

Half-yearly Financial Report  
(unaudited) for the six months to  
30 September 2015

15

# Albion Venture Capital Trust PLC

**ALBION**VENTURES

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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
<b>Manager, company secretary, AIFM and registered office</b>	Albion Ventures 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>	Robertson Hare 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 15 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: 0870 873 5849 (UK National Rate call, lines are open 8.30 am – 5.30 pm; 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 Ventures 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-ventures.co.uk">info@albion-ventures.co.uk</a> Website: <a href="http://www.albion-ventures.co.uk">www.albion-ventures.co.uk</a></p> <p><b>Please note that these contacts are unable to provide financial or taxation advice.</b></p>

# Investment objective and policy

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

This is achieved as follows:

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

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

## Background to the Company

The Company is a venture capital trust which raised a total of £39.7 million through an issue of Ordinary shares in the spring of 1996 and through an issue of C shares in the following year. The C shares merged with the Ordinary shares in 2001. The Company has raised a further £15.2 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	11 December 2015
Payment date for second dividend	31 December 2015
Financial year end	31 March 2016

# Financial highlights

	Unaudited six months ended 30 September 2015 (pence per share)	Unaudited six months ended 30 September 2014 (pence per share)	Audited year ended 31 March 2015 (pence per share)
Dividends paid	2.50	2.50	5.00
Revenue return	0.95	0.92	2.07
Capital return	2.74	0.18	3.26
Net asset value	72.65	69.92	71.62

## Ordinary shares (pence per share)

### Total shareholder return since launch to 30 September 2015

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
Dividends paid in the six months to 30 September 2015		2.50

**Total dividends paid since launch to 30 September 2015** **137.30**

Net asset value as at 30 September 2015 **72.65**

**Total shareholder return since launch to 30 September 2015  
per 100 pence invested** **209.95**

The financial summary above is for the Company, Albion Venture Capital Trust PLC Ordinary shares only. Details of the financial performance of the C shares and Albion Prime VCT PLC, which have been merged into the Company, can be found on pages 20 and 21.

**In addition to the dividends summarised above, the Directors have declared a second dividend for the year to 31 March 2016 of 2.50 pence per share, to be paid on 31 December 2015 to shareholders on the register as at 11 December 2015.**

#### Notes

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

# Interim management report

## Introduction

The results for Albion Venture Capital Trust PLC (the "Company") for the six months to 30 September 2015 showed a total return of 3.7 pence per share, up from 1.1 pence per share for the same period last year. This positive return was a result of uplifts in the third party professional valuations of our hydroelectric schemes and of Radnor House School, as well as an offer received for Kensington Health Clubs Limited. The net asset value for the half year was 72.7 pence per share compared to 71.6 pence per share at 31 March 2015.

## Investment performance, progress and prospects

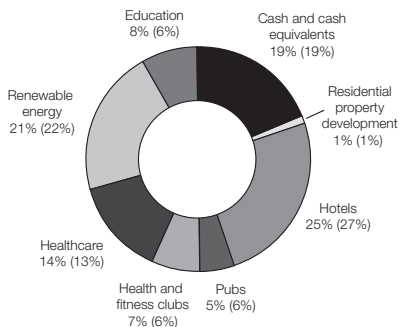
During the period, just under £2 million was invested in qualifying investments including £1.3 million in two of the three new care homes that we are currently building and £460,000 into Radnor House to help purchase Combe Bank School in Sevenoaks, Kent. Further sums were invested after the half year to fund the further construction of the care homes. £550,000 was received back from our investee companies in the form of loan stock repayments during the period.

Looking forwards, the main focus of our investment activity will be the further construction costs of our three care home projects in Oxford, Reading and Hillingdon (West London), all of which are proceeding according to plan. They are due to open between March and June of next year and we are currently optimistic for their prospects.

In terms of trading progress, the sentiment across the portfolio is generally positive. The Stansted Holiday Inn Express is currently trading at strong levels, while our renewable energy portfolio has been boosted by the two new hydroelectric schemes in Scotland which are trading above budget. Meanwhile, Radnor House, which recorded good GCSE results, saw a continued increase in the number of pupils to 390, while Combe Bank is trading in line with expectations.

