

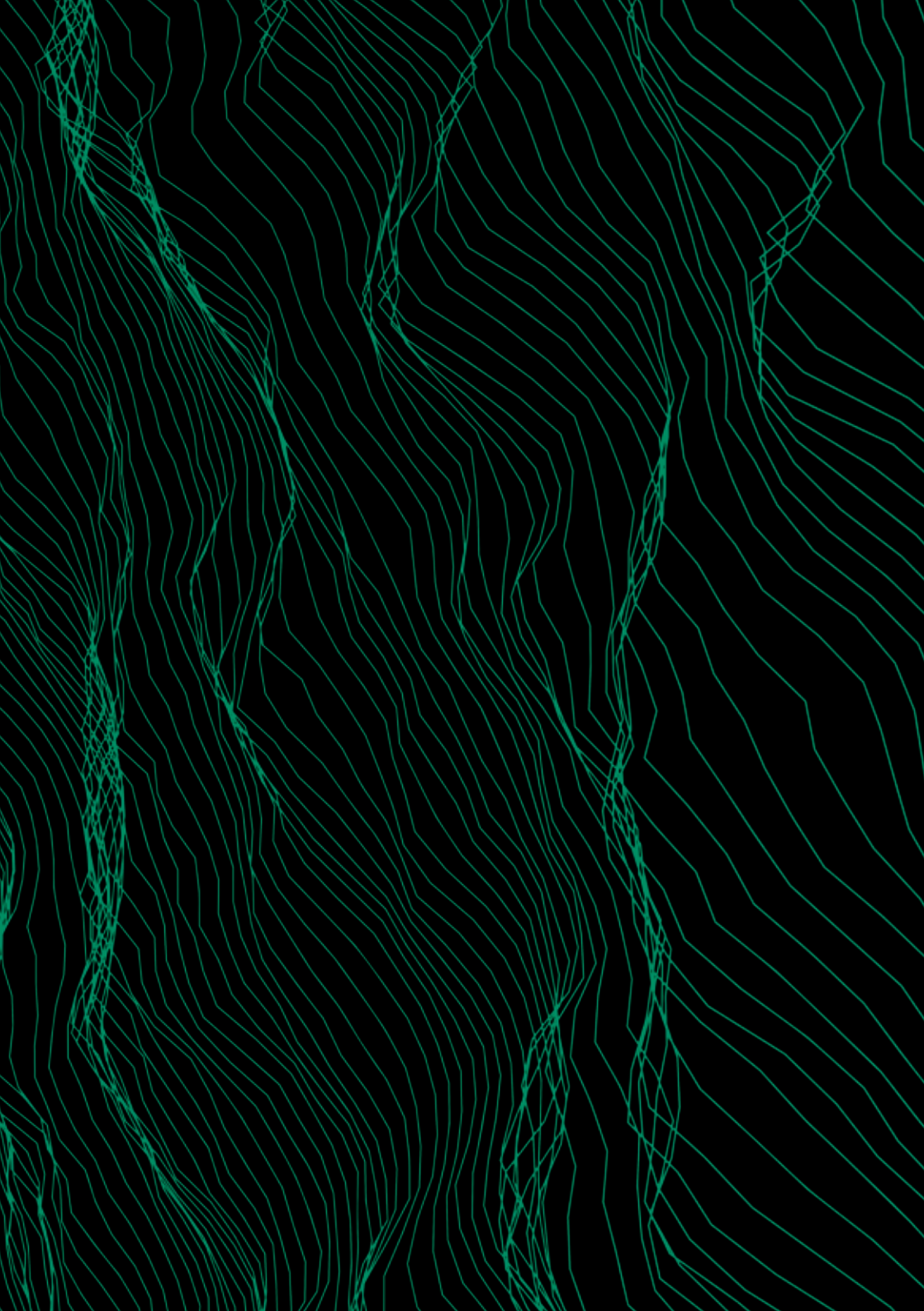
2024

Albion Venture Capital Trust PLC

Half-yearly Financial Report (unaudited)
for the six months to 30 September 2024

AlbionCapital





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AlbionCapital

COMPANY INFORMATION

Company name	Country of incorporation	Legal form
Albion Venture Capital Trust PLC (the "Company")	United Kingdom	Public Limited Company
Directors	Company number	Auditor
Richard Glover, Chairman Ann Berresford, ACA Neeta Patel, CBE Richard Wilson	03142609	Johnston Carmichael LLP 7-11 Melville Street Edinburgh, EH3 7PE
Manager, company secretary, AIFM and registered office	Registrar	Corporate broker
Albion Capital Group LLP 1 Benjamin Street London, EC1M 5QL	Computershare Investor Services PLC The Pavilions Bridgwater Road Bristol, BS99 6ZZ	Panmure Liberum Limited Ropemaker Place, Level 12 25 Ropemaker Street London, EC2Y 9LY
Taxation adviser	Legal adviser	Depository
Philip Hare & Associates LLP Bridge House 181 Queen Victoria Street London, EC4V 4EG	Howard Kennedy LLP 1 London Bridge London, SE1 9BG	Ocorian Depository (UK) Limited Level 5, 20 Fenchurch Street London, EC3M 3BY

The Company is a member of The Association of Investment Companies (www.theaic.co.uk).

