

Half-yearly Financial Report (unaudited)  
for the six months  
to 31 March 2013



## Albion Income & Growth VCT PLC

**ALBION**VENTURES

# Contents

## Page

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

# Company information

<b>Company number</b>	5132495
<b>Directors</b>	Friedrich Ternofsky, Chairman Robin Archibald Mary Anne Cordeiro Patrick Reeve
<b>Manager, company secretary 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>Auditor</b>	BDO LLP Farringdon Place 20 Farringdon Road London, EC1M 3AP
<b>Taxation adviser</b>	PricewaterhouseCoopers LLP 1 Embankment Place London, WC2N 6RH
<b>Legal adviser</b>	Bird & Bird LLP 15 Fetter Lane London, EC4A 1JP

Albion Income & Growth VCT PLC is a member of The Association of Investment Companies.

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## Shareholder information

For help relating to dividend payments, shareholdings and share certificates please contact Computershare Investor Services PLC:  
Tel: 0870 873 5859 (UK National Rate call, lines are open 8.30am – 5.30pm; Mon – Fri, calls may be recorded)  
Website: [www.investorcentre.co.uk](http://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.

## Financial advisor enquiries

For enquiries relating to the performance of the Fund please contact Albion Ventures LLP:  
Tel: 020 7601 1850 (lines are open 9.00 am – 5.30 pm; Mon – Fri, calls may be recorded)  
Email: [info@albion-ventures.co.uk](mailto:info@albion-ventures.co.uk)  
Website: [www.albion-ventures.co.uk](http://www.albion-ventures.co.uk)

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

# Investment objectives

Albion Income & Growth VCT PLC (the “Company”) is a Venture Capital Trust which raised £45 million under the Offer for Subscription which closed in March 2005. The Company has raised a further £4.8 million under the Albion VCTs Top Up Offers since January 2011.

The Company aims to provide investors with a regular and predictable source of income combined with the prospect of long term capital growth.

The Company allows investors the opportunity to participate in a balanced portfolio of high growth businesses and lower risk, asset-based companies. It is intended that the Company’s investment portfolio will be split approximately as follows:

- 45 per cent. to be invested in unquoted higher growth businesses, including early stage technology;
- 45 per cent. to be invested in unquoted asset-based businesses in the leisure sector; and
- 10 per cent. to be held in floating rate securities, cash deposits and gilts.

# Financial calendar

Record date for second dividend	7 June 2013
Payment date for second dividend	28 June 2013
Financial year end	30 September 2013

## Financial highlights (unaudited)

	<b>Unaudited six months ended 31 March 2013 (pence per share)</b>	Unaudited six months ended 31 March 2012 (pence per share)	Audited year ended 30 September 2012 (pence per share)
Net asset value per share	<b>66.60</b>	66.00	66.00
Dividends paid per share	<b>1.75</b>	1.75	3.50
Revenue return per share	<b>0.60</b>	0.70	1.30
Capital return per share	<b>1.60</b>	2.70	3.80
Gain from buy-backs in the period	<b>0.15</b>	0.15	0.20

### Total shareholder net asset value return to 31 March 2013

	<b>(pence per share)</b>
Total dividends paid during the period ended 30 September 2005 (i)	0.65
Total dividends paid during the year ended :	
30 September 2006	2.60
30 September 2007	3.45
30 September 2008	3.50
30 September 2009	3.00
30 September 2010	3.00
30 September 2011	3.50
30 September 2012	3.50
Total dividends paid during the six months ended 31 March 2013	1.75
<b>Total dividends paid to 31 March 2013</b>	<b>24.95</b>
Net asset value as at 31 March 2013	66.60
<b>Total shareholder net asset value return to 31 March 2013</b>	<b>91.55</b>

In addition to the dividends summarised above, the Board has declared a second dividend for the year to 30 September 2013 of 1.75 pence per share to be paid on 28 June 2013 to shareholders on the register as at 7 June 2013.

#### Notes

- (i) Investors subscribing by 31 December 2004 and remaining on the register on 1 July 2005 were entitled to a dividend of 0.65 pence per share. Investors subscribing thereafter were not entitled to the first interim dividend.
- (ii) These figures exclude tax benefits upon subscription of 40 per cent. income tax relief.
- (iii) All dividends paid by the Company are free of income tax. It is an HM 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.
- (iv) 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, partly as a result of the initial tax reliefs which are non-transferable.

