471)</b>	<b>(2)</b>	276	988	1,264	464	3,188	3,652
<b>Basic and diluted return/(loss) per share (pence)*</b>	7	<b>0.61</b>	<b>(0.61)</b>	<b>0.00</b>	0.70	2.30	3.00	1.00	6.90	7.90

\* excluding treasury shares

Comparative figures have been extracted from the unaudited Half-yearly Financial Report for the six months ended 30 June 2013 and the audited statutory accounts for the year ended 31 December 2013.

The accompanying notes on pages 15 to 23 form an integral part of this Half-yearly Financial Report.

The total column of this Summary 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.

All revenue and capital items in the above statement derive from continuing operations of the Company including the return on the assets and liabilities of Albion Income and Growth VCT PLC after they were acquired by the Company on 15 November 2013.

There are no recognised gains or losses other than the results for the periods disclosed above. Accordingly a Statement of total recognised gains and losses is not required. The difference between the reported return/(loss) on ordinary activities before tax and the historical profit is due to the fair value movements on investments. As a result a note on historical cost profit and losses has not been prepared.

# Summary balance sheet

	Note	Unaudited 30 June 2014 £'000	Unaudited 30 June 2013 £'000	Audited 31 December 2013 £'000
<b>Fixed asset investments</b>		<b>62,227</b>	34,124	61,637
<b>Current assets</b>				
Trade and other debtors		<b>334</b>	23	350
Current asset investments		<b>252</b>	65	147
Cash at bank and in hand	10	<b>1,807</b>	2,394	3,226
		<b>2,393</b>	2,482	3,723
<b>Creditors: amounts falling due within one year</b>		<b>(476)</b>	(369)	(529)
<b>Net current assets</b>		<b>1,917</b>	2,113	3,194
<b>Net assets</b>		<b>64,144</b>	36,237	64,831
<b>Capital and reserves</b>				
Called up share capital	8	<b>826</b>	472	799
Share premium		<b>32,814</b>	2,300	30,031
Capital redemption reserve		<b>28</b>	12	21
Unrealised capital reserve		<b>(4,169)</b>	(5,473)	(4,166)
Realised capital reserve		<b>10,324</b>	9,218	10,792
Other distributable reserve		<b>24,321</b>	29,708	27,354
<b>Total equity shareholders' funds</b>		<b>64,144</b>	36,237	64,831
<b>Basic and diluted net asset value per share (pence)*</b>		<b>82.01</b>	84.60	85.75

\* excluding treasury shares

Comparative figures have been extracted from the unaudited Half-yearly Financial Report for the six months ended 30 June 2013 and the audited statutory accounts for the year ended 31 December 2013.

The accompanying notes on pages 15 to 23 form an integral part of this Half-yearly Financial Report.

These Financial Statements were approved by the Board of Directors and authorised for issue on 8 August 2014, and were signed on its behalf by

**Dr N E Cross**

Chairman

Company number: 04114310

## Summary reconciliation of movements in shareholders' funds

	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>1 January 2014 (Audited)</b>	<b>799</b>	<b>30,031</b>	<b>21</b>	<b>(4,166)</b>	<b>10,792</b>	<b>27,354</b>	<b>64,831</b>
Return/(loss) for the period	-	-	-	9	(480)	469	(2)
Transfer of previously unrealised gains on investments	-	-	-	(12)	12	-	-
Purchase of shares for cancellation	(7)	-	7	-	-	(563)	(563)
Purchase of shares for Treasury	-	-	-	-	-	(40)	(40)
Issue of equity (net of costs)	34	2,783	-	-	-	-	2,817
Dividends paid	-	-	-	-	-	(2,899)	(2,899)
<b>As at 30 June 2014 (Unaudited)</b>	<b>826</b>	<b>32,814</b>	<b>28</b>	<b>(4,169)</b>	<b>10,324</b>	<b>24,321</b>	<b>64,144</b>
<b>1 January 2013 (Audited)</b>	<b>454</b>	<b>346</b>	<b>6</b>	<b>(6,678)</b>	<b>9,435</b>	<b>30,896</b>	<b>34,459</b>
Return/(loss) for the period	-	-	-	1,260	(272)	276	1,264
Transfer of previously unrealised gains on disposal of investments	-	-	-	(55)	55	-	-
Purchase of shares for cancellation	(6)	-	6	-	-	(403)	(403)
Issue of equity (net of costs)	24	1,954	-	-	-	-	1,978
Dividends paid	-	-	-	-	-	(1,061)	(1,061)
<b>As at 30 June 2013 (Unaudited)</b>	<b>472</b>	<b>2,300</b>	<b>12</b>	<b>(5,473)</b>	<b>9,218</b>	<b>29,708</b>	<b>36,237</b>
<b>1 January 2013 (Audited)</b>	<b>454</b>	<b>346</b>	<b>6</b>	<b>(6,678)</b>	<b>9,435</b>	<b>30,896</b>	<b>34,459</b>
Return for the period	-	-	-	3,082	106	464	3,652
Transfer of previously unrealised gains on sale of investments	-	-	-	(570)	570	-	-
Purchase of shares for cancellation	(15)	-	15	-	-	(1,209)	(1,209)
Issue of equity (net of costs)	24	2,058	-	-	-	-	2,082
Shares issued to acquire net assets of Albion Income & Growth VCT PLC (net of issue costs) **	336	27,627	-	-	-	-	27,963
Transfer from other distributable reserve to realised capital reserve	-	-	-	-	681	(681)	-
Dividends paid	-	-	-	-	-	(2,116)	(2,116)
<b>As at 31 December 2013 (Audited)</b>	<b>799</b>	<b>30,031</b>	<b>21</b>	<b>(4,166)</b>	<b>10,792</b>	<b>27,354</b>	<b>64,831</b>