Shareholder information

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

Tel: 0370 873 5849 (UK national rate call, lines are open 8.30am – 5.30pm; Mon – Fri, calls are recorded)

Website: www.investorcentre.co.uk

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

Shareholders can also contact the Chairman directly on: AAVCchair@albion.capital

Financial adviser information

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

Email: info@albion.capital

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

Website: www.albion.capital

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

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INVESTMENT OBJECTIVE AND POLICY

The Company is a Venture Capital Trust and the investment policy is intended to produce a regular and predictable dividend stream with an appreciation in capital value.

Investment policy

The Company will invest in a broad portfolio of smaller, unquoted growth businesses across a variety of sectors including higher risk technology companies. Investments may take the form of equity or a mixture of equity and loans.

Allocation of funds will be determined by the investment opportunities which become available but efforts will be made to ensure that the portfolio is diversified both in terms of sector and stage of maturity of company. Funds held pending investment or for liquidity purposes will be held as cash on deposit.

Risk diversification and maximum exposures

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

Gearing

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

FINANCIAL CALENDAR

11 December 2024 (3 p.m.)	First General Meeting
19 December 2024 (12 noon)	Second General Meeting

Please refer to the circular issued on 12 November 2024 for further details on the General Meetings which can be found at www.albion.capital/mergers.

FINANCIAL SUMMARY

	Unaudited six months ended 30 September 2024 (pence per share)	Unaudited six months ended 30 September 2023 (pence per share)	Audited year ended 31 March 2024 (pence per share)
Opening net asset value	44.93	50.88	50.88
Capital loss	(2.12)	(2.41)	(4.06)
Revenue return	0.32	0.26	0.53
Total loss	(1.80)	(2.15)	(3.53)
Dividends paid	(1.12)	(1.27)	(2.46)
Impact of share capital movements	0.03	0.01	0.04
Net asset value	42.04	47.47	44.93

Total shareholder value	Ordinary shares (pence per share)
Net asset value as at 30 September 2024	42.04
Total dividends paid to 30 September 2024	195.57
Total shareholder value to 30 September 2024	237.61

A more detailed breakdown of the dividends paid per year can be found at www.albion.capital/vct-funds/AAVC under the 'Dividends' section.

The financial summary above is for the Company, Albion Venture Capital Trust PLC Ordinary shares only. Details of the financial performance of the C shares and Albion Prime VCT PLC, which have been merged into the Company, can be found on the Company's webpage at www.albion.capital/vct-funds/AAVC under the 'Dividend Payment History' section.

INTERIM MANAGEMENT REPORT



Richard Glover
Chairman

Introduction

In the six months to 30 September 2024, the Company generated a total loss of 1.80 pence per share, representing a 3.9% decrease on the opening net asset value (“NAV”). Amidst a challenging period marked by political change and ongoing geopolitical tensions, the Board acknowledges the disappointing loss but remains encouraged by the calibre of the companies in the portfolio, and progress of a number of portfolio companies towards raising growth rounds as the portfolio begins to mature.

Results and dividends

The total loss for the six months to 30 September 2024 was £2.5 million (30 September 2023: loss of £3.0 million; year ended 31 March 2024: loss of £4.9 million). The Company paid a first dividend of 1.12 pence per share during the period to 30 September 2024 (30 September 2023: 1.27 pence per share). As a result, the NAV has decreased to 42.04 pence per share on 30 September 2024 (31 March 2024: 44.93 pence per share).

Investment performance and progress

The loss on our portfolio of investments for the six months to 30 September 2024 was £2.5 million (30 September 2023: loss of £2.9 million; year ended 31 March 2024: loss of £4.8 million). The key upward movements in the period include: The Ewell, a £0.3 million valuation uplift, TransFICC, a £0.2 million valuation uplift, and PerchPeek, a £0.2 million valuation uplift, all following periods of stronger growth and positive performance. Loan stock interest and dividend income, predominantly from the renewable energy investments, accounted for £0.6 million of the £0.8 million of income generated by the Company during the period. On the other hand, some technology and healthcare companies in our portfolio have been written-down as a result of the difficult trading conditions that they face. The largest of these have been uMedeor (T/A uMed) (loss of £0.9 million); Seldon Technologies (loss of £0.8 million) and Accelex Technology (loss of £0.4 million).

These results once again highlight that the Company has a relatively immature growth portfolio, following the change of investment policy in August 2018. The Board is optimistic that companies in its portfolio with the ability to post significant positive returns are beginning to emerge, with a number of portfolio companies expected to raise growth rounds in 2025, which would typically be at a valuation uplift. Given this, the Board remains confident that the Company can emerge from this period of negative performance, once the portfolio matures.

The Company's renewable energy generation investments have seen an aggregate valuation reduction of £0.3 million. This reduction reflects the ongoing impact of higher interest rates, and falling electricity prices and inflation, in addition to reductions in the remaining life of the assets. During the period the renewable energy investments generated income of £0.4 million for the Company by way of dividends and loan stock interest.

