

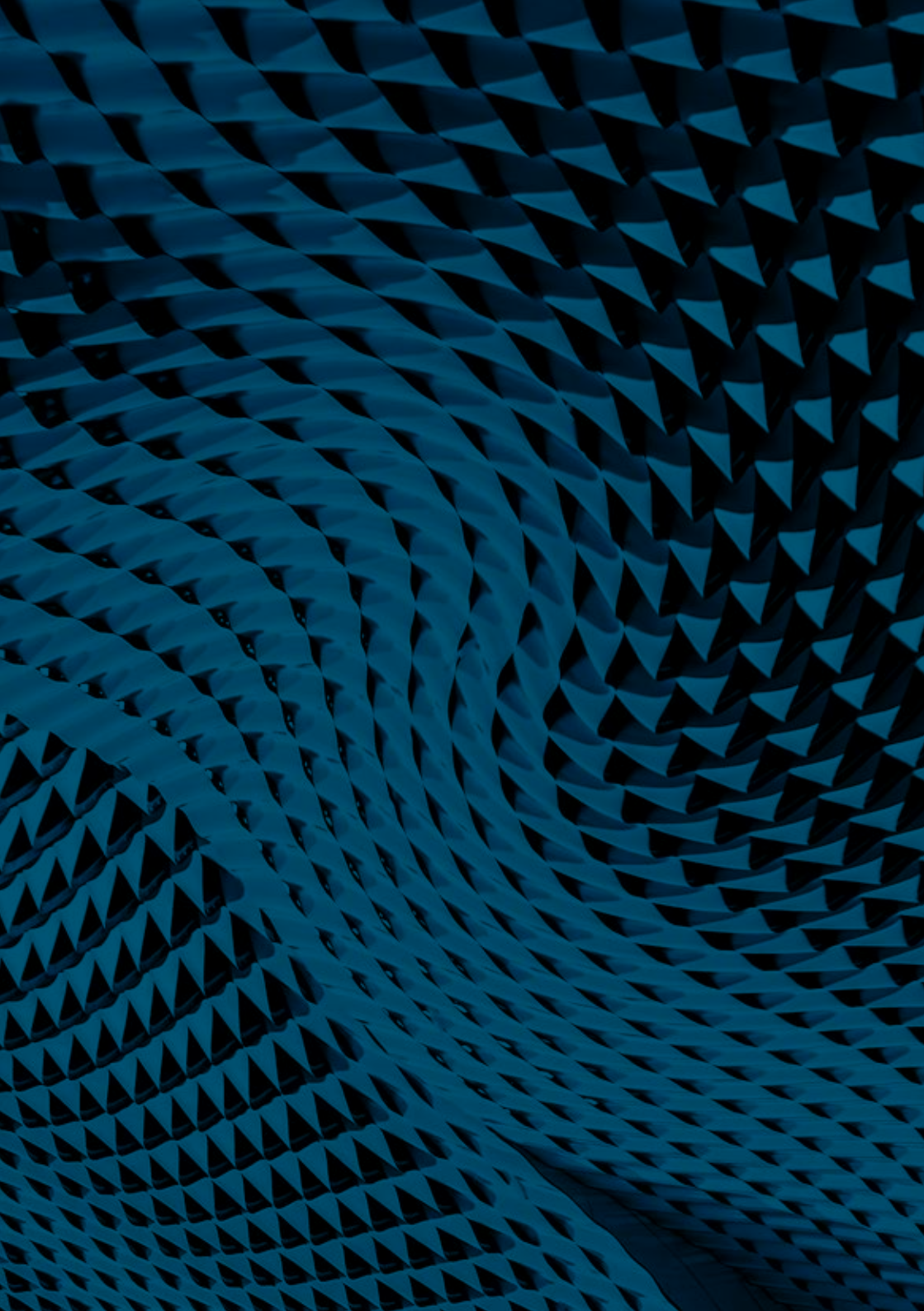


2024

Albion KAY VCT PLC

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

AlbionCapital



Albion KAY VCT PLC

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for the six months to 30 June 2024

COMPANY INFORMATION

Company name Albion KAY VCT PLC (the "Company")	Country of incorporation United Kingdom	Legal form Public Limited Company
Directors F Wollocombe, Chairman S Pathakji S Thorpe	Company number 03139019	Auditor Johnston Carmichael LLP 7-11 Melville Street Edinburgh, EH3 7PE
Manager, company secretary, AIFM and registered office Albion Capital Group LLP 1 Benjamin Street London, EC1M 5QL	Registrar Computershare Investor Services PLC The Pavilions Bridgwater Road Bristol, BS99 6ZZ	Corporate broker Panmure Liberum Limited Ropemaker Place, Level 12 25 Ropemaker Street London, EC2Y 9LY
Taxation adviser Philip Hare & Associates LLP 6 Snow Hill London, EC1A 2AY	Legal adviser Howard Kennedy LLP 1 London Bridge London, SE1 9BG	Depository 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 5858 (UK National Rate call, lines are open 8.30am – 5.30pm; Mon – Fri, calls are recorded)

Website: www.investorcentre.co.uk

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

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

Financial adviser information

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

Email: info@albion.capital

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

Website: www.albion.capital

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

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INVESTMENT 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 higher growth businesses across a variety of sectors of the UK economy including higher risk technology companies. Allocation of assets will be determined by the investment opportunities which become available but efforts will be made to ensure that the portfolio is diversified both in terms of sector and stage of maturity of company.

Funds held pending investment or for liquidity purposes are held as cash on deposit or similar instruments with banks or other financial institutions with high credit ratings assigned by international credit rating agencies.

