

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

14

Albion Venture Capital Trust PLC

ALBIONVENTURES

Contents

Page

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

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

Company information

Company number	03142609
Directors	D J Watkins MBA (Harvard), Chairman (US citizen) J M B L Kerr ACMA J Warren ACCA E Dinesen R (Danish) FSR
Manager, company secretary, AIFM and registered office	Albion Ventures LLP 1 King's Arms Yard London, EC2R 7AF
Registrar	Computershare Investor Services PLC The Pavilions Bridgwater Road Bristol, BS99 6ZZ
Auditor	BDO LLP 55 Baker Street London, W1U 7EU
Legal adviser	Bird & Bird LLP 15 Fetter Lane London, EC4A 1JP

Albion Venture Capital Trust PLC is a member of The Association of Investment Companies.

Shareholder information	<p>For help relating to dividend payments, shareholdings and share certificates please contact Computershare Investor Services PLC: Tel: 0870 873 5849 (UK National Rate call, lines are open 8.30am – 5.30pm; Mon – Fri, calls may be recorded) Website: www.investorcentre.co.uk</p> <p>Shareholders can access holdings and valuation information regarding any of their shares held by Computershare by registering on Computershare's website.</p>
Financial adviser information	<p>For enquiries relating to the performance of the Fund, and information for financial advisers, please contact Albion Ventures LLP: Tel: 020 7601 1850 (lines are open 9.00 am – 5.30 pm; Mon – Fri, calls may be recorded) Email: info@albion-ventures.co.uk Website: www.albion-ventures.co.uk</p> <p>Please note that these contacts are unable to provide financial or taxation advice.</p>

Investment objectives and policy

The investment strategy of Albion Venture Capital Trust PLC (the “Company”) is to manage the risk normally associated with investments in smaller unquoted companies whilst maintaining an attractive yield, through allowing investors the opportunity to participate in a balanced portfolio of asset-backed businesses. The Company’s investment portfolio will thus be structured to provide a balance between income and capital growth for the longer term.

This is achieved as follows:

- qualifying unquoted investments are predominantly in specially-formed companies which provide a high level of asset backing for the capital value of the investment;
- the Company invests alongside selected partners with proven experience in the sectors concerned;
- investments are normally structured as a mixture of equity and loan stock. The loan stock represents the majority of the finance provided and is secured on the assets of the portfolio company. Funds managed or advised by Albion Ventures LLP typically own 50 per cent. of the equity of the portfolio company;
- other than the loan stock issued to funds managed or advised by Albion Ventures LLP, portfolio companies do not normally have external borrowings.

The Company offers tax-paying investors substantial tax benefits at the time of investment, on payment of dividends and on the ultimate disposal of the investment.

Background to the Company

The Company is a venture capital trust which raised a total of £39.7 million through an issue of Ordinary shares in the spring of 1996 and through an issue of C shares in the following year. The C shares merged with the Ordinary shares in 2001. The Company has raised a further £9.7 million under the Albion VCTs Top Up Offers since 2011.

On 25 September 2012, the Company acquired the assets and liabilities of Albion Prime VCT PLC (“Prime”) in exchange for new shares in the Company. Each Prime shareholder received 0.8801 shares in the Company for each Prime share that they held at the date of the Merger.

Financial calendar

Record date for second dividend	5 December 2014
Payment date for second dividend	31 December 2014
Financial year end	31 March 2015

Financial highlights

	Unaudited six months ended 30 September 2014 (pence per share)	Unaudited six months ended 30 September 2013 (pence per share)	Audited year ended 31 March 2014 (pence per share)
Opening net asset value	71.30	74.20	74.20
Dividends paid	(2.50)	(2.50)	(5.00)
Revenue return	0.92	0.80	1.70
Capital return	0.18	0.40	0.30
Net asset value uplift from buy-backs	0.02	0.10	0.10
Closing net asset value	69.92	73.00	71.30

Ordinary shares (pence per share)

Total shareholder net asset value return to 30 September 2014

Total dividends paid during the year ended:	31 March 1997	2.00
	31 March 1998	5.20
	31 March 1999	11.05
	31 March 2000	3.00
	31 March 2001	8.55
	31 March 2002	7.60
	31 March 2003	7.70
	31 March 2004	8.20
	31 March 2005	9.75
	31 March 2006	11.75
	31 March 2007	10.00
	31 March 2008	10.00
	31 March 2009	10.00
	31 March 2010	5.00
	31 March 2011	5.00
	31 March 2012	5.00
	31 March 2013	5.00
	31 March 2014	5.00
Total dividends paid in the six months to 30 September 2014		2.50

Total dividends paid to 30 September 2014 **132.30**

Net asset value as at 30 September 2014 69.92

Total shareholder net asset value return to 30 September 2014 **202.22**

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 pages 20 and 21.

