THAMES VENTURES VCT 1 PLC

ANNUAL REPORT AND ACCOUNTS

31 MARCH 2023

Foresight

FOR A SMARTER FUTURE

Shareholder Information

Share price

The Company's share price can be found on various financial websites with the TIDM/EPIC code **TV1**.

Latest share price at 25 July 2023:	50.9p per share

Financial calendar

1 September 2023	Annual General Meeting ("AGM")
15 September 2023	Payment of final dividend
November 2023	Announcement of half-year results

Dividends

Dividends are paid by the registrar on behalf of the Company. Shareholders who wish to have dividends paid directly into their bank account, rather than by cheque to their registered address, can make arrangements to do this by contacting the Company's registrar, whose details can be found on page 77.

Queries relating to dividends, shareholdings and requests for dividend mandate forms should be directed to the Company's registrar.

Selling shares

The Company's Shares can be bought and sold in the same way as any other quoted company on the London Stock Exchange. The Company is, however, unable to buy back shares direct from Shareholders, so you will need to use a stockbroker to sell your shares. If you are considering selling your shares or wish to buy shares in the secondary market, you can contact the Company's Corporate Broker, Panmure Gordon (UK) Limited ("Panmure") who can provide guidance on the likely timing of buybacks and other details.

Panmure can be contacted as follows:

Chris Lloyd	0207 886 2716 chris.lloyd@panmure.com	Paul Nolan	0207 886 2717 paul.nolan@panmure.com

Shareholders are advised to seek advice from their tax adviser before selling shares, particularly if they deferred the payment of capital gains tax in respect of shares acquired prior to 6 April 2004 or subscribed for shares within the last five years.

If you have any queries, Foresight's Customer Team can be contacted at:
investorrelations@foresightgroup.eu or on 020 3667 8181

Shareholder Information (continued)

Share scam warning

We are aware that a significant number of shareholders of VCTs adviser/managed by Foresight and other VCT managers have from time to time received unsolicited telephone calls from a company purporting to be acting on behalf of a client who is looking to acquire their VCT shares at an attractive price. We believe these calls to be part of a "Boiler Room Scam". **Shareholders are warned to be very suspicious if they receive any similar type of telephone call.**

The FCA has published information about such scams at www.fca.org.uk/scamsmart

If you have any concerns, please contact Foresight at investorrelations@foresightgroup.eu or on 020 3667 8181.

Notification of change of address

Hard copy communications with Shareholders are mailed to the registered address held on the share register. In the event of a change of address, or other amendment, this should be notified to the Company's registrar under the signature of the registered holder. The registrar's details can be found on page 77.

Other information for Shareholders

Up-to-date Company information (including financial statements, share price, and dividend history) may be obtained Foresight's website at:

www.foresightgroup.eu/products/thames-ventures-vct-1-plc

If you have any queries regarding your shareholding in Thames Ventures VCT 1 plc, please contact the registrar.

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Financial Highlights

NAV performance

The net asset value per share ("NAV") decreased by 6.55 pence per share (10.6%) from 61.6 pence per share as at 31 March 2022 to 51.8 pence per share at this year-end (after adding back dividends of 3.25p which were paid during the year). This is a relatively resilient performance when compared to the performance of many other VCTs and the FTSE AIM All Share and FTSE Small Cap indices over the same period.

Dividend

The proposed final dividend of 1.0 pence per share will result in total dividends in respect of the financial year of 2.5 pence per share (2022: 3.0 pence per share), equivalent to 4.1% based on the opening net asset value.

Steady portfolio activity

Despite the potential disruption of the migration of the investment advisory team to its new home at Foresight Group LLP, the year has seen a steady level of portfolio activity with disposal proceeds totalling £12.5 million (2022: £16.4 million) from 13 different investee companies. Additionally, new and follow on investments totalled £11.8 million (2022: £4.6 million) across 17 different investee companies.

Financial Summary

	Audited 31 Mar 2023 Pence	**Audited 31 Mar 2022 Pence**
Net asset value per share ("NAV") [1]	51.80	61.60
Cumulative dividends paid since 12 November 2013	44.50	41.25
Total Return [2] (net asset value plus cumulative dividends paid per share)	96.30	102.85

[1] Alternative Performance Measure (see page 26)

[2] Key Performance Indicator

Dividends in respect of financial year		
Interim dividend per share	1.50	1.25
Proposed final dividend per share	1.00	1.75
	2.50	3.00

Dividend Policy

The Directors are targeting an annual dividend of at least 4% of net assets per annum, subject to sufficient distributable reserves and capital resources.

Investment Objectives

The Company's principal investment objectives are:

- To provide private investors with attractive returns from a portfolio of VCT qualifying investments; and
- To maintain VCT status so that the Company and its shareholders may benefit from the tax reliefs and exemptions available under the VCT legislation.

The detailed investment policy adopted to achieve the investment objectives is set out in the Strategic Report on pages 29 to 30.

