

AlbionCapital

Albion Technology & General VCT PLC

Half-yearly Financial Report (unaudited)
for the six months to 30 June 2023

2023



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COMPANY INFORMATION

Company name	Country of incorporation	Legal form
Albion Technology & General VCT PLC (the "Company")	United Kingdom	Public Limited Company
Directors	Company number	Auditor
C S Richardson, Chairman P M Payn D Benda (appointed 26 June 2023) P Moorhouse (appointed 1 Sept 2023) P H Reeve	04114310	BDO LLP 55 Baker Street London, W1U 7EU
Manager, company secretary, AIFM and registered office	Registrar	Corporate broker
Albion Capital Group LLP 1 Benjamin Street London, EC1M 5QL	Computershare Investor Services PLC The Pavilions Bridgewater Road Bristol, BS99 6ZZ	Panmure Gordon (UK) Limited 40 Gracechurch Street London, EC3V 0BT
Taxation adviser	Legal adviser	Depository
Philip Hare & Associates LLP 6 Snow Hill London, EC1A 2AY	Howard Kennedy LLP 1 London Bridge London, SE1 9BG	Ocorian Depository (UK) Limited Level 5, 20 Fenchurch Street London, EC3M 3BY

Albion Technology & General VCT PLC is a member of The Association of Investment Companies (www.theaic.co.uk).

Shareholder information

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

Tel: 0370 873 5854 (UK national rate call, lines are open 8.30am – 5.30pm; Mon – Fri; calls are recorded)

Website: www.investorcentre.co.uk

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

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

Financial adviser information

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

Email: info@albion.capital

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

Website: www.albion.capital

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

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INVESTMENT OBJECTIVE AND POLICY

The Company's investment objective is to provide investors with a regular and predictable source of dividend income, combined with the prospect of long-term capital growth, through a balanced portfolio of predominantly unquoted growth and technology businesses in a qualifying Venture Capital Trust ("VCT").

Investment policy

The Company will invest in a broad portfolio of unquoted growth and technology businesses. Allocation of assets will be determined by the investment opportunities which become available, but efforts will be made to ensure that the portfolio is diversified in terms of sectors and stages of maturity of portfolio companies.

VCT qualifying and non-qualifying investments

Application of the investment policy is designed to ensure that the Company continues to qualify and is approved as a VCT by HM Revenue and Customs ("VCT regulations"). The maximum amount invested in any one company is limited to HMRC annual investment limits. It is intended that normally at least 80% of the Company's funds will be invested in VCT qualifying investments. The VCT regulations also have an impact on the type of investments and qualifying sectors in which the Company can make an investment.

Funds held either prior to investing in VCT qualifying assets or for liquidity purposes will be held as cash on deposit, invested in floating rate notes or similar instruments with banks or other financial institutions with high credit ratings or invested in liquid open-ended equity funds providing income and capital equity exposure (where it is considered economic to do so). Investment in such open-ended equity funds will not exceed 7.5% of the Company's assets at the time of investment.

Risk diversification and maximum exposures

Risk is spread by investing in a number of different businesses within VCT qualifying industry sectors using a mixture of securities. The maximum the Company will invest in a single company is 15% of the Company's assets at cost at the time of investment. The value of an individual investment is expected to increase over time as a result of trading progress and a continuous assessment is made of investments' suitability for sale. It is possible that individual holdings may grow in value to a point where they represent a significantly higher proportion of total assets prior to a realisation opportunity being available.

Borrowing powers

The Company's maximum exposure in relation to gearing is restricted to 10% of the adjusted share capital and reserves. The Directors do not have any intention of utilising long-term gearing.

FINANCIAL CALENDAR

8 December 2023	Record date for second dividend for the year
29 December 2023	Payment date for second dividend for the year
31 December	Financial year end

FINANCIAL SUMMARY

	Unaudited six months ended 30 June 2023 (pence per share)	Unaudited six months ended 30 June 2022 (pence per share)	Audited year ended 31 December 2022 (pence per share)
Opening net asset value	72.92	80.65	80.65
Capital return/(loss)	4.59	(0.10)	(4.51)
Revenue return	0.15	0.11	0.46
Total return/(loss)	4.74	0.01	(4.05)
Dividends paid	(1.82)	(2.02)	(3.99)
Impact of share capital movements	0.18	0.05	0.31
Net asset value	76.02	78.69	72.92

Total shareholder value

	Ordinary shares (pence per share)
Total dividends paid since inception	125.44
Net asset value as at 30 June 2023	76.02
Total shareholder value to 30 June 2023	201.46

In addition to the dividends paid above, the Board declared a second dividend for the year ending 31 December 2023 of 1.90 pence per Ordinary share to be paid on 29 December 2023 to shareholders on the register on 8 December 2023.

Further details regarding the total shareholder value for the historic C Shares, Albion Income and Growth VCT PLC and Ordinary shares, as well as the dividend record from inception of the Company in 2000, can be found at www.albion.capital/funds/AATG under the 'Financial Summary for Previous Funds' section.