In addition to the dividends summarised above, the Directors have declared a second dividend for the year to 31 March 2015 of 2.50 pence per share, to be paid on 31 December 2014 to shareholders on the register as at 5 December 2014.

Notes

- Dividends paid before 5 April 1999 were paid to qualifying shareholders inclusive of the associated tax credit. The dividends for the year to 31 March 1999 were maximised in order to take advantage of this tax credit.
- All dividends paid by the Company are free of income tax. It is an H.M. Revenue & Customs requirement that dividend vouchers indicate the tax element should dividends have been subject to income tax. Investors should ignore this figure on their dividend voucher and need not disclose any income they receive from a VCT on their tax return.
- The net asset value of the Company is not its share price as quoted on the official list of the London Stock Exchange. The share price of the Company can be found in the Investment Companies – VCTs section of the Financial Times on a daily basis. Investors are reminded that it is common for shares in VCTs to trade at a discount to their net asset value.

Interim management report

Introduction

The results for Albion Venture Capital Trust PLC (the "Company") for the six months to 30 September 2014 show a positive total return of 1.10 pence per share, which, after the payment of the first dividend for the year of 2.50 pence per share, takes the net asset value to 69.92 pence per share (31 March 2014: 71.30 pence per share). The total return comprised a 0.92 pence per share revenue return for the period (2013: 0.80 pence per share) and a 0.18 pence per share capital return (2013: 0.40 pence per share).

During the period, the Company raised an additional £2.9 million pursuant to the Albion VCTs Top Up Offers 2013/2014 and Albion VCTs Prospectus Top Up Offers 2013/2014, taking the total raised to £4.3 million. The Albion VCTs Prospectus Top Up Offers 2014/2015 have recently been launched.

Investment performance and progress

During the period, the Company invested £3.5 million in two new portfolio companies and four existing portfolio companies, while loan stock repayments totaling £0.3 million were received from four portfolio companies.

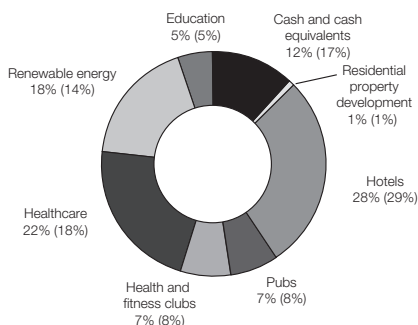
The new investments comprise an initial £1.0 million invested, with a further £2.2 million investment expected, in Ryefield Court Care, which is developing a care home in Hillingdon, Greater London; and £0.5 million invested, together with a further £0.2 million subsequent to the period end, in Infinite Ventures (Goathill), which is constructing a wind turbine in Scotland.

The investments in existing portfolio companies comprised a £0.4 million scheduled investment, with a further £1.0 million subsequent to the period end, in Chonais Holdings; a £0.7 million scheduled investment, with a further £0.2 million subsequent to the period end, in Green Highland Renewables (Ledgowan), both of whose hydro-electricity projects in north-west Scotland are expected to be commissioned within the next two months; £0.5 million in Oakland Care Centre, to buy out one of its shareholders; and £0.4 million in Taunton Hospital, to enlarge its psychiatric hospital near Taunton.

Since the period end, the Company has sold its investment in Tower Bridge Health Clubs for approximately £0.8 million, realising an overall return against cost, including interest received over the course of the investment, of approximately 2.8 times.

Interim independent third party valuations were carried out on most of the Company's assets as at 30 September 2014. These resulted in an overall increase in valuations. Our Kensington health and fitness club, the Crown Hotel in Harrogate, Radnor House School and Oakland Care Centre's Bayfield Court care home all saw increases in valuations. These were, however, partially offset by lower valuations for the Holiday Inn Express hotel at Stansted Airport and the Weybridge health and fitness club, which led to the total return for the period being lower than we would have hoped. In general, though, our investments are performing as planned. It is also encouraging that the income generated by them has increased by 13 per cent. over the same period last year.

Split of portfolio by valuation as at 30 September 2014:



Comparatives for 31 March 2014 are in brackets

Source: Albion Ventures LLP

Risks and uncertainties

The outlook for the UK economy continues to be the key risk affecting your Company. Importantly, however, your Company remains conservatively financed with no bank borrowings. The Company's policy remains that its portfolio companies should not normally have external borrowings, and for the Company to have a first charge over portfolio companies' assets; the Board and Manager see this as an important factor in the control of investment risk. However, on an exceptional basis, certain portfolio companies may take on external borrowings, where the Board considers this will offer a significant benefit to the Company.

Interim management report (continued)

Other risks and uncertainties remain unchanged and are as detailed on pages 12 to 13 in the Strategic report of the Annual Report and Financial Statements for the year ended 31 March 2014.

Transactions with the Manager

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

There are no related party transactions or balances that require disclosure.