Our top 3 portfolio companies now account for 17.3% of the Company's NAV (30 September 2023: 14.7%; 31 March 2024: 16.0%).

There has been an uplift in investment activity since this point last year, resulting in a number of new and further investments made in the period to 30 September 2024. During the period, the Company has invested £1.3 million into four new portfolio companies (Instinct Digital, Get Least (T/A Kato), Papaya Technologies and Trumpet Software) and £1.7 million into existing portfolio companies to help support them as they continue to grow, including £0.7 million into Imandra and £0.3 million into Mondra Global.

Further details of the portfolio of investments and investment realisations can be found on pages 12 to 14.

Investment portfolio by sector

The following pie chart shows the different sectors in which the Company's assets, at carrying value, were invested at 30 September 2024.

- Cash and other net assets 17% (25%)
- Healthcare (including digital healthcare) 14% (14%)
- Other (including education) 11% (11%)
- Renewable energy 15% (14%)
- FinTech 18% (14%)
- Software & technology 25% (22%)

Comparatives for 31 March 2024 are shown in brackets.



Share buy-backs

It remains the Board's primary objective to maintain sufficient resources for investment in new and existing 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 Company's interest. It is the Board's intention for such buy-backs to be in the region of a 5% discount to net asset value, so far as market conditions and liquidity permit. The Board continues to review the use of buy-backs and is satisfied that it is an important means of providing market liquidity for shareholders.

Transactions with the Manager

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

Risks and uncertainties

The Company faces a number of significant risks including increased market volatility, heightened geopolitical tensions, as well as the challenging macroeconomic climate as a result of high inflation and interest rates over the last few years.

Our investment portfolio, while concentrated mainly in the technology and healthcare sectors, remains diversified in terms of both sub-sector and stage of maturity.

In accordance with the Disclosure Guidance and Transparency Rules ("DTR") 4.2.7, the Board confirms that the principal risks and uncertainties facing the Company have not materially changed from those identified in the Annual Report and Financial Statements for the year ended 31 March 2024. The Board considers that the present processes for mitigating those risks remain appropriate.

The principal and emerging risks faced by the Company are:

- Investment, performance, technology and valuation risk;
- VCT approval and regulatory change risk;
- Regulatory and compliance risk;
- Operational and internal control risk;
- Cyber and data security risk;
- Economic and political risk;
- Liquidity risk; and
- Environmental, social and governance ("ESG") risk.

A detailed explanation of the principal risks facing the Company can be found in the Annual Report and Financial Statements for the year ended 31 March 2024 on pages 23 to 26, copies of which are available on the Company's webpage on the Manager's website at www.albion.capital/vct-funds/AAVC under the 'Financials' section.

Albion VCTs Mergers

On 12 November 2024, the Company issued a circular, jointly with the other Albion managed VCTs, proposing, amongst other things, the merger of the Company with Albion Crown VCT PLC.

The key reasons for the proposed mergers are the benefits it brings to shareholders including costs savings, simplified fee structure across the Albion VCTs, reduced administration and streamlined fundraising offers.

The circular also includes the Notices of the General Meetings to be held at 3 p.m. on 11 December 2024 and 12 noon on 19 December 2024. The Board encourages all shareholders to vote on the resolutions to be proposed at the General Meetings in connection with the recommended proposals.

The circular can be viewed at www.albion.capital/mergers.

As referred to in the circular, if the merger is approved, it is expected that Albion Crown VCT PLC, including the new class of shares issued to Albion Venture Capital Trust PLC shareholders, will pay dividends in April and December. The dividend policy of Albion Crown VCT PLC, the acquiring entity, is identical to the Albion Venture Capital Trust PLC dividend policy being an annualised variable dividend of around 5% of NAV.

Outlook and prospects

The relative immaturity of the Company's investment portfolio, during a period of ongoing geopolitical tensions and economic pressures, has negatively affected the returns of the Company in the period. However, the prospect of further fund raising rounds at valuation uplifts, as the portfolio develops, together with an improving M&A market gives the Board confidence that shareholder value will emerge over the medium term. Importantly, the Company continues to provide funding to innovative young companies with growth ambitions, to the benefit of the UK economy, an important objective for VCTs.