# Interim management report

## Overview

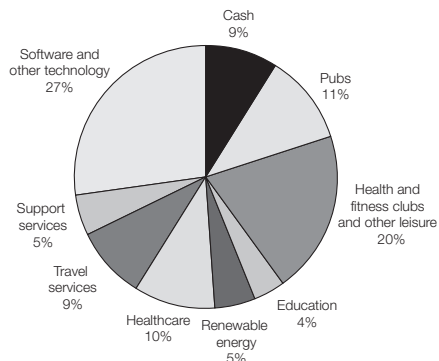
The six months to 31 March 2013 showed a positive total return of 2.20 pence per share, which builds on the growth shown in the previous financial year.

## Investment performance and progress

The period to 31 March 2013 was a relatively quiet one in terms of investment activity with £440,000 being invested in unquoted companies. Of this, £110,000 was invested in a new investee company, MyMeds&Me, with a similar sum reserved to fund future growth; the company provides software for large pharmaceutical companies to record and manage adverse events within their portfolio of drugs.

The Nelson House psychiatric hospital in Gosport was sold during the period for total proceeds of £327,000 (including interest), realising a return equal to 1.4 times the original investment. In addition growth was seen by Lowcoststravel Group, with particularly strong performance in its European businesses; Process Systems Enterprise, whose international reach, particularly in the oil and gas sector, continues to expand; and Opta Sports Data, which won an important contract to collect and distribute sporting and performance data generated by the UK football leagues. Against this, there was a further provision against Helveta, following a reduction in funding by developed nations for international aid projects.

Set out below is the sector diversification of the portfolio of our investments as of 31 March 2013.



Source: Albion Ventures LLP

## Risks and uncertainties

The outlook for the UK and international economies continues to be the key risk affecting our Company. Low growth in the UK and recession in the Eurozone continued to impact a number of markets in which our portfolio companies operate. Nevertheless, the VCT's emphasis on a balanced portfolio across asset based and high growth sectors is designed to provide protection against the vicissitudes of the global economy.

Investment risk is further mediated by our policy of insuring that portfolio companies do not normally have external bank borrowings.

Other risks and uncertainties remain unchanged and are as detailed on pages 17 to 19 of the Annual Report and Financial Statements for the year ended 30 September 2012.

# Interim management report (continued)

## Share buy-backs and share price discount

It remains the Company'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 resources for investment in new and existing portfolio companies, and for the continued payment of dividends to shareholders. It is the Board's intention for such buy-backs to be in the region of a 5 per cent. discount to net asset value, so far as market conditions and liquidity permit.

## Albion VCTs Top Up Offers 2012/2013

The third of the top up offers across six of the VCTs managed by Albion Ventures LLP have so far raised a total of £11.2 million, of which Albion Income & Growth VCT PLC's net share was £1.6 million. The proceeds will be used to provide further resources for both existing portfolio and for new growth opportunities. The offer for Albion Income & Growth VCT PLC remains open until 12 June 2013 and a copy of the Investor Guide and Offers Document can be found at [www.albion-ventures.co.uk/OurFunds/Top\\_Up.html](http://www.albion-ventures.co.uk/OurFunds/Top_Up.html).

## Results and dividends

As at 31 March 2013, the net asset value of the Company was £27.7 million compared to £27.2 million (after adjusting for the first dividend paid on 31 January 2013) at

30 September 2012. The revenue return before taxation was £326,000 compared to £387,000 for the six months to 31 March 2012. The Company will pay a second dividend for the financial year to 30 September 2013 of 1.75 pence per share on 28 June 2013 to shareholders on the register as at 7 June 2013.

## Transactions with Manager

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

## Outlook

It is encouraging to see some further proof of the recovery in the investment portfolio. Much of this is driven by the fact that a number of businesses in which the Company has invested operate in sectors where the market dynamics are showing strong growth despite the broader background of a low growth global environment. We therefore continue to remain positive over the Company's prospects for the medium term.