Directors

Chris Kay (Chairman) (appointed 12 November 2013) has over 30 years' experience in the venture capital industry. He spent nine years with 3i Group plc, where he was an investment director, and a further eight years at Elderstreet Investments Limited, where he headed the VCT team. He is chief executive of Chrysalis VCT Management Limited. He is a Cambridge University graduate and gained an MBA at Manchester Business School. He was formerly chairman of Downing Absolute Income VCT 1 plc and a non-executive director of Downing Income VCT plc and Downing Income VCT 4 plc.

Chris Allner (appointed 8 February 2021) has over 35 years of venture capital and private equity experience and is currently a partner of the Company's previous Investment Adviser, Downing LLP, and also chairs their investment committee. Prior to joining Downing, he was the head of private equity at Octopus Investments as well as a director at Beringea and Bridgepoint with previous experience at 3i and Charterhouse. He has previously sat on the boards of a number of unquoted and quoted companies across a variety of commercial sectors.

Barry Dean (appointed 12 November 2013) is a chartered accountant and has over 30 years' experience in the private equity industry, including 14 years as managing director of Dresdner Kleinwort Benson Private Equity Limited. He is currently a non-executive director of ProVen VCT plc and was formerly a non-executive director of Downing Absolute Income VCT 2 plc.

Atul Devani (appointed 12 December 2022) is currently the chairman of Maven Income and Growth VCT 3 plc and has held a number of senior positions in software technology companies operating in various sectors including finance, mobile, telecommunications, food and drink, health, and pharmaceuticals. Previously he was the founder and CEO of AIM listed United Clearing plc, which was sold in 2006 to BSG. Most recently, Atul was appointed as a Civil Service Commissioner to the Cabinet.

Stuart Goldsmith (appointed 13 February 1996) has worked within financial services throughout his career, originally within investment management where he was Managing Director of the Britannia Group of Investment Companies, which managed £4 billion of funds in the UK and the USA for institutions and private clients. More recently he was the owner and Chairman of Ketton Securities Limited, a firm advising a range of companies on corporate strategy, mergers and acquisitions. In addition, he has been a non-executive director for a number of companies in the UK and overseas.

All the Directors are non-executive and are independent of the Investment Adviser, with the exception of Chris Allner who is considered non-independent by virtue of being a partner at Downing LLP, the previous investment adviser to the Company, which still provides some services to the new investment adviser.

Chairman's Statement

I present the Annual Report covering what has been an eventful and unfortunately financially largely unsuccessful year for your Company. We have seen a challenging investment environment for small growth businesses, with increasing inflation, increasing interest rates and the threat of recession.

Investment Advisory Arrangements

As previously reported, Foresight Group LLP ("Foresight") was appointed as Investment Adviser to the Company following agreement by the Company's former Investment Adviser, Downing LLP ("Downing") to sell its non-healthcare ventures division to Foresight in a transaction that completed on 4 July 2022.

The structure of the transaction has ensured a good level of continuity with the core investment team members moving to Foresight and, the former adviser, Downing LLP, continuing to provide investment advisory services for the non-ventures portfolio (quoted growth and yield focused investments), as well as administration services, for a handover period.

On 2 September 2022, the Company changed its name from Downing ONE VCT plc to Thames Ventures VCT 1 plc to recognise the change of Investment Adviser.

Net asset value and results

As at 31 March 2023, the net asset value per share ("NAV") stood at 51.8p, a decrease of 6.55p (10.6%) over the year after adding back dividends of 3.25p per share which were paid during the year.

The Income Statement shows losses attributable to equity shareholders for the year of £11.7 million, comprising a revenue gain of £1.2 million and a capital loss of £12.9 million.

Investment portfolio

During the year, the Company invested £10.0 million in 16 companies, three of which were new to the portfolio. Additionally, £1.75 million was rolled over into a new investment as part of an exit transaction.

£12.5 million of proceeds were received from full and partial disposals of 13 investments, producing a net realised loss of £633,000.

The whole portfolio showed unrealised losses of £11.7 million. £7.8 million of this arose from the quoted growth investments, £3.5 million from the unquoted growth investments and £0.4 million from the yield focused investments. £2.5 million of loan stock interest income was recognised in respect of the yield focussed investments.

Further details on the investment portfolio can be found within the Investment Adviser's Reports and the Review of Investments on pages 6 to 22.

Dividends

Thames Ventures VCT 1's policy is to seek to pay annual dividends of at least 4% of net assets per annum.

The Board is proposing to pay a final dividend of 1.0p per share on 15 September 2023, subject to Shareholder approval at the forthcoming AGM, to Shareholders on the register at 11 August 2023. This will bring total dividends in respect of the year ended 31 March 2023 to 2.5p per share (2022: 3.0p), equivalent to 4.1% of the opening net assets.