Discount management and share buy-backs

It remains the Board's primary objective to maintain sufficient resources for investment in existing and new portfolio companies and for the continued payment of dividends to shareholders. Thereafter, it is still the Board's policy to buy back shares in the market, subject to the overall criterion that such purchases are in the Company's interest. The Company will limit the sum available for share buy-backs for the six month period to 31 March 2015 to £750,000. This compares to a total value bought in for the period to 30 September 2014 of £363,000. Subject to the constraints referred to above, and subject to first purchasing shares held by the market makers, the Board will target such buy-backs to be in the region of a 5 per cent. discount to net asset value, so far as market conditions and liquidity permit.

Results and dividends

As at 30 September 2014, the net asset value of the Company was £44.5 million or 69.92 pence per share compared to £42.7 million or 71.30 pence per share at 31 March 2014. The revenue return before taxation was £699,000, compared to £608,000 for the six months to 30 September 2013. The Company will pay a second dividend of 2.50 pence per share on 31 December 2014 to shareholders on the register as at 5 December 2014, making 5.00 pence per share in total for the full year, in line with your Company's current dividend target.

Albion VCTs Prospectus Top Up Offers 2014/2015

Your Board, in conjunction with the boards of other VCTs managed by Albion Ventures LLP, has recently launched a top up offer of new Ordinary shares. The Company is aiming to raise circa £4.25 million out of a target of £25.5 million in aggregate that the Albion VCTs are seeking to raise. In addition, the Board may elect to allot up to a further £1.75 million if there is sufficient demand and the Board deems it prudent to do so. The proceeds will be used to provide further resources at a time when a number of attractive investment opportunities are being seen. A Securities Note, which forms part of the Prospectus, has been sent to shareholders.

Outlook and prospects

The performance of the UK economy has improved in 2014. The economy is likely to continue to grow in 2015, albeit at a lower rate, which should benefit the Company's investment portfolio. Despite the risks within the broader economy, we are positive on the prospects, and are seeing strong opportunities in the healthcare sector, and a recovery in the performance of our hotels.

David Watkins

Chairman

27 November 2014

Responsibility statement

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

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

- (a) the summarised set of Financial Statements has been prepared in accordance with the pronouncement on interim reporting issued by the Accounting Standards Board;
- (b) the interim management report includes a fair review of the information required by DTR 4.2.7R (indication of important events during the first six months and description of principal risks and uncertainties for the remaining six months of the year);
- (c) the summarised set of Financial Statements give a true and fair view in accordance with UK GAAP of the assets, liabilities, financial position and profit and loss of the Company for the six months ended 30 September 2014 and comply with UK GAAP and Companies Act 2006; and

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

The accounting policies applied to the Half-yearly Financial Report have been consistently applied in current and prior periods and are those applied in the Annual Report and Financial Statements for the year ended 31 March 2014.

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

By order of the Board

David Watkins
Chairman
27 November 2014

Portfolio of investments

The following is a summary of investments as at 30 September 2014:

Portfolio company	% voting rights held by Albion Venture Capital Trust PLC	Accounting cost* £'000	Cumulative movement in value £'000	Value £'000	Change in value for the period** £'000
Hotels					
Kew Green VCT (Stansted) Limited	45.2	6,723	183	6,906	(473)
The Crown Hotel Harrogate Limited	24.1	4,245	(1,155)	3,090	174
The Stanwell Hotel Limited	39.2	4,677	(2,277)	2,400	62
Total investment in the hotel sector		15,645	(3,249)	12,396	(237)
Healthcare					
Oakland Care Centre Limited	31.6	3,535	1,754	5,289	143
Active Lives Care Ltd	14.6	1,800	24	1,824	24
Taunton Hospital Limited	7.2	1,314	325	1,639	64
Ryeleigh Court Care Limited	10.7	992	14	1,006	14
Total investment in the healthcare sector		7,641	2,117	9,758	245
Renewable energy					
Chonais Holdings Limited	16.1	1,998	–	1,998	(5)
Green Highland Renewables (Ledgowan) Limited	20.8	1,074	–	1,074	–
Alto Prodotto Wind Limited	7.4	670	228	898	(3)
The Street by Street Solar Programme Limited	6.5	676	214	890	50
Erin Solar Limited	18.6	520	–	520	(3)
Infinite Ventures (Goathill) Ltd	9.0	480	–	480	–
Regenerco Renewable Energy Limited	4.5	427	52	479	16
Dragon Hydro Limited	7.3	311	66	377	5
TEG Biogas (Perth) Limited	4.9	306	24	330	2
Harvest AD Limited	–	307	–	307	–
AVESI Limited	7.4	230	23	253	6
Greenenerco Limited	3.9	135	46	181	(2)
Total investment in the renewable energy sector		7,134	653	7,787	66
Health and fitness clubs					
Kensington Health Clubs Limited	9.8	1,889	(606)	1,283	194
The Weybridge Club Limited	14.3	2,136	(871)	1,265	(221)
Tower Bridge Health Clubs Limited	8.4	313	462	775	141
Total investment in the health and fitness club sector		4,338	(1,015)	3,323	114
Pubs					
The Charwood Pub Company Limited	14.8	3,384	(1,906)	1,478	(17)
Bravo Inns II Limited	6.4	1,085	31	1,116	(6)
Bravo Inns Limited	7.6	589	(158)	431	(2)
Total investment in the pub sector		5,058	(2,033)	3,025	(25)
Education					
Radnor House School (Holdings) Limited	7.1	1,339	974	2,313	159
Total investment in the education sector		1,339	974	2,313	159
Residential property development					
G&K Smart Developments VCT Limited	42.9	276	(40)	236	–
Total investment in the residential property development sector		276	(40)	236	–
Other leisure					
Premier Leisure (Suffolk) Limited	9.9	468	(304)	164	(6)
Total investment in the other leisure sector		468	(304)	164	(6)
Total fixed asset investments		41,899	(2,897)	39,002	316
Movement in loan stock accrued interest					36
Realised gain in current period					6
Total gains on investments as per Income statement					358
Fixed asset investment realisations during the period to 30 September 2014					
	Accounting cost* £'000	Opening carrying value £'000	Disposal proceeds £'000	Total realised gain/(loss) £'000	Gain on opening value £'000
The Charwood Pub Company Limited (loan stock repaid)	148	148	148	–	–
Radnor House School (Holdings) Limited (loan stock repaid)	42	77	83	(41)	6
The Dunedin Pub Company VCT Limited (disposal proceeds)	75	74	74	1	–
Tower Bridge Health Clubs Limited (loan stock repaid)	34	34	34	–	–
Total	299	333	339	40	6

