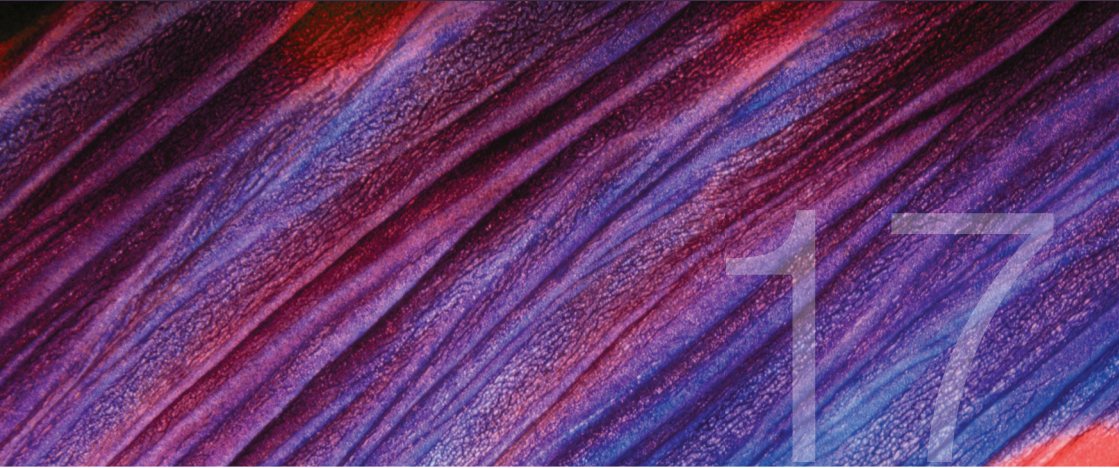


Half-yearly Financial Report  
(unaudited) for the six months to  
30 September 2017



# Albion Venture Capital Trust PLC

**ALBION**CAPITAL

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

# Company information

<b>Company number</b>	03142609
<b>Directors</b>	D J Watkins MBA (Harvard), Chairman (US citizen) J M B L Kerr ACMA J Warren ACCA E Dinesen R (Danish) FSR R Glover D A Berresford ACA
<b>Country of incorporation</b>	United Kingdom
<b>Legal form</b>	Public Limited Company
<b>Manager, company secretary, AIFM and registered office</b>	Albion Capital Group LLP 1 King's Arms Yard London, EC2R 7AF
<b>Registrar</b>	Computershare Investor Services PLC The Pavilions Bridgwater Road Bristol, BS99 6ZZ
<b>Taxation adviser</b>	Philip Hare & Associates LLP 1st Floor 4 Staple Inn London, WC1V 7QH
<b>Auditor</b>	BDO LLP 55 Baker Street London, W1U 7EU
<b>Legal adviser</b>	Bird & Bird LLP 12 New Fetter Lane London, EC4A 1JP

Albion Venture Capital Trust PLC is a member of The Association of Investment Companies ([www.theaic.co.uk](http://www.theaic.co.uk)).

<b>Shareholder information</b>	<p>For help relating to dividend payments, shareholdings and share certificates please contact Computershare Investor Services PLC: Tel: 0370 873 5849 (UK National Rate call, lines are open 8.30am – 5.30pm; Mon – Fri, calls may be recorded) Website: <a href="http://www.investorcentre.co.uk">www.investorcentre.co.uk</a></p> <p>Shareholders can access holdings and valuation information regarding any of their shares held by Computershare by registering on Computershare's website.</p>
<b>Financial adviser information</b>	<p>For enquiries relating to the performance of the Company, and information for financial advisers, please contact Albion Capital Group LLP: Tel: 020 7601 1850 (lines are open 9.00 am – 5.30 pm; Mon – Fri, calls may be recorded) Email: <a href="mailto:info@albion.capital">info@albion.capital</a> Website: <a href="http://www.albion.capital">www.albion.capital</a></p>

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

## Investment objective and policy

The current 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-based businesses. The Company’s investment portfolio has been structured to provide a balance between income and capital growth for the longer term.

Following the Patient Capital Review and the 2017 Autumn Budget, the Directors no longer believe that a purely asset-based investment policy will be practicable for the longer term, and will therefore be putting new proposals to shareholders in due course.

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

As defined by the Articles of Association, the Company’s maximum exposure in relation to gearing is restricted to 10 per cent. of the adjusted share capital and reserves. The Directors do not currently have any intention to utilise gearing for the Company.