\* Included within these reserves is an amount of £30,476,000 (30 June 2013: £33,453,000; 31 December 2013: £33,980,000) which is considered distributable.

\*\* The assets and liabilities transferred through the acquisition of Albion Income & Growth VCT PLC are shown in note 11. In addition, £106,000 of the merger costs attributable to Albion Technology & General VCT PLC have been deducted from the share premium account in so far as they relate to the issue of new shares.

# Summary cash flow statement

	Note	Unaudited six months ended 30 June 2014 £'000	Unaudited six months ended 30 June 2013 £'000	Audited year ended 31 December 2013 £'000
<b>Operating activities</b>				
Loan stock income received		883	569	1,159
Deposit interest received		14	9	30
Dividend income received		40	5	15
Investment management fees paid		(808)	(428)	(887)
Other cash payments		(161)	(108)	(210)
Net cash flow from operating activities	9	(32)	47	107
<b>Taxation</b>				
UK corporation tax (paid)/recovered		(11)	8	(2)
<b>Capital expenditure and financial investments</b>				
Purchase of fixed asset investments		(958)	(762)	(3,082)
Disposal of fixed asset investments		262	931	3,778
<b>Net cash flow from investing activities</b>		(696)	169	696
<b>Equity dividends paid</b>				
Dividends paid (net of cost of issuing shares under the dividend reinvestment scheme)		(2,622)	(960)	(1,912)
<b>Net cash flow before financing</b>		(3,361)	(736)	(1,111)
<b>Financing</b>				
Issue of share capital (net of costs)		2,547	1,877	1,877
Purchase of own shares (including costs)		(603)	(403)	(1,209)
Cash acquired from Albion Income & Growth VCT PLC		-	-	2,273
Costs of Merger (paid on behalf of the Company and Albion Income & Growth VCT PLC)		(2)	-	(260)
<b>Net cash flow from financing</b>		1,942	1,474	2,681
<b>Net cash flow in the period</b>	10	(1,419)	738	1,570

# Notes to the unaudited summarised Financial Statements

## 1. Accounting convention

The 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 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") in January 2009. Accounting policies have been applied consistently in current and prior periods.

## 2. Accounting policies

### Fixed and current asset investments

*Quoted and unquoted equity investments, debt issued at a discount and convertible bonds*

In accordance with FRS 26 "Financial Instruments Recognition and Measurement", quoted and unquoted equity, debt issued at a discount and convertible bonds are designated as fair value through profit or loss ("FVTPL"). Investments listed on recognised exchanges are valued at the closing bid prices at the end of the accounting period. Unquoted investments' fair value is determined by the Directors in accordance with the December 2012 International Private Equity and Venture Capital Valuation Guidelines (IPEVCV guidelines).

Fair value movements on equity investments and gains and losses arising on the disposal of investments are reflected in the capital column of the Income statement in accordance with the AIC SORP. Realised gains or losses on the sale of investments will be reflected in the realised capital reserve, and unrealised gains or losses arising from the revaluation of investments will be reflected in the unrealised capital reserve.