Risk diversification and maximum exposures

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

The Company's maximum exposure in relation to gearing is restricted to the amount equal to its adjusted capital and reserves.

FINANCIAL CALENDAR

4 October 2024	Record date for second dividend and special dividend
25 October 2024	Payment of second dividend and special dividend
31 December	Financial year end

FINANCIAL HIGHLIGHTS

Movements in net asset value

	Unaudited six months ended 30 June 2024 (pence per share)	Unaudited six months ended 30 June 2023 (pence per share)	Audited year ended 31 December 2023 (pence per share)
Opening net asset value	20.37	20.95	20.95
Capital return	1.83	0.75	0.26
Revenue return	0.11	0.06	0.16
Total return	1.94	0.81	0.42
Dividends paid	(0.51)	(0.52)	(1.05)
Impact of share capital movements	(0.02)	0.04	0.05
Net asset value	21.78	21.28	20.37

Total shareholder value per share

	Ordinary shares (pence per share)
Total dividends paid to 30 June 2024	75.04
Net asset value as at 30 June 2024*	21.78
Total shareholder value per share to 30 June 2024	96.82

*In the period from launch to 1 January 2011, there was a decrease in the net asset value of 83.40 pence per share. In the period from 1 January 2011 to 30 June 2024, the period that Albion Capital have been investment manager, there has been an increase in the net asset value of 5.18 pence per share.

The Directors have declared a second dividend of 0.54 pence per share for the year ending 31 December 2024, which will be paid on 25 October 2024 to shareholders on the register on 4 October 2024. The Board has also declared a special dividend of 1.00 pence per share, also payable on 25 October 2024 to shareholders on the register on 4 October 2024. Further details can be found in the Interim management report.

INTERIM MANAGEMENT REPORT



Fiona Wollocombe
Chairman

Introduction

I am pleased to report that in the six months to 30 June 2024, your Company generated a total return of 1.94 pence per share, representing a 9.5% return on opening NAV. The Company's portfolio has demonstrated strong performance, despite a challenging macroeconomic environment with significant geopolitical instability. This positive result demonstrates the resilience of the portfolio and its ability to navigate difficult times.

Valuations and results

The total gain on investments for the six-month period was £11.0 million (30 June 2023: gain of £4.8 million). The key upward valuation movements in the period in addition to Egress, as discussed below, were Quantexa (£3.8 million), Proveca (£1.2 million) and Gravitee (£1.0 million) which are demonstrating strong growth.

These gains were partially offset by write downs in Toqio FinTech Holdings (£0.7 million), PeakData (£0.5 million) and Seldon Technologies (£0.4 million).

The result of these valuation movements has been an increased NAV per share, to 21.78 pence per share (30 June 2023: 21.28 pence per share; 31 December 2023: 20.37 pence per share).

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

Sale of Egress Software Technologies

The key valuation movement in the period was a £5.1 million uplift of Egress Software Technologies as result of its sale to KnowBe4 which completed after the period end on 1 July 2024. Egress has proved to be an excellent investment. The Company first invested in Egress in 2014, with follow on investments in 2017 and 2018, and achieved a return of over 7x cost for shareholders.

Whilst it is important for a Venture Capital Trust to hold sufficient cash to manage operating costs, to service dividends and buy-backs and, most importantly, to make follow on and new investments as opportunities arise, this must be balanced against the requirements of a Venture Capital Trust to meet a minimum threshold of 80% invested in qualifying investments. To maintain the Company's qualifying VCT status following the Egress sale, the Board has concluded that a special dividend should be paid to shareholders. Further details can be found in Dividends section below.

The Board will continue to monitor the Company's qualifying holdings requirement in order to maintain its status under VCT legislation whilst supporting the Venture Capital Trust Association's (VCTA) engagement with HM Treasury seeking greater flexibility for VCTs when reinvesting sale proceeds.

Ordinary and Special Dividends

In line with our dividend policy targeting around 5% of NAV per annum the Company paid a first dividend of 0.51 pence per share during the period to 30 June 2024 (30 June 2023: 0.52 pence per share). The Company will pay a second dividend for the financial year ending 31 December 2024 of 0.54 pence per share on 25 October 2024 to shareholders on the register on 4 October 2024, being 2.5% of the 30 June 2024 NAV.

As a result of the successful sale of Egress, the Board is pleased to declare a special dividend of 1.00 pence per share. This will be paid alongside the second dividend on 25 October 2024 to shareholders on the register on 4 October 2024.

This will bring the total dividends paid for the year ending 31 December 2024 to 2.05 pence per share, which equates to a 10.1% yield on the opening NAV of 20.37 pence per share.

Investment activity

During the period, the Company has invested a total of £5.4 million into portfolio companies, of which £3.4 million was invested into 5 new portfolio companies, all of which are expected to require further investment as the companies prove themselves and grow. These are:

- £1.1 million (Albion VCTs: £7.1 million) into Treefera, a data platform for forestry and nature-based assets;
- £0.7 million (Albion VCTs: £4.0 million) into Papaya Technologies, a multi-sided marketplace for the EV ecosystem;
- £0.6 million (Albion VCTs: £4.0 million) into Instinct Digital, an investment communication platform for the asset management industry;
- £0.5 million (Albion VCTs: £3.2 million) into Trumpet Software, a digital sales room software and a collaboration platform for B2B interactions; and
- £0.5 million (Albion VCTs: £3.0 million) into GetLeast (T/A Kato), a platform that digitises workflows of commercial real estate.