## 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 £26.9 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 January 2018
Payment date for second dividend	31 January 2018
Financial year end	31 March

# Financial highlights

	<b>Unaudited six months ended 30 September 2017 (pence per share)</b>	Unaudited six months ended 30 September 2016 (pence per share)	Audited year ended 31 March 2017 (pence per share)
Dividends paid	<b>2.5</b>	2.5	5.0
Revenue return	<b>0.8</b>	1.0	1.9
Capital return	<b>0.4</b>	2.4	6.8
Net asset value	<b>74.1</b>	72.9	75.4

<b>Total shareholder return to 30 September 2017</b>		<b>Ordinary shares (pence per share)</b>
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
	31 March 2015	5.00
	31 March 2016	5.00
	31 March 2017	5.00
	Total dividends paid in the six months to 30 September 2017	2.50
	<b>Total dividends paid to 30 September 2017</b>	<b>147.30</b>
	Net asset value as at 30 September 2017	74.10
	<b>Total shareholder return to 30 September 2017</b>	<b>221.40</b>

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 page 20.

**In addition to the dividends summarised above, the Directors have declared a second dividend for the year ending 31 March 2018 of 2.5 pence per share, to be paid on 31 January 2018 to shareholders on the register on 5 January 2018.**

## 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.
- Dividends paid by the Company are normally free of income tax for individuals aged 18 or over. Investors should not disclose any income they receive from a VCT on their tax return unless they have acquired more than £200,000 of new VCT shares in a tax year.
- 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 accessed via a link on the Company's webpage at [www.albion.capital/funds/AAVC](http://www.albion.capital/funds/AAVC) under 'Trust Information'.
- Investors are reminded that it is common for shares in VCTs to trade at a discount to their net asset value as tax reliefs are only obtainable on new subscription.

# Interim management report

## Introduction

The results for Albion Venture Capital Trust PLC (the "Company") for the six months to 30 September 2017 showed a total return of 1.2 pence per share. After an interim dividend of 2.5 pence per share paid on 31 July 2017, the net asset value at 30 September 2017 was 74.1 pence per share, compared to 75.4 pence per share at 31 March 2017. Total shareholders' funds were £64.7 million.

## Investment performance, progress and prospects

During the period, £1.1 million was invested into qualifying investments, with a further £1.9 million invested after the period end. Investments in the period included £620,000 into two of our care homes (Active Lives Care and Ryefield Court Care); £456,000 (with an additional £254,000 after the period end) into G.Network Communications, a provider of ultra high speed fibre optic broadband to SMEs in central London; and £8,000 (with an additional £940,000 after the period end) in Beddlestead, to fund a start-up wedding venue business. In addition St Martha's School, since renamed Mount House School, in North London was added to the education portfolio.

Following the period end, a further new investment of £750,000 was made in Women's Health (London West One) to develop a women's health centre of excellence in Harley Street focusing on fertility which is expected to open in the second half of next year.

During the period The Weybridge Club disposed of its health and fitness club in Weybridge and The Crown Hotel Harrogate disposed of the Crown Hotel in Harrogate.

The biggest change in valuations for the period was in respect of Radnor House (Holdings) following an independent third party valuation of its schools in Twickenham and Sevenoaks. The former continues to perform strongly, with over 400 pupils, and the latter has seen a substantial increase in pupils, now over 350.

Our three care homes, the 66 bedroom Shinfield View care home near Reading (owned by Shinfield Lodge Care), the 75 bedroom Cumnor Hill House on the outskirts of Oxford (owned by Active Lives Care), and the 60 bedroom Ryefield Court in Hillingdon (owned by Ryefield Court Care) have now reached significant

levels of occupancy to enable them to achieve operating profitability.

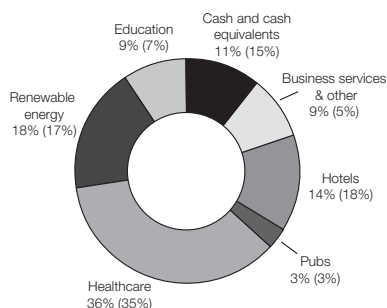
Our hydro, wind and solar assets in our renewable energy portfolio continued to generate strong cash returns. Meanwhile Earnside Energy's anaerobic digestion plant has recently completed a substantial expansion of its capacity.

The Holiday Inn Express at Stansted Airport, owned by Kew Green VCT (Stansted), traded strongly but trading at The Stanwell Hotel near Heathrow Terminal 5 was disappointing. Going forward we are looking to decrease further our investment in the sector. Meanwhile, the Bravo Inns and Bravo Inns II pub portfolio is continuing to expand and now comprises 41 pubs in the North West.