## Friedrich Ternofsky

Chairman  
20 May 2013

# Responsibility statement

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

In preparing these summarised Financial Statements for the period to 31 March 2013, we the Directors of the Company, confirm that to the best of our knowledge:

- (a) the summarised set of Financial Statements has been prepared in accordance with the pronouncement on interim reporting issued by the Accounting Standards Board;
- (b) the interim management report includes a fair review of the information required by DTR 4.2.7R (indication of important events during the first six months and description of principal risks and uncertainties for the remaining six months of the year);
- (c) the summarised set of Financial Statements gives a true and fair view in accordance with UK

GAAP of the assets, liabilities, financial position and profit and loss of the Company for the six months ended 31 March 2013 and comply with UK GAAP and Companies Act 2006 and;

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

The accounting policies applied to the Half-yearly Financial Report have been consistently applied in current and prior periods and are those applied in the Annual Report and Financial Statements for the year ended 30 September 2012.

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

By order of the Board

**Friedrich Ternofsky**

Chairman  
20 May 2013

# Portfolio of investments

The following is a summary of fixed asset investments as at 31 March 2013:

Qualifying asset-based investments	% voting rights held by Albion Income & Growth VCT PLC	Cost £'000	Cumulative movement in value £'000	Value £'000	Change in value for the period* £'000
The Weybridge Club Limited	18.5	3,000	(579)	2,421	28
Kensington Health Clubs Limited	12.9	3,044	(1,187)	1,857	(216)
Bravo Inns II Limited	7.6	1,207	(34)	1,173	7
Tower Bridge Health Clubs Limited	17.2	735	431	1,166	137
The Charnwood Pub Company Limited	10.3	2,546	(1,405)	1,141	(114)
Radnor House School (Holdings) Limited	4.2	734	334	1,068	28
Bravo Inns Limited	12.7	1,130	(397)	733	17
Orchard Portman Hospital Limited	7.9	520	31	551	62
The Street by Street Solar Programme Limited	3.6	357	52	409	50
Alto Prodotto Wind Limited	3.0	269	75	344	73
Regenerco Renewable Energy Limited	3.3	312	18	330	16
Hilson Moran Holdings Limited	3.5	238	40	278	42
Premier Leisure (Suffolk) Limited	13.6	1,000	(786)	214	(10)
TEG Biogas (Perth) Limited	3.0	182	20	202	2
The Dunedin Pub Company VCT Limited	15.4	151	(7)	144	-
AVESI Limited	3.6	113	-	113	-
Greenenerco Limited	1.7	60	-	60	-
<b>Total qualifying asset-based investments</b>		<b>15,598</b>	<b>(3,394)</b>	<b>12,204</b>	<b>122</b>
<b>Qualifying high growth investments</b>					
Lowcosttravelgroup Limited	12.0	1,560	964	2,524	448
Blackbay Limited	15.0	1,616	715	2,331	106
Process Systems Enterprise Limited	5.3	545	767	1,312	355
Mi-Pay Limited	11.9	1,701	(493)	1,208	(16)
Opta Sports Data Limited	2.7	341	447	788	340
AMS Sciences Limited**	23.9	713	(50)	663	(54)
memsstar Limited	8.2	572	67	639	(23)
Rostima Holdings Limited	13.7	288	256	544	(22)
Helveta Limited	10.3	1,724	(1,229)	495	(569)
Oxsensis Limited	5.7	839	(462)	377	3
Chichester Holdings Limited	15.2	1,699	(1,417)	282	(173)
Palm Tree Technology Limited	0.4	235	47	282	-
DySIS Medical Limited	1.4	222	28	250	144
Mirada Medical Limited	3.7	85	156	241	65
Masters Pharmaceuticals Limited	1.0	202	15	217	20
MyMeds&Me Limited	2.2	110	1	111	1
Prime Care Holdings Limited	3.8	228	(131)	97	(24)
Proveca Limited	1.8	67	1	68	1
Abcodia Limited	1.0	35	-	35	-
<b>Total qualifying high growth investments</b>		<b>12,782</b>	<b>(318)</b>	<b>12,464</b>	<b>602</b>
<b>Total qualifying investments</b>		<b>28,380</b>	<b>(3,712)</b>	<b>24,668</b>	<b>724</b>
<b>Non-qualifying investments</b>					
AMS Sciences Limited**	n/a	385	145	530	36
Rostima Holdings Limited	n/a	223	-	223	-
Evolutions Group Limited	30.3	12	(5)	7	(4)
<b>Total non-qualifying investments</b>		<b>620</b>	<b>140</b>	<b>760</b>	<b>32</b>

\* as adjusted for additions and disposals during the period

\*\* the total cost for AMS Sciences Limited (AMS) does not include the realised losses of £2,275,000 incurred through the restructuring of Xceleron Limited to create AMS which was reported in the Annual Report and Financial Statements for the year ended 30 September 2012.