Shareholders are reminded that the Company operates a Dividend Reinvestment Scheme for those investors that wish to reinvest their dividends and obtain further income tax relief on the reinvested dividend. Shareholders can change their election via the Thames Ventures Investor Hub provided by City Registrars at:

thames-ventures-vcts.cityhub.uk.com

or by contacting the registrar. The last date for elections in respect of the above dividend under the Company's Dividend Reinvestment Scheme is 25 August 2023.

Fundraising

The Company launched a non-prospectus top-up offer in November 2021. The offer closed during the period at the end of April 2022, having raised £1.9 million, of which £1.8 million was allotted during the period.

The Company launched a full offer for subscription on 31 October 2022. The offer has raised £1.5 million to date, with funds allotted following the period end and is scheduled to close on 31 July 2023, although may be extended for a short further period.

The level of funds raised is disappointing being only slightly more than was spent on share buybacks. The Board is taking advice on how the marketing of future offers can be improved.

Share buybacks

The Company continues to operate a policy of buying in its own shares that become available in the market at a 5% discount to NAV (subject to liquidity and regulatory restrictions).

During the year, the Company purchased and subsequently cancelled 4,540,024 shares at an average price of 54.8p per share, representing 2.6% of shares in issue at the date of the last Annual Report.

The Company retains Panmure Gordon as its corporate broker to assist in operating the share buyback process and ensuring that the quoted spread on the Company's shares remains at a reasonable level. Contact details for Panmure Gordon are on page 77.

Responsible investing

The Board notes the Investment Adviser, Foresight Group's, commitment to being a "Responsible Investor". Foresight places Environmental, Social and Governance (ESG) criteria at the forefront of its business and investment activities in line with best practice and in order to enhance returns for their investors.

Further detail on the Investment Adviser's approach to responsible investment, including the key principles and their screening approach, can be found on pages 23 to 25.

VCT Qualification

At 31 March 2023, qualifying investments represented 87.4% of total investments (including cash).

The Board expects that the minimum VCT qualification level of 80% will continue to be maintained for the foreseeable future.

Directorate

Atul Devani joined the Board in December 2022 as a non-executive director of the Company. Atul has significant experience as a chairman of another VCT and also with businesses similar to those in which the Company invests and is proving to be a positive addition to the Board.

Stuart Goldsmith was an original director of the Company, then called The AIM Distribution Trust plc, in 1996 and has remained on the Board, overseeing the Company through many phases of its life. With the dust now settled on the recent changes, Stuart has decided not to stand for re-election at the forthcoming Annual General Meeting

I and my fellow directors would like to thank Stuart for his significant contribution to the Company throughout its history, working with a number of Investment Advisers/Managers and undertaking several VCT mergers and other corporate transactions to ensure the Company remains well suited for the current incarnation of the VCT Regulations. We wish Stuart well in his other ventures.

Following the AGM, the Board will comprise four non-executive directors, which the Board considers to be an appropriate size for a VCT. All of the Directors are independent of the Investment Adviser, with the exception of Chris Allner who is considered non-independent by virtue of being a partner at Downing LLP, the previous investment adviser to the Company, which still provides some services to the new investment adviser.

Chairman's Statement (continued)

Annual General Meeting ("AGM")

This year's AGM will be held at Foresight Group LLP, The Shard, 32 London Bridge Street, London, SE1 9SG at 12:00 p.m. on 1 September 2023.

If you intend to attend the AGM, please also notify us by email to tv1agm@downing.co.uk in case there are any changes to arrangements that need to be communicated at short notice.

Three items of special business are proposed at the AGM:

- one in respect of the authority to buy back shares as noted above; and
- two in respect of the authority to allot shares.

The authority to allot shares provides the Board with the opportunity to consider raising further funds without having to necessarily incur the expense of seeking separate approval via a shareholder circular. Any further fundraising decisions will take account of the level of uninvested funds and the rate of investment.

Outlook

The Board is naturally disappointed with the fall in net asset value over the year but does note that nearly 70% of the fall is down to falling share prices of its quoted investments which could quickly reverse itself if sentiment towards small, quoted UK companies becomes more positive. The £3.5 million fall in unquoted growth investments is mainly the result of the write off of two investments. In an early-stage portfolio, write offs tend to come before successful gains. The Board is not complacent but does believe that the portfolio has exhibited signs that it is relatively resilient, and the portfolio companies can take advantage of better conditions when they arrive.

The Board is pleased to note how the investment advisory team has developed since moving to Foresight and hopes that, with more resources dedicated to advising the Company and the support of the wider Foresight Group, we will see a regular flow of high-quality new investment opportunities, as well as strong support for the existing portfolio, that can deliver improved results for Shareholders in future.

Looking ahead, the Board is considering some options for the future of the Company and will look to pursue any that it concludes may benefit Shareholders and allow the Company to be better placed to serve them.