We are pleased with the strong start made by G.Network Communications and see further growth in value accruing over time from our education and healthcare portfolios.

## Split of portfolio by valuation as at 30 September 2017

Set out below is the sector diversification of the investment portfolio as at 30 September 2017. At that date healthcare accounted for 36 per cent. of the Company's net assets and renewable energy investments accounted for 18 per cent.



Comparatives for 31 March 2017 are shown in brackets  
Source: Albion Capital Group LLP

# Interim management report (continued)

## Board composition

As stated in the Annual Report, I have been chairman of your Company since its launch in 1996 and I have indicated to the Board that I intend to retire before the Annual General Meeting in August 2018. Ebbe Dinesen has indicated that he would also like to retire, at the Annual General Meeting in 2019.

I am now pleased to report that we have recently appointed Richard Glover and Ann Berresford to the Board.

Richard has been involved with a number of private equity backed companies over the years, including chief executive roles at BSM Group through its development from a family company to a flotation on the London Stock Exchange and subsequent sale to the RAC, and of a professional educational services business, and chairman roles at a property services business and a retail service group.

Ann qualified as a chartered accountant and has a background in financial management at Clyde Petroleum and Bank of Ireland. She is currently a non-executive director at Secure Trust Bank and the Bath Building Society.

## Patient Capital Review

The Patient Capital Review has now been completed and the 2017 Budget, whilst being strongly supportive of VCTs, has introduced a number of measures designed to re-direct investment towards innovative and high growth firms. Your Board and the Manager no longer believe that a purely asset-based investment policy will be practicable for the longer term, and will be making proposals to shareholders in due course.

## Risks and uncertainties

The outlook for the UK economy continues to be the key risk affecting your Company. The forthcoming withdrawal from the European Union may have an effect on the Company and its investments, although the extent of the effect is not quantifiable at this time.

Whilst the Company's policy has historically been that its portfolio companies should not normally have external borrowings and for the Company normally to have a first charge over portfolio companies' assets, changes in VCT legislation will preclude the use of secured loan stock in future investments. Meanwhile, one of the Company's longer standing portfolio

companies is looking to refinance its VCT loan stock with bank debt.

Other risks and uncertainties remain unchanged and are as detailed on pages 12 and 13 of the Annual Report and Financial Statements for the year ended 31 March 2017.

## 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.

## 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 total value bought in for the period to 30 September 2017 was £226,000. In general, the Board targets such buy-backs to be in the region of a 5 per cent. discount to the most recently announced net asset value, so far as market conditions and liquidity permit.

## Results and dividends

As at 30 September 2017, the net asset value of the Company was £64.7 million or 74.1 pence per share compared to £65.5 million or 75.4 pence per share at 31 March 2017. The revenue return before taxation showed a modest reduction to £875,000, compared to £934,000 for the six months to 30 September 2016, as some portfolio companies decided (with our agreement) to defer paying interest and reinvest their profit for further growth. The Company will pay a second dividend of 2.5 pence per share on 31 January 2018 to shareholders on the register on 5 January 2018, making 5.0 pence per share in total for the full year, in line with the Company's current dividend target.

## David Watkins

Chairman  
12 December 2017

# Responsibility statement

The Directors, David Watkins, John Kerr, Jeff Warren, Ebbe Dinesen, Richard Glover and Ann Berresford are responsible for preparing the Half-yearly Financial Report. In preparing these condensed Financial Statements for the period to 30 September 2017 we, the Directors of the Company, confirm that to the best of our knowledge:

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

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

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

By order of the Board

**David Watkins**  
Chairman  
12 December 2017



# Portfolio of investments

The following is a summary of investments as at 30 September 2017:

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
Shinfield Lodge Care Limited	35.3	6,425	4,270	10,695	182
Active Lives Care Limited	22.2	4,810	2,124	6,934	(103)
Kew Green VCT (Stansted) Limited	45.2	5,910	946	6,856	180
Ryefield Court Care Limited	23.6	3,880	1,966	5,846	(158)
Radnor House School (Holdings) Limited	7.1	2,380	2,422	4,802	486
Chonais River Hydro Limited	9.2	3,074	765	3,839	(2)
TCHH Limited (previously The Crown Hotel Harrogate Limited)†	24.1	3,277	(51)	3,226	132
The Stanwell Hotel Limited	39.2	5,069	(2,966)	2,103	(183)
Earnside Energy Limited	9.5	1,531	82	1,613	(30)
Gharagain River Hydro Limited	11.5	1,363	208	1,571	47
Bravo Inns II Limited	6.4	1,085	177	1,262	45
The Street by Street Solar Programme Limited	6.5	676	420	1,096	50
Alto Prodotto Wind Limited	7.4	662	367	1,029	4
MHS1 Limited	14.8	1,026	(2)	1,024	–
TWCL Limited	14.3	1,083	(317)	766	10
Regenerco Renewable Energy Limited	4.5	451	218	669	40
Infinite Ventures (Goathill) Limited	11.5	480	155	635	3
Bravo Inns Limited	7.6	751	(140)	611	29
Erin Solar Limited	18.6	520	(23)	497	(12)
Dragon Hydro Limited	7.3	311	169	480	7
G. Network Communications Limited	7.6	456	–	456	–
AVESI Limited	7.4	242	98	340	19
Harvest AD Limited	–	307	(4)	303	(4)
G&K Smart Developments VCT Limited	42.9	276	(15)	261	4
Premier Leisure (Suffolk) Limited	9.9	175	25	200	30
Greenenerco Limited	3.9	131	68	199	1
Beddlestead Limited	8.0	16	–	16	–
<b>Total fixed asset investments</b>		<b>46,367</b>	<b>10,962</b>	<b>57,329</b>	<b>777</b>

†The business and assets have been sold and the company will be liquidated in due course.

## Portfolio of investments (continued)

<b>Total change in value of investments for the period</b>	<b>777</b>
Movement in loan stock accrued interest	(66)
<b>Unrealised gains sub-total</b>	<b>711</b>
Realised loss in current period	(23)
<b>Total gains on investments as per Income statement</b>	<b>688</b>

<b>Fixed asset investment realisations during the period to 30 September 2017</b>	<b>Accounting cost* £'000</b>	<b>Opening carrying value £'000</b>	<b>Disposal proceeds £'000</b>	<b>Total realised gain/(loss) £'000</b>	<b>Loss on opening value £'000</b>
Greenenerco Limited (loan stock repaid)	2	3	3	1	–
Alto Prodotto Wind Limited (loan stock repaid)	1	1	1	–	–
Kensington Health Clubs Limited (escrow adjustment)	–	–	(23)	(23)	(23)
TCHH Limited (previously The Crown Hotel Harrogate Limited)***	968	–	–	(968)	–
<b>Total</b>	<b>971</b>	<b>4</b>	<b>(19)</b>	<b>(990)</b>	<b>(23)</b>

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

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

\*\*\*The accounting cost as shown above is after deducting realised losses of £968,000 for TCHH Limited (previously The Crown Hotel Harrogate Limited) which is still held at the Balance sheet date.

# Condensed income statement

	Note	Unaudited six months ended 30 September 2017			Unaudited six months ended 30 September 2016			Audited year ended 31 March 2017		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains on investments	3	–	688	688	–	2,263	2,263	–	6,179	6,179
Investment income	4	1,187	–	1,187	1,219	–	1,219	2,381	–	2,381
Investment management fees	5	(155)	(464)	(619)	(136)	(409)	(545)	(283)	(848)	(1,131)
Other expenses		(157)	–	(157)	(149)	–	(149)	(296)	–	(296)
<b>Return on ordinary activities before tax</b>		<b>875</b>	<b>224</b>	<b>1,099</b>	934	1,854	2,788	1,802	5,331	7,133
Tax (charge)/ credit on ordinary activities		(162)	88	(74)	(185)	81	(104)	(292)	170	(122)
<b>Return and total comprehensive income attributable to shareholders</b>		<b>713</b>	<b>312</b>	<b>1,025</b>	749	1,935	2,684	1,510	5,501	7,011
<b>Basic and diluted return per share (pence)*</b>	7	<b>0.8</b>	<b>0.4</b>	<b>1.2</b>	1.0	2.4	3.4	1.9	6.8	8.7

\* excluding treasury shares

Comparative figures have been extracted from the unaudited Half-yearly Financial Report for the six months ended 30 September 2016 and the audited statutory accounts for the year ended 31 March 2017.

The accompanying notes on pages 14 to 19 form an integral part of this Half-yearly Financial Report.