## Split of portfolio by valuation as at 30 September 2015

Set out below is the sector diversification of the investment portfolio as at 30 September 2015. At that date healthcare and renewable energy investments accounted for approximately 14 per cent. and 21 per cent. of the Company's portfolio including cash.



Comparatives for 31 March 2015 are in brackets

Source: Albion Ventures LLP

## Changes in VCT legislation

The July budget introduced a number of changes to VCT legislation, including restrictions over the age of investments, a prohibition on management buyouts or the purchase of existing businesses and an overall lifetime investment cap of £12m from tax-advantaged funds into any portfolio company. While these changes are significant, the Company has been advised that had they been in place previously they would have affected only a relatively small minority of the investments that we have made into new portfolio companies over recent years. The Board's current view is that there will be no material change in our investment policy as a result.

## Risks and uncertainties

The outlook for the UK economy continues to be the key risk affecting your Company, even though it continues to show growth ahead of its main European peers. The Company's general policy remains that its portfolio companies should not normally have external borrowings and for the Company to have a first charge over portfolio companies' assets; the Board and Manager see this as an important factor in the control of investment risk. However, on an exceptional basis, certain portfolio companies may take on external

# Interim management report (continued)

borrowings, where the Board considers this will offer a significant benefit to the Company.

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 2015.

## Transactions with the Manager

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

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

## Discount management and share buy-backs

It remains the Board's primary objective to maintain sufficient resources for investment in existing and new portfolio companies and for the continued payment of dividends to shareholders. Thereafter, it is still the Board's policy to buy back shares in the market, subject to the overall criterion that such purchases are in the Company's interest. The total value bought in for the period to 30 September 2015 was £459,000. Subject to first purchasing shares held by the market makers, the Board will target such buy-backs to be in the region of a 5 per cent. discount to the most recently announced net asset value, so far as market conditions and liquidity permit.

## Results and dividends

As at 30 September 2015, the net asset value of the Company was £51.8 million or 72.7 pence per share compared to £46.9 million or 71.6 pence per share at 31 March 2015. The revenue return before taxation was £836,000, compared to £699,000 for the six months to 30 September 2014. The Company will pay a second dividend of 2.5 pence per share on 31 December 2015 to shareholders on the register as at 11 December 2015, making 5.0 pence per share in total for the full year, in line with your Company's current dividend target.

## Albion VCTs Prospectus Top Up Offers 2015/16

On 17 November 2015 your Board, in conjunction with the boards of other VCTs managed by Albion Ventures LLP, has launched a top up offer of new Ordinary shares. The Company is aiming to raise circa £4.25 million out of a target of £25.5 million in aggregate that the Albion VCTs are seeking to raise. In addition, the Board may elect to allot up to a further £1.75 million if there is sufficient demand and the Board deems it prudent to do so. The proceeds will be used to provide further resources at a time when a number of attractive investment opportunities are being seen. A Securities Note, which forms part of the Prospectus, will be posted to shareholders shortly.

## David Watkins

Chairman

25 November 2015

# Responsibility statement

The Directors, David Watkins, John Kerr, Jeff Warren and Ebbe Dinesen, are responsible for preparing the Half-yearly Financial Report. In preparing these condensed Financial Statements for the period to 30 September 2015 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 the pronouncement on interim reporting issued by the Accounting Standards Board, gives a true and fair view of the assets, liabilities, financial position and profit and loss of the Company as required by DTR 4.2.4;
- (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

25 November 2015



# Portfolio of investments

The following is a summary of investments as at 30 September 2015:

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
<b>Hotels</b>					
Kew Green VCT (Stansted) Limited	45.2	6,396	1,174	7,570	417
The Crown Hotel Harrogate Limited	24.1	4,245	(1,222)	3,023	(3)
The Stanwell Hotel Limited	39.2	4,677	(2,271)	2,406	14
<b>Total investment in the hotel sector</b>		<b>15,318</b>	<b>(2,319)</b>	<b>12,999</b>	<b>428</b>
<b>Renewable energy</b>					
Chonais River Hydro Limited (previously Chonais Holdings Limited)	8.0	3,074	727	3,801	366
Gharagain River Hydro Limited (previously Green Highland Renewables (Ledgowan) Limited)	10.3	1,363	561	1,924	293
Alto Prodotto Wind Limited	7.4	670	324	994	14
The Street by Street Solar Programme Limited	6.5	676	283	959	34
Regenerco Renewable Energy Limited	4.5	451	132	583	23
Erin Solar Limited	18.6	520	(11)	509	–
Infinite Ventures (Goathill) Limited	11.5	480	–	480	–
Dragon Hydro Limited	7.3	311	154	465	(4)
Earnside Energy Limited (previously TEG Biogas (Perth) Limited)	4.9	404	47	451	(27)
Harvest AD Limited	–	307	–	307	–
AVESI Limited	7.4	242	64	306	15
Greenenerco Limited	3.9	135	70	205	3
<b>Total investment in the renewable energy sector</b>		<b>8,633</b>	<b>2,351</b>	<b>10,984</b>	<b>717</b>
<b>Healthcare</b>					
Shinfield Lodge Care Limited	24.0	3,000	99	3,099	74
Active Lives Care Limited	18.1	2,530	123	2,653	55
Ryefield Court Care Limited	15.1	1,577	72	1,649	34
<b>Total investment in the healthcare sector</b>		<b>7,107</b>	<b>294</b>	<b>7,401</b>	<b>163</b>
<b>Education</b>					
Radnor House School (Holdings) Limited	7.1	2,523	1,374	3,897	393
<b>Total investment in the education sector</b>		<b>2,523</b>	<b>1,374</b>	<b>3,897</b>	<b>393</b>
<b>Health and fitness clubs</b>					
Kensington Health Clubs Limited	9.8	1,905	320	2,225	868
The Weybridge Club Limited	14.3	2,165	(862)	1,303	(12)
<b>Total investment in the health and fitness club sector</b>		<b>4,070</b>	<b>(542)</b>	<b>3,528</b>	<b>856</b>
<b>Pubs</b>					
The Charnwood Pub Company Limited	14.8	1,702	(667)	1,035	(238)
Bravo Inns II Limited	6.4	1,085	29	1,114	5
Bravo Inns Limited	7.6	751	(155)	596	3
<b>Total investment in the pub sector</b>		<b>3,538</b>	<b>(793)</b>	<b>2,745</b>	<b>(230)</b>
<b>Residential property development</b>					
G&K Smart Developments VCT Limited	42.9	276	(40)	236	–
<b>Total investment in the residential property development sector</b>		<b>276</b>	<b>(40)</b>	<b>236</b>	<b>–</b>
<b>Other leisure</b>					
Premier Leisure (Suffolk) Limited	9.9	175	(7)	168	–
<b>Total investment in the other leisure sector</b>		<b>175</b>	<b>(7)</b>	<b>168</b>	<b>–</b>
<b>Total fixed asset investments</b>		<b>41,640</b>	<b>318</b>	<b>41,958</b>	<b>2,327</b>
<b>Total change in value of investments for the period</b>					<b>2,327</b>
Movement in loan stock accrued interest					(113)
<b>Unrealised gains sub-total</b>					<b>2,214</b>
Realised gain in current period					8
<b>Total gains on investments as per income statement</b>					<b>2,222</b>
Fixed asset investment realisations during the period to 30 September 2015	Accounting cost* £'000	Opening carrying value £'000	Disposal proceeds £'000	Total realised gain £'000	Gain on opening value £'000
Kew Green VCT (Stansted) Limited ( <i>loan stock repaid</i> )	327	327	327	–	–
The Charnwood Pub Company Limited ( <i>loan stock repaid</i> )	163	163	163	–	–
Radnor House School (Holdings) Limited ( <i>loan stock repaid</i> )	64	64	64	–	–
Tower Bridge Health Clubs Limited	–	–	8	8	8
<b>Total</b>	<b>554</b>	<b>554</b>	<b>562</b>	<b>8</b>	<b>8</b>