INTERIM MANAGEMENT REPORT



Clive Richardson
Chairman

Introduction

I am pleased to report a strong positive total return for the six months ended 30 June 2023 of 4.74 pence per share which represents a 6.5% return on opening net asset value. We continue to see resilience and revenue growth from many of our portfolio companies despite the difficult macroeconomic and geopolitical backdrop, including continuing high inflation, rising interest rates and volatility of quoted technology company valuations.

Results and dividends

The net asset value per Ordinary share as at 30 June 2023 has increased by 4.3% to 76.02 pence over the six months (30 June 2022: 78.69 pence; 31 December 2022: 72.92 pence) mainly due to the valuation uplift in Quantexa, discussed below.

In line with our dividend policy, targeting around 5% of NAV per annum, the Company paid a dividend of 1.82 pence per share during the period to 30 June 2023 (30 June 2022: 2.02 pence per share). The Company will pay a second dividend for the financial year ending 31 December 2023 of 1.90 pence per share on 29 December 2023 to shareholders on the register on 8 December 2023, being 2.5% of the latest reported NAV at 30 June 2023.

This will bring the total dividends paid for the year ending 31 December 2023 to 3.72 pence per share, which equates to a 5.1% yield on the opening NAV of 72.92 pence per share at 31 December 2022.

Performance and portfolio update

The total gain on investments for the period ended 30 June 2023 was £9.4 million (six months ended 30 June 2022: gain of £1.6 million; year ended 31 December 2022: loss of £4.5 million). The key movement in the period was an £11.4 million valuation uplift to the Quantexa holding following an externally led \$129 million Series E fundraising which completed in April 2023. The latest funding round made the company the first UK “Unicorn” of 2023 (a private company valuation over \$1 billion) and the Board remain excited about its prospects. Other gains in the period, which were driven by revenue growth, included unrealised gains in Radnor House School of £0.8 million and Ophelos of £0.4 million.

These gains were offset by write downs in Black Swan Data which decreased by £2.2 million, Locum's Nest by £0.4 million and Speechmatics by £0.4 million.

The Company realised disposal proceeds of £1.0 million, the largest disposals being Zift (£0.5 million) and a part disposal of our shareholding in our quoted investment, Arecor Therapeutics PLC (£0.2 million). Further details of other realisations during the period can be found in the realisations table on page 14.

During the period, a total of £0.4 million was deployed as follow-on investments into the existing portfolio, including £0.3 million into Proveca and £0.1 million into Seldon Technologies. The economic uncertainty, high inflation rates and rising interest rates have resulted in a quiet period of investment in the first half of 2023. However, there is a growing pipeline of new investments, and investment activity has started to increase after the period end, with £1.8 million invested at the date of this report into new and follow-on investments since 30 June 2023.

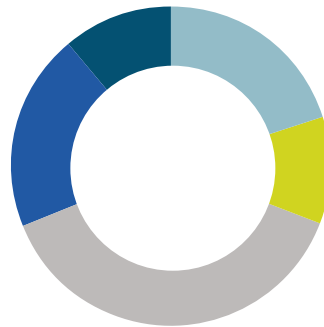
Our top 3 portfolio companies now account for 29.2% of the Company's NAV (30 June 2022: 21.6%; 31 December 2022: 22.2%). Further details of the portfolio of investments can be found on pages 12 and 13.

Current portfolio sector allocation (including cash & net assets)



- Cash and other net assets 25% (24%)
- Healthcare (including digital healthcare) 15% (17%)
- Renewable energy 8% (9%)
- FinTech 30% (23%)
- Software & other technology 14% (19%)
- Other (including education) 8% (8%)

Current portfolio sector allocation (excluding cash & net assets)



- Healthcare (including digital healthcare) 20% (22%)
- Renewable energy 11% (11%)
- FinTech 38% (30%)
- Software & other technology 20% (26%)
- Other (including education) 11% (11%)

Comparatives for 31 December 2022 are shown in brackets

Board composition and succession planning

During the period Robin Archibald retired after nine years on the Board, including two as Chairman and seven as Audit Committee Chairman. On behalf of the Board and the Manager, I would like to thank and note my appreciation to Robin for his invaluable contribution and wise guidance and leadership throughout his time as a Director. As announced on 18 May 2023, Mary Anne Cordeiro, having served a similar period, also retired during the period. The Board and the Manager would like to thank her for her strong contribution. In particular, her support and advice has been hugely appreciated. We wish both Robin and Mary Anne well in their future endeavours.

As part of the Board's succession planning, we were pleased to welcome David Benda as a Director with effect from 26 June 2023, and Peter Moorhouse from 1 September 2023. David has extensive corporate banking experience working with investment companies providing advice on fundraising, reorganisations and restructurings. Peter brings a depth of corporate finance knowledge particularly with companies in the healthcare and technology sectors, advising primarily on equity financing, mergers and acquisitions.