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

# Condensed balance sheet

	Note	Unaudited 30 September 2017 £'000	Unaudited 30 September 2016 £'000	Audited 31 March 2017 £'000
<b>Fixed asset investments</b>		<b>57,329</b>	51,672	55,473
<b>Current assets</b>				
Trade and other receivables less than one year		<b>79</b>	111	140
Cash and cash equivalents		<b>8,009</b>	6,706	10,496
		<b>8,088</b>	6,817	10,636
<b>Total assets</b>		<b>65,417</b>	58,489	66,109
<b>Payables: amounts falling due within one year</b>				
Trade and other payables less than one year		<b>(763)</b>	(613)	(634)
<b>Total assets less current liabilities</b>		<b>64,654</b>	57,876	65,475
<b>Equity attributable to equityholders</b>				
Called up share capital	8	<b>958</b>	868	951
Share premium		<b>25,182</b>	18,881	24,630
Capital redemption reserve		<b>7</b>	7	7
Unrealised capital reserve		<b>10,301</b>	3,387	8,623
Realised capital reserve		<b>7,377</b>	10,414	8,743
Other distributable reserve		<b>20,829</b>	24,319	22,521
<b>Total equity shareholders' funds</b>		<b>64,654</b>	57,876	65,475
Basic and diluted net asset value per share (pence)*		<b>74.1</b>	72.9	75.4

\* excluding treasury shares

Comparative figures have been extracted from the unaudited Half-yearly Financial Report for the six months ended 30 September 2016 and the audited statutory accounts for the year ended 31 March 2017.

The accompanying notes on pages 14 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 12 December 2017, and were signed on its behalf by

**David Watkins**

Chairman

Company number: 03142609

# Condensed statement of changes in equity

	Called up share capital £'000	Share premium £'000	Capital redemption reserve £'000	Unrealised capital reserve £'000	Realised capital reserve* £'000	Other distributable reserve* £'000	Total £'000
<b>As at 1 April 2017</b>	<b>951</b>	<b>24,630</b>	<b>7</b>	<b>8,623</b>	<b>8,743</b>	<b>22,521</b>	<b>65,475</b>
Return/(loss) and total comprehensive income for the period	-	-	-	<b>711</b>	<b>(399)</b>	<b>713</b>	<b>1,025</b>
Transfer of previously unrealised gains/(losses) on realisations of investments	-	-	-	<b>967</b>	<b>(967)</b>	-	-
Purchase of treasury shares	-	-	-	-	-	<b>(226)</b>	<b>(226)</b>
Issue of equity	<b>7</b>	<b>561</b>	-	-	-	-	<b>568</b>
Cost of issue of equity	-	<b>(9)</b>	-	-	-	-	<b>(9)</b>
Net dividends paid	-	-	-	-	-	<b>(2,179)</b>	<b>(2,179)</b>
<b>As at 30 September 2017</b>	<b>958</b>	<b>25,182</b>	<b>7</b>	<b>10,301</b>	<b>7,377</b>	<b>20,829</b>	<b>64,654</b>
<b>As at 1 April 2016</b>	861	18,374	7	1,128	10,737	25,848	56,955
Return/(loss) and total comprehensive income for the period	-	-	-	2,259	(323)	749	2,684
Purchase of treasury shares	-	-	-	-	-	(290)	(290)
Issue of equity	7	515	-	-	-	-	522
Cost of issue of equity	-	(8)	-	-	-	-	(8)
Net dividends paid	-	-	-	-	-	(1,987)	(1,987)
<b>As at 30 September 2016</b>	<b>868</b>	<b>18,881</b>	<b>7</b>	<b>3,387</b>	<b>10,414</b>	<b>24,319</b>	<b>57,876</b>
<b>As at 1 April 2016</b>	861	18,374	7	1,128	10,737	25,848	56,955
Return/(loss) and total comprehensive income for the year	-	-	-	6,165	(664)	1,510	7,011
Transfer of previously unrealised gains/(losses) on realisations of investments	-	-	-	1,330	(1,330)	-	-
Purchase of treasury shares	-	-	-	-	-	(873)	(873)
Issue of equity	90	6,422	-	-	-	-	6,512
Cost of issue of equity	-	(166)	-	-	-	-	(166)
Net dividends paid	-	-	-	-	-	(3,964)	(3,964)
<b>As at 31 March 2017</b>	<b>951</b>	<b>24,630</b>	<b>7</b>	<b>8,623</b>	<b>8,743</b>	<b>22,521</b>	<b>65,475</b>

\* These reserves amount to £28,206,000 (30 September 2016: £34,733,000; 31 March 2017: £31,264,000) which is considered distributable.