*Warrants and unquoted equity derived instruments*

Warrants and unquoted equity derived instruments are only valued if there is additional value to the Company in exercising or converting as at the balance sheet date. Otherwise these instruments are held at nil value. The valuation techniques used are those used for the underlying equity investment.

*Unquoted loan stock*

Unquoted loan stock (excluding convertible bonds and debt issued at a discount) are classified as loans and receivables as permitted by FRS 26 and measured at amortised cost using the Effective Interest Rate method less impairment. Movements in amortised cost relating to interest income are reflected in the revenue column of the Income statement, and hence are reflected in the other distributable reserve, and movements in respect of capital provisions are reflected in the capital column of the Income statement and are reflected in the realised capital reserve following sale, or in the unrealised capital

reserve on movements arising from revaluations of the fair value of the security.

For all unquoted loan stock, whether fully performing, past due or impaired, the Board considers that the fair value is equal to or greater than the security value of these assets. For unquoted loan stock, the amount of the impairment is the difference between the asset's cost and the present value of estimated future cash flows, discounted at the original effective interest rate. The future cash flows are estimated based on the fair value of the security less the estimated selling costs.

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.

In accordance with the exemptions under FRS 9 "Associates and joint ventures", 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.

*Current asset investments*

Contractual future contingent receipts on the disposal of fixed asset investments are designated at fair value through profit or loss and are subsequently measured at fair value.

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.

Loan stock accrued interest is recognised in the Balance sheet as part of the carrying value of the loans and receivables at the end of each reporting period.

### Acquisition of assets and liabilities from Albion Income & Growth VCT PLC

On 15 November 2013 the Company acquired the assets and liabilities of Albion Income & Growth VCT PLC. The income and costs for the period up to 14 November 2013 reflect the activities of the Company before the acquisition and after that date reflect those of the Company as enlarged by the acquisition. Further information is contained in note 11.

### Investment income

*Unquoted equity income*

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

*Unquoted loan stock and other preferred income*

Fixed returns on non-equity shares and debt securities are recognised on a time apportionment basis using an

# Notes to the unaudited summarised Financial Statements (continued)

effective interest rate over the life of the financial instrument. Income which is not capable of being received within a reasonable period of time is reflected in the capital value of the investment.

#### *Bank interest income*

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

#### **Investment management 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 are allocated to realised capital reserve. This is in line with the Board's expectation that over the long term 75 per cent. of the Company's investment returns will be in the form of capital gains; and
- expenses which are incidental to the purchase or disposal of an investment are charged through the realised capital reserve.

#### **Performance incentive fee**

In the event that a performance incentive fee crystallises, the fee will be allocated between other distributable and realised capital reserves based upon the proportion to which the calculation of the fee is attributable to revenue and capital returns.

#### **Taxation**

Taxation is applied on a current basis in accordance with FRS 16 "Current tax". Taxation associated with capital expenses is applied in accordance with the SORP. In accordance with FRS 19 "Deferred tax", deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the Financial Statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

The Directors have considered the requirements of FRS 19 and do not believe that any provision for deferred tax should be made.

#### **Reserves**

##### *Share premium account*

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

##### *Capital redemption reserve*

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

##### *Unrealised capital reserve*

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

##### *Realised capital reserve*

The following are disclosed in this reserve:

- gains and losses compared to cost on the realisation of investments;
- expenses, together with the related taxation effect, charged in accordance with the above policies; and
- dividends paid to equity holders.

##### *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**

In accordance with FRS 21 "Events after the balance sheet date", dividends by the Company are accounted for in the period in which the dividend is declared.

# Notes to the unaudited summarised Financial Statements (continued)

## 3. Gains on investments

	<b>Unaudited six months ended 30 June 2014 £'000</b>	Unaudited six months ended 30 June 2013 £'000	Audited year ended 31 December 2013 £'000
Unrealised gains on fixed asset investments held at fair value through profit or loss	<b>271</b>	1,571	2,405
Unrealised (impairments)/reversals of impairments on fixed asset investments held at amortised cost	<b>(368)</b>	(311)	649
Unrealised (losses)/gains on fixed asset investments sub-total	<b>(97)</b>	1,260	3,054
Unrealised gains on current assets held at fair value through profit or loss	<b>106</b>	–	28
<b>Unrealised gains sub-total</b>	<b>9</b>	1,260	3,082
Realised (losses)/gains on fixed asset investments held at fair value through profit or loss	–	(14)	796
Realised losses on fixed asset investments held at amortised cost	–	–	(91)
<b>Realised (losses)/gains sub-total</b>	<b>–</b>	(14)	705
	<b>9</b>	1,246	3,787

Investments valued on an amortised cost basis are unquoted loan stock instruments as described in note 2.