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

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

# Condensed income statement

		Unaudited six months ended 30 September 2015			Unaudited six months ended 30 September 2014			Audited year ended 31 March 2015		
	Note	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains on investments	3	–	2,222	2,222	–	358	358	–	2,569	2,569
Investment income	4	1,097	–	1,097	941	–	941	1,989	–	1,989
Investment management fees	5	(117)	(351)	(468)	(103)	(310)	(413)	(212)	(636)	(848)
Other expenses		(144)	–	(144)	(139)	–	(139)	(273)	–	(273)
<b>Return on ordinary activities before tax</b>		<b>836</b>	<b>1,871</b>	<b>2,707</b>	<b>699</b>	<b>48</b>	<b>747</b>	<b>1,504</b>	<b>1,933</b>	<b>3,437</b>
Tax (charge)/ credit on ordinary activities		(160)	70	(90)	(127)	66	(61)	(190)	135	(55)
<b>Return attributable to shareholders</b>		<b>676</b>	<b>1,941</b>	<b>2,617</b>	<b>572</b>	<b>114</b>	<b>686</b>	<b>1,314</b>	<b>2,068</b>	<b>3,382</b>
<b>Basic and diluted return per share (pence)*</b>	7	<b>0.95</b>	<b>2.74</b>	<b>3.69</b>	<b>0.92</b>	<b>0.18</b>	<b>1.10</b>	<b>2.07</b>	<b>3.26</b>	<b>5.33</b>

\* excluding treasury shares

Comparative figures have been extracted from the unaudited Half-yearly Financial Report for the six months ended 30 September 2014 and the audited statutory accounts for the year ended 31 March 2015.

The accompanying notes on pages 13 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.

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

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

# Condensed balance sheet

	Note	Unaudited 30 September 2015 £'000	Unaudited 30 September 2014 £'000	Audited 31 March 2015 £'000
<b>Fixed assets</b>				
Investments		41,958	39,002	38,229
<b>Current assets</b>				
Trade and other receivables less than one year		128	652	166
Cash and cash equivalents		10,285	5,551	9,002
		10,413	6,203	9,168
<b>Total assets</b>		52,371	45,205	47,397
<b>Creditors: amounts falling due within one year</b>				
Trade and other payables less than one year		(593)	(744)	(469)
<b>Net assets</b>		51,778	44,461	46,928
<b>Equity attributable to equityholders</b>				
Called up share capital	8	778	688	714
Share premium		12,645	6,538	8,228
Capital redemption reserve		7	7	7
Unrealised capital reserve		(55)	(3,025)	(2,269)
Realised capital reserve		11,249	10,323	11,522
Other distributable reserve		27,154	29,930	28,726
<b>Total equity shareholders' funds</b>		51,778	44,461	46,928
Basic and diluted net asset value per share (pence)*		72.65	69.92	71.62

\* excluding treasury shares

Comparative figures have been extracted from the unaudited Half-yearly Financial Report for the six months ended 30 September 2014 and the audited statutory accounts for the year ended 31 March 2015.

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

These Financial Statements were approved by the Board of Directors and authorised for issue on 25 November 2015, 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 2015</b>	<b>714</b>	<b>8,228</b>	<b>7</b>	<b>(2,269)</b>	<b>11,522</b>	<b>28,726</b>	<b>46,928</b>
Return/(loss) and total comprehensive income for the period	–	–	–	<b>2,214</b>	<b>(273)</b>	<b>676</b>	<b>2,617</b>
Purchase of treasury shares	–	–	–	–	–	<b>(459)</b>	<b>(459)</b>
Issue of equity	<b>64</b>	<b>4,551</b>	–	–	–	–	<b>4,615</b>
Cost of issue of equity	–	<b>(134)</b>	–	–	–	–	<b>(134)</b>
Equity dividends paid	–	–	–	–	–	<b>(1,789)</b>	<b>(1,789)</b>
<b>As at 30 September 2015</b>	<b>778</b>	<b>12,645</b>	<b>7</b>	<b>(55)</b>	<b>11,249</b>	<b>27,154</b>	<b>51,778</b>
<b>As at 1 April 2014</b>	645	3,525	7	(3,343)	10,527	31,297	42,658
Return/(loss) and total comprehensive income for the period	–	–	–	352	(238)	572	686
Transfer of previously unrealised gains	–	–	–	(34)	34	–	–
Purchase of treasury shares	–	–	–	–	–	(363)	(363)
Issue of equity	43	3,103	–	–	–	–	3,146
Cost of issue of equity	–	(90)	–	–	–	–	(90)
Equity dividends paid	–	–	–	–	–	(1,576)	(1,576)
<b>As at 30 September 2014</b>	<b>688</b>	<b>6,538</b>	<b>7</b>	<b>(3,025)</b>	<b>10,323</b>	<b>29,930</b>	<b>44,461</b>
<b>As at 1 April 2014</b>	645	3,525	7	(3,343)	10,527	31,297	42,658
Return and total comprehensive income for the period	–	–	–	1,442	626	1,314	3,382
Transfer of previously unrealised gains/(losses) on realisations of investments	–	–	–	(368)	368	–	–
Purchase of treasury shares	–	–	–	–	–	(760)	(760)
Issue of equity	69	4,827	–	–	–	–	4,896
Cost of issue of equity	–	(124)	–	–	–	–	(124)
Equity dividends paid	–	–	–	–	–	(3,125)	(3,125)
<b>As at 31 March 2015</b>	<b>714</b>	<b>8,228</b>	<b>7</b>	<b>(2,269)</b>	<b>11,522</b>	<b>28,726</b>	<b>46,928</b>