The Company also provided ongoing support to its existing portfolio in the period, in the form of follow-on funding, with £2.0 million invested across 6 portfolio companies.

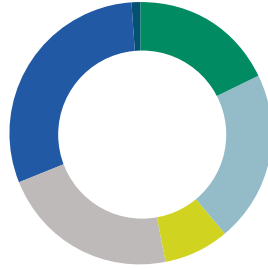
Portfolio sector allocation

The following pie chart outlines the different sectors in which the Company's assets, at carrying value, were invested at 30 June 2024. After adjusting for the sale of Egress on 1 July 2024, the Cash and other net assets sector increases by 10%, and the Software & other technology sector reduces by 10%.

Investment portfolio by sector

- Cash and other net assets 18% (20%)
- Healthcare (including digital healthcare) 21% (22%)
- Renewable energy 8% (10%)
- FinTech 22% (21%)
- Software & other technology 30% (26%)
- Business services and other 1% (1%)

Comparatives for 31 December 2023 are 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 transactions with the Manager for the reporting period can be found in note 4. 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 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 December 2023. Although inflationary pressures have eased, geopolitical tensions remain high, and so the nature of the principal risks remain unchanged. The Board considers that the present processes for mitigating those risks remain appropriate.

The principal risks faced by the Company are:

- Investment, performance, technology and valuation risk;
- VCT approval risk;
- Regulatory and compliance risk;
- Operational and internal control risk;
- Cyber and data security risk;
- Economic, political and social 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 December 2023 on pages 23 to 25, copies of which are available on the Company's webpage on the Manager's website at www.albion.capital/vct-funds/KAY/ under the 'Financials' section.

Albion VCTs Top Up Offer

As announced in the Annual Report and Financial Statements for the year ended 31 December 2023, the Board was pleased that the 2023/24 Offer was fully subscribed and closed, having raised £10.5 million.

As noted above, the proceeds are being used to provide support to our existing portfolio companies and to enable us to take advantage of new and exciting investment opportunities as they arise. Details of the share allotments during the period can be found in note 7.

Shareholder seminar

The Board is pleased to report that the next Shareholder Seminar will be held in person at No. 11 Cavendish Square, London on 20 November 2024 and the Board will be delighted to see as many shareholders as possible at the event. The Board and Manager are keen to interact with shareholders and look forward to sharing with you further portfolio updates, as well as answering any questions. Places are limited and to reserve a place please email info@albion.capital with subject heading "Shareholder Seminar" and include your full name. You will receive an email confirmation of your place, subject to availability.

Change of name

On 17 June 2024, it was announced that, following a Board resolution, the Company had changed its name to Albion KAY VCT PLC. This decision was taken in order to closer align the Company with

the identity of the other VCTs managed by the investment manager, Albion Capital Group LLP.

Merger Discussions

On 24 July 2024, the Company announced, as part of a joint announcement with the other Albion managed VCTs, that it had entered into discussions regarding a possible merger with Albion Technology & General VCT PLC. If the merger proceeds, it is expected to achieve cost savings, administration efficiency and simplicity for shareholders. Further details of the merger will be made available in due course.

Prospects

The Board is encouraged by the positive results for the period, in particular the successful sale of Egress. Whilst we remain cautious of the risks and uncertainties the Company faces, we are confident that the investment strategy of targeting sectors such as mission critical software, technology and healthcare will continue to provide opportunities for long term capital growth. Importantly, the Company continues to provide funding to young and exciting companies with growth ambitions to the benefit of the UK economy, an important objective for VCTs.

Fiona Wollocombe

Chairman
24 September 2024

PORTFOLIO OF INVESTMENTS

	% voting rights	As at 30 June 2024			Change in value for the period ⁽²⁾ £'000
		Cost ⁽¹⁾ £'000	Cumulative movement in value £'000	Value £'000	
Fixed asset investments					
Quantexa	1.5	1,329	17,763	19,092	3,818
Proveca	17.3	3,559	9,455	13,014	1,210
Egress Software Technologies	4.2	1,644	10,891	12,535	5,109
Gravitee Topco (T/A Gravitee.io)	4.9	2,278	1,419	3,697	1,019
Oviva	1.8	1,489	1,730	3,219	799
Chonais River Hydro	6.5	2,428	536	2,964	16
The Ewell Group	4.5	1,057	1,100	2,157	213
Healios	5.8	1,932	45	1,977	38
Runa Network	2.2	1,575	279	1,854	-
The Street by Street Solar Programme	10.0	1,040	691	1,731	(113)
Academia	2.3	351	1,361	1,712	4
Celoxica Holdings	4.2	513	1,148	1,661	443
NuvoAir Holdings	2.6	1,495	(9)	1,486	(90)
Panaseer	1.9	1,147	334	1,481	-
Regenerco Renewable Energy	9.8	988	456	1,444	(57)
TransFICC	2.9	1,305	106	1,411	106
Accelex Technology	3.3	953	453	1,406	-
Peppy Health	1.5	1,359	-	1,359	-
GX Molecular (CS Genetics)	4.0	1,267	6	1,273	6
PerchPeek	3.6	1,142	-	1,142	456
Treefera	2.0	1,097	-	1,097	-
Alto Prodotto Wind	11.1	638	417	1,055	(6)
Tem Energy	2.4	613	406	1,019	406
Cantab Research (T/A Speechmatics)	1.1	898	119	1,017	30
Symetrica	3.7	835	120	955	(8)
Sift	38.1	2,256	(1,319)	937	51
Threadneedle Software Holdings (T/A Solidatus)	1.6	917	-	917	78
Dragon Hydro	17.2	554	319	873	(80)
Elliptic Enterprises	0.7	845	5	850	4
OpenDialog	3.3	842	-	842	-
Toqio FinTech Holdings	2.1	1,498	(679)	819	(679)
Convertr Media	3.0	482	291	773	(160)
Gharagain River Hydro	5.0	620	152	772	(9)
Imandra	1.0	632	112	744	52
Seldon Technologies	3.4	1,178	(445)	733	(445)
Locum's Nest	3.8	452	237	689	247