The Nomination Committee continually monitors and reviews the membership of the Board based on the spread of skills and contributions of its members, as well as looking at succession planning requirements of the Company. The Company has made several changes to the Board in recent years and continues to review actively Board succession.

Share buy-backs

It remains the Board's policy to buy-back shares in the market, subject to the overall constraint that such purchases are in the Company's interest. This includes the maintenance of sufficient cash resources for investment in new and existing portfolio companies and the continued payment of dividends to shareholders.

It is the Board's intention that such buy-backs should be at around a 5% discount to NAV, in so far as market conditions and liquidity permit. The Company purchased 2,117,126 Ordinary shares for treasury during the period at a total cost of £1.6 million (30 June 2022: £1.2 million; 31 December 2022: £2.5 million). The Company continues to conduct active buy-backs to help provide good secondary market liquidity for those who want to dispose of all or part of their shareholdings.

Risks and uncertainties

The Company faces a number of significant risks including rising interest rates, high levels of inflation, the ongoing impact of geopolitical tensions, and an expected period of economic stagnation in the UK and other markets. The concentration risk to the technology sector is noted as technology company valuations have become more uncertain in the current economic climate. The Manager continually assesses the exposure to these risks for each portfolio company and appropriate actions, where possible, are implemented.

In accordance with Disclosure Guidance and Transparency Rules ("DTR"), the Board confirms that the principal risks and uncertainties facing the Company have not changed materially from those identified in the Annual Report and Financial Statements for the year ended 31 December 2022. There is heightened uncertainty, but this has not changed the nature of the principal risks. The Board considers that the present processes for mitigating those risks remain appropriate.

The principal risks faced by the Company are:

- Investment, performance and valuation risk;
- VCT approval risk;
- Cyber and data security risk;
- Reliance on key agents and personnel risk;
- Economic, political and social risk; and
- Discount risk.

A detailed analysis of the principal risks and uncertainties facing the business can be found in the Annual Report and Financial Statements for the year ended 31 December 2022 on pages 24 to 26, copies of which are available on the Company's webpage on the Manager's website at www.albion.capital/funds/AATG under the 'Financial Reports and Circulars' section.

Albion VCTs Prospectus Top Up Offers

The 2022/23 Offers were fully subscribed and closed having raised £15.5 million for the Company. The Board was pleased to see the high level of demand for the Company's shares from existing and new shareholders.

The proceeds of the Offers are being used to provide support to our existing portfolio companies and to enable us to take advantage of new investment opportunities as they arise. Details of the share allotments during the period can be found in note 8.

Transactions with the Manager

Details of the transactions that took place with the Manager in the period can be found in note 5. Details of related party transactions can be found in note 12.

Shareholder seminar

The Board is pleased to report that the Manager, Albion Capital, will host a shareholder seminar this year on 15 November 2023 at the Royal College of Surgeons. The Board considers this an important

part of shareholder communication as it provides an opportunity for shareholders to interact with the Board and the Manager; shareholders are encouraged to attend. Places are limited and to reserve a place please email info@albion.capital with subject heading "Shareholders Seminar" and include your full name. You will receive an email confirmation of your place, subject to availability.

Move to electronic communications

The Board wishes to minimise the environmental impact of how the Company communicates with its shareholders. With this in mind, those shareholders that continue to receive physical copies of the Annual Report and other documentation, will receive a letter alongside this Half-yearly Financial Report explaining the forthcoming move to electronic communications.

Outlook

Although there remain many uncertainties facing the Company, with the high levels of inflation, elevated interest rates and geopolitical tensions, the results for the period demonstrate the resilience of our portfolio during these challenging times. Our strategy is to focus on dynamic sectors with long term growth prospects such as technology and healthcare within which we maintain a diversified portfolio in terms of companies at different stages of maturity and across a variety of sub sectors. We remain confident that the Company will continue to provide positive results to its shareholders over the long-term.