\* Included within these reserves is an amount of £38,348,000 (30 September 2014: £37,228,000; 31 March 2015: £37,979,000) which is considered distributable.

# Condensed statement of cash flows

	Note	Unaudited six months ended 30 September 2015 £'000	Unaudited six months ended 30 September 2014 £'000	Audited year ended 31 March 2015 £'000
<b>Cash flow from operating activities</b>				
Loan stock income received		882	898	1,764
Deposit interest received		58	39	76
Dividend income received		36	29	57
Investment management fees paid		(446)	(405)	(828)
Other cash payments		(158)	(167)	(271)
Corporation tax recovered		71	91	64
<b>Net cash flow from operating activities</b>	9	443	485	862
<b>Cash flow from investing activities</b>				
Purchase of fixed asset investments		(1,955)	(3,515)	(9,042)
Disposal of fixed asset investments		562	561	8,833
<b>Net cash flow from investing activities</b>		(1,393)	(2,954)	(209)
<b>Cash flow from financing activities</b>				
Issue of share capital		4,195	2,315	4,478
Equity dividends paid (net of cost of issuing shares under the dividend reinvestment scheme and unclaimed dividends)		(1,527)	(1,436)	(2,873)
Cost of issue of equity		(3)	(1)	(1)
Purchase of own shares (including costs)		(432)	(363)	(760)
<b>Net cash flow from financing activities</b>		2,233	515	844
<b>Increase/(decrease) in cash and cash equivalents</b>		1,283	(1,954)	1,497
Cash and cash equivalents at start of period		9,002	7,505	7,505
<b>Cash and cash equivalents at end of period</b>		10,285	5,551	9,002
<b>Cash and cash equivalents comprise:</b>				
Cash at bank and in hand		10,285	5,551	9,002
Cash equivalents		—	—	—
<b>Total cash and cash equivalents</b>		10,285	5,551	9,002

# 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"), 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"). This is the first period in which the financial statements have been prepared under FRS 102. On adoption of and in accordance with FRS 102, loans and receivables previously measured at amortised cost using the effective interest rate method less impairment have been classified as fair value through profit and loss ("FVTPL"). This has not led to a material change in value and so has not led to a restatement of comparatives.

The half-yearly 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.

## 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.

Upon initial recognition (using trade date accounting) investments are classified by the Company as 'at fair value through profit or loss' 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:

- 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 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.

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.

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 fair value through profit and loss.

# Notes to the condensed Financial Statements (continued)

## Investment income

### *Unquoted equity income*

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

### *Unquoted loan stock and other preferred income*

Fixed returns on non-equity shares and debt securities are recognised when the Company's right to receive payment and expected settlement is established.

### *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 realised capital reserve. This is in line with the Board's expectation that over the long term 75 per cent. of the Company's investment returns will be in the form of capital gains; and
- expenses which are incidental to the purchase or disposal of an investment.

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

## Performance incentive fee

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

## Taxation

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

Deferred tax is provided in full on all timing differences at the reporting date. Timing differences are differences between taxable profits and total comprehensive income

as stated in the financial statements that arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements.