Richard Glover

Chairman

27 November 2024

PORTFOLIO OF INVESTMENTS

	As at 30 September 2024				
	% voting rights	Cost* £'000	Cumulative movement in value £'000	Value £'000	Change in value for the period** £'000
Fixed asset investments					
Chonais River Hydro	9.2	3,074	571	3,645	(156)
Gravitee TopCo (T/A Gravitee.io)	4.6	2,189	1,371	3,560	149
The Ewell Group	5.5	1,272	1,358	2,630	343
Runa Network	3.0	1,945	520	2,465	-
Cantab Research (T/A Speechmatics)	2.6	2,234	170	2,404	(76)
Radnor House School (TopCo)	6.9	1,259	1,041	2,300	(394)
Elliptic Enterprises	1.8	2,155	19	2,174	9
Healios	4.9	1,833	216	2,049	199
Gharagain River Hydro	11.5	1,363	314	1,677	(32)
TransFICC	2.6	1,025	239	1,264	239
Threadneedle Software Holdings (T/A Solidatus)	2.2	1,262	-	1,262	-
Peppy Health	1.3	1,207	-	1,207	-
The Street by Street Solar Programme	6.5	676	437	1,113	(45)
NuvoAir Holdings	2.6	1,451	(338)	1,113	(346)
Kew Green VCT (Stansted)	45.2	1,234	(157)	1,077	134
Seldon Technologies	7.4	2,539	(1,486)	1,053	(816)
Accelex Technology	3.3	956	57	1,013	(397)
MHS 1	14.8	1,026	(50)	976	(46)
Beddlestead	9.1	1,142	(190)	952	(82)
Imandra	1.3	818	100	918	14
Treefera	1.7	896	-	896	-
OpenDialog AI	3.0	770	-	770	-
Tem Energy	1.6	457	303	760	120
GX Molecular (CS Genetics)	2.7	722	8	730	7
Regenerco Renewable Energy	4.5	451	207	658	-
Alto Prodotto Wind	7.4	382	243	625	(64)
PerchPeek	1.8	567	-	567	227
Gridcog International	2.9	544	-	544	-
Mondra Global	0.4	472	10	482	7
Diffblue	1.9	447	-	447	-
Toqio FinTech Holdings	1.2	838	(391)	447	(391)
Erin Solar	18.6	520	(85)	435	(66)

	% voting rights	As at 30 September 2024			
		Cost* £'000	Cumulative movement in value £'000	Value £'000	Change in value for the period** £'000
Fixed asset investments					
OutThink	1.6	410	-	410	-
Instinct Digital	3.4	396	-	396	-
Get Least (T/A Kato)	2.1	376	-	376	-
Dragon Hydro	7.3	218	127	345	(20)
InFact Systems (T/A InFact)	1.9	249	86	335	85
Phasecraft	0.6	321	-	321	-
PetsApp	1.6	286	-	286	-
Papaya Technologies	1.1	285	-	285	-
Harvest AD	-	307	(24)	283	(47)
AVESI	7.4	242	27	269	(9)
Kennek Solutions	0.9	241	-	241	-
5Mins AI	1.3	229	-	229	-
Trumpet Software	0.9	228	-	228	-
Ramp Software (T/A Kohort)	1.8	227	-	227	-
Premier Leisure (Suffolk)	21.0	175	46	221	-
Greenenerco	3.9	80	53	133	(10)
uMedeor (T/A uMed)	5.8	1,061	(942)	119	(948)
Symetrica	0.3	95	(6)	89	-
Neurofenix	1.7	351	(288)	63	(47)
PeakData	2.1	641	(581)	60	(90)
Arecor Therapeutics PLC	0.1	57	(27)	30	(34)
Regulatory Genome Development	1.0	161	(161)	-	-
Total fixed asset investments		44,362	2,797	47,159	(2,583)

*The cost includes the original cost from Albion Venture Capital Trust PLC and the carried over value on merger from Albion Prime VCT PLC as at 25 September 2012.

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

Portfolio of investments

Fixed asset investment realisations during the period to 30 September 2024	Cost* £'000	Opening carrying value £'000	Disposal proceeds £'000	Total realised gain £'000	Gain on opening value £'000
Loan stock repayments, conversions and other:					
Alto Prodotto Wind	31	41	41	10	-
Dragon Hydro	17	17	17	-	-
Greenenerco	6	8	8	2	-
Escrow adjustments and other**	-	-	13	13	13
Total realisations	54	66	79	25	13

*The cost includes the original cost from Albion Venture Capital Trust PLC and the carried over value on merger from Albion Prime VCT PLC as at 25 September 2012.

**These comprise fair value movements on deferred consideration on previously disposed investments and expenses which are incidental to the purchase or disposal of an investment.

	£'000
Total change in value of investments for the period	(2,583)
Movement in loan stock accrued interest	41
Unrealised losses sub-total	(2,542)
Realised gains in current period	13
Total losses on investments as per Income statement	(2,529)

RESPONSIBILITY STATEMENT

The Directors, Richard Glover, Ann Berresford, Neeta Patel and Richard Wilson, are responsible for preparing the Half-yearly Financial Report. In preparing these condensed Financial Statements for the period to 30 September 2024 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

Richard Glover

Chairman

27 November 2024

CONDENSED INCOME STATEMENT

	Note	Unaudited six months ended 30 September 2024			Unaudited six months ended 30 September 2023			Audited year ended 31 March 2024		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Net losses on investments	3	-	(2,529)	(2,529)	-	(2,906)	(2,906)	-	(4,800)	(4,800)
Investment income	4	814	-	814	769	-	769	1,556	-	1,556
Investment Manager's fees	5	(51)	(461)	(512)	(63)	(564)	(627)	(120)	(1,086)	(1,206)
Other expenses		(242)	-	(242)	(240)	-	(240)	(473)	-	(473)
Profit/(loss) on ordinary activities before tax		521	(2,990)	(2,469)	466	(3,470)	(3,004)	963	(5,886)	(4,923)
Tax (charge)/credit on ordinary activities		(85)	85	-	(98)	98	-	(220)	220	-
Profit/(loss) and total comprehensive income attributable to shareholders		436	(2,905)	(2,469)	368	(3,372)	(3,004)	743	(5,666)	(4,923)
Basic and diluted return/(loss) per share (pence)*	7	0.32	(2.12)	(1.80)	0.26	(2.41)	(2.15)	0.53	(4.06)	(3.53)