Clive Richardson

Chairman

21 September 2023

PORTFOLIO OF INVESTMENTS

Portfolio company	% voting rights	As at 30 June 2023			
		Cost £'000	Cumulative movement in value £'000	Value £'000	Change in value for the period* £'000
Quantexa	2.4	2,740	25,601	28,341	11,408
Radnor House School (TopCo)	14.8	2,710	3,375	6,085	840
Proveca	7.2	1,438	3,648	5,086	103
Chonais River Hydro	15.7	2,169	2,161	4,330	296
Oviva	2.9	2,694	1,220	3,914	(388)
Cantab Research (T/A Speechmatics)	3.4	2,901	510	3,411	(407)
The Ewell Group	6.4	1,547	1,613	3,160	23
Egress Software Technologies	2.2	765	2,136	2,901	(57)
Runa Network	3.3	2,101	591	2,692	-
Gharagain River Hydro	18.5	1,526	1,003	2,529	214
Elliptic Enterprises	1.6	2,156	-	2,156	-
Convertr Media	6.9	1,105	1,017	2,122	(39)
Healios	2.5	1,500	416	1,916	-
MHS 1	22.5	1,565	93	1,658	-
Panaseer	3.1	1,122	532	1,654	(283)
TransFICC	2.7	1,275	377	1,652	-
Peppy Health	1.6	1,481	-	1,481	-
The Street by Street Solar Programme	8.1	895	563	1,458	(86)
Threadneedle Software Holdings (T/A Solidatus)	1.7	1,014	408	1,422	(208)
Toqio FinTech Holdings	2.0	1,400	-	1,400	-
InCrowd Sports	4.8	749	506	1,255	192
Regenerco Renewable Energy	7.9	822	382	1,204	(117)
Gravitee Topco (T/A Gravitee.io)	2.2	920	235	1,155	-
Beddlestead	9.8	1,200	(127)	1,073	(43)
Aridhia Informatics	4.9	950	73	1,023	(153)
PeakData	2.1	943	56	999	(15)
The Q Garden Company	33.4	934	65	999	-
Ophelos	1.9	492	412	904	411
GX Molecular (T/A CS Genetics)	2.9	846	-	846	-
Seldon Technologies	2.3	796	-	796	-
NuvoAir Holdings	1.4	564	231	795	(41)
Locum's Nest	6.9	813	(70)	743	(439)
Alto Prodotto Wind	6.9	509	232	741	34
Cisiv	5.3	695	29	724	311

Portfolio company	% voting rights	As at 30 June 2023			Change in value for the period* £'000
		Cost £'000	Cumulative movement in value £'000	Value £'000	
OutThink	2.7	687	-	687	-
PerchPeek	2.0	635	-	635	-
Diffblue	2.5	585	-	585	-
Premier Leisure (Suffolk)	-	454	90	544	-
Accelex Technology	2.0	353	191	544	191
PetsApp	2.6	487	-	487	-
Erin Solar	15.7	440	12	452	-
DySIS Medical	2.6	2,589	(2,167)	422	30
5Mins AI	2.2	390	-	390	-
Imandra	1.6	215	101	316	(15)
AVESI	8.0	259	55	314	(33)
Brytlyt	1.9	406	(96)	310	(95)
Koru Kids	1.3	430	(121)	309	(52)
Ramp Software	1.9	277	-	277	-
Arecor Therapeutics PLC	0.4	149	124	273	(9)
Neurofenix	2.9	590	(334)	256	(334)
Tem-Energy	1.9	241	-	241	-
Harvest AD	-	210	23	233	-
uMedeor (T/A uMed)	0.9	150	53	203	51
Mirada Medical	4.6	1,321	(1,125)	196	-
Regulatory Genome Development	0.8	118	40	158	40
Greenenerco	3.1	77	59	136	7
Infact Systems (T/A Infact)	1.9	96	-	96	-
Symetrica	0.2	91	(6)	85	11
Black Swan Data	8.3	4,714	(4,648)	66	(2,195)
uMotif	3.6	1,121	(1,120)	1	(119)
Limitless Technology	2.1	560	(560)	-	(282)
Elements Software	-	19	(19)	-	-
Total fixed asset investments		63,001	37,840	100,841	8,752

T/A – trading as

* As adjusted for additions and disposals during the period.

Portfolio of investments

Investment realisations in the period to 30 June 2023	Cost £'000	Opening carrying value £'000	Disposal proceeds £'000	Total realised gain/(loss) £'000	Gain/(loss) on opening value £'000
Disposals:					
Zift Channel Solutions	881	326	464	(417)	138
Arecor Therapeutics PLC	82	154	160	78	6
Oxsensis	3,484	95	109	(3,375)	14
Forward Clinical (T/A Pando)	196	-	-	(196)	-
Loan stock repayments and other:					
Alto Prodotto Wind	20	31	31	11	-
Greenenerco	4	5	5	1	-
Escrow adjustments and other*	-	-	209	209	209
Total	4,667	611	978	(3,689)	367

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

	£'000
Total change in value of investments for the year	8,752
Movement in loan stock accrued interest	35
Unrealised gains on fixed asset investments sub-total	8,787
Realised gains on fixed asset investments	367
Finance income from the unwinding of discount on deferred consideration	208
Total gains on investments as per Income statement	9,362

RESPONSIBILITY STATEMENT

The Directors, Clive Richardson, Margaret Payn, David Benda, Peter Moorhouse and Patrick Reeve, are responsible for preparing the Half-yearly Financial Report. In preparing these condensed Financial Statements for the period to 30 June 2023 we, the Directors of the Company, confirm that, to the best of our knowledge:

- (a) the condensed set of Financial Statements, which has been prepared in accordance with Financial Reporting Standard 104 “Interim Financial Reporting”, gives a true and fair view of the assets, liabilities, financial position and profit and loss of the Company as required by DTR 4.2.4R;
- (b) the Interim management report includes a fair review of the information required by DTR 4.2.7R (indication of important events during the first six months and description of principal risks and uncertainties for the remaining six months of the year); and
- (c) the Interim management report includes a fair review of the information required by DTR 4.2.8R (disclosure of related parties’ transactions and changes therein).