# Summary income statement

	Note	Unaudited six months ended 31 March 2013			Unaudited six months ended 31 March 2012			Audited year ended 30 September 2012		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains on investments	3	–	865	865	–	1,323	1,323	–	1,994	1,994
Investment income	4	515	–	515	596	–	596	1,052	–	1,052
Investment management fees	5	(87)	(261)	(348)	(85)	(255)	(340)	(171)	(515)	(686)
Other expenses		(102)	–	(102)	(124)	–	(124)	(249)	–	(249)
<b>Return on ordinary activities before tax</b>		<b>326</b>	<b>604</b>	<b>930</b>	<b>387</b>	<b>1,068</b>	<b>1,455</b>	<b>632</b>	<b>1,479</b>	<b>2,111</b>
Tax (charge)/credit on ordinary activities		(74)	61	(13)	(95)	69	(26)	(107)	124	17
<b>Return attributable to shareholders</b>		<b>252</b>	<b>665</b>	<b>917</b>	<b>292</b>	<b>1,137</b>	<b>1,429</b>	<b>525</b>	<b>1,603</b>	<b>2,128</b>
<b>Basic and diluted return per share (pence)*</b>	7	<b>0.60</b>	<b>1.60</b>	<b>2.20</b>	0.70	2.70	3.40	1.30	3.80	5.10

\*excluding treasury shares

Comparative figures have been extracted from the unaudited Half-yearly Financial Report for the six months ended 31 March 2012 and the audited statutory accounts for the year ended 30 September 2012.

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

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

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

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

# Summary balance sheet

	Note	Unaudited 31 March 2013 £'000	Unaudited 31 March 2012 £'000	Audited 30 September 2012 £'000
<b>Fixed asset investments</b>				
Qualifying		24,668	26,011	26,412
Non-qualifying		760	238	554
<b>Total fixed asset investments</b>		<b>25,428</b>	26,249	26,966
<b>Current assets</b>				
Trade and other debtors		14	121	25
Current asset investments		41	179	25
Cash at bank and in hand	10	2,560	1,379	1,216
		<b>2,615</b>	1,679	1,266
<b>Creditors: amounts falling due within one year</b>		<b>(301)</b>	(365)	(267)
<b>Net current assets</b>		<b>2,314</b>	1,314	999
<b>Net assets</b>		<b>27,742</b>	27,563	27,965
<b>Capital and reserves</b>				
Called up share capital	8	462	463	470
Share premium		1,439	402	1,139
Capital redemption reserve		22	5	10
Unrealised capital reserve		(3,917)	(7,352)	(4,209)
Realised capital reserve		(916)	(1,414)	(1,288)
Other distributable reserve		30,652	35,459	31,843
<b>Total equity shareholders' funds</b>		<b>27,742</b>	27,563	27,965
<b>Net asset value per share (pence)*</b>		<b>66.60</b>	66.00	66.00

\*excluding treasury shares

Comparative figures have been extracted from the unaudited Half-yearly Financial Report for the six months ended 31 March 2012 and the audited statutory accounts for the year ended 30 September 2012.

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 20 May 2013 and were signed on its behalf by