# Condensed statement of cash flows

	<b>Unaudited six months ended 30 September 2017 £'000</b>	Unaudited six months ended 30 September 2016 £'000	Audited year ended 31 March 2017 £'000
<b>Cash flow from operating activities</b>			
Loan stock income received	1,100	824	1,941
Deposit interest received	2	51	69
Dividend income received	20	–	45
Investment management fees paid	(622)	(541)	(1,091)
Other cash payments	(176)	(175)	(302)
Corporation tax refund/(paid)	35	24	(127)
	<hr/>	<hr/>	<hr/>
<b>Net cash flow from operating activities</b>	<b>359</b>	183	535
<b>Cash flow from investing activities</b>			
Purchase of fixed asset investments	(1,084)	(4,373)	(4,521)
Disposal of fixed asset investments	5	321	572
	<hr/>	<hr/>	<hr/>
<b>Net cash flow from investing activities</b>	<b>(1,079)</b>	(4,052)	(3,949)
<b>Cash flow from financing activities</b>			
Issue of share capital	267	2,243	7,809
Cost of issue of equity	–	(3)	(2)
Dividends paid	(1,877)	(1,705)	(3,424)
Purchase of own shares (including costs)	(157)	(290)	(803)
	<hr/>	<hr/>	<hr/>
<b>Net cash flow from financing activities</b>	<b>(1,767)</b>	245	3,580
(Decrease)/increase in cash and cash equivalents	<b>(2,487)</b>	(3,624)	166
Cash and cash equivalents at start of period	<b>10,496</b>	10,330	10,330
	<hr/>	<hr/>	<hr/>
<b>Cash and cash equivalents at end of period</b>	<b>8,009</b>	6,706	10,496
<b>Cash and cash equivalents comprise</b>			
Cash at bank and in hand	<b>8,009</b>	6,706	10,496
Cash equivalents	–	–	–
	<hr/>	<hr/>	<hr/>
<b>Total cash and cash equivalents</b>	<b>8,009</b>	6,706	10,496

# Notes to the condensed Financial Statements

## 1. Basis of preparation

The condensed Financial Statements have been prepared in accordance with the historical cost convention, modified to include the revaluation of investments, in accordance with applicable United Kingdom law and accounting standards, including Financial Reporting Standard 102 ("FRS 102"), Financial Reporting Standard 104 – Interim Financial Reporting ("FRS 104"), and with the 2014 Statement of Recommended Practice "Financial Statements of Investment Trust Companies and Venture Capital Trusts" ("SORP") issued by The Association of Investment Companies ("AIC").

The preparation of the Financial Statements requires management to make judgements and estimates that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The most critical estimates and judgements relate to the determination of carrying value of investments at fair value through profit and loss ("FVTPL"). The Company values investments by following the International Private Equity and Venture Capital Valuation ("IPEVCV") Guidelines and further detail on the valuation techniques used are outlined below.

The Half-yearly Financial Report has not been audited, nor has it been reviewed by the auditor pursuant to the FRC's guidance on Review of interim financial information.

Information about the Company can be found on page 2.

## 2. Accounting policies

### Fixed asset investments

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

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

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

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

- Investments listed on recognised exchanges are valued at their bid prices at the end of the

accounting period or otherwise at fair value based on published price quotations;

- Unquoted investments, where there is not an active market, are valued using an appropriate valuation technique in accordance with the IPEVCV Guidelines. Indicators of fair value are derived using established methodologies including earnings multiples, the level of third party offers received, prices of recent investment rounds, net assets and industry valuation benchmarks. Where the Company has an investment in an early stage enterprise, the price of a recent investment round is often the most appropriate approach to determining fair value. In situations where a period of time has elapsed since the date of the most recent transaction, consideration is given to the circumstances of the portfolio company since that date in determining fair value. This includes consideration of whether there is any evidence of deterioration or strong definable evidence of an increase in value. In the absence of these indicators, the investment in question is valued at the amount reported at the previous reporting date. Examples of events or changes that could indicate a diminution include:
  - the performance and/or prospects of the underlying business are significantly below the expectations on which the investment was based;
  - a significant adverse change either in the portfolio company's business or in the technological, market, economic, legal or regulatory environment in which the business operates; or
  - market conditions have deteriorated, which may be indicated by a fall in the share prices of quoted businesses operating in the same or related sectors.

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

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

Receivables and payables and cash are carried at amortised cost, in accordance with FRS 102. There are no financial liabilities other than creditors.