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

For and on behalf of the Board

Clive Richardson

Chairman

21 September 2023

CONDENSED INCOME STATEMENT

	Note	Unaudited six months ended 30 June 2023			Unaudited six months ended 30 June 2022			Audited year ended 31 December 2022		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains/(losses) on investments	3	-	9,362	9,362	-	1,579	1,579	-	(4,480)	(4,480)
Investment income	4	713	-	713	619	-	619	1,631	-	1,631
Investment Manager's fees*	5	(138)	(1,457)	(1,595)	(129)	(1,725)	(1,854)	(253)	(2,541)	(2,794)
Other expenses		(321)	-	(321)	(327)	-	(327)	(658)	-	(658)
Profit/(loss) on ordinary activities before tax		254	7,905	8,159	163	(146)	17	720	(7,021)	(6,301)
Tax charge on ordinary activities		-	-	-	-	-	-	-	-	-
Profit/(loss) and total comprehensive income attributable to shareholders		254	7,905	8,159	163	(146)	17	720	(7,021)	(6,301)
Basic and diluted return/(loss) per share (pence)**	7	0.15	4.59	4.74	0.11	(0.10)	0.01	0.46	(4.51)	(4.05)

* For more information on the allocation between revenue and capital please see the accounting policies on page 21

** adjusted for treasury shares

Comparative figures have been extracted from the unaudited Half-yearly Financial Report for the six months ended 30 June 2022 and the audited statutory accounts for the year ended 31 December 2022.

The accompanying notes on pages 20 to 26 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 June 2023 £'000	Unaudited 30 June 2022 £'000	Audited 31 December 2022 £'000
Fixed asset investments		100,841	89,519	92,301
Current assets				
Trade and other receivables		3,419	3,221	3,456
Cash in bank and at hand		32,906	35,518	26,594
		36,325	38,739	30,050
Payables: amounts falling due within one year				
Trade and other payables		(1,751)	(1,145)	(832)
Net current assets		34,574	37,594	29,218
Total assets less current liabilities		135,415	127,113	121,519
Provisions falling due after one year		(248)	(562)	(272)
Net assets		135,167	126,551	121,247
Equity attributable to equity holders				
Called-up share capital	8	2,041	1,833	1,905
Share premium		15,958	76,358	5,534
Capital redemption reserve		-	48	-
Unrealised capital reserve		37,671	28,229	24,828
Realised capital reserve		14,941	23,353	19,879
Other distributable reserve		64,556	(3,270)	69,101
Total equity shareholders' funds		135,167	126,551	121,247
Basic and diluted net asset value per share (pence)*		76.02	78.69	72.92

*excluding treasury shares

Comparative figures have been extracted from the unaudited Half-yearly Financial Report for the six months ended 30 June 2022 and the audited statutory accounts for the year ended 31 December 2022.

The accompanying notes on pages 20 to 26 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 21 September 2023 and were signed on its behalf by

Clive Richardson

Chairman

Company number: 04114310

CONDENSED STATEMENT OF CHANGES IN EQUITY

	Called-up share capital	Share premium	Capital redemption reserve	Unrealised capital reserve	Realised capital reserve*	Other distributable reserve*	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
As at 1 January 2023	1,905	5,534	-	24,828	19,879	69,101	121,247
Profit/(loss) and total comprehensive income for the period	-	-	-	8,787	(882)	254	8,159
Transfer of previously unrealised losses on disposal of investments	-	-	-	4,056	(4,056)	-	-
Purchase of own shares for treasury	-	-	-	-	-	(1,561)	(1,561)
Issue of equity	136	10,700	-	-	-	-	10,836
Cost of issue of equity	-	(276)	-	-	-	-	(276)
Dividends paid	-	-	-	-	-	(3,238)	(3,238)
As at 30 June 2023	2,041	15,958	-	37,671	14,941	64,556	135,167
As at 1 January 2022	1,536	52,687	48	33,469	18,259	995	106,994
Profit/(loss) and total comprehensive income for the period	-	-	-	(838)	692	163	17
Transfer of previously unrealised gains on disposal of investments	-	-	-	(4,402)	4,402	-	-
Purchase of own shares for treasury	-	-	-	-	-	(1,188)	(1,188)
Issue of equity	297	24,273	-	-	-	-	24,570
Cost of issue of equity	-	(602)	-	-	-	-	(602)
Dividends paid	-	-	-	-	-	(3,240)	(3,240)
As at 30 June 2022	1,833	76,358	48	28,229	23,353	(3,270)	126,551
As at 1 January 2022	1,536	52,687	48	33,469	18,259	995	106,994
(Loss)/profit and total comprehensive income for the year	-	-	-	(6,498)	(523)	720	(6,301)
Transfer of previously unrealised gains on disposal of investments	-	-	-	(2,143)	2,143	-	-
Purchase of shares for treasury	-	-	-	-	-	(2,512)	(2,512)
Issue of equity	369	29,943	-	-	-	-	30,312
Cost of issue of equity	-	(739)	-	-	-	-	(739)
Cancellation of share premium and capital redemption reserve	-	(76,357)	(48)	-	-	76,405	-
Dividends paid	-	-	-	-	-	(6,507)	(6,507)
As at 31 December 2022	1,905	5,534	-	24,828	19,879	69,101	121,247

*Included within these reserves are amounts of £28,406,000 (30 June 2022: £17,686,000; 31 December 2022: £31,907,000) which are considered distributable at 30 June 2023. Over the next three years an additional £41,966,000 will become distributable. This is due to the HMRC requirement that the Company cannot use capital raised in the past three years to make a payment or distribution to shareholders.