Chris Kay
Chairman

26 July 2023

Investment Adviser's Report – Unquoted Growth

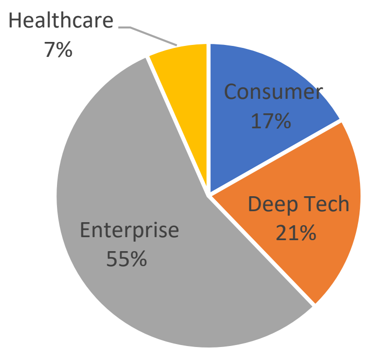
Portfolio overview

At 31 March 2023, the Company held total Unquoted investments of £51.8 million (2022: £59.3 million), split £38.0 million (2022: £40.7 million) Unquoted Growth and £13.8 million (2022: £18.6 million) Unquoted Yield-focused. Details of the Unquoted Yield-focused portfolio performance are set out on page 9.

The Unquoted Growth portfolio comprises 36 companies, across a range of sectors. Following a period of recovery during the year ended 31 March 2022, investment valuations for the year ended 31 March 2023 have been unfavourably impacted by the downturn of the UK economy and challenging market environment, resulting in an overall unrealised loss of £3.5 million (2022: gain of £3.6 million) in the portfolio.

Portfolio composition

With a significant level of investment activity over the year to 31 March 2023, we have aimed to reduce the level of diversification in the Unquoted Growth portfolio with a focus on deep tech and software enterprise. As at the year end, the main sector in which this portfolio is invested in is Software Enterprise, now representing approximately 55% of the investment portfolio following further investment into this sector during the period of £8.0 million.



Investment activity

During the period, there was a high level of realisation and investment activity with £10.0 million of proceeds generated from exits and a total of £11.2 million invested into unquoted growth companies.

Four new investments were added to the unquoted growth portfolio:

Audioscenic Limited (£400,000) is a spin-out from the University of Southampton's Institute of Sound and Vibrational Research and has developed a software-based solution that unlocks the full potential of 3D audio.

Kluster Enterprises Limited (£1,235,000) is a B2B SaaS platform that empowers companies to plan and execute on their revenue strategy. Kluster integrates into both CRM and accounting tools to provide detailed and accurate forecasts which can be used for financial planning.

Flock Limited (£930,000) is a fully digital insurtech Managing General Agent (MGA) reinventing commercial fleet insurance. Flock leverage connected vehicle data and geospatial data to accurately quantify driving risk which provides the fleet of customers with insights to enable safer driving.

CommerceIQ (£1,749,000) is a pioneer in helping brands win on retail ecommerce channels. Their unified platform applies machine learning and automation across marketing, supply chain, and sales operations to help brands gain market share profitably.

Follow on investments totalling £5.2 million were made into eleven companies, most notably **Hackajob Limited** (£1.5 million), **StorageOS Inc** (£825,000), **Vivacity Labs Limited** (£789,000), **FVRVS Limited** (£402,000) and **Maestro Media Limited** (£320,000).

Details of the investment realisations during the year are set out on page 17. Total proceeds of £10.0 million were generated, producing a gain over cost of £543,000, although representing a loss over holding value of £380,000.

The largest gain in the period related to **Efundamentals Group Limited**, a Software as a Service (SaaS) analytics company. The investment was sold in July 2022, returning £3.7 million, resulting in a gain over cost of £2.2 million, however, a loss over opening value of £137,000.

Investment Adviser's Report – Unquoted Growth Portfolio (continued)

Investment activity (continued)

StorageOS Inc (trading as OnDat), a cloud-based storage management software solution developed to manage storage issues, was sold in the period, generating proceeds of £3.0 million, resulting in a loss over cost of £776,000 and a loss over the opening holding value of £727,000.

Firefly Learning Limited, an edtech e-learning platform which allows teachers, students and parents to share lesson plans and review homework, was sold during the period, generating proceeds of £1.0 million. This investment was valued at cost and the exit produced a small realised loss against both cost and value of £32,000.

Streethub Limited (trading as Trouva), an online marketplace for a curated range of homeware and lifestyle products, was sold during the period, generating proceeds of £194,000. The value of this investment was written down in 2022 as a result of the business trading significantly behind budget therefore a gain over value of £115,000 was realised. It should be noted, however, that this was a disappointing overall loss against the original cost of £1.3 million.

Further deferred consideration was received from **Avid Technology Group Limited** in relation to the exit in 2022, producing further proceeds of £91,000 in the year.

Portfolio valuation

Although there were some strong performers in the unquoted growth portfolio, overall, companies have struggled in the challenging macroeconomic environment which is reflected in the year-on-year movement in valuations. This has resulted in a total unrealised loss of £3.5 million in the period, including unrealised foreign exchange gains of £585,000.

Of the £3.5 million total unrealised loss, the most significant movements are noted below.

The largest gain in value was in **Cornelis Networks, Inc**, which delivers purpose-built high-performance fabrics for High Performance Computing (HPC), High Performance Data Analytics (HPDA) and Artificial Intelligence (AI).