# Notes to the condensed Financial Statements (continued)

## Investment income

### *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 when the Company's right to receive payment and expect settlement is established. Where interest is rolled up and/or payable at redemption then it is recognised as income unless there is reasonable doubt as to its receipt.

### *Bank interest income*

Interest income is recognised on an 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 other distributable reserve 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 are charged through the realised capital reserve.

## Performance incentive fee

In the event that a performance incentive fee crystallises, the fee will be allocated between revenue and realised capital reserve 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 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 financial statements. As a VCT the Company has an exemption from tax on capital gains. The Company intends to continue meeting the conditions required to obtain approval as a VCT in the foreseeable future. The Company therefore, should have no material deferred tax timing differences arising in respect of the revaluation or disposal of investments and the Company has not provided for any deferred tax.

## Reserves

### *Share premium*

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

### *Capital redemption reserve*

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

### *Unrealised capital reserve*

Increases and decreases in the valuation of investments held at the 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 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 equity and debt. The Company invests in smaller companies principally based in the UK.



# Notes to the condensed Financial Statements (continued)

## 3. Gains on investments

	<b>Unaudited six months ended 30 September 2017 £'000</b>	Unaudited six months ended 30 September 2016 £'000	Audited year ended 31 March 2017 £'000
Unrealised gains on fixed asset investments	711	2,259	6,165
Realised (losses)/gains on fixed asset investments	(23)	4	14
	<b>688</b>	<b>2,263</b>	<b>6,179</b>

## 4. Investment income

	<b>Unaudited six months ended 30 September 2017 £'000</b>	Unaudited six months ended 30 September 2016 £'000	Audited year ended 31 March 2017 £'000
<b>Income recognised on investments</b>			
Loan stock interest	1,165	1,165	2,277
Dividend income	20	7	45
Bank deposit interest	2	47	59
	<b>1,187</b>	<b>1,219</b>	<b>2,381</b>

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

## 5. Investment management fees

	<b>Unaudited six months ended 30 September 2017 £'000</b>	Unaudited six months ended 30 September 2016 £'000	Audited year ended 31 March 2017 £'000
Investment management fee charged to revenue	155	136	283
Investment management fee charged to capital	464	409	848
	<b>619</b>	<b>545</b>	<b>1,131</b>

Further details of the Management agreement under which the investment management fee is paid are given in the Strategic report on page 11 of the Annual Report and Financial Statements for the year ended 31 March 2017.

During the period, services of a total value of £619,000 in management fees and £25,000 in administration fees (30 September 2016: £545,000 in management fees and £24,000 in administration fees; 31 March 2017: £1,131,000 in management fees and £49,000 in administration fees), were purchased by the Company from Albion Capital Group LLP. At the financial period end, the amount due to Albion Capital Group LLP in respect of these services was £320,000 (30 September 2016: £287,000; 31 March 2017: £323,000).

Albion Capital Group LLP, the Manager, holds 25,957 Ordinary shares in the Company.

Albion Capital Group LLP is, from time to time, eligible to receive transaction fees and monitoring fees from portfolio companies. During the period to 30 September 2017, fees of £98,000 attributable to the investments of the Company were received pursuant to these arrangements (30 September 2016: £63,000; 31 March 2017: £100,000).

# Notes to the condensed Financial Statements (continued)

## 6. Dividends

	<b>Unaudited six months ended 30 September 2017</b>	Unaudited six months ended 30 September 2016	Audited year ended 31 March 2017
	£'000	£'000	£'000
Dividend paid on 29 July 2016 – 2.5 pence per share	–	1,987	1,987
Dividend paid on 30 December 2016 – 2.5 pence per share	–	–	1,986
Dividend paid on 31 July 2017 – 2.5 pence per share	<b>2,179</b>	–	–
Unclaimed dividends	–	–	(9)
	<b>2,179</b>	1,987	3,964

The Directors have declared a second dividend for the year ending 31 March 2018 of 2.5 pence per share (total approximately £2,181,000), payable on 31 January 2018 to shareholders on the register on 5 January 2018.

## 7. Basic and diluted return per share

	<b>Unaudited six months ended 30 September 2017</b>		Unaudited six months ended 30 September 2016		Audited year ended 31 March 2017	
	Revenue	Capital	Revenue	Capital	Revenue	Capital
Return attributable to Ordinary shares (£'000)	<b>713</b>	<b>312</b>	749	1,935	1,510	5,501
Weighted average shares in issue	<b>87,269,018</b>		79,499,061		80,525,974	
Return per Ordinary share (pence)	<b>0.8</b>	<b>0.4</b>	1.0	2.4	1.9	6.8

The weighted number of shares is calculated excluding treasury shares of 8,581,188 (30 September 2016: 7,391,188; 31 March 2017: 8,263,188).