## 4. Investment income

	<b>Unaudited six months ended 30 June 2014 £'000</b>	Unaudited six months ended 30 June 2013 £'000	Audited year ended 31 December 2013 £'000
<b>Income recognised on investments held at fair value through profit or loss</b>			
UK dividend income	<b>38</b>	5	17
Income from convertible bonds and discounted debt	<b>151</b>	70	109
	<b>189</b>	75	126
<b>Income recognised on investments held at amortised cost</b>			
Return on loan stock investments	<b>716</b>	485	926
Bank deposit interest	<b>13</b>	11	30
	<b>729</b>	496	956
	<b>918</b>	571	1,082

All of the Company's income is derived from operations based in the United Kingdom.

# Notes to the unaudited summarised Financial Statements (continued)

## 5. Investment management fees

	<b>Unaudited six months ended 30 June 2014 £'000</b>	Unaudited six months ended 30 June 2013 £'000	Audited year ended 31 December 2013 £'000
Investment management fee charged to revenue	<b>200</b>	111	247
Investment management fee charged to capital	<b>600</b>	334	743
	<b>800</b>	445	990

Further details of the management agreement under which the investment management fee is paid are given in the Directors' report on pages 24 and 25 of the Annual Report and Financial Statements for the year ended 31 December 2013.

During the period, services to a total value of £800,000 (30 June 2013: £445,000; 31 December 2013: £990,000) were purchased by the Company from Albion Ventures LLP. At the financial period end, the amount due to Albion Ventures LLP in respect of these services was £395,000 (30 June 2013: £233,000; 31 December 2013: £403,000).

During the period, the Company was not charged by Albion Ventures LLP in respect of Patrick Reeve's services as a Director (30 June 2013: £11,000; 31 December 2013: £18,000). At the financial period end, the amount due to Albion Ventures LLP in respect of these services was nil (30 June 2013: £5,000; 31 December 2013: £5,300).

Albion Ventures LLP holds 1,012 fractional entitlement shares of the Company as a result of the conversion of C shares to Ordinary shares on 31 March 2011. In addition, Albion Ventures LLP holds a further 7,361 Ordinary shares in the Company. These shares will be sold for the benefit of the Company at a later date.

Albion Ventures LLP is, from time to time, eligible to receive transaction fees and Directors' fees from portfolio companies. During the period to 30 June 2014, fees of £132,000 attributable to the investments of the Company were received pursuant to these arrangements (30 June 2013: £57,000; 31 December 2013: £142,000).

During the period the Company raised new funds through the Albion VCTs Top Up Offers as described in note 8. The total cost of the issue of these shares was 3 per cent. of the sums subscribed. Of these costs, an amount of £3,351 (30 June 2013: £3,186; 31 December 2013: £3,186) was paid to the Manager, Albion Ventures LLP in respect of receiving agent services. There were no sums outstanding in respect of receiving agent services at the year end.

## 6. Dividends

	<b>Unaudited six months ended 30 June 2014 £'000</b>	Unaudited six months ended 30 June 2013 £'000	Audited year ended 31 December 2013 £'000
Dividend of 2.50p per Ordinary share paid on 30 April 2013	–	1,061	1,061
Dividend of 2.50p per Ordinary share paid on 31 October 2013	–	–	1,055
Dividend of 1.25p per Ordinary share paid on 31 January 2014	<b>945</b>	–	–
Dividend of 1.25p per Ordinary share paid on 30 April 2014	<b>977</b>	–	–
Dividend of 1.25p per Ordinary share paid on 30 June 2014	<b>977</b>	–	–
	<b>2,899</b>	1,061	2,116

The Directors have declared a dividend of 1.25 pence per Ordinary share (total approximately £983,000) payable on 31 October 2014 to shareholders on the register as at 3 October 2014.

# Notes to the unaudited summarised Financial Statements (continued)

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

Return per share has been calculated on 77,205,683 Ordinary shares excluding treasury shares (30 June 2013: 41,669,928; 31 December 2013: 46,363,621) being the weighted average number of shares in issue for the period.