	% voting rights	As at 30 June 2024			Change in value for the period ⁽²⁾ £'000
		Cost ⁽¹⁾ £'000	Cumulative movement in value £'000	Value £'000	
Fixed asset investments					
Papaya Technologies	2.6	683	-	683	-
Instinct Digital	5.1	650	-	650	-
OutThink	2.4	644	-	644	-
Diffblue	3.2	597	-	597	-
AVESI	14.8	484	66	550	(43)
Trumpet Software	2.1	546	-	546	-
InCrowd Sports	2.3	393	134	527	-
PetsApp	2.4	497	-	497	-
Gridcog International	2.8	467	-	467	-
Beddlestead	5.1	606	(144)	462	(108)
Get Least (T/A Kato)	2.7	461	-	461	-
Aridhia Informatics	2.3	409	42	451	2
5Mins AI	2.2	398	-	398	-
Phasecraft	0.7	378	-	378	-
uMedeor (T/A uMed)	3.4	641	(295)	346	(372)
Greenenerco	8.6	192	138	330	2
Kohort Software (previously Ramp Software)	1.9	255	-	255	-
Koru Kids	1.6	442	(237)	205	(33)
InFact Systems (T/A InFact)	1.7	90	95	185	95
Mondra Global	0.1	156	4	160	4
Kennek Solutions	0.6	155	-	155	-
Erin Solar	5.7	160	(10)	150	(7)
PeakData	2.6	1,009	(905)	104	(506)
Neurofenix	3.7	552	(453)	99	(66)
Anthropics Technology	13.8	19	67	86	(23)
Harvest AD	-	70	(3)	67	(9)
Arecor Therapeutics PLC	0.2	69	(3)	66	(35)
Cisiv	2.4	278	(233)	45	(178)
Mirada Medical	0.6	390	(375)	15	-
Xention	10.6	38	(28)	10	-
Black Swan Data	3.2	2,002	(1,994)	8	(23)
Other (2 companies)		2	-	2	-
Regulatory Genome Development	1.1	173	(173)	-	(137)
Total fixed asset investments		57,114	43,192	100,306	11,021

- 1) Amounts shown as cost represent the acquisition cost in the case of investments originally made by the Company and/or the valuation attributed to the investments acquired from Qvester VCT 2 PLC and Qvester VCT 3 PLC at the date of the merger in 2005, and those acquired from Kings Arms Yard VCT 2 PLC at the merger on 30 September 2011, plus any subsequent acquisition costs, as reduced in certain cases by amounts written off as representing an impairment value.
- (2) The column shows the movement in the period from the opening balance as at 1 January 2024 to the closing balance as at 30 June 2024 after adjustments for additions and disposals.

Portfolio of investments

Realisations in the period to 30 June 2024	Cost £'000	Opening value £'000	Disposal proceeds £'000	Realised (loss)/gain £'000	Loss on opening or acquired value £'000
Disposals:					
Arecor Therapeutics PLC	27	39	35	8	(4)
Brytlyt	713	87	11	(702)	(76)
Loan stock repayments and other:					
Alto Prodotto Wind	32	48	48	16	-
Greenenerco	8	12	12	4	-
Escrow adjustments*	-	-	(6)	(6)	(6)
Total	780	186	100	(680)	(86)

*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	11,021
Movement in loan stock accrued interest	26
Unrealised gains on fixed asset investments sub-total	11,047
Realised losses in current period	(86)
Total gains on investments as per Income statement	10,961

RESPONSIBILITY STATEMENT

The Directors, Fiona Wollocombe, Swarupa Pathakji and Simon Thorpe, are responsible for preparing the Half-yearly Financial Report. In preparing these condensed Financial Statements for the period to 30 June 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”, gives a true and fair view of the assets, liabilities, financial position and profit and loss of the Company as required by DTR 4.2.4R;
- (b) the Interim management report includes a fair review of the information required by DTR 4.2.7R (indication of important events during the first six months and description of principal risks and uncertainties for the remaining six months of the year); and
- (c) the Interim management report includes a fair review of the information required by DTR 4.2.8R (disclosure of related parties’ transactions and changes therein).