*Amounts shown as accounting cost represent the acquisition cost in the case of investments originally made by the Company and/or the fair value attributed to the investments acquired from Albion Prime VCT PLC on the Merger on 25 September 2012, as adjusted for changes in value since acquisition.

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

Summary income statement

	Note	Unaudited six months ended 30 September 2014			Unaudited six months ended 30 September 2013			Audited year ended 31 March 2014		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains on investments	3	–	358	358	–	443	443	–	626	626
Investment income	4	941	–	941	833	–	833	1,718	–	1,718
Investment management fees	5	(103)	(310)	(413)	(99)	(298)	(397)	(201)	(601)	(802)
Other expenses		(139)	–	(139)	(126)	–	(126)	(398)	–	(398)
Return on ordinary activities before tax		699	48	747	608	145	753	1,119	25	1,144
Tax (charge)/ credit on ordinary activities		(127)	66	(61)	(112)	71	(41)	(120)	140	20
Return attributable to shareholders		572	114	686	496	216	712	999	165	1,164
Basic and diluted return per share (pence)*	7	0.92	0.18	1.10	0.80	0.40	1.20	1.70	0.30	2.00

* excluding treasury shares

Comparative figures have been extracted from the unaudited Half-yearly Financial Report for the six months ended 30 September 2013 and the audited statutory accounts for the year ended 31 March 2014.

The accompanying notes on pages 13 to 19 form an integral part of this Half-yearly Financial Report.

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

All revenue and capital items in the above statement derive from continuing operations.

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

Summary balance sheet

	Note	Unaudited 30 September 2014 £'000	Unaudited 30 September 2013 £'000	Audited 31 March 2014 £'000
Fixed asset investments		39,002	32,313	35,580
Current assets				
Trade and other debtors		652	24	48
Cash at bank and in hand	10	5,551	11,061	7,505
		6,203	11,085	7,553
Creditors: amounts falling due within one year		(744)	(791)	(475)
Net current assets		5,459	10,294	7,078
Net assets		44,461	42,607	42,658
Capital and reserves				
Called up share capital	8	688	631	645
Share premium		6,538	2,028	3,525
Capital redemption reserve		7	–	7
Unrealised capital reserve		(3,025)	(4,598)	(3,343)
Realised capital reserve		10,323	11,833	10,527
Other distributable reserve		29,930	32,713	31,297
Total equity shareholders' funds		44,461	42,607	42,658
Basic and diluted net asset value per share (pence)*		69.92	73.00	71.30

* excluding treasury shares

Comparative figures have been extracted from the unaudited Half-yearly Financial Report for the six months ended 30 September 2013 and the audited statutory accounts for the year ended 31 March 2014.

The accompanying notes on pages 13 to 19 form an integral part of this Half-yearly Financial Report.