**Friedrich Ternofsky**

Chairman

Company number: 5132495

## Summary reconciliation of movements in shareholders' funds

	Called-up share capital £'000	Share premium £'000	Capital redemption reserve £'000	Unrealised capital reserve* £'000	Realised capital reserve* £'000	Other distributable reserve* £'000	Total £'000
<b>As at 1 October 2012 (audited)</b>	<b>470</b>	<b>1,139</b>	<b>10</b>	<b>(4,209)</b>	<b>(1,288)</b>	<b>31,843</b>	<b>27,965</b>
Return/(loss) for the period	–	–	–	766	(101)	252	917
Transfer of previously unrealised gains on disposal of investments	–	–	–	(474)	474	–	–
Dividends paid	–	–	–	–	–	(740)	(740)
Purchase of own shares for cancellation	(12)	–	12	–	–	(705)	(705)
Issue of equity (net of costs)	5	300	–	–	–	–	305
<b>As at 31 March 2013 (unaudited)</b>	<b>462</b>	<b>1,439</b>	<b>22</b>	<b>(3,917)</b>	<b>(916)</b>	<b>30,652</b>	<b>27,742</b>
<b>As at 1 October 2011 (audited)</b>							
Return/(loss) for the period	23,108	455	963	(8,476)	(1,427)	12,097	26,720
Transfer of previously unrealised gains on disposal of investments	–	–	–	1,276	(139)	292	1,429
Reduction in share capital**	–	–	–	(152)	152	–	–
Cancellation of capital redemption and share premium reserves**	(22,604)	–	–	–	–	22,604	–
Dividends paid	–	(539)	(1,344)	–	–	1,883	–
Purchase of own shares for cancellation	–	–	–	–	–	(729)	(729)
Cancellation of treasury shares	(373)	–	373	–	–	(688)	(688)
Issue of equity (net of costs)	(13)	486	13	–	–	–	–
	345	–	–	–	–	–	831
<b>As at 31 March 2012 (unaudited)</b>	<b>463</b>	<b>402</b>	<b>5</b>	<b>(7,352)</b>	<b>(1,414)</b>	<b>35,459</b>	<b>27,563</b>
<b>As at 1 October 2011 (audited)</b>							
Return/(loss) for the period	23,108	455	963	(8,476)	(1,427)	12,097	26,720
Transfer of previously unrealised losses on disposal of investments	–	–	–	2,560	(957)	525	2,128
Reduction in share capital**	–	–	–	1,707	(1,707)	–	–
Cancellation of capital redemption and share premium reserves**	(22,604)	–	–	–	–	22,604	–
Dividends paid	–	(539)	(1,344)	–	–	1,883	–
Purchase of own shares for cancellation	–	–	–	–	–	(1,473)	(1,473)
Cancellation of treasury shares	(381)	–	381	–	–	(990)	(990)
Transfer from other distributable reserve to realised capital reserve	(10)	–	10	–	–	–	–
Issue of equity (net of costs)	–	–	–	–	2,803	(2,803)	–
	357	1,223	–	–	–	–	1,580
<b>As at 30 September 2012 (audited)</b>	<b>470</b>	<b>1,139</b>	<b>10</b>	<b>(4,209)</b>	<b>(1,288)</b>	<b>31,843</b>	<b>27,965</b>

\*Included within these reserves is an amount of £25,819,000 (31 March 2012: £26,693,000; 30 September 2012: £26,346,000) which is considered distributable.

\*\* The reduction in the nominal value of shares from 50 pence to 1 penny, the cancellation of the capital redemption and share premium reserves (as approved by shareholders at the Annual General Meeting held on 6 February 2012 and by order of the Court dated 22 February 2012) have increased the value of the other distributable reserve.

The special reserve, treasury share reserve and the revenue reserve have been combined in the balance sheet to form a single reserve named other distributable reserve for both the current and prior periods. The Directors consider the presentation of a single reserve to enhance the clarity of financial reporting. More details regarding treasury shares can be found in note 8.

# Summary cash flow statement

	Note	Unaudited six months ended 31 March 2013 £'000	Unaudited six months ended 31 March 2012 £'000	Audited year ended 30 September 2012 £'000
<b>Operating activities</b>				
Loan stock income received		497	531	1,182
Deposit interest received		9	13	22
Investment management fees paid		(350)	(347)	(679)
Other cash payments		(107)	(109)	(249)
<b>Net cash flow from operating activities</b>	9	<b>49</b>	<b>88</b>	<b>276</b>
<b>Taxation</b>				
UK corporation tax received/(paid)		34	11	(19)
<b>Capital expenditure and financial investments</b>				
Purchase of fixed asset investments		(458)	(2,794)	(3,298)
Disposal of fixed asset investments		2,839	2,431	2,475
Disposal of current asset investments		-	-	506
<b>Net cash flow from investing activities</b>		<b>2,381</b>	<b>(363)</b>	<b>(317)</b>
<b>Equity dividends paid</b>				
Dividends paid (net of cost of shares issued under the dividend reinvestment scheme)		(694)	(683)	(1,371)
<b>Net cash flow before financing</b>		<b>1,770</b>	<b>(947)</b>	<b>(1,431)</b>
<b>Financing</b>				
Issue of share capital (net of issue costs)		260	787	1,486
Purchase of shares for cancellation		(686)	(637)	(1,015)
<b>Net cash flow from financing</b>		<b>(426)</b>	<b>150</b>	<b>471</b>
<b>Cash flow in the period</b>	10	<b>1,344</b>	<b>(797)</b>	<b>(960)</b>