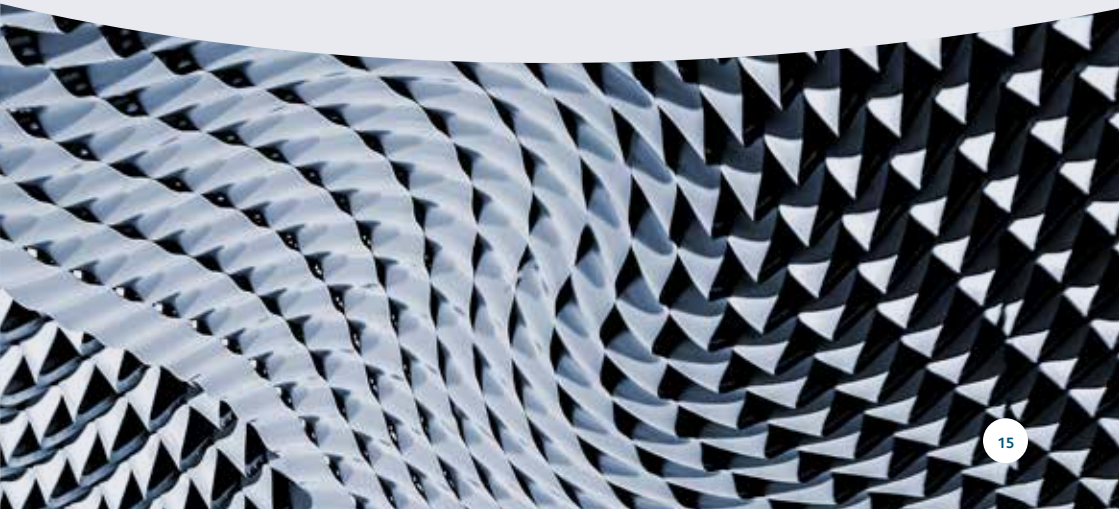
This Half-yearly Financial Report has not been audited or reviewed by the Auditor.

For and on behalf of the Board

Fiona Wollocombe

Chairman

24 September 2024



CONDENSED INCOME STATEMENT

	Note	Unaudited six months ended 30 June 2024			Unaudited six months ended 30 June 2023			Audited year ended 31 December 2023		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains on investments	2	-	10,961	10,961	-	4,808	4,808	-	3,306	3,306
Investment income	3	940	-	940	673	-	673	1,498	-	1,498
Investment Manager's fees	4	(112)	(1,006)	(1,118)	(110)	(990)	(1,100)	(219)	(1,985)	(2,204)
Other expenses		(239)	-	(239)	(234)	-	(234)	(464)	-	(464)
Profit on ordinary activities before tax		589	9,955	10,544	329	3,818	4,147	815	1,321	2,136
Tax charge on ordinary activities		-	-	-	-	-	-	-	-	-
Profit and total comprehensive income attributable to shareholders		589	9,955	10,544	329	3,818	4,147	815	1,321	2,136
Basic and diluted return per share (pence)*	6	0.11	1.83	1.94	0.06	0.75	0.81	0.16	0.26	0.42

*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 June 2023 and the audited statutory accounts for the year ended 31 December 2023.

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

CONDENSED BALANCE SHEET

	Note	Unaudited 30 June 2024 £'000	Unaudited 30 June 2023 £'000	Audited 31 December 2023 £'000
Fixed asset investments		100,306	81,814	84,105
Current assets				
Trade and other receivables		71	1,819	1,884
Cash in bank and at hand		34,871	28,690	20,196
		34,942	30,509	22,080
Payables: amounts falling due within one year				
Trade and other payables	7	(12,607)	(1,192)	(695)
Net current assets		22,335	29,317	21,385
Total assets less current liabilities		122,641	111,131	105,490
Equity attributable to equity holders				
Called-up share capital	8	6,509	6,101	6,057
Share premium		31,477	21,016	21,388
Capital redemption reserve		121	-	64
Unrealised capital reserve		43,003	32,503	31,363
Realised capital reserve		2,582	5,624	4,267
Other distributable reserve		38,949	45,887	42,351
Total equity shareholders' funds		122,641	111,131	105,490
Basic and diluted net asset value per share (pence)*		21.78	21.28	20.37

*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 June 2023 and the audited statutory accounts for the year ended 31 December 2023.

The Financial Statements were approved by the Board of Directors, and authorised for issue on 24 September 2024 and were signed on its behalf by

Fiona Wollocombe

Chairman

Company number: 03139019

CONDENSED STATEMENT OF CHANGES IN EQUITY

	Called-up share capital	Share premium	Capital redemption reserve	Unrealised capital reserve	Realised capital reserve*	Other distributable reserve*	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 January 2024	6,057	21,388	64	31,363	4,267	42,351	105,490
Profit/(loss) and total comprehensive income for the period	-	-	-	11,047	(1,092)	589	10,544
Transfer of previously unrealised losses on disposal of investments	-	-	-	593	(593)	-	-
Purchase of own shares for cancellation	(57)	-	57	-	-	(1,108)	(1,108)
Issue of equity	509	10,408	-	-	-	-	10,917
Cost of issue of equity	-	(319)	-	-	-	-	(319)
Dividends paid	-	-	-	-	-	(2,883)	(2,883)
At 30 June 2024	6,509	31,477	121	43,003	2,582	38,949	122,641
At 1 January 2023	5,757	13,888	-	27,634	6,675	50,045	103,999
Profit/(loss) and total comprehensive income for the period	-	-	-	4,577	(759)	329	4,147
Transfer of previously unrealised losses on disposal of investments	-	-	-	292	(292)	-	-
Purchase of own shares for treasury	-	-	-	-	-	(1,751)	(1,751)
Issue of equity	344	7,329	-	-	-	-	7,673
Cost of issue of equity	-	(201)	-	-	-	-	(201)
Dividends paid	-	-	-	-	-	(2,735)	(2,735)
At 30 June 2023	6,101	21,016	-	32,503	5,624	45,887	111,131
At 1 January 2023	5,757	13,888	-	27,634	6,675	50,045	103,999
Profit/(loss) and total comprehensive income for the period	-	-	-	2,441	(1,120)	815	2,136
Transfer of previously unrealised losses on disposal of investments	-	-	-	1,288	(1,288)	-	-
Purchase of own shares for treasury	-	-	-	-	-	(1,751)	(1,751)
Purchase of own shares for cancellation	(64)	-	64	-	-	(1,256)	(1,256)
Issue of equity	364	7,720	-	-	-	-	8,084
Cost of issue of equity	-	(220)	-	-	-	-	(220)
Dividends paid	-	-	-	-	-	(5,502)	(5,502)
At 31 December 2023	6,057	21,388	64	31,363	4,267	42,351	105,490

*These reserves include an amount of £22,930,000 (30 June 2023: £23,428,000; 31 December 2023: £17,164,000) which is considered distributable. Over the next year an additional £15,373,000 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 June 2023 and the audited statutory accounts for the year ended 31 December 2023.