During the period, the company was uplifted by £2.3 million, including the impact of foreign exchange. This revaluation is the result of a calibration to the price set by a funding round during the year.

Bulbshare Limited, a company that enables brands to build communities from their existing customers, has performed well during the year with revenues continuing to grow resulting in a valuation uplift of £533,000 as at the year end.

Ayar Labs Inc, the developer of components for high performance computing and data centre applications, was uplifted by £533,000, including the impact of foreign exchange. This revaluation is the result of a calibration to the price set by a funding round during the year.

Maestro Media Limited, a talent-led, e-learning media platform of multichannel e-commerce technology, increased in value by £389,000 as a result of a calibration to the price set by a funding round during the year.

Virtual Class Limited (trading as Third Space Learning), a platform offering personalised online lessons from specialist tutors, was uplifted by £383,000 as a result of revenues and their customer base continuing to grow.

Disappointingly, there were a number of unrealised losses recognised during the period. Some of these came from the more vulnerable businesses within the portfolio, however there were some material losses recognised to account for funding and liquidity risks faced by some of the larger portfolio companies. The greatest unrealised loss in the period was from **Glisser Limited**, a virtual and hybrid events platform, a sector that has been unfavourably impacted post-pandemic, which was written down to nil during the year. This resulted in an unrealised loss of £1.9 million in the year.

Investment Adviser's Report – Unquoted Growth Portfolio (continued)

Portfolio valuation (continued)

Carbice Corporation Inc has developed a suite of products based on its carbon material called Carbice Carbon which is primarily used as thermal management solutions to enable greater thermal conductivity. The valuation was reduced by £1.1 million, as a result of the challenging macroeconomic environment and access to funding.

Trinny London Limited, a cosmetics and skincare brand, was revalued downwards by £619,000 due to reduced confidence in consumer spending.

FundingXchange Limited, a fintech platform delivering SME lenders insights into their portfolio trends, was revalued downwards by £510,000 to calibrate to the price of the last funding round.

Hackajob Limited, a marketplace for technical hires, was revalued downwards by £437,000 to calibrate to the price of the last funding round.

It is disappointing to report that there were two other investments that were written down to nil during the year. These were **Hummingbird Technologies Limited** and **Channel Mum Limited** resulting in a combined loss over original cost of £3.0 million and a loss over carrying value of £2.1 million.

Foresight Group LLP

26 July 2023

Investment Adviser's Report – Yield Focused Portfolio

Downing LLP continues to advise the Company on the Unquoted Yield Focused Portfolio under a subcontract from Foresight Group LLP.

We present a review of the yield focused investment portfolio for the year ended 31 March 2023. At the year end, the yield focused portfolio consisted of 15 investments, all of which are unquoted, with a total value of £13.8 million.

Divestment activity

During the year, the focus for the Adviser was towards investment realisations from the yield focused portfolio which resulted in four full and one partial exits, generating proceeds of £4.2 million and a loss over holding value of £253,000. There were no new or follow on investments.

Further details on each of the exits can be found below:

Harrogate Street LLP, a property developer, was fully exited towards the start of the period, generating cash proceeds of £2.8 million, resulting in a gain over holding value of £27,000. £128,000 of loan note interest was also received in addition to the capital proceeds.

Proceeds of £591,000 were received from **Downing Pub EIS ONE Limited**, a holding company that owned two London pub companies. The company is in the process of winding up after the sale of its pubs, with a further and final distribution expected prior to the end of 2023.

Fenkle Street LLP held an interest in a hotel in central Newcastle. A transaction to sell the hotel completed at the end of the accounting period, providing final proceeds of £772,000, resulting in a loss over holding value of £139,000.

Jito Trading Limited, which has been written down to nil since March 2020 was finally dissolved during the year following liquidation with no proceeds being received.

Another disappointing exit during the period related to **Rockhopper Renewables Limited**, an Indian solar farm company. In August 2022, following a series of setbacks, the interest in the company was disposed of for nil consideration, resulting in a loss over cost of £738,000.

Portfolio valuation

The yield focused portfolio was reduced in value by £440,000 during the year, with one notable unrealised loss and a number of unrealised gains. The most notable movements are as follows:

The most significant write down related to **Baron House Developments LLP**. The company was created to fund the development of a hotel in Newcastle. With the hotel facing challenging trading conditions, the value of the investment was written down by £1.2 million, although it should be noted that the investment is still valued at £323,000 above cost. A sales process was being progressed with a potential buyer, however, after a significant price reduction was sought, the deal has collapsed. Marketing of the hotel for sale is now starting again to identify another buyer.

Pearce and Saunders Limited, and the related **Pearce and Saunders DevCo Limited**, are now in the process of being wound up. Further distributions due from the companies are estimated at £70,000, resulting in a reduction in value across both companies of £116,000.

The unrealised losses noted above have been offset in part by the following unrealised gains on Data Centre Response Limited and Cadbury House Holdings Limited.