These Financial Statements were approved by the Board of Directors and authorised for issue on 27 November 2014, and were signed on its behalf by

David Watkins

Chairman

Company number: 03142609

Summary reconciliation of movements in shareholders' funds

	Called-up share capital £'000	Share premium £'000	Capital redemption reserve £'000	Unrealised capital reserve* £'000	Realised capital reserve* £'000	Other distributable reserve* £'000	Total £'000
As at 1 April 2014	645	3,525	7	(3,343)	10,527	31,297	42,658
Return/(loss) for the period	-	-	-	352	(238)	572	686
Transfer of previously unrealised gains	-	-	-	(34)	34	-	-
Purchase of treasury shares	-	-	-	-	-	(363)	(363)
Issue of equity (net of costs)	43	3,013	-	-	-	-	3,056
Net dividends paid	-	-	-	-	-	(1,576)	(1,576)
As at 30 September 2014	688	6,538	7	(3,025)	10,323	29,930	44,461
As at 1 April 2013	603	8	-	(4,890)	11,909	34,051	41,681
Return/(loss) for the period	-	-	-	395	(179)	496	712
Transfer of previously unrealised gains	-	-	-	(103)	103	-	-
Purchase of treasury shares	-	-	-	-	-	(364)	(364)
Issue of equity (net of costs)	28	2,020	-	-	-	-	2,048
Net dividends paid	-	-	-	-	-	(1,470)	(1,470)
As at 30 September 2013	631	2,028	-	(4,598)	11,833	32,713	42,607
As at 1 April 2013	603	8	-	(4,890)	11,909	34,051	41,681
Return/(loss) for the year	-	-	-	576	(411)	999	1,164
Transfer of previously unrealised gains	-	-	-	971	(971)	-	-
Purchase of shares for cancellation	(7)	-	7	-	-	(487)	(487)
Purchase of treasury shares	-	-	-	-	-	(364)	(364)
Issue of equity (net of costs)	49	3,517	-	-	-	-	3,566
Net dividends paid	-	-	-	-	-	(2,902)	(2,902)
As at 31 March 2014	645	3,525	7	(3,343)	10,527	31,297	42,658

* Included within these reserves is an amount of £37,228,000 (30 September 2013: £39,948,000; 31 March 2014: £38,481,000) which is considered distributable.

Summary cash flow statement

	Note	Unaudited six months ended 30 September 2014 £'000	Unaudited six months ended 30 September 2013 £'000	Audited year ended 31 March 2014 £'000
Operating activities				
Loan stock income received		898	824	1,534
Deposit interest received		39	79	131
Dividend income received		29	6	22
Investment management fees paid		(405)	(412)	(817)
Other cash payments		(167)	(150)	(289)
Net cash flow from operating activities	9	394	347	581
Taxation				
UK corporation tax recovered/(paid)		91	12	(99)
Capital expenditure and financial investments				
Purchase of fixed asset investments		(3,515)	(1,931)	(5,182)
Disposal of fixed asset investments		561	523	550
Net cash flow from investing activities		(2,954)	(1,408)	(4,632)
Equity dividends paid				
Dividends paid (net of cost of shares issued under the Dividend Reinvestment Scheme and unclaimed dividends)		(1,436)	(1,366)	(2,719)
Net cash flow before financing		(3,905)	(2,415)	(6,869)
Financing				
Issue of share capital (net of costs)		2,314	1,946	3,359
Purchase of own shares (including costs)		(363)	(363)	(876)
Cost of Merger (paid on behalf of the Company and Albion Prime VCT PLC)		-	(3)	(5)
Net cash flow from financing		1,951	1,580	2,478
Cash flow in the period	10	(1,954)	(835)	(4,391)

Notes to the unaudited summarised Financial Statements

1. Accounting convention

The Financial Statements have been prepared in accordance with the historical cost convention, modified to include the revaluation of investments, in accordance with applicable United Kingdom law and accounting standards and with the Statement of Recommended Practice "Financial Statements of Investment Trust Companies and Venture Capital Trusts" ("SORP") issued by The Association of Investment Companies ("AIC") in January 2009. Accounting policies have been applied consistently in current and prior periods.

2. Accounting policies

Investments

Unquoted equity investments, debt issued at a discount and convertible bonds

In accordance with FRS 26 "Financial Instruments Recognition and Measurement", unquoted equity, debt issued at a discount and convertible bonds are designated as fair value through profit or loss ("FVTPL"). Fair value is determined by the Directors in accordance with the International Private Equity and Venture Capital Valuation Guidelines (IPEVCV guidelines).

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

Unquoted equity derived instruments

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

Unquoted loan stock

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

in the unrealised capital reserve on impairment from revaluations of the fair value of the security.

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

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

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

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

In accordance with the exemptions under FRS 9 "Associates and joint ventures", those undertakings in which the Company holds more than 20 per cent. of the equity as part of an investment portfolio are not accounted for using the equity method. In these circumstances the investment is accounted for according to FRS 26 "Financial instruments Recognition and Measurement" and measured at fair value through profit or loss.

Current asset investments

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

Investment income

Unquoted equity income

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

Unquoted loan stock and other preferred income

Fixed returns on non-equity shares and debt securities are recognised on a time apportionment basis using an effective interest rate over the life of the financial instrument. Income which is not capable of being received within a reasonable period of time is reflected in the capital value of the investment.