*adjusted for treasury shares

The accompanying notes on pages 20 to 26 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 September 2023 and the audited statutory accounts for the year ended 31 March 2024.

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

CONDENSED BALANCE SHEET

	Note	Unaudited 30 September 2024 £'000	Unaudited 30 September 2023 £'000	Audited 31 March 2024 £'000
Fixed asset investments		47,159	45,451	46,797
Current assets				
Trade and other receivables		67	2,640	69
Cash in bank and at hand		10,047	18,791	15,802
		10,114	21,431	15,871
Payables: amounts falling due within one year				
Trade and other payables		(361)	(676)	(659)
Net current assets		9,753	20,755	15,212
Total assets less current liabilities		56,912	66,206	62,009
Equity attributable to equity holders				
Called-up share capital	8	1,574	1,601	1,600
Share premium		22,654	22,193	22,438
Capital redemption reserve		68	31	37
Unrealised capital reserve		2,572	6,395	5,126
Realised capital reserve		(639)	737	(288)
Other distributable reserve		30,683	35,249	33,096
Total equity shareholders' funds		56,912	66,206	62,009
Basic and diluted net asset value per share (pence)*		42.04	47.47	44.93

*excluding treasury shares

The accompanying notes on pages 20 to 26 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 September 2023 and the audited statutory accounts for the year ended 31 March 2024.

These Financial Statements were approved by the Board of Directors and authorised for issue on 27 November 2024, and were signed on its behalf by

Richard Glover

Chairman

Company number: 03142609

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
At 1 April 2024	1,600	22,438	37	5,126	(288)	33,096	62,009
(Loss)/return and total comprehensive income for the period	-	-	-	(2,542)	(363)	436	(2,469)
Transfer of previously unrealised gains on realisations of investments	-	-	-	(12)	12	-	-
Purchase of shares for cancellation	(31)	-	31	-	-	(1,310)	(1,310)
Issue of equity	5	218	-	-	-	-	223
Cost of issue of equity	-	(2)	-	-	-	-	(2)
Net dividends paid (note 6)	-	-	-	-	-	(1,539)	(1,539)
At 30 September 2024	1,574	22,654	68	2,572	(639)	30,683	56,912
At 1 April 2023	1,587	21,531	31	8,415	2,089	37,362	71,015
(Loss)/return and total comprehensive income for the period	-	-	-	(2,969)	(403)	368	(3,004)
Transfer of previously unrealised losses on realisations of investments	-	-	-	949	(949)	-	-
Purchase of shares for treasury	-	-	-	-	-	(698)	(698)
Issue of equity	14	672	-	-	-	-	686
Cost of issue of equity	-	(10)	-	-	-	-	(10)
Net dividends paid (note 6)	-	-	-	-	-	(1,783)	(1,783)
At 30 September 2023	1,601	22,193	31	6,395	737	35,249	66,206
At 1 April 2023	1,587	21,531	31	8,415	2,089	37,362	71,015
(Loss)/return and total comprehensive income for the year	-	-	-	(4,553)	(1,113)	743	(4,923)
Transfer of previously unrealised losses on realisations of investments	-	-	-	1,264	(1,264)	-	-
Purchase of shares for cancellation	(6)	-	6	-	-	(264)	(264)
Purchase of shares for treasury	-	-	-	-	-	(1,322)	(1,322)
Issue of equity	19	918	-	-	-	-	937
Cost of issue of equity	-	(11)	-	-	-	-	(11)
Net dividends paid (note 6)	-	-	-	-	-	(3,423)	(3,423)
At 31 March 2024	1,600	22,438	37	5,126	(288)	33,096	62,009

*Included within these reserves is an amount of £25,677,000 (30 September 2023: £22,550,000; 31 March 2024: £28,571,000) which is considered distributable. Over the next year an additional £2,393,000 will become distributable. This is due to the HMRC requirement that the Company cannot use capital raised in the past three years to make a payment or distribution to shareholders.

The accompanying notes on pages 20 to 26 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 September 2023 and the audited statutory accounts for the year ended 31 March 2024.