Data Centre Response Limited, the maintenance provider to third party owned data centres has increased in value by £578,000 in line with anticipated exit proceeds based on corporate advisor feedback.

Cadbury House Holdings Limited owns and operates a health club, restaurant and conference centre at Cadbury House, near Bristol. The valuation has been uplifted by £474,000 during the period.

Investment Adviser's Report –Yield Focused Portfolio (continued)

Outlook

The period has seen a number of investment realisations from the yield focused portfolio. No new yield-focused investments are expected to be made by the Company as the current VCT regulations make this difficult and all new investment activity is focused on growth ventures. We continue to closely monitor and support the existing yield focused investments and work towards suitable realisation opportunities.

Downing LLP

26 July 2023

Investment Adviser's Report - Quoted Growth Portfolio

Downing LLP continues to advise the Company on the Quoted Growth Portfolio under a subcontract arrangement with the Foresight Group LLP.

Investment activity

At 31 March 2023 the quoted portfolio was valued at £19.5 million, comprising 35 active investments. Over the 12-month period, the quoted portfolio produced unrealised losses of £7.8 million, reflecting a 29.3% decrease over the period compared to the FTSE AIM All Share Index that fell 22.4%, one of the biggest falls in the index in many years.

Markets were exceptionally volatile through much of the current reporting period. There was no shortage of reasons for concern - the Russian invasion of Ukraine, the continued hangover from Covid lockdowns, particularly in China, persistent supply chain disruptions, and growing fears over rising interest rates. The threat of recession and the possibility of a prolonged bear market also weighed on investor sentiment. The autumnal political disruptions caused by the economics of Liz Truss created further market volatility. Sentiment towards UK smaller companies has been persistently negative for investors, with the largest outflows from UK equities since records began.

Most global equity markets had a positive start to 2023, making steady gains through January. While the UK economy rallied over the month, performance was more modest than in many other developed markets. However, this was in welcome contrast to the widespread doom and gloom that characterised markets for much of the prior year.

The quoted portfolio saw little activity during the period, with two follow-on investments into existing holdings and one full exit. In April 2022, £502,000 was invested into existing holding, **Downing Strategic Micro-Cap Investment Trust plc**. In December 2022, an investment of £100,000 was made in the Deepmatter Group plc. **Deepmatter Group** subsequently delisted from the Alternative Investment Market (AIM) and continues to trade privately, with the support of Downing and its major shareholders.

Portfolio Movements

Given the challenging market backdrop, there are few gains of any materiality to discuss, reflecting the exceptional period of negative market sentiment. The two largest unrealised gains for the quoted portfolio were Cohort plc (£59,000), and Feedback plc (£46,000).

Cohort plc is the parent company of six businesses providing a wide range of services and products for British, Portuguese and other international customers in defence and security markets. The group has a long track record of profitable growth and strong execution by a conservative management team. The Investment Adviser believes that the business will continue to deliver against a strengthening outlook for defence spending across its regions. The shares trade at a discount to peers and the Adviser thinks that Cohort could be a valuable strategic asset for a larger player.

At the reporting period end, Cohort's latest reported results covered the six months to 31 October 2022. The group reported a stronger first half, with growth in both revenue and trading profit. Management reported a record high order book of £304.2m, with over £80m of revenue deliverable in the second half of the year. Taking into account revenue recognised in the first half, this covers over 95% of consensus forecast revenue for the full financial year.

Feedback plc is a group of companies specialising in clinical communications. The group offers safer, secure and simpler alternatives to the traditional ways of working. It produces innovative technology that enhances clinical communication, accessing and storing medical information.

The group reported results for the six months to 30 November 2022 and highlighted that it had been awarded a £450k contract for a 12-month pilot extension of the Sussex Integrated Care Systems Community Diagnostic Centre development programme. It was also named as a supplier on G-Cloud 13, the UK Government's digital marketplace. The group also underlined the importance of the creation of the CareLocker consumer app, giving patients direct access to their clinical data.

Investment Adviser’s Report - Quoted Growth Portfolio (continued)

Portfolio Movements (continued)

The largest unrealised losses for the quoted portfolio were **Anpario plc** (£2.1m), **Inland Homes plc** (£944k), **Tracsis plc** (£771k) and **Angle plc** (£615k). In the view of the Investment Adviser, Tracsis and Angle were impacted by negative market sentiment, as opposed to any fundamentals affecting their business operations, whilst Anpario and Inland Homes have been impacted by specific headwinds affecting their business.

Anpario plc is an international producer and distributor of high-performance natural feed additives for animal health, hygiene and nutrition. Its expertise is focused on intestinal health and nutrition, and it utilises this knowledge to improve animal performance and producer profitability. The Investment Adviser believes that Anpario will continue to benefit from the trends in the growth of the world’s population, the increasing taste for meat and fish protein in developing countries, and the global tightening in food regulation.