Notes to the unaudited summarised Financial Statements (continued)

Bank interest income

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

Investment management fees and other expenses

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

- 75 per cent. of management fees are allocated to the capital account to the extent that these relate to an enhancement in the value of the investments and in line with the Board's expectation that over the long term 75 per cent. of the Company's investment returns will be in the form of capital gains; and
- expenses which are incidental to the purchase or disposal of an investment.

Total recurring expenses including management fees and excluding performance fees will not exceed 3 per cent. of the net asset value of the Company at year end.

Performance incentive fee

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

Taxation

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

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

Reserves

Share premium

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

Capital redemption reserve

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

Unrealised capital reserve

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

Realised capital reserve

The following are disclosed in this reserve:

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

Other distributable reserve

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

Dividends

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

Notes to the unaudited summarised Financial Statements (continued)

3. Gains on investments

	Unaudited six months ended 30 September 2014 £'000	Unaudited six months ended 30 September 2013 £'000	Audited year ended 31 March 2014 £'000
Unrealised gains on fixed asset investments held at fair value through profit or loss	128	596	1,113
Unrealised reversals of impairments/ (impairments) on fixed asset investments held at amortised cost	224	(201)	(537)
Unrealised gains sub-total	352	395	576
Realised gains on investments held at fair value through profit or loss	-	-	40
Realised gains on investments held at amortised cost	6	48	10
Realised gains sub-total	6	48	50
	358	443	626

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

4. Investment income

	Unaudited six months ended 30 September 2014 £'000	Unaudited six months ended 30 September 2013 £'000	Audited year ended 31 March 2014 £'000
Income recognised on investments held at fair value through profit or loss			
Dividend income	24	6	27
Income from convertible bonds and discounted debt	204	84	203
	228	90	230
Income recognised on investments held at amortised cost			
Return on loan stock investments	677	672	1,369
Bank deposit interest	36	71	119
	713	743	1,488
	941	833	1,718

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

Notes to the unaudited summarised Financial Statements (continued)

5. Investment management fees

	Unaudited six months ended 30 September 2014 £'000	Unaudited six months ended 30 September 2013 £'000	Audited year ended 31 March 2014 £'000
Investment management fee charged to revenue	103	99	201
Investment management fee charged to capital	310	298	601
	413	397	802

The Manager, Albion Ventures LLP, is party to a Management agreement from the Company (details disclosed on page 11 of the Annual Report and Financial Statements for the year ended 31 March 2014). During the period, services of a total value of £413,000 in management fees and £24,000 in administration fees (30 September 2013: £397,000 in management fees and £23,000 in administration fees; 31 March 2014: £802,000 in management fees and £47,000 in administration fees), were purchased by the Company from Albion Ventures LLP. At the financial period end, the amount due to Albion Ventures LLP in respect of these services included within creditors was £223,000 (30 September 2013: £200,000; 31 March 2014: £214,000).

Albion Ventures LLP, the Manager, holds 2,534 Ordinary shares as a result of fractional entitlements arising from the merger of Albion Prime VCT PLC with Albion Venture Capital Trust PLC on 25 September 2012. In addition, Albion Ventures LLP holds a further 5,020 Ordinary shares in the Company.

Albion Ventures LLP is, from time to time, eligible to receive transaction fees and Directors' fees from portfolio companies. During the period to 30 September 2014, fees of £104,000 attributable to the investments of the Company were received pursuant to these arrangements (30 September 2013: £35,000; 31 March 2014: £167,000).

During the period the Company raised new funds through the Albion VCTs Top Up Offers as described in note 8. The total cost of the issue of these shares was 3 per cent. of the sums subscribed. Of these costs, an amount of £3,152 (30 September 2013: £3,486; 31 March 2014: £5,450) was paid to the Manager.

6. Dividends

	Unaudited six months ended 30 September 2014 £'000	Unaudited six months ended 30 September 2013 £'000	Audited year ended 31 March 2014 £'000
First dividend paid 31 July 2013 – 2.50 pence per share	–	1,469	1,469
Second dividend paid 31 December 2013 – 2.50 pence per share	–	–	1,460
First dividend paid 31 July 2014 – 2.50 pence per share	1,576	–	–
Unclaimed dividends	–	–	(27)
	1,576	1,469	2,902

The Directors have declared a dividend of 2.50 pence per share (total approximately £1,590,000), payable on 31 December 2014 to shareholders on the register as at 5 December 2014.