## Reserves

### *Share premium*

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

### *Capital redemption reserve*

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

### *Unrealised capital reserve*

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

### *Realised capital reserve*

The following are disclosed in this reserve:

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

### *Other distributable reserve*

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 buyback 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.

# Notes to the condensed Financial Statements (continued)

## 3. Gains on investments

	Unaudited six months ended 30 September 2015 £'000	Unaudited six months ended 30 September 2014 £'000	Audited year ended 31 March 2015 £'000
Unrealised gains on fixed asset investments held at fair value through profit or loss	2,214	352	1,442
Realised gains on investments held at fair value through profit or loss	8	6	1,127
	<b>2,222</b>	<b>358</b>	<b>2,569</b>

## 4. Investment income

	Unaudited six months ended 30 September 2015 £'000	Unaudited six months ended 30 September 2014 £'000	Audited year ended 31 March 2015 £'000
<b>Income recognised on investments held at fair value through profit or loss</b>			
Loan stock interest	1,001	881	1,860
Bank deposit interest	60	36	78
UK Dividend income	36	24	51
	<b>1,097</b>	<b>941</b>	<b>1,989</b>

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



## Notes to the condensed Financial Statements (continued)

### 5. Investment management fees

	Unaudited six months ended 30 September 2015 £'000	Unaudited six months ended 30 September 2014 £'000	Audited year ended 31 March 2015 £'000
Investment management fee charged to revenue	117	103	212
Investment management fee charged to capital	351	310	636
	<u>468</u>	<u>413</u>	<u>848</u>

The Manager, Albion Ventures LLP, is party to a Management agreement from the Company (details disclosed on page 11 of the Annual Report and Financial Statements for the year ended 31 March 2015). During the period, services of a total value of £468,000 in management fees and £24,000 in administration fees (30 September 2014: £413,000 in management fees and £24,000 in administration fees; 31 March 2015: £848,000 in management fees and £48,000 in administration fees), were purchased by the Company from Albion Ventures LLP. At the financial period end, the amount due to Albion Ventures LLP in respect of these services included within creditors was £258,000 (30 September 2014: £223,000; 31 March 2015: £235,000).

Albion Ventures LLP, the Manager, holds 2,534 Ordinary shares as a result of fractional entitlements arising from the merger of Albion Prime VCT PLC with Albion Venture Capital Trust PLC on 25 September 2012. In addition, Albion Ventures LLP holds a further 20,055 Ordinary shares in the Company.

Albion Ventures LLP is, from time to time, eligible to receive transaction fees and Directors' fees from portfolio companies. During the period to 30 September 2015, fees of £47,000 attributable to the investments of the Company were received pursuant to these arrangements (30 September 2014: £104,000; 31 March 2015: £360,000).

### 6. Dividends

	Unaudited six months ended 30 September 2015 £'000	Unaudited six months ended 30 September 2014 £'000	Audited year ended 31 March 2015 £'000
First dividend paid 31 July 2014 – 2.50 pence per share	–	1,576	1,576
Second dividend paid 31 December 2014 – 2.50 pence per share	–	–	1,590
First dividend paid 31 July 2015 – 2.50 pence per share	1,789	–	–
Unclaimed dividends	–	–	(41)
	<u>1,789</u>	<u>1,576</u>	<u>3,125</u>

The Directors have declared a dividend of 2.50 pence per share (total approximately £1,782,000), payable on 31 December 2015 to shareholders on the register as at 11 December 2015.

# Notes to the condensed Financial Statements (continued)

## 7. Basic and diluted return per share

	<b>Unaudited six months ended 30 September 2015</b>		Unaudited six months ended 30 September 2014		Audited year ended 31 March 2015	
	<b>Revenue</b>	<b>Capital</b>	Revenue	Capital	Revenue	Capital
Return attributable to						
Ordinary shares (£'000)	<b>676</b>	<b>1,941</b>	572	114	1,314	2,068
Weighted average shares in issue	<b>70,935,543</b>		62,602,887		63,464,790	
Return per Ordinary share (pence)	<b>0.95</b>	<b>2.74</b>	0.92	0.18	2.07	3.26

The weighted number of shares is calculated excluding treasury shares of 6,544,440 (30 September 2014: 5,240,440; 31 March 2015: 5,841,440).