The group announced its full-year results to 31 December 2022. The period was extremely challenging due to supply chain disruption and significant and immediate raw material and logistics price inflation. The difficult backdrop has also adversely affected many producers who have experienced input cost pressures, notably feed and energy, hurting their profitability and in some cases viability. The group has been able to implement sensitive sales price increases to partially mitigate the unprecedented raw material price inflation, and margins improved in the second half of the year. Trading in the first couple of months of 2023 has been weak and market conditions are expected to continue to be challenging through the first half of the year. However, management expects the group's performance to improve as the year progresses, supported by a strong balance sheet and new business development initiatives.

Since the period end, Anpario has announced a tender offer to buy-back shares, at a premium to the share price before the announcement. The Investment Adviser believes that this underpins the share price and demonstrates the management’s confidence in the recovery of their end markets.

Incorporated in the UK in 2005, **Inland Homes plc** is an AIM-quoted specialist housebuilder and brownfield developer. The group’s flexible business model allows it to adapt its activity to suit market conditions and business needs. It includes the strategic disposal of consented land, as well as the construction and forward sales of private homes and partnership housing. Inland Homes issued a trading update on 25 January 2023 which reported that the group’s expected loss before tax for the year ending 30 September 2022 is £91.0m. In September the board stated that it expected a pre-tax loss of £37.1m for the year but since then the economic outlook for the UK housebuilding industry had deteriorated. The losses include provisions of £28.8m on five ongoing construction projects, increased from £15.4m following a further review, and a £39.0m provision on asset management schemes, including the planned £600m Cavalry Barracks development in Hounslow.

The board said that it had already secured a waiver from one of its lenders in respect of its revolving credit facility on the interest cover ratio covenant for the three quarters ending 30 June 2023. Post reporting period end, the shares in the group were temporarily suspended from trading pending publication of the company’s annual audited accounts. In April 2023, Inland Homes announced that it raised £2.5 million with the issue of 25 million new Ordinary Shares, with the net proceeds used to fund working capital requirements within the company. The net tangible asset value of Inland Homes is 107.8p, with a Gross Development Value of £3.0 billion. The Investment Adviser believes that the value of the underlying equity is likely to be realised through strategic initiatives put in place by the refreshed board during the course of the coming 12 months.

Tracsis plc provides transport software solutions and condition monitoring equipment that automates and optimises the process of labour scheduling for rail and bus services. The company is predominantly based in the UK but is expanding its reach to Europe and the US. The Investment Adviser was attracted by the long-term software licences associated with the rail refranchise process, underpinning earnings forecasts. There is also significant international potential for condition monitoring equipment.

Investment Adviser's Report - Quoted Growth Portfolio (continued)

Portfolio Movements (continued)

The group announced its results for the six months ended 31 January 2023 post reporting period end. The group's first half performance was in line with the board's expectations. Revenue and adjusted EBITDA growth was underpinned by strong rail technology recurring revenue growth in both the UK and North America, and new large contract wins across Remote Condition Monitoring and Smart Ticketing. There was also good growth in the Data, Analytics, Consultancy and Events division. The future opportunity pipeline is strong and the UK rail industry's transition to a new Great British Railways structure will continue to drive interest in product solutions that will deliver a data-driven, customer-focused, safety-critical future for the industry.

Angle plc is a world-leading liquid biopsy company. The group announced results for the year ended 31 December 2022 and highlighted that it was a breakthrough year for Angle, with both FDA clearance and excellent results from the ovarian cancer study. Management stated that it was the world's first ever FDA product clearance for a system to harvest CTCs, intact living cancer cells, from metastatic breast cancer patient blood for subsequent analysis. This was followed by Angle's ovarian cancer study demonstrating the clinical validity of analysing Parsortix CTCs for real-world clinical applications.

The increasing number of published studies for a variety of cancer types combined with the FDA clearance have placed Angle in a strong position to play a leading role in the emerging liquid biopsy market for personalised cancer care. The CTCs harvested by the Parsortix system have wide applicability for diagnosis, treatment selection, and monitoring to improve patient outcomes and reduce healthcare costs.

Outlook

With the continuing macro-economic uncertainty, it is difficult to be hugely positive in the short-term. There have been limited opportunities within the new issues and IPO market, for VCT qualifying opportunities and we believe that this depressed market sentiment could continue for the remainder of the calendar year. Meanwhile, we will continue to focus on the portfolio management of this maturing, quality collection of smaller companies, where we believe the strong fundamentals of the underlying businesses will take advantage of any improvement in their end markets.