CONDENSED STATEMENT OF CASH FLOWS

	Unaudited six months ended 30 June 2023 £'000	Unaudited six months ended 30 June 2022 £'000	Audited year ended 31 December 2022 £'000
Cash flow from operating activities			
Loan stock income received	484	767	1,199
Dividend income received	-	80	132
Income from fixed term funds received	95	9	59
Deposit interest received	147	9	50
Investment management fee paid	(1,204)	(1,196)	(2,586)
Other cash payments	(376)	(302)	(591)
Corporation tax paid	-	-	-
Net cash flow generated from operating activities	(854)	(633)	(1,737)
Cash flow from investing activities			
Purchase of fixed asset investments	(435)	(6,308)	(16,108)
Proceeds from disposals of fixed asset investments	1,257	8,337	9,530
Net cash flow generated from investing activities	822	2,029	(6,578)
Cash flow from financing activities			
Issue of share capital	10,054	23,413	28,484
Cost of issue of equity	-	(18)	(36)
Dividends paid*	(2,723)	(2,671)	(5,387)
Purchase of own shares (including costs)	(987)	(963)	(2,513)
Net cash flow generated from financing activities	6,344	19,761	20,548
Increase in cash in bank and at hand	6,312	21,157	12,233
Cash in bank and at hand at start of period	26,594	14,361	14,361
Cash in bank and at hand at end of period	32,906	35,518	26,594

*The dividends paid shown in the cash flow are different to the dividends disclosed in note 6 as a result of the non-cash effect of the Dividend Reinvestment Scheme.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

1. Basis of preparation

The condensed Financial Statements have been prepared in accordance with applicable United Kingdom law and accounting standards, including Financial Reporting Standard 102 (“FRS 102”), and with the Statement of Recommended Practice “Financial Statements of Investment Trust Companies and Venture Capital Trusts” (“SORP”) issued by The Association of Investment Companies (“AIC”). The Financial Statements have been prepared on a going concern basis.

The preparation of the Financial Statements requires management to make judgements and estimates that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The most critical estimates and judgements relate to the determination of carrying value of investments at fair value through profit and loss (“FVTPL”) in accordance with FRS 102 sections 11 and 12. The Company values investments by following the International Private Equity and Venture Capital Valuation (“IPEV”) Guidelines as updated in 2022 and further detail on the valuation techniques used are outlined in note 2 below.

Company information can be found on page 4.

2. Accounting policies

Fixed investments

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

In accordance with the requirements of FRS 102, those undertakings in which the Company holds more than 20% of the equity as part of an investment portfolio are not accounted for using the equity method. In these circumstances the investment is measured at Fair Value Through Profit and Loss (“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 no active market, are valued using an appropriate valuation technique in accordance with the IPEV Guidelines. Indicators of fair value are derived using established methodologies including earnings multiples, revenue multiples, the level of third party offers received, cost or prices of recent investment rounds, net assets and industry valuation benchmarks. Where the price of recent investment is used as a starting point for estimating fair value at subsequent measurement dates, this has been benchmarked using an appropriate valuation technique permitted by the IPEV guidelines.
- In situations where the cost or price of recent investment is used, consideration is given to the circumstances of the portfolio company since that date in determining fair value. This includes consideration of whether there is any evidence of deterioration or strong definable evidence of an increase in value. In the absence of these indicators, other valuation techniques are employed to conclude on the fair value as of the measurement date. Examples of events or changes that could indicate a diminution include:
 - the performance and/or prospects of the underlying business are significantly below the expectations on which the investment was based; or
 - 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.

Current assets and payables

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

Provisions

Provisions relate to the performance incentive fee payable to the Manager. The provision requires management to make judgements and estimates under the Basis of Preparation. The performance incentive fee provision is the best estimate of the probable amounts payable in respect of the five-year performance measurement period for the performance incentive fee. The most significant assumption when calculating this amount, is that of future performance. This has been calculated by reference to the Company's five year rolling historic returns and has been corroborated by a portfolio return analysis using appropriate benchmarks.

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 expected settlement is established. Where interest is rolled up and/or payable at redemption then it is recognised as income unless there is reasonable doubt as to its receipt.

Fixed term funds income

Funds income is recognised on an accruals basis using the agreed rate of interest.