CONDENSED STATEMENT OF CASH FLOWS

	Unaudited six months ended 30 June 2024 £'000	Unaudited six months ended 30 June 2023 £'000	Audited year ended 31 December 2023 £'000
Cash flow from operating activities			
Investment income received	397	398	798
Bank interest received	270	142	376
Interest from fixed term funds received	198	95	254
Dividend income received	101	17	115
Investment Manager's fees paid	(1,076)	(1,041)	(2,177)
Other cash payments	(267)	(275)	(458)
UK corporation tax paid	-	-	-
Net cash flow generated from operating activities	(377)	(664)	(1,092)
Cash flow from investing activities			
Purchase of fixed asset investments	(5,367)	(885)	(6,526)
Disposal of fixed asset investments	1,920	539	2,246
Funds held pending legal completion of sale*	11,884	-	-
Net cash flow generated from investing activities	8,437	(346)	(4,280)
Cash flow from financing activities			
Issue of share capital	10,202	7,080	7,080
Cost of issue of equity	(21)	(19)	(40)
Purchase of own shares (including costs)	(1,108)	(1,250)	(3,007)
Equity dividends paid**	(2,458)	(2,290)	(4,644)
Net cash flow generated from financing activities	6,615	3,521	(611)
Increase/(decrease) in cash in bank and at hand	14,675	2,511	(5,983)
Cash in bank and at hand at start of period	20,196	26,179	26,179
Cash in bank and at hand at end of period	34,871	28,690	20,196

* This amount of £11,884,000 relates to the sale of Egress Software Technologies which completed on 1 July 2024 and was held as a creditor at 30 June 2024 as shown in Note 7.

** The equity dividends paid shown in the cash flow are different to the dividends disclosed in note 5 as a result of 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 June 2023 and the audited statutory accounts for the year ended 31 December 2023.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

1. Accounting policies

Basis of accounting

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”) in accordance with FRS 102 sections 11 and 12. The Company values investments by following the International Private Equity and Venture Capital Valuation (“IPEV”) Guidelines as updated in 2022 and further detail on the valuation techniques used are outlined below.

Company information can be found on page 4.

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 designated by the Company as FVTPL and are included at their initial fair value, which is cost (excluding expenses incidental to the acquisition which are written off to the Income statement).

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

- Investments listed on recognised exchanges are valued at their bid prices at the end of the accounting period or otherwise at fair value based on published price quotations.
- Unquoted investments, where there is not an active market, are valued using an appropriate valuation technique in accordance with the IPEV Guidelines. Indicators of fair value are derived using established methodologies including earnings multiples, revenue multiples, the level of third party offers received, cost or price of recent investment rounds, net assets and industry valuation benchmarks. Where price of recent investment is used as a starting point for estimating fair value at subsequent measurement dates, this has been benchmarked using an appropriate valuation technique permitted by the IPEV guidelines.
- In situations where cost or price of recent investment is used, consideration is given to the circumstances of the portfolio company since that date in determining fair value. This includes consideration of whether there is any evidence of deterioration or strong definable evidence of an increase in value. In the absence of these indicators,

other valuation techniques are employed to conclude on the fair value as at the measurement 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, 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 income

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% of 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 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 the Company's shares and the nominal value of those shares, less issue costs.

Capital redemption reserve

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

Unrealised capital reserve

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

Realised capital reserve

The following are disclosed in this reserve:

- gains and losses compared to cost on the realisation of investments or permanent diminution in value (including gains recognised on the realisation of investment where consideration is deferred and 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.

2. Gains/(losses) on investments

	Unaudited six months ended 30 June 2024 £'000	Unaudited six months ended 30 June 2023 £'000	Audited year ended 31 December 2023 £'000
Unrealised gains on fixed asset investments	11,047	4,577	2,441
Realised (losses)/gains on fixed asset investments	(86)	105	603
Unwinding of discount on deferred consideration	-	126	262
	10,961	4,808	3,306

3. Investment income

	Unaudited six months ended 30 June 2024 £'000	Unaudited six months ended 30 June 2023 £'000	Audited year ended 31 December 2023 £'000
Loan stock interest	371	378	753
Bank deposit interest	270	142	376
Income from fixed term funds	198	95	254
Dividends	101	58	115
	940	673	1,498

4. Investment Manager's fee

	Unaudited six months ended 30 June 2024 £'000	Unaudited six months ended 30 June 2023 £'000	Audited year ended 31 December 2023 £'000
Investment management fee charged to capital	1,006	990	1,985
Investment management fee charged to revenue	112	110	219
	1,118	1,100	2,204

Further details of the Management agreement under which the investment management fee and performance incentive fee are paid are given in the Strategic report on page 18 of the Annual Report and Financial Statements for the year ended 31 December 2023.