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

## 8. Called up share capital

	<b>Unaudited six months ended 30 September 2015</b>	Unaudited six months ended 30 September 2014	Audited year ended 31 March 2015
	<b>£'000</b>	£'000	£'000

### Allotted, called up and fully paid

77,815,553 Ordinary shares of 1 penny each  
(30 September 2014: 68,825,723; 31 March 2015:  
71,365,088)

<b>778</b>	688	714
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### Voting rights

71,271,113 Ordinary shares of 1 penny each (net of treasury shares) (30 September 2014: 63,585,283; 31 March 2015: 65,523,648)

During the period to 30 September 2015 the Company purchased 703,000 Ordinary shares to be held in treasury (30 September 2014: 545,000; 31 March 2015: 1,146,000) at a cost of £459,000 (30 September 2014: £363,000; 31 March 2015: £760,000) representing 0.90% of the shares in issue as at 30 September 2015. The shares purchased for treasury were funded from the Other distributable reserve.

The total number of Ordinary shares held in treasury as at 30 September 2015 was 6,544,440 (30 September 2014: 5,240,440; 31 March 2015: 5,841,440) representing 8.4% of the share capital as at 30 September 2015.

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

<b>Date of allotment</b>	<b>Number of shares allotted</b>	<b>Aggregate nominal value of shares £'000</b>	<b>Issue price (pence per share)</b>	<b>Net consideration received (£'000)</b>	<b>Opening market price on allotment date (pence per share)</b>
31 July 2015	302,983	3	69.12	206	66.50

# Notes to the condensed Financial Statements (continued)

## 8. Called up share capital (continued)

Under the terms of the Albion VCTs Prospectus Top Up Offers 2014/2015, the following Ordinary shares of nominal value 1 penny each were allotted during the period to 30 September 2015:

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)
2 April 2015	5,158,657	52	71.30	3,568	65.50
30 June 2015	57,128	1	73.10	41	65.50
30 June 2015	11,337	–	73.50	8	65.50
30 June 2015	805,008	8	73.90	577	65.50
30 September 2015	115,352	1	72.00	81	66.00
	<u>6,147,482</u>	<u>61</u>		<u>4,275</u>	

The offer was fully subscribed and closed on 16 July 2015 after reaching its £6 million limit.

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

	Unaudited six months ended 30 September 2015 £'000	Unaudited six months ended 30 September 2014 £'000	Audited year ended 31 March 2015 £'000
Revenue return on ordinary activities before tax	836	699	1,504
Investment management fee charged to capital	(351)	(310)	(636)
Movement in accrued amortised loan stock interest	(113)	36	(96)
(Increase)/decrease in debtors	(10)	(19)	5
Increase/(decrease) in creditors	10	(12)	21
Corporation tax recovered	71	91	64
<b>Net cash flow from operating activities</b>	<u>443</u>	<u>485</u>	<u>862</u>

## 10. Commitments and contingencies

As at 30 September 2015, the Company was committed to making further investment of:

- Shinfield Lodge Care Limited, £3,000,000
- Ryefield Court Care Limited, £1,773,000
- Active Lives Care Limited, £1,470,000

There are no contingencies or guarantees of the Company as at 30 September 2015 (30 September 2014 and 31 March 2015: nil).

# Notes to the condensed Financial Statements (continued)

## 11. Post balance sheet events

Since 30 September 2015 the Company has had the following material post balance sheet events:

- Investment of £525,000 in Shinfield Lodge Care Limited
- Investment of £392,000 in The Stanwell Hotel Limited
- Investment of £300,000 in Active Lives Care Limited
- Investment of £150,000 in Ryefield Court Care Limited
- Investment of £22,000 in The Weybridge Club Limited
- Proceeds of £81,000 received from the repayment of loan stock in Kew Green VCT (Stansted) Limited

On 17 November 2015 the Company announced the publication of a prospectus in relation to an offer for subscription for new Ordinary shares. Albion Venture Capital Trust PLC is aiming to raise circa £4.25 million out of a target of £25.5 million in aggregate that the Albion VCTs are seeking to raise. In addition, the Board may elect to allot up to a further £1.75 million if there is sufficient demand and the Board deems it prudent to do so. The proceeds will be used to provide further resources at a time when a number of attractive investment opportunities are being seen. A Securities Note, which forms part of the Prospectus, will be sent to shareholders shortly.