CONDENSED STATEMENT OF CASH FLOWS

	Unaudited six months ended 30 September 2024 £'000	Unaudited six months ended 30 September 2023 £'000	Audited year ended 31 March 2024 £'000
Cash flow from operating activities			
Loan stock income received	477	477	1,026
Dividend income received	181	74	83
Income from fixed term funds received	132	96	268
Bank interest received	65	159	249
Investment Manager's fees paid	(555)	(658)	(1,254)
Other cash payments	(248)	(277)	(494)
UK Corporation tax paid	-	-	-
Net cash flow generated from operating activities	52	(129)	(122)
Cash flow from investing activities			
Purchase of fixed asset investments	(3,011)	(2,480)	(6,178)
Disposal of fixed asset investments	87	236	3,235
Net cash flow generated from investing activities	(2,924)	(2,244)	(2,943)
Cash flow from financing activities			
Issue of share capital	-	405	405
Cost of issue of equity	(1)	(2)	(4)
Dividends paid*	(1,310)	(1,511)	(2,906)
Purchase of own shares (including costs)	(1,572)	(614)	(1,514)
Net cash flow generated from financing activities	(2,883)	(1,722)	(4,019)
Decrease in cash in bank and at hand	(5,755)	(4,095)	(7,084)
Cash in bank and at hand at start of period	15,802	22,886	22,886
Cash in bank and at hand at end of period	10,047	18,791	15,802

*The equity dividends paid in the cash flow is different to the dividends disclosed in note 6 due to the non-cash effect of the Dividend Reinvestment Scheme.

The accompanying notes on pages 20 to 26 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 September 2023 and the audited statutory accounts for the year ended 31 March 2024.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

1. Basis of preparation

The condensed Financial Statements have been prepared in accordance with applicable United Kingdom law and accounting standards, including Financial Reporting Standard 102 (“FRS 102”), 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 updated in 2022 and further detail on the valuation techniques used are outlined below.

Company information can be found on page 4.

2. Accounting policies

Fixed asset investments

The Company’s business is investing in financial assets with a view to profiting from their total return in the form of income and capital growth. This portfolio of financial assets is managed and its performance evaluated on a fair value basis, in accordance with a documented investment policy, and information about the portfolio is provided internally on that basis to the Board.

In accordance with the requirements of FRS 102, those undertakings in which the Company holds more than 20% of the equity as part of an investment portfolio are not accounted for using the equity method. In these circumstances the investment is measured at FVTPL.

Upon initial recognition (using trade date accounting) investments, including loan stock, are classified by the Company as FVTPL and are included at their initial fair value, which is cost (excluding expenses incidental to the acquisition which are written off to the Income statement).

Subsequently, the investments are valued at ‘fair value’, which is measured as follows:

- Investments listed on recognised exchanges are valued at their bid prices at the end of the accounting period or otherwise at fair value based on published price quotations.
- Unquoted investments, where there is not an active market, are valued using an appropriate valuation technique in accordance with the IPEV Guidelines. Indicators of fair value are derived using established methodologies including earnings multiples, 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 Income statement when a share becomes ex-dividend.

Current assets and payables

Receivables (including debtors due after more than one year), payables and cash are carried at amortised cost, in accordance with FRS 102. Deferred consideration meets the definition of a financing transaction held at amortised cost, and interest will be recognised through capital over the credit period using the effective interest method. There are no financial liabilities other than payables.

Investment income

Dividend 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.

Fixed term funds income

Income from fixed term funds is recognised on an accruals basis using the agreed rate of interest.

Bank deposit income

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

Investment management fee, performance incentive fee and other expenses

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

- 90% of management fees and 100% performance incentive fees, if any, are allocated to the realised capital reserve; and
- expenses which are incidental to the purchase or disposal of an investment are charged through the realised capital reserve.

Taxation

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

Deferred tax is provided in full on all timing differences at the reporting date. Timing differences are differences between taxable profits and total comprehensive income as stated in the financial statements that arise from the inclusion of

Notes to the condensed Financial Statements

income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. As a VCT the Company has an exemption from tax on capital gains. The Company intends to continue meeting the conditions required to obtain approval as a VCT in the foreseeable future. The Company therefore should have no material deferred tax timing differences arising in respect of the revaluation or disposal of investments and the Company has not provided for any deferred tax.

Share capital and reserves

Called-up share capital

This reserve accounts for the nominal value of the shares.

Share premium

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 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 (including gains recognised on the realisation of investment where consideration is deferred that are not distributable as a matter of law);
- finance income in respect of the unwinding of the discount on deferred consideration that is not distributable as a matter of law;
- expenses, together with the related taxation effect, charged in accordance with the above policies; and
- dividends paid to equity holders where paid out by capital.

Other distributable reserve

The special reserve, treasury share reserve and the revenue reserve were combined in 2012 to form a single reserve named other distributable reserve.