During the period, services with a value of £1,118,000 (30 June 2023: £1,100,000; 31 December 2023: £2,204,000) and £25,000 (30 June 2023: £25,000; 31 December 2023: £50,000) were purchased by the Company from Albion Capital Group LLP ("Albion") in respect of management and administration fees respectively. At the period end, the amount due to Albion in respect of these services disclosed as accruals was £603,000 (30 June 2023: £592,000; 31 December 2023: £561,000). For the period to 30 June 2024, no performance incentive fee has been accrued, however any performance incentive fee is calculated on year end results and payable in line with the Management agreement (30 June 2023: £nil; 31 December 2023: £nil).

Albion is, from time to time, eligible to receive arrangement fees and monitoring fees from portfolio companies. During the period, fees of £110,000 (30 June 2023: £62,000; 31 December 2023: £152,000) attributable to the investments of the Company were paid pursuant to these arrangements.

Notes to the condensed Financial Statements

Albion, its partners and staff hold 3,822,446 Ordinary shares in the Company as at 30 June 2024.

The Company entered into an offer agreement relating to the Offers with the Company's investment manager Albion, pursuant to which Albion received a fee of 3.0% of the gross proceeds of the Offers and out of which Albion paid the costs of the Offers, as detailed in the Prospectus.

5. Dividends

	Unaudited six months ended 30 June 2024 £'000	Unaudited six months ended 30 June 2023 £'000	Audited year ended 31 December 2023 £'000
First dividend of 0.51 pence per share paid on 30 April 2024 (28 April 2023: 0.52 pence per share)	2,883	2,743	2,743
Second dividend of 0.53 pence per share paid on 31 October 2023	-	-	2,767
Unclaimed dividends returned to the Company	-	(8)	(8)
	2,883	2,735	5,502

The Directors have declared a second dividend of 0.54 pence per share for the year ending 31 December 2024, which will be paid on 25 October 2024 to shareholders on the register on 4 October 2024.

The Board has also declared a special dividend of 1.00 pence per share, also payable on 25 October 2024 to shareholders on the register on 4 October 2024.

6. Basic and diluted return per share

	Unaudited six months ended 30 June 2024		Unaudited six months ended 30 June 2023		Audited year ended 31 December 2023	
	Revenue	Capital	Revenue	Capital	Revenue	Capital
Profit attributable to shareholders (£'000)	589	9,955	329	3,818	815	1,321
Weighted average shares in issue (adjusted for treasury shares)	543,436,427		510,894,955		516,008,195	
Return attributable per equity share (pence)	0.11	1.83	0.06	0.75	0.16	0.26

The weighted average number of Ordinary shares is calculated after adjusting for treasury shares of 87,982,092 (30 June 2023: 87,982,092; 31 December 2023: 87,982,092).

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

7. Payables: amounts falling due within one year

	Unaudited six months ended 30 June 2024 £'000	Unaudited six months ended 30 June 2023 £'000	Audited year ended 31 December 2023 £'000
Trade payables	65	528	48
Accruals and deferred income	658	664	647
Funds held pending legal completion of sale	11,884	-	-
	12,607	1,192	695

Funds held pending legal completion of sale relates to cash being received for the sale of Egress Software Technologies which completed on 1 July 2024.

The Directors consider that the carrying amount of payables is not materially different to their fair value.

8. Called-up share capital

Allotted, called-up and fully paid Ordinary shares of 1 penny each	Unaudited 30 June 2024	Unaudited 30 June 2023	Audited 31 December 2023
Number of shares	650,947,502	610,110,901	605,731,444
Nominal value of allotted shares (£'000)	6,509	6,101	6,057
Voting rights (number of shares net of treasury shares)	562,965,410	522,128,809	517,749,352

The Company operates a share buy-back programme, as detailed in the Interim management report on page 10. During the period the Company purchased 5,690,458 Ordinary shares for cancellation with a nominal value of £56,905 (30 June 2023: 8,601,589 shares for treasury; 31 December 2023: 8,601,589 shares for treasury and 6,366,677 shares for cancellation) representing 0.9% of the issued called-up share capital as at 30 June 2024, at a cost of £1,108,000 (30 June 2023: £1,751,000; 31 December 2023: £3,007,000), including stamp duty. The Company holds a total of 87,982,092 Ordinary shares in treasury, representing 13.5% of the issued Ordinary share capital as at 30 June 2024.

During the period from 1 January 2024 to 30 June 2024, the Company issued the following new Ordinary shares of 1 penny each under the terms of the Dividend Reinvestment Scheme Circular dated 19 April 2011:

Date of allotment	Number of shares allotted	Aggregate nominal value of shares (£'000)	Issue price (pence per share)	Net invested (£'000)	Opening market price on allotment date (pence per share)
30 April 2024	2,048,037	20	20.38	396	19.40

Under the terms of the Albion VCTs Prospectus Top Up Offers 2023/24, the following new Ordinary shares of nominal value 1 penny each were allotted during the period to 30 June 2024:

Date of allotment	Number of shares allotted	Aggregate nominal value of shares (£'000)	Issue price (pence per share)	Net consideration received (£'000)	Opening market price on allotment date (pence per share)
22 March 2024	6,584,258	66	21.32	1,376	19.90
22 March 2024	1,716,211	17	21.43	359	19.90
22 March 2024	39,204,862	392	21.54	8,191	19.90
16 April 2024	376,192	4	20.80	77	19.40
16 April 2024	23,911	-	20.91	5	19.40
16 April 2024	953,045	10	21.02	194	19.40
	48,858,479			10,202	

9. Commitments, contingencies and guarantees

As at 30 June 2024, the Company had no financial commitments (30 June 2023: £nil; 31 December 2023: £nil).