Bank deposit income

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

Investment management fee, performance incentive fee and expenses

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

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

Taxation

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

Deferred tax is provided in full on all timing differences at the reporting date. Timing differences are differences between taxable profits and total comprehensive income as stated in the Financial Statements that arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the Financial Statements. As a VCT the Company has an exemption from tax on capital gains. The Company intends to continue meeting the conditions required to obtain approval as a VCT for the foreseeable future. The Company, therefore, should have no material deferred tax timing differences arising in respect of the revaluation or disposal of investments and the Company has not provided for any deferred tax.

Share capital and reserves

Called-up share capital

This accounts for the nominal value of the shares.

Share premium

This accounts for the difference between the price paid for the Company's shares and the nominal value of those shares, less issue costs.

Capital redemption reserve

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

Unrealised capital reserve

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

Realised capital reserve

The following are disclosed in this reserve:

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

Other distributable reserve

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

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

Dividends

Dividends by the Company are accounted for in the period in which the liability to make the payment has been established or approved at the Annual General Meeting.

Segmental reporting

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

3. Gains/(losses) on investments

	Unaudited six months ended 30 June 2023 £'000	Unaudited six months ended 30 June 2022 £'000	Audited year ended 31 December 2022 £'000
Unrealised gains/(losses) on fixed asset investments	8,787	(838)	(6,498)
Realised gains on fixed asset investments	367	2,238	1,647
Unwinding of discount on deferred consideration	208	179	371
	9,362	1,579	(4,480)

4. Investment income

	Unaudited six months ended 30 June 2023 £'000	Unaudited six months ended 30 June 2022 £'000	Audited year ended 31 December 2022 £'000
Loan stock interest	448	505	978
Bank deposit interest	147	9	50
Income from fixed term funds	95	9	59
Dividend income	23	96	544
	713	619	1,631

5. Investment Manager's fees

	Unaudited six months ended 30 June 2023 £'000	Unaudited six months ended 30 June 2022 £'000	Audited year ended 31 December 2022 £'000
Investment management fee charged to revenue	138	129	253
Investment management fee charged to capital	1,240	1,163	2,269
Total investment management fee	1,378	1,292	2,522
Movement in provision for performance incentive fee charged to capital	217	562	272
	1,595	1,854	2,794

Further details of the Management agreement under which the investment management fee and performance incentive fee are paid are given in the Strategic report on page 19 of the Annual Report and Financial Statements for the year ended 31 December 2022.

During the period, services for a total value of £1,478,000 (30 June 2022: £1,392,000; 31 December 2022: £2,722,000) were purchased by the Company from Albion Capital Group LLP ("Albion Capital") comprising £1,378,000 of management fees (30 June 2022: £1,292,000; 31 December 2022: £2,522,000) and £100,000 of administration fees (30 June 2022: £100,000; 31 December 2022: £200,000). At the financial period end, the amount due to Albion Capital in respect of these services disclosed as accruals was £822,000 (administration fee accrual £50,000, management fee accrual £772,000) (30 June 2022: £807,000; 31 December 2022: £647,000).

Currently a best estimate provision of £489,000 has been calculated and included in relation to potential performance incentive fees which arise from performance to 30 June 2023, which would become payable over the periods to 31 December 2027. Within this amount, £241,000 is included in payables falling due within one year in relation to the first payment calculated on the five-year period ending 31 December 2023, which is payable after the adoption of the audited accounts at the 2024 AGM based on actual year end performance. Further details can be found in note 9.

During the period, the Company was not charged by Albion Capital in respect of Patrick Reeve's services as a Director (30 June 2022 and 31 December 2022: £nil).

Albion Capital, its partners and staff (including Patrick Reeve), held 1,636,367 Ordinary shares in the Company as at 30 June 2023.

Albion Capital is, from time to time, eligible to receive arrangement fees and monitoring fees from portfolio companies. During the period to 30 June 2023, fees of £81,000 attributable to the investments of the Company were received by Albion Capital pursuant to these arrangements (30 June 2022: £132,000; 31 December 2022: £345,000).

6. Dividends

	Unaudited six months ended 30 June 2023 £'000	Unaudited six months ended 30 June 2022 £'000	Audited year ended 31 December 2022 £'000
First dividend of 1.82p per share paid on 30 June 2023 (30 June 2022: 2.02p per share)	3,238	3,240	3,240
Second dividend of 1.97p per share paid on 30 December 2022	-	-	3,267
	3,238	3,240	6,507

The Directors have declared a dividend of 1.90 pence per Ordinary share (total approximately £3,378,000) payable on 29 December 2023, to shareholders on the register on 8 December 2023.

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

	Unaudited six months ended 30 June 2023		Unaudited six months ended 30 June 2022		Audited year ended 31 December 2022	
	Revenue	Capital	Revenue	Capital	Revenue	Capital
Profit/(loss) attributable to equity shares (£'000)	254	7,905	163	(146)	721	(7,022)
Weighted average shares in issue (adjusted for treasury shares)	172,268,564		149,501,675		155,471,219	
Return/(loss) attributable per equity share (pence)	0.15	4.59	0.11	(0.10)	0.46	(4.51)

The weighted average number of shares is calculated after adjusting for treasury shares of 26,353,527 (30 June 2022: 22,449,076; 31 December 2022: 24,236,401).