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

Dividends

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

Segmental reporting

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

3. (Losses)/gains on investments

	Unaudited six months ended 30 September 2024 £'000	Unaudited six months ended 30 September 2023 £'000	Audited year ended 31 March 2024 £'000
Unrealised losses on fixed asset investments	(2,542)	(2,969)	(4,553)
Realised gains/(losses) on fixed asset investments	13	(84)	(471)
Unwinding of discount on deferred consideration	-	147	224
	(2,529)	(2,906)	(4,800)

4. Investment income

	Unaudited six months ended 30 September 2024 £'000	Unaudited six months ended 30 September 2023 £'000	Audited year ended 31 March 2024 £'000
Loan stock interest	436	441	956
Dividend income	181	74	83
Income from fixed term funds	132	96	268
Bank interest	65	158	249
	814	769	1,556

5. Investment management fee

	Unaudited six months ended 30 September 2024 £'000	Unaudited six months ended 30 September 2023 £'000	Audited year ended 31 March 2024 £'000
Investment management fee charged to capital	461	564	1,086
Investment management fee charged to revenue	51	63	120
	512	627	1,206

Further details of the Management agreement under which the investment management fee and any performance incentive fee is paid are given in the Strategic report on page 19 of the Annual Report and Financial Statements for the year ended 31 March 2024.

During the period, services of a total value of £547,000 (30 September 2023: £661,000; 31 March 2024: £1,275,000), were purchased by the Company from Albion Capital Group LLP; this includes £512,000 (30 September 2023: £627,000; 31 March 2024: £1,206,000) of investment management fee and £35,000 (30 September 2023: £34,000; 31 March 2024: £69,000) of secretarial and administration fee. At the financial period end, the amount due to Albion Capital Group LLP in respect of these services disclosed within payables was £256,000 (30 September 2023: £315,000; 31 March 2024: £299,000).

Notes to the condensed Financial Statements

Albion Capital Group LLP is, from time to time, eligible to receive arrangement fees and monitoring fees from portfolio companies. During the period to 30 September 2024, fees of £75,000 attributable to the investments of the Company were received pursuant to these arrangements (30 September 2023: £51,000; 31 March 2024: £124,000).

Albion Capital Group LLP, its partners and staff held a total of 1,715,500 shares in the Company on 30 September 2024.

6. Dividends

	Unaudited six months ended 30 September 2024 £'000	Unaudited six months ended 30 September 2023 £'000	Audited year ended 31 March 2024 £'000
First dividend of 1.12p per share paid on 31 July 2024 (31 July 2023: First dividend of 1.27p per share)	1,539	1,783	1,783
Second dividend of 1.19p per share paid on 31 January 2024	-	-	1,647
Unclaimed dividends	-	-	(7)
	1,539	1,783	3,423

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

	Unaudited six months ended 30 September 2024		Unaudited six months ended 30 September 2023		Audited year ended 31 March 2024	
	Revenue	Capital	Revenue	Capital	Revenue	Capital
Return/(loss) attributable to equity shares (£'000)	436	(2,905)	368	(3,372)	743	(5,666)
Weighted average shares in issue (adjusted for treasury shares)	137,249,180		140,099,618		139,495,710	
Return/(loss) attributable per equity share (pence)	0.32	(2.12)	0.26	(2.41)	0.53	(4.06)

The weighted average number of shares is calculated after adjusting for treasury shares of 22,002,939 (30 September 2023: 20,615,500; 31 March 2024: 22,022,939).

There are no convertible instruments, derivatives or contingent share agreements in issue so basic and diluted return per share are the same.

8. Called-up share capital

Allotted, called-up and fully paid shares of 1 penny each	Unaudited 30 September 2024	Unaudited 30 September 2023	Audited 31 March 2024
Number of shares	157,385,730	160,072,698	160,007,125
Nominal value of allotted shares (£'000)	1,574	1,601	1,600
Voting rights (number of shares net of treasury shares)	135,382,791	139,457,198	138,004,186

During the period to 30 September 2024 the Company purchased 3,130,422 Ordinary shares (nominal value of £31,304) to be held in treasury (30 September 2022: 1,477,719 shares to be held in treasury; 31 March 2024: 609,691 shares for cancellation and 2,865,158 to be held in treasury) at a total cost of £1,310,000 (30 September 2023: £698,000; 31 March 2024: £1,586,000) representing 2.0% of the shares in issue as at 30 September 2024.

The total number of Ordinary shares held in treasury as at 30 September 2024 was 22,002,939 (30 September 2023: 20,615,500; 31 March 2024: 22,002,939) representing 14.0% of the share capital as at 30 September 2024.

Under the terms of the Dividend Reinvestment Scheme Circular dated 10 July 2008, the following new Ordinary shares of nominal value 1 penny per share were allotted during the period:

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)
31 July 2024	509,027	5	43.81	221	42.00

9. Commitments and contingencies

As at 30 September 2024, the Company had no financial commitments (30 September 2023 and 31 March 2024: £nil).

There are no contingencies or guarantees of the Company as at 30 September 2024 (30 September 2023 and 31 March 2024: £nil).

10. Post balance sheet events

Since 30 September 2024, the Company has had the following material post balance sheet events:

- As announced on 12 November 2024, the Company has issued a joint circular along with the other Albion managed VCTs. Further details can be found in the Interim management report on page 11.

11. Related party transactions

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

12. Going concern

The Board 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 the current economic climate and increasingly volatile geopolitical backdrop. The Board has 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 pages 87 and 88 of those accounts.