# Notes to the unaudited summarised Financial Statements

## 1. Accounting convention

The Financial Statements have been prepared in accordance with the historical cost convention, modified to include the revaluation of investments, in accordance with applicable United Kingdom law and accounting standards and with the Statement of Recommended Practice "Financial Statements of Investment Trust Companies and Venture Capital Trusts" ("SORP") issued by The Association of Investment Companies ("AIC") in January 2009. Accounting policies have been applied consistently in current and prior periods, however to enhance clarity of financial reporting, the special reserve, treasury share reserve and revenue reserve have been presented as a single reserve named other distributable reserve. This has also been applied to prior periods.

## 2. Accounting policies

### Fixed and current asset investments

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

In accordance with FRS 26 "Financial Instruments Recognition and Measurement", unquoted equity, debt issued at a discount and convertible bonds are designated as fair value through profit or loss ("FVTPL"). Investments listed on recognised exchanges are valued at the closing bid prices at the end of the accounting period. Unquoted investments' fair value is determined by the Directors in accordance with the September 2009 International Private Equity and Venture Capital Valuation Guidelines (IPEVCV guidelines).

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

### *Warrants and unquoted equity derived instruments*

Warrants and unquoted equity derived instruments are only valued if their exercise or contractual conversion terms would allow them to be exercised or converted as at the balance sheet date, and if there is additional value to the Company in exercising or converting as at the balance sheet date. Otherwise these instruments are held at nil value. The valuation techniques used are those used for the underlying equity investment.

### *Unquoted loan stock*

Unquoted loan stock (excluding convertible bonds and debt issued at a discount) are classified as loans and

receivables as permitted by FRS 26 and measured at amortised cost using the Effective Interest Rate method less impairment. Movements in amortised cost relating to interest income are reflected in the revenue column of the Income statement, and hence are reflected in the revenue reserve, and movements in respect of capital provisions are reflected in the capital column of the Income statement and are reflected in the realised capital reserve following sale, or in the unrealised capital reserve for impairments arising from revaluations of the fair value of the security.

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

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

In accordance with the exemptions under FRS 9 "Associates and joint ventures", those undertakings in which the Company holds more than 20 per cent. of the equity as part of an investment portfolio are not accounted for using the equity method.

### *Current asset investments*

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

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

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

### Investment income

#### *Unquoted equity income*

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

# Notes to the unaudited summarised Financial Statements (continued)

## 2. Accounting policies (continued) Investment income (continued)

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

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

### *Bank interest income*

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

### **Investment management fees and expenses**

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

- 75 per cent. of management fees are allocated to the capital account to the extent that these relate to an enhancement in the value of the investments. 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 are charged through the realised capital reserve.

### **Performance incentive fee**

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

### **Taxation**

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

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

### **Reserves**

#### *Share premium account*

This reserve accounts for the difference between the prices 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 have been combined as 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**

In accordance with FRS 21 "Events after the balance sheet date", dividends declared by the Company are accounted for in the period in which the dividend has been paid or approved by shareholders in an Annual General Meeting.

# Notes to the unaudited summarised Financial Statements (continued)

## 3. Gains on investments

	<b>Unaudited six months ended 31 March 2013 £'000</b>	Unaudited six months ended 31 March 2012	30 September 2012 Audited year ended September 2012 £'000
Unrealised gains on fixed asset investments held at fair value through profit or loss account	1,142	531	2,210
Unrealised (impairments)/reversals of impairments on fixed asset investments held at amortised cost	<b>(392)</b>	745	325
<b>Unrealised gains on fixed asset investments sub-total</b>	<b>750</b>	1,276	2,535
Unrealised gains on current assets held at fair value through profit or loss account	<b>16</b>	–	25
<b>Unrealised gains sub-total</b>	<b>766</b>	1,276	2,560
Realised gains/(losses) on investments held at fair value through profit or loss account	<b>110</b>	(4)	(611)
Realised (losses)/gains on fixed asset investments held at amortised cost	<b>(11)</b>	51	9
<b>Realised gains/(losses) on fixed asset investments sub-total</b>	<b>99</b>	47	(602)
Realised gains on current asset investments held at fair value through profit or loss account	–	–	36
<b>Realised gains/(losses) sub-total</b>	<b>99</b>	47	(566)
	<b>865</b>	1,323	1,994

Investments measured at amortised cost basis are unquoted loan stock investments as described in note 2.