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

## 8. Called up share capital

	<b>Unaudited 30 September 2017</b>	Unaudited 30 September 2016	Audited 31 March 2017
<b>Allotted, called up and fully paid shares of 1 penny each</b>			
Number of shares	<b>95,825,075</b>	86,818,875	95,056,427
Nominal value of allotted shares (£'000)	<b>958</b>	868	951
Voting rights (number of shares net of treasury shares)	<b>87,243,887</b>	79,427,687	86,793,239

During the period to 30 September 2017 the Company purchased 318,000 Ordinary shares (nominal value of £3,180) to be held in treasury (30 September 2016: 436,748; 31 March 2017: 1,308,748) at a cost of £226,000 (30 September 2016: £290,000; 31 March 2017: £873,000) representing 0.3% of the shares in issue as at 30 September 2017.

The total number of Ordinary shares held in treasury as at 30 September 2017 was 8,581,188 (30 September 2016: 7,391,188; 31 March 2017: 8,263,188) representing 9.0% of the share capital as at 30 September 2017.

# Notes to the condensed Financial Statements (continued)

## 8. Called up share capital (continued)

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

Date of allotment	Number of shares allotted	Aggregate nominal value of shares (£'000)	Issue price (pence per share)	Net invested (£'000)	Opening market price on allotment date (pence per share)
31 July 2017	402,670	4	72.9	292	71.0

Under the terms of the Albion VCTs Prospectus Top Up Offers 2016/2017, the following new Ordinary shares of nominal value 1 penny each were allotted during the period to 30 September 2017:

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)
7 April 2017	284,008	3	75.3	207	68.0
7 April 2017	29,427	–	74.9	22	68.0
7 April 2017	52,543	1	74.5	38	68.0
	<u>365,978</u>	<u>4</u>		<u>267</u>	

The offer was fully subscribed and closed on 9 February 2017 after reaching its £6 million limit.

## 9. Commitments and contingencies

As at 30 September 2017, the Company had no financial commitments (30 September 2016: £140,000; 31 March 2017: nil).

There are no contingencies or guarantees of the Company as at 30 September 2017 (30 September 2016 and 31 March 2017: nil).

## 10. Post balance sheet events

Since 30 September 2017 the Company has had the following material post balance sheet events:

- Investment of £940,000 in Beddlestead Limited;
- Investment of £750,000 in Women's Health (London West One) Limited; and
- Investment of £254,000 in G. Network Communications Limited.

## 11. Related party transactions

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

# Notes to the condensed Financial Statements (continued)

## 12. 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 2017, and is detailed on page 53 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 the Guidance on Risk Management, Internal Control and Related Financial and Business Reporting issued by the Financial Reporting Council in September 2014.

## 13. Other information

The information set out in this Half-yearly Financial Report does not constitute the Company's statutory accounts within the terms of section 435 of the Companies Act 2006 for the periods ended 30 September 2017 and 30 September 2016, and is unaudited. The information for the year ended 31 March 2017 does not constitute statutory accounts within the terms of section 435 of the Companies Act 2006 but is derived from the audited statutory accounts for the financial year, which have been delivered to the Registrar of Companies. The Auditor reported on those accounts; their report was unqualified and did not contain a statement under s498 (2) or (3) of the Companies Act 2006.

## 14. Publication

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

# Dividend history for Albion Venture Capital Trust PLC 'C Shares' and Albion Prime VCT PLC

	C shares <sup>(i)</sup> (pence per share)	Proforma <sup>(ii)</sup> Albion Prime VCT PLC (pence per share)
<b>Total shareholder return to 30 September 2017</b>		
Total dividends paid to the year ended 31 March 2017	133.25	68.75
Total dividends paid in the six months to 30 September 2017	2.50	2.20
<b>Total dividends paid to 30 September 2017</b>	<b>135.75</b>	<b>70.95</b>
Proforma net asset value as at 30 September 2017	74.10	65.22
<b>Total proforma shareholder return to 30 September 2017</b>	<b>209.85</b>	<b>136.17</b>

## Notes

- (i) The Ordinary Shares and the C Shares merged on an equal basis.
- (ii) 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 2017. This pro-forma is based upon 0.8801 Albion Venture Capital Trust PLC shares for every Albion Prime VCT PLC share which merged with Albion Venture Capital Trust PLC on 25 September 2012.

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