The portfolio of investments is diversified in terms of sector and the major cash outflows of the Company (namely investments, dividends and share buy-backs) are within the Company's control. Accordingly, after making diligent enquiries, the Directors have a reasonable expectation that the Company has adequate cash and liquid resources to continue in operational existence for the foreseeable future. For this reason, the Directors have adopted the going concern basis in preparing this Half-yearly Financial Report and this is in accordance with the Guidance on Risk Management, Internal Control and Related Financial and Business Reporting issued by the Financial Reporting Council in September 2014, and the subsequent updated Going concern, risk and viability guidance issued by the FRC in 2021.

Notes to the condensed Financial Statements

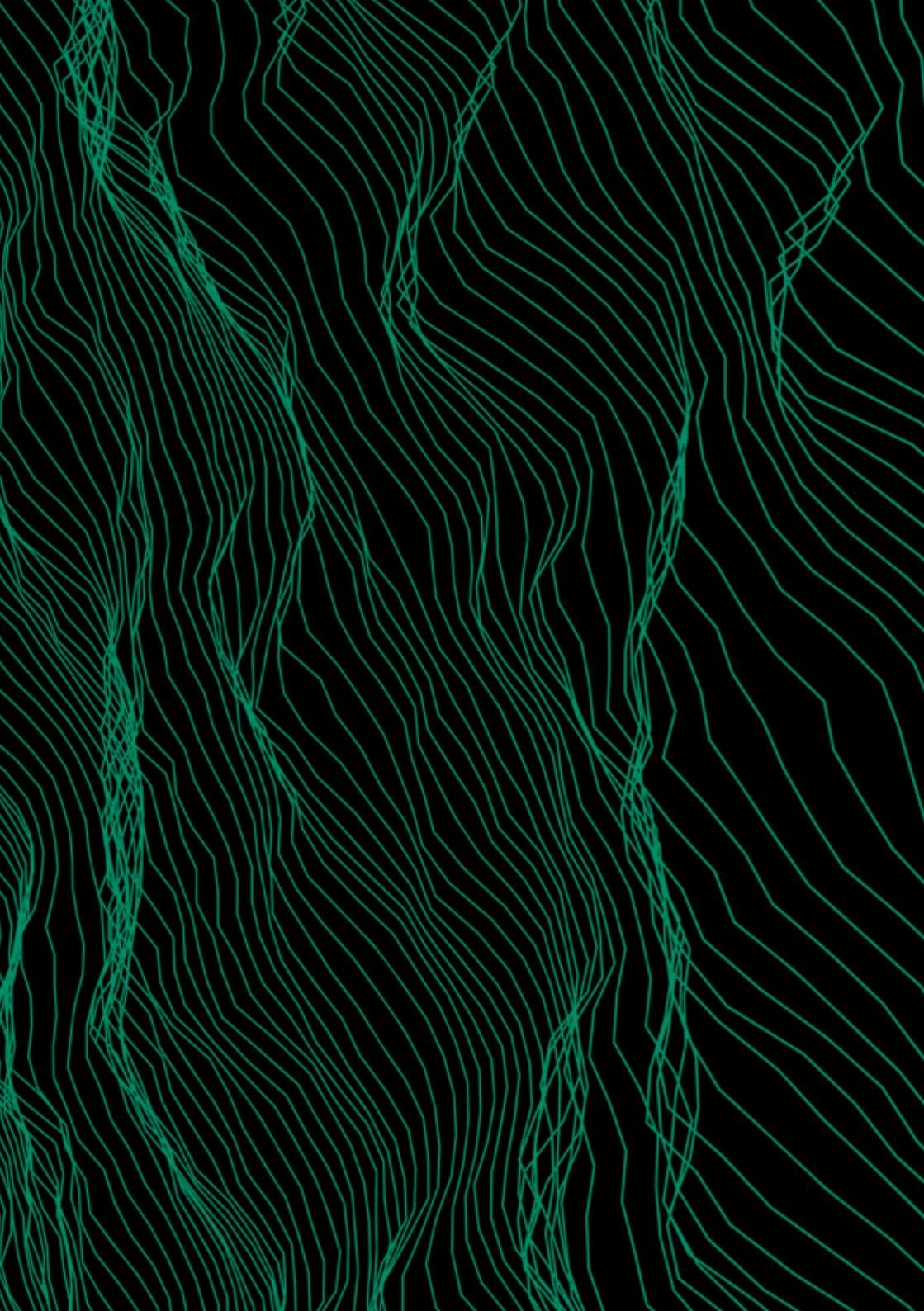
If the proposed merger with Albion Crown VCT PLC proceeds, as described in the Interim management report on page 11, the Company will be placed into voluntary liquidation and its assets and liabilities (current and any future) will be assumed by Albion Crown VCT PLC. Further details can be found in the circular issued on 12 November 2024, which can be viewed at www.albion.capital/mergers.

13. Other information

The information set out in this Half-yearly Financial Report does not constitute the Company's statutory accounts within the terms of section 434 of the Companies Act 2006 for the periods ended 30 September 2024 and 30 September 2023 and is unaudited. The information for the year ended 31 March 2024 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/vct-funds/AAVC, where the Report can be accessed as a PDF document in the 'Financials' section.





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