## 4. Investment income

	<b>Unaudited six months ended 31 March 2013 £'000</b>	Unaudited six months ended 31 March 2012	30 September 2012 Audited year ended September 2012 £'000
<b>Income recognised on investments held at fair value through profit or loss</b>			
Income from convertible bonds and discounted debt	<b>57</b>	41	53
	<b>57</b>	41	53
<b>Income recognised on investments held at amortised cost</b>			
Return on loan stock investments	<b>444</b>	543	981
Bank deposit interest	<b>14</b>	12	18
	<b>458</b>	555	999
	<b>515</b>	596	1,052

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

# Notes to the unaudited summarised Financial Statements (continued)

## 5. Investment management fees

	<b>Unaudited six months ended 31 March 2013 £'000</b>	Unaudited six months ended 31 March 2012	30 September 2012 Audited year ended 30 September 2012 £'000
Investment management fee charged to revenue	87	85	171
Investment management fee charged to capital	261	255	515
	<b>348</b>	340	686

The Manager, Albion Ventures LLP, is party to a management agreement from the Company (details disclosed on page 20 of the Annual Report and Financial Statements for the year ended 30 September 2012) and Patrick Reeve, a Director of the Company, is also Managing Partner of Albion Ventures LLP. During the period, services of a total value of £348,000 (31 March 2012: £340,000; 30 September 2012: £686,000) were purchased by the Company from Albion Ventures LLP. At the financial period end, the amount due to Albion Ventures LLP disclosed as accruals was £167,000 (31 March 2012: £166,000; 30 September 2012: £168,000).

During the period, the Company was charged £9,250 (excluding VAT) by Albion Ventures LLP in respect of Patrick Reeve's services as a Director (31 March 2012: £9,250; 30 September 2012: £18,500). At the financial period end, the amount due to Albion Ventures LLP in respect of these services disclosed as accruals and deferred income was £5,550 (31 March 2012: £5,550; 30 September 2012: £5,550).

During the period, the Company raised new funds through the Albion VCTs Top Up Offers 2012/2013 as detailed in note 8. The total cost of the issue of these shares on 19 December 2012 was 5.5% of the sums subscribed. Of these costs, an amount of £663 (31 March 2012: £6,740; 30 September 2012: £6,740) was paid to the Manager, Albion Ventures LLP, in respect of receiving agent services. There were no sums outstanding in respect of receiving agent services at the period end.

## 6. Dividends

	<b>Unaudited six months ended 31 March 2013 £'000</b>	Unaudited six months ended 31 March 2012	30 September 2012 Audited year ended 30 September 2012 £'000
First dividend paid on 31 January 2012 – 1.75 pence per share	–	729	729
Second dividend paid on 29 June 2012 – 1.75 pence per share	–	–	744
First dividend paid on 31 January 2013 – 1.75 pence per share	740	–	–
	<b>740</b>	729	1,473

In addition to the dividends paid above, the Board has declared a dividend of 1.75 pence per share to be paid on 28 June 2013 to shareholders on the register as at 7 June 2013. The total dividend to be paid will be approximately £763,000.

## 7. Basic and diluted return per share

Return per share has been calculated on 42,199,141 Ordinary shares excluding treasury shares (31 March 2012: 41,720,924; 30 September 2012: 42,403,935) being the weighted average number of shares in issue for the period.

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

# Notes to the unaudited summarised Financial Statements (continued)

## 8. Called up share capital

	<b>Unaudited 31 March 2013 £'000</b>	Unaudited 31 March 2012 £'000	Audited 30 September 2012 £'000
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### Alotted, called up and fully paid

46,236,035 Ordinary shares of 1 penny each  
(31 March 2012: 46,316,700; 30 September 2012:  
46,954,802)

<b>462</b>	463	470
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### Voting rights

41,685,168 Ordinary shares of 1 penny each  
(31 March 2012: 41,765,833; 30 September 2012:  
42,403,935)

Under the terms of the Dividend Reinvestment Scheme Circular dated 22 December 2008, the following Ordinary shares 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 proceeds £'000</b>	<b>Opening market price per share on allotment date (pence per share)</b>
31 January 2013	83,383	1	64.25	45	60.00

Under the terms of the Albion VCTs Top Up Offers 2012/2013, the following shares 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 proceeds £'000</b>	<b>Opening market price per share on allotment date (pence per share)</b>
19 December 2012	393,850	4	69.90	260	56.50

During the period the Company purchased 1,196,000 Ordinary shares (31 March 2012: 1,198,500; 30 September 2012: 1,741,861) for cancellation at a cost of £701,000, representing 2.5 per cent. of its issued share capital as at 30 September 2012. The shares purchased for cancellation were funded by the other distributable reserve.