There were no contingent liabilities or guarantees given by the Company as at 30 June 2024 (30 June 2023: £nil; 31 December 2023: £nil).

10. Post balance sheet events

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

- Legal completion of the sale of Egress Software Technologies on 1 July 2024, of which £11,884,000 of funds had been received before 30 June 2024 and were held as a creditor in the Company at 30 June 2024; and
- On 24 July 2024, the Company announced, as part of a joint announcement with the other Albion managed VCTs, that it had entered into discussions regarding possible mergers of the Albion VCTs. Further details of this will be made available in due course.

11. Related party disclosures

Other than transactions with the Manager as disclosed in note 4, there are no related party transactions or balances requiring disclosure.

12. Going concern

The Board has conducted a detailed assessment of the Company's ability to meet its liabilities as they fall due. Cash flow forecasts are updated and discussed quarterly at Board level. 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 89 and 90 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.

13. Other information

The information set out in this Half-yearly Financial Report does not constitute the Company's statutory accounts within the terms of section 434 of the Companies Act 2006 for the periods ended 30 June 2024 and 30 June 2023, and is unaudited. The information for the year ended 31 December 2023 does not constitute statutory accounts within the terms of section 434 of the Companies Act 2006 and is derived from the statutory accounts for that financial year, which have been delivered to the Registrar of Companies. The Auditor reported on those accounts; their report was unqualified and did not contain a statement under s498 (2) or (3) of the Companies Act 2006.

14. Publication

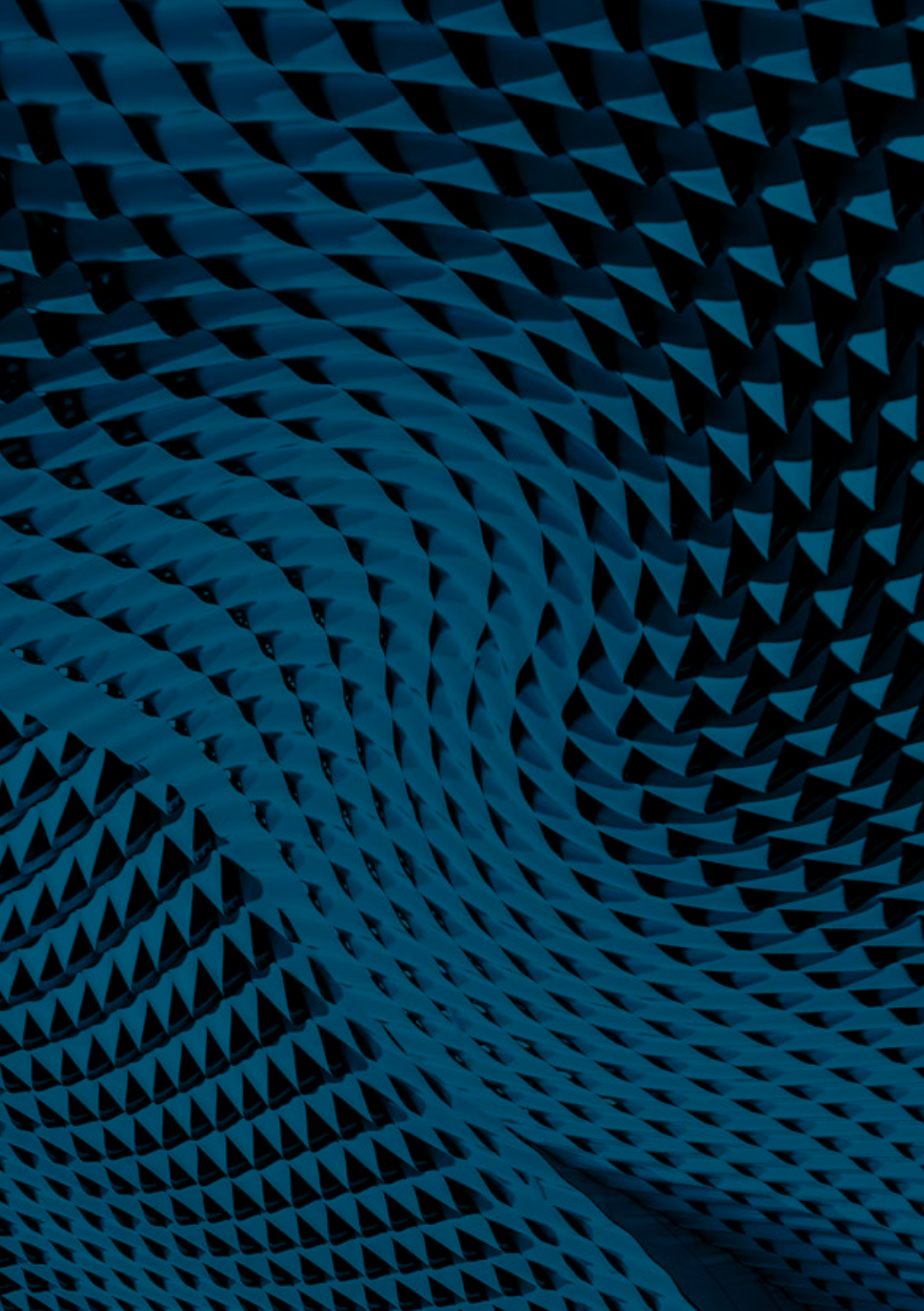
This Half-yearly Financial Report is being sent to shareholders and copies will be made available to the public at the registered office of the Company, Companies House, the National Storage Mechanism and also electronically at www.albion.capital/vct-funds/KAY/.

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