Notes to the unaudited summarised Financial Statements (continued)

7. Basic and diluted return per share

	Unaudited six months ended 30 September 2014		Unaudited six months ended 30 September 2013		Audited year ended 31 March 2014	
	Revenue	Capital	Revenue	Capital	Revenue	Capital
Return attributable to						
Ordinary shares (£'000)	572	114	496	216	999	165
Weighted average shares in issue	62,602,887		58,561,391		58,689,669	
Return per Ordinary share (pence)	0.92	0.18	0.80	0.40	1.70	0.30

The weighted number of shares is calculated excluding treasury shares of 5,240,440 (30 September 2013: 4,695,440; 31 March 2014: 4,695,440).

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

8. Called up share capital

	Unaudited six months ended 30 September 2014 £'000	Unaudited six months ended 30 September 2013 £'000	Audited year ended 31 March 2014 £'000
Allotted, called up and fully paid			
68,825,723 Ordinary shares of 1 penny each (30 September 2013: 63,066,034; 31 March 2014: 64,490,852)	688	631	645

Voting rights

63,585,283 Ordinary shares of 1 penny each (net of treasury shares) (30 September 2013: 58,370,594; 31 March 2014: 59,795,412).

During the period to 30 September 2014 the Company purchased 545,000 Ordinary shares to be held in treasury (30 September 2013: 543,000; 31 March 2014: 543,000) at a cost of £363,000 (30 September 2013: £364,000; 31 March 2014: £364,000) representing 0.79% of the shares in issue as at 30 September 2014. The shares purchased for treasury were funded from the Other distributable reserve.

During the period the Company did not purchase any Ordinary shares for cancellation (30 September 2013: nil; 31 March 2014: 729,000 at a cost of £487,000).

The total number of Ordinary shares held in treasury as at 30 September 2014 was 5,240,440 (30 September 2013: 4,695,440; 31 March 2014: 4,695,440) representing 7.6% of the share capital as at 30 September 2014.

Under the terms of the Dividend Reinvestment Scheme Circular dated 10 July 2008, the following 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 consideration received (£'000)	Opening market price on allotment date (pence per share)
31 July 2014	203,480	2	68.80	138	67.25

Notes to the unaudited summarised Financial Statements (continued)

8. Called up share capital (continued)

During the period from 1 April 2014 to 30 September 2014, the Company issued the following new shares of nominal value 1 penny per share under the Albion VCTs offers for subscription:

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)
5 April 2014 (Prospectus)	1,899,867	19	73.10	1,347	67.25
5 April 2014	748,273	8	73.10	531	67.25
5 April 2014	18,621	–	72.80	13	67.25
5 April 2014	17,201	–	72.40	12	67.25
4 July 2014 (Prospectus)	529,802	5	73.60	378	67.25
4 July 2014	30,507	–	73.60	22	67.25
4 July 2014	5,464	–	73.20	4	67.25
4 July 2014	10,187	–	72.80	7	67.25
30 September 2014 (Prospectus)	588,667	6	71.50	408	67.25
30 September 2014 (Non-Prospectus)	282,802	3	71.50	196	67.25
	<u>4,131,391</u>	<u>41</u>		<u>2,918</u>	

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

	Unaudited six months ended 30 September 2014 £'000	Unaudited six months ended 30 September 2013 £'000	Audited year ended 31 March 2014 £'000
Revenue return on ordinary activities before tax	699	608	1,119
Investment management fee charged to capital	(310)	(298)	(601)
Movement in accrued amortised loan stock interest	36	93	103
Increase in debtors	(19)	(1)	(8)
Decrease in creditors	(12)	(55)	(32)
Net cash flow from operating activities	<u>394</u>	<u>347</u>	<u>581</u>

10. Analysis of change in cash during the period

	Unaudited six months ended 30 September 2014 £'000	Unaudited six months ended 30 September 2013 £'000	Audited year ended 31 March 2014 £'000
Opening cash balances	7,505	11,896	11,896
Net cash flow	(1,954)	(835)	(4,391)
Closing cash balances	<u>5,551</u>	<u>11,061</u>	<u>7,505</u>

Notes to the unaudited summarised Financial Statements (continued)

11. Commitments and contingencies

As at 30 September 2014, the Company was committed to making further investment of:

- £2,208,000 in Ryefield Court Care Limited
- £2,200,000 in Active Lives Care Ltd
- £999,000 in Chonais Holdings Limited
- £216,000 in Green Highland Renewables (Ledgowan) Limited

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

12. Post balance sheet events

Since 30 September 2014 the Company has had the following material post balance sheet events:

- Investment of £999,000 in Chonais Holdings Limited
- Investment of £200,000 in Infinite Ventures (Goathill) Ltd
- Investment of £156,000 in Green Highland Renewables (Ledgowan) Limited
- Proceeds of £772,000 (not including deferred consideration) received from the disposal of the investment in Tower Bridge Health Clubs Limited

On 17 November 2014 the Company announced the publication of a prospectus in relation to an offer for subscription for new Ordinary shares. The Company is aiming to raise circa £4.25 million out of a target of £25.5 million in aggregate that the Albion VCTs are seeking to raise. In addition, the Board may elect to allot up to a further £1.75 million if there is sufficient demand and the Board deems it prudent to do so. The proceeds will be used to provide further resources at a time when a number of attractive investment opportunities are being seen. A Securities Note, which forms part of the Prospectus, has been sent to shareholders.