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

## 8. Share capital

	<b>Unaudited</b>	Unaudited	Audited
	<b>30 June 2014</b>	30 June 2013	31 December 2013
	<b>£'000</b>	£'000	£'000
<b>Allotted, called up and fully paid</b>			
82,610,846 Ordinary shares of 1 penny each (30 June 2013: 47,191,713; 31 December 2013: 79,945,976)	<b>826</b>	472	799

### Voting rights

78,219,776 Ordinary shares of 1 penny each (net of treasury shares) (30 June 2013: 42,850,643; 31 December 2013: 75,604,906).

During the period the Company purchased 702,000 Ordinary shares for cancellation (30 June 2013: 551,000; 31 December 2013: 1,591,723) at a cost of £563,000 including stamp duty (30 June 2013: £403,000; 31 December 2013: £1,209,000), representing 0.85 per cent. of its issued share capital as at 30 June 2014. The shares purchased for cancellation were funded by the other distributable reserve.

During the period the Company purchased 50,000 Ordinary shares to be held in treasury (30 June 2013: nil; 31 December 2013: nil) at a cost of £40,000, leaving a balance of 4,391,070 Ordinary shares in treasury (30 June 2013: 4,341,070; 31 December 2013: 4,341,070) which represents 5.3 per cent. of the issued share capital as at 30 June 2014.

In the previous year the Company issued 33,664,049 Ordinary shares to former shareholders of Albion Income & Growth VCT PLC, at an issue price of 83.38p, as part of the Merger explained in note 11.

Under the terms of the dividend reinvestment scheme, the following Ordinary shares of nominal value 1 penny each were allotted during the period to 30 June 2014:

<b>Date of allotment</b>	<b>Number of shares allotted</b>	<b>Issue price (pence per share)</b>	<b>Net consideration received £'000</b>	<b>Opening market price per share on allotment date (pence per share)</b>
31 January 2014	110,409	82.13	74	77.50
30 April 2014	122,573	83.25	99	80.00
30 June 2014	123,187	81.05	97	80.00
	<u>356,169</u>		<u>270</u>	

# Notes to the unaudited summarised Financial Statements (continued)

## 8. Share capital (continued)

Under the terms of the Albion VCTs Top Up Offers 2013/2014, the following Ordinary shares of nominal value 1 penny each were allotted during the period to 30 June 2014:

Date of allotment	Number of shares allotted	Issue price (pence per share)	Net consideration received £'000	Opening market price per share on allotment date (pence per share)
31 January 2014	18,007	83.30	15	77.50
31 January 2014	495,432	84.10	409	77.50
31 January 2014	605,375	84.60	499	77.50
5 April 2014	14,216	87.60	12	80.00
5 April 2014	15,405	88.00	13	80.00
5 April 2014	493,954	88.50	424	80.00
	<u>1,642,389</u>		<u>1,372</u>	

Under the terms of the Albion VCTs Prospectus Top Up Offers 2013/2014, the following Ordinary shares of nominal value 1 penny each were allotted during the period to 30 June 2014:

Date of allotment	Number of shares allotted	Issue price (pence per share)	Net consideration received £'000	Opening market price per share on allotment date (pence per share)
5 April 2014	1,368,312	88.50	1,175	80.00

	Number of shares issued	Net proceeds £'000
Total shares issued under the Albion VCTs Top Up Offers 2013/2014 and the Albion VCTs Prospectus Top Up Offers 2013/2014 for the period to 30 June 2014	3,010,701	2,547

The Albion VCTs Prospectus Top Up Offers 2013/2014 will close no later than 30 September 2014 (unless fully subscribed by an earlier date or previously closed).

## 9. Reconciliation of revenue return on ordinary activities before taxation to net cash flow from operating activities

	Unaudited six months ended 30 June 2014 £'000	Unaudited six months ended 30 June 2013 £'000	Audited year ended 31 December 2013 £'000
Revenue return on ordinary activities before tax	589	355	588
Investment management fee charged to capital	(600)	(334)	(743)
Movement in accrued amortised loan stock interest	15	9	125
Increase in operating debtors	(3)	(1)	(1)
(Decrease)/increase in operating creditors	(33)	18	138
<b>Net cash flow from operating activities</b>	<b>(32)</b>	<b>47</b>	<b>107</b>

# Notes to the unaudited summarised Financial Statements (continued)

## 10. Analysis of change in cash during the period

	<b>Unaudited six months ended 30 June 2014 £'000</b>	Unaudited six months ended 30 June 2013 £'000	Audited year ended 31 December 2013 £'000
Opening cash balances	<b>3,226</b>	1,656	1,656
Net cash flow	<b>(1,419)</b>	738	1,570
<b>Closing cash balances</b>	<b>1,807</b>	2,394	3,226