Downing LLP

26 July 2023

Review of Investments

Portfolio of investments

The following investments, all of which are incorporated in England and Wales, were held at 31 March 2023:

	Cost £'000	Valuation £'000	Valuation movement in year^ £'000	% of portfolio by value	Loan stock interest recognised in the period £'000	Total value of other funds also managed by Foresight [1] £'000
Quoted growth investments						
Tracsis plc*	1,443	6,782	(771)	7.8%	-	-
Downing Strategic Micro-Cap Investment Trust plc***	5,699	3,740	(260)	4.3%	-	3,162
Impact Healthcare REIT plc***	1,518	1,421	(353)	1.6%	-	-
Anpario plc*	1,448	1,206	(2,134)	1.4%	-	-
Cohort plc*	394	899	59	1.0%		-
Craneware plc*	353	874	(388)	1.0%	-	-
GENinCode plc*	800	700	(382)	0.8%	-	-
Vianet Group plc*	756	567	(102)	0.7%	-	-
Let's Explore Group plc* (formerly Immotion Group plc)	500	425	(121)	0.5%	-	-
Feedback plc*	400	348	46	0.4%	-	-
Brooks Macdonald Group plc*	257	333	(112)	0.4%	-	-
Libertine Holdings plc*	350	298	(147)	0.3%	-	-
Inland Homes plc*	1,311	210	(944)	0.2%	-	-
EnerAqua Technology plc*	195	204	18	0.2%	-	-
Pittards plc*	1,350	169	(529)	0.2%	-	-
Pennant International Group plc*	335	165	5	0.2%	-	-
SysGroup plc*	377	157	13	0.2%	-	-
Angle plc*	570	153	(615)	0.2%	-	-
Frontier IP Group plc*	30	146	(45)	0.2%	-	-
Norman Broadbent plc*	906	135	(60)	0.2%	-	-
One Media Group IP plc*	175	125	(31)	0.1%	-	-
Verici DX plc*	240	89	(130)	0.1%	-	-
Dillistone Group plc*	411	64	(7)	0.1%	-	-
Oncimmune Holdings plc*	278	57	(144)	0.1%	-	-
Bonhill Group plc*	1,000	56	(38)	0.1%	-	-
Fireangel Safety Technology Group plc*	545	37	(11)	0.0%	-	-
Pressure Technologies plc*	248	29	(32)	0.0%	-	-
Pelatro plc*	290	28	(108)	0.0%	-	-
Trellus Health plc*	175	26	(57)	0.0%	-	-
Strip Tinning Holdings plc*	105	23	(63)	0.0%	-	-
Wheelsure Holdings plc**	48	2	(2)	0.0%	-	-
AIQ Limited	-	1	-	0.0%	-	-
DeepMatter plc*	563	-	(373)	0.0%	-	-
Flowgroup plc	207	-	-	0.0%	-	-
ACHP plc*	61	-	-	0.0%	-	-
	23,338	19,469	(7,818)	22.3%	-	3,162
Unquoted growth investments						
Cornelis Networks Inc	2,102	4,312	2,256	5.0%	-	8,210
Ayar Labs, Inc	1,280	3,127	533	3.6%	-	4,231
Hackajob Limited	2,284	2,586	(437)	3.0%	-	4,994
Virtual Class Limited	1,164	2,295	383	2.7%	-	3,063
Trinny London Limited	443	1,889	(619)	2.2%	-	10,846
Carbice Corporation	3,020	1,883	(1,083)	2.2%	-	1,041
Maestro Media Limited	1,320	1,868	389	2.2%	-	5,965
Rated People Ltd	1,582	1,821	(273)	2.1%	3	3,287
CommerceIQ, Inc	1,749	1,731	(18)	2.0%	-	2,371
Imagen Limited	1,000	1,703	(60)	2.0%	-	3,406
Parsable Inc	1,532	1,506	84	1.7%	-	2,123
Cambridge Touch Technologies Limited	959	1,466	97	1.7%	-	1,809

Continued over the page

Review of Investments (continued)

	Cost £'000	Valuation £'000	Valuation movement in year £'000	% of portfolio by value^	Loan stock interest recognised in the period £'000	Total value of other funds also managed by Foresight [1] £'000
Unquoted growth investments (continued)						
Vivacity Labs Limited	1,289	1,443	(15)	1.7%	-	4,958
Bulbshare Limited	749	1,282	533	1.5%	-	2,884
Kluster Enterprises Limited	1,236	1,236	-	1.4%	-	392
Ecstase Limited	1,000	1,000	(257)	1.1%	-	2,210
Flock Limited	930	930	-	1.1%	-	2,878
Upp Technologies Group Limited	1,136	923	(213)	1.1%	4	923
Masters of Pie Limited	886	876	(10)	1.0%	7	3,876
DSTBTD Limited	775	775	-	0.9%	-	1,725
Limitless Technology Limited	757	703	(217)	0.8%	-	1,545
FVRVS Limited	787	678	(218)	0.8%	2	3,281
FundingXchange Limited	1,335	561	(510)	0.6%	-	1,359
Tidalsense Limited (formerly Cambridge Respiratory Innovations Limited)	500	500	-	0.6%	-	1,476
Audioscenic Limited	400	400	-	0.5%	-	4,800
DiA Imaging Analysis Limited	207	282	67	0.3%	-	926
MIP Discovery Limited	225	225	75	0.3%	-	1,256
Hummingbird Technologies Limited