13. Related party transactions

There are no related party transactions or balances requiring disclosure.

14. Going concern

The Board's assessment of liquidity risk remains unchanged since the last Annual Report and Financial Statements for the year ended 31 March 2014, and is detailed on page 49 of those accounts. The Company has adequate cash and liquid resources. The portfolio of investments is diversified in terms of sector, and the major cash outflows of the Company (namely investments, dividends and share buy-backs) are within the Company's control. Accordingly, after making diligent enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, the Directors have adopted the going concern basis in preparing this Half-yearly Financial Report and this is in accordance with 'Going Concern and Liquidity Risk: Guidance for Directors of UK Companies 2009' published by the Financial Reporting Council.

15. 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 2014 and 30 September 2013, and is unaudited. The information for the year ended 31 March 2014 does not constitute statutory accounts within the terms of section 434 of the Companies Act 2006 but is derived from the audited statutory accounts for the financial year, which were unqualified and which have been delivered to the Registrar of Companies. The Auditor reported on those accounts; their report was unqualified and did not contain a statement under s498 (2) or (3) of the Companies Act 2006.

16. Publication

This Half-yearly Financial Report is being sent to shareholders and copies will be made available to the public at the registered office of the Company, Companies House, the National Storage Mechanism and also electronically at www.albion-ventures.co.uk/OurFunds/AAVC.htm.

Dividend history for Albion Venture Capital Trust PLC 'C Shares'

	C shares (pence per share)
Total shareholder net asset value return to 30 September 2014	
Total dividends paid during the year ended:	
	31 March 1998 2.00
	31 March 1999 8.75
	31 March 2000 2.70
	31 March 2001 4.80
	31 March 2002 7.60
	31 March 2003 7.70
	31 March 2004 8.20
	31 March 2005 9.75
	31 March 2006 11.75
	31 March 2007 10.00
	31 March 2008 10.00
	31 March 2009 10.00
	31 March 2010 5.00
	31 March 2011 5.00
	31 March 2012 5.00
	31 March 2013 5.00
	31 March 2014 5.00
Total dividends paid in the six months to	30 September 2014 2.50
Total dividends paid to 30 September 2014	120.75
Net asset value as at 30 September 2014	69.92
Total shareholder net asset value return to 30 September 2014	190.67

Notes

- Dividends paid before 5 April 1999 were paid to qualifying shareholders inclusive of the associated tax credit. The dividends for the year to 31 March 1999 were maximised in order to take advantage of this tax credit.
- All dividends paid by the Company are free of income tax. It is an H.M. Revenue & Customs requirement that dividend vouchers indicate the tax element should dividends have been subject to income tax. Investors should ignore this figure on their dividend voucher and need not disclose any income they receive from a VCT on their tax return.
- The Ordinary shares and the C shares merged on an equal basis.

Dividend history for Albion Prime VCT PLC now merged with Albion Venture Capital Trust PLC

		Proforma⁽ⁱ⁾ Albion Prime VCT PLC (pence per share)
Total shareholder net asset value return to 30 September 2014		
Total dividends paid during the year ended:	31 March 1998	1.10
	31 March 1999(ii)	6.40
	31 March 2000	1.50
	31 March 2001	4.25
	31 March 2002	2.75
	31 March 2003	2.00
	31 March 2004	1.25
	31 March 2005	2.20
	31 March 2006	4.50
	31 March 2007	4.00
	31 March 2008	5.00
	31 March 2009	4.50
	31 March 2010	2.00
	31 March 2011	3.00
	31 March 2012	3.00
	31 March 2013	3.70
	31 March 2014	4.40
Total dividends paid in the six months to	30 September 2014	2.20
Total dividends paid to 30 September 2014		57.75
Proforma net asset value as at 30 September 2014		61.54
Total proforma shareholder net asset value return to 30 September 2014		119.29

Notes

- (i) The proforma shareholder returns presented above are based on the dividends paid to shareholders before the merger and the pro-rata net asset value per share and pro-rata dividends per share paid to 30 September 2014. Albion Prime VCT PLC was merged with Albion Venture Capital Trust PLC on 25 September 2012. This pro-forma is based upon 0.8801 Albion Venture Capital Trust PLC shares for every Albion Prime VCT PLC share.
- (ii) Dividends paid before 5 April 1999 were paid to qualifying shareholders inclusive of the associated tax credit. The dividends for the year to 31 March 1999 were maximised in order to take advantage of this tax credit.
- (iii) The above table excludes the tax benefits investors received upon subscription for shares in the Company.

aic

The Association of
Investment Companies

A member of The Association of Investment Companies



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

ALBION VENTURES