The Company did not purchase any shares for treasury during the period to 31 March 2013 (31 March 2012: nil; 30 September 2012: nil), leaving a balance of 4,550,867 Ordinary shares (31 March 2012: 4,550,867; 30 September 2012: 4,550,867) in treasury which represents 9.8 per cent. of the issued share capital as at 31 March 2013.

# Notes to the unaudited summarised Financial Statements (continued)

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

	<b>Unaudited six months ended 31 March 2013 £'000</b>	Unaudited six months ended 31 March 2012	30 September 2012 Audited year ended £'000
Revenue return on ordinary activities before taxation	<b>326</b>	387	632
Investment management fee charged to capital	<b>(261)</b>	(254)	(515)
Movement in accrued amortised loan stock interest	<b>(6)</b>	(34)	171
Increase in operating debtors	<b>-</b>	1	2
Decrease in operating creditors	<b>(10)</b>	(12)	(14)
<b>Net cash flow from operating activities</b>	<b>49</b>	88	276

## 10. Analysis of change in cash during the period

	<b>Unaudited six months ended 31 March 2013 £'000</b>	Unaudited six months ended 31 March 2012	30 September 2012 Audited year ended £'000
Opening cash balances	<b>1,216</b>	2,176	2,176
Net cash flow	<b>1,344</b>	(797)	(960)
<b>Closing cash balances</b>	<b>2,560</b>	1,379	1,216

## 11. Commitments and contingencies

As at 31 March 2013, the Company had the following financial commitments in respect of investments:

- Proveca Limited; £223,000
- MyMeds&Me Limited; £110,000
- Mi-Pay Limited; £46,000
- DySIS Medical Limited; £9,000

There are no contingencies or guarantees of the Company as at 31 March 2013 (31 March 2012 and 30 September 2012: nil).

# Notes to the unaudited summarised Financial Statements (continued)

## 12. Post balance sheet events

Since 31 March 2013, the Company has completed the following material transaction:

- April 2013: Investment of £9,000 in DySIS Medical Limited;

The following shares were allotted under the terms of the Albion VCTs Top Up Offers 2012/2013 since the period end:

Date of allotment	Number of shares allotted	Aggregate nominal value of shares (£'000)	Issue price (pence per share)	Net proceeds £'000	Opening market price per share on allotment date (pence per share)
5 April 2013	1,941,975	19	68.00	1,281	62.00

## 13. Related party transactions

During the year, the Company purchased 1,196,000 Ordinary shares at a total cost of £701,000 using the services of Winterflood Securities Limited a company of which Robin Archibald is head of corporate finance and broking. These transactions were at arms length and in line with market practices. At the period end, the amount due to Winterflood Securities Limited in respect of share buy-backs and disclosed in other creditors was £18,000 (31 March 2012: £76,000; 30 September 2012: nil).

There are no other related party transactions or balances requiring disclosure.

## 14. Going concern

The Board's assessment of liquidity risk remains unchanged and is detailed on page 45 of the Annual Report & Financial Statements for the year ended 30 September 2012. 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, buy-backs and dividends) 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 the accounts in accordance with "Going Concern and Liquidity Risk: Guidance for Directors of UK Companies 2009", published by the Financial Reporting Council.

## 15. Other information

The information set out in this Half-yearly Financial Report does not constitute the Company's statutory accounts within the terms of section 434 of the Companies Act 2006 for the periods ended 31 March 2013 and 31 March 2012, and is unaudited. The information for the year ended 30 September 2012 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.

## 16. Publication

This Half-yearly Financial Report is being sent to shareholders and copies will be made available to the public at the registered office of the Company, Companies House, the National Storage Mechanism and also electronically at [www.albion-ventures.co.uk](http://www.albion-ventures.co.uk) under the 'Our Funds' section by clicking Albion Income & Growth VCT PLC, and looking in the Financial Reports and Circulars section for the Half-yearly Financial Report to 31 March 2013.



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