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

8. Share capital

	Unaudited 30 June 2023	Unaudited 30 June 2022	Audited 31 December 2022
Allotted, called up and fully paid shares of 1 penny each			
Number of shares	204,149,764	183,280,301	190,510,554
Nominal value of allotted shares (£'000)	2,041	1,833	1,905
Voting rights (number of shares net of treasury shares)	177,796,237	160,831,225	166,274,153

During the period to 30 June 2023 the Company purchased 2,117,126 Ordinary shares (nominal value £21,171) for treasury at a cost of £1,561,000. The total number of Ordinary shares held in treasury as at 30 June 2023 was 26,353,527 (30 June 2022: 22,449,076; 31 December 2022: 24,236,401) representing 12.9% of the Ordinary shares in issue as at 30 June 2023.

Under the terms of the Dividend Reinvestment Scheme, the following new Ordinary shares of nominal value 1 penny each were allotted during the period to 30 June 2023:

Date of allotment	Number of shares allotted	Aggregate nominal value of shares (£'000)	Issue price (pence per share)	Net invested (£'000)	Opening market price on allotment date (pence per share)
30 June 2023	685,420	7	76.77	506	73.00

Under the terms of the Albion VCTs Prospectus Top Up Offers 2022/23, the following new Ordinary shares, of nominal value 1 penny each, were allotted during the period to 30 June 2023:

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 March 2023	12,395,704	124	79.60	9,621	74.00
14 April 2023	95,387	1	78.80	74	74.00
14 April 2023	31,564	-	79.20	24	74.00
14 April 2023	431,135	4	79.60	335	74.00
	12,953,790	129		10,054	

9. Provisions and significant estimates

In accordance with the AIC SORP and FRS102, a provision for a performance incentive fee ("PIF") is required to be estimated and accounted for in the financial statements. The PIF is calculated on a five-year rolling average performance basis, with a 5% hurdle applied to the opening net asset value each year, which is in line with our current dividend target. The first five year performance period will take into account the audited results of the five years ending 31 December 2023.

Any PIF will only be paid on actual year end audited results, and this provision is the Board's best estimate of the potential obligation relating to the inclusion of realised performance from 1 January 2019 to 30 June 2023 in any future five-year rolling periods.

	Unaudited six months ended 30 June 2023 £'000	Unaudited six months ended 30 June 2022 £'000	Audited year ended 31 December 2022 £'000
Movement in provision			
Opening provision	272	-	-
Movement in provision	217	562	272
Closing provision	489	562	272
Payable within one year:	241	-	-
Payable in more than one year:	248	562	272

The most significant assumption when calculating this amount, is that of future performance. Results for the period from 1 January 2019 to 30 June 2023 are included in the calculation; a forecast has been used for current year performance and future years assume performance is achieved in line with the five year historic rolling average. The provision included in the financial statements has been calculated on this basis and has been corroborated by a portfolio return analysis using appropriate benchmarks. Performance fees are only paid on final audited results for a five year period.

The average return per annum over each rolling five year period since the Company's inception in 2000 to the date of approval of the new performance fee arrangements was 5.85%. This smooths the performance through the various economic events and cycles seen since inception. This has resulted in a provision of £489,000 at 30 June 2023.

10. Commitments and contingencies

As at 30 June 2023, the Company had no financial commitments in respect of investments (30 June 2022 and 31 December 2022: £nil).

There are no contingencies or guarantees of the Company as at 30 June 2023 (30 June 2022 and 31 December 2022: £nil).

11. Post balance sheet events

There have been no material post balance sheet events since 30 June 2023.

12. Related party transactions

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

13. Going concern

The Board has conducted a detailed assessment of the Company's ability to meet its liabilities as they fall due. Cash flow forecasts are updated and discussed quarterly at Board meetings and have been stress tested to allow for the forecast impact of the current economic climate and increasingly volatile geopolitical backdrop. The Board has revisited and updated its assessment of liquidity risk and concluded that it remains unchanged since the last Annual Report and Financial Statements. Further details can be found on page 91 of those accounts.

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

14. Other information

The information set out in this Half-yearly Financial Report does not constitute the Company's statutory accounts within the terms of section 434 of the Companies Act 2006 for the periods ended 30 June 2023 and 30 June 2022 and is unaudited. The information for the year ended 31 December 2022 does not constitute statutory accounts within the terms of section 434 of the Companies Act 2006 and is derived from the statutory accounts for that financial year, which have been delivered to the Registrar of Companies. The Auditor reported on those accounts; their report was unqualified and did not contain a statement under s498 (2) or (3) of the Companies Act 2006.

15. 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/AATG, where the Report can be accessed from the 'Financial Reports and Circulars' section.

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