## 12. Related party transactions

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

## 13. 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 2015, and is detailed on pages 49 and 50 of those accounts. The Company has adequate cash and liquid resources. The portfolio of investments is diversified in terms of sector, and the major cash outflows of the Company (namely investments, dividends and share buy-backs) are within the Company's control. Accordingly, after making diligent enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, the Directors have adopted the going concern basis in preparing this Half-yearly Financial Report and this is in accordance with 'Going Concern and Liquidity Risk: Guidance for Directors of UK Companies 2009' published by the Financial Reporting Council.

## 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 435 of the Companies Act 2006 for the periods ended 30 September 2015 and 30 September 2014, and is unaudited. The information for the year ended 31 March 2015 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 were unqualified and which have been delivered to the Registrar of Companies. The Auditor reported on those accounts; their report was unqualified and did not contain a statement under s498 (2) or (3) of the Companies Act 2006.

## 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-ventures.co.uk/ourfunds/AAVC.htm](http://www.albion-ventures.co.uk/ourfunds/AAVC.htm).

# Dividend history for Albion Venture Capital Trust PLC

## 'C Shares'

	C shares (pence per share)
<b>Total shareholder return since launch to 30 September 2015</b>	
Dividends paid during the year ended:	
31 March 1998	2.00
31 March 1999	8.75
31 March 2000	2.70
31 March 2001	4.80
31 March 2002	7.60
31 March 2003	7.70
31 March 2004	8.20
31 March 2005	9.75
31 March 2006	11.75
31 March 2007	10.00
31 March 2008	10.00
31 March 2009	10.00
31 March 2010	5.00
31 March 2011	5.00
31 March 2012	5.00
31 March 2013	5.00
31 March 2014	5.00
31 March 2015	5.00
Dividends paid in the six months to 30 September 2015	2.50
<b>Total dividends paid since launch to 30 September 2015</b>	<b>125.75</b>
Net asset value as at 30 September 2015	72.65
<b>Total shareholder return since launch to 30 September 2015 per 100 pence invested</b>	<b>198.40</b>

### Notes

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

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

**Proforma<sup>®</sup>**  
**Albion Prime**  
**VCT PLC**  
**(pence per share)**

## **Total shareholder return since launch to 30 September 2015**

Dividends paid during the year ended	31 March 1998	1.10
	31 March 1999(ii)	6.40
	31 March 2000	1.50
	31 March 2001	4.25
	31 March 2002	2.75
	31 March 2003	2.00
	31 March 2004	1.25
	31 March 2005	2.20
	31 March 2006	4.50
	31 March 2007	4.00
	31 March 2008	5.00
	31 March 2009	4.50
	31 March 2010	2.00
	31 March 2011	3.00
	31 March 2012	3.00
	31 March 2013	3.70
	31 March 2014	4.40
	31 March 2015	4.40
Dividends paid in the six months to 30 September 2015		2.20

## **Total dividends paid since launch to 30 September 2015**

Proforma net asset value as at 30 September 2015	<b>62.15</b>
	63.94

## **Total proforma shareholder return since launch to 30 September 2015 per 100 pence invested**

**126.09**

### Notes

- (i) The proforma shareholder returns presented above are based on the dividends paid to shareholders before the merger and the pro-rata net asset value per share and pro-rata dividends per share paid to 30 September 2015. Albion Prime VCT PLC was merged with Albion Venture Capital Trust PLC on 25 September 2012. This pro-forma is based upon 0.8801 Albion Venture Capital Trust PLC shares for every Albion Prime VCT PLC share which merged with Albion Venture Capital Trust PLC on 25 September 2012.
- (ii) Dividends paid before 5 April 1999 were paid to qualifying shareholders inclusive of the associated tax credit. The dividends for the year to 31 March 1999 were maximised in order to take advantage of this tax credit.
- (iii) The above table excludes the tax benefits investors received upon subscription for shares in the Company.



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