## 11. Acquisition of the assets and liabilities of Albion Income & Growth VCT PLC

On 15 November 2013, the following assets and liabilities of Albion Income & Growth VCT PLC ("Income & Growth") were transferred to the Company in exchange for the issue to Income & Growth shareholders of 33,664,049 shares in the Company, at an issue price of 83.38 pence per share:

	<b>£'000</b>
Fixed asset investments	25,948
Debtors	117
Cash at bank and in hand	2,273
Current asset investments	54
Creditors	(163)
Merger costs	(154)
	<b>28,075</b>

The net asset value of each fund used for the purposes of conversion at the calculation date of 14 November 2013 were 83.38 pence per share and 65.15 pence per share for the Company and Income & Growth respectively. The conversion ratio for each Income & Growth share was 0.7813 Albion Technology & General VCT PLC share for each Income & Growth share.

## 12. Commitments and contingencies

As at 30 June 2014, the Company had the following financial commitments in respect of investments:

- Chonais Holdings Limited; £645,000
- Green Highland Renewables Limited; £366,000
- Proveca Limited; £112,000
- MyMeds&Me Limited; £88,000
- DySIS Medical Limited; £13,000

There are no contingencies or guarantees of the Company as at 30 June 2014 (30 June 2013 and 31 December 2013: nil).

# Notes to the unaudited summarised Financial Statements (continued)

## 13. Post balance sheet events

Since 30 June 2014, the Company has completed the following material transactions:

- Investment of £400,000 in Infinite Ventures (Goathill) Limited;
- Investment of £200,000 in Omprompt Limited;
- Investment of £180,000 in Chonais Holdings Limited;
- Investment of £98,000 in Cisiv Limited;
- Investment of £77,000 in Green Highland Renewables (Ledgowan) Limited;
- Investment of £74,000 in Rostima Holdings Limited;
- Investment of £54,000 in Blackbay Limited;
- Investment of £39,000 in Taunton Hospital Limited;
- Investment of £22,000 in MyMeds&Me Limited;
- Investment of £10,000 in Mirada Medical Limited;
- Proceeds of £949,000 (excluding deferred consideration) received from the disposal of the investment in Peakdale Molecular Limited;
- Proceeds of £230,000 received from the disposal of the investment in The Dunedin Pub Company VCT Limited.

The following Ordinary shares of nominal value 1 penny were allotted under the Albion VCTs Top Up Offers 2013/2014 after 30 June 2014:

Date of allotment	Number of shares allotted	Issue price (pence per share)	Net consideration received £'000	Opening market price per share on allotment date (pence per share)
4 July 2014	21,032	82.80	17	80.00
4 July 2014	4,806	83.20	4	80.00
4 July 2014	26,825	83.70	22	80.00
	<u>52,663</u>		<u>43</u>	

Under the Albion VCT Prospectus Top Up Offers 2013/2014 after 30 June 2014:

Date of allotment	Number of shares allotted	Issue price (pence per share)	Net consideration received £'000	Opening market price per share on allotment date (pence per share)
4 July 2014	339,509	83.70	276	80.00

## 14. Related party transactions

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

# Notes to the unaudited summarised Financial Statements (continued)

## 15. Going concern

The Board's assessment of liquidity risk remains unchanged since the last Annual Report and Financial Statements for the year ended 31 December 2013, and is detailed on page 54 of those accounts. The Company has adequate cash and liquid resources. The portfolio of investments is diversified in terms of sector, and the major cash outflows of the Company (namely investments, dividends and share buy-backs) are within the Company's control. Accordingly, after making diligent enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, the Directors have adopted the going concern basis in preparing this Half-yearly Financial Report and this is in accordance with 'Going Concern and Liquidity Risk: Guidance for Directors of UK Companies 2009' published by the Financial Reporting Council.

## 16. 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 2014 and 30 June 2013, and is unaudited. The information for the year ended 31 December 2013 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 were unqualified and 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.

## 17. 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-ventures.co.uk/OurFunds/AATG.htm](http://www.albion-ventures.co.uk/OurFunds/AATG.htm).



aic

The Association of  
Investment Companies

A member of the Association of Investment Companies



This report is printed on Amadeus offset a totally recycled paper produced using 100% recycled waste at a mill that has been awarded the ISO 14001 certificate for environmental management. The pulp is bleached using a totally chlorine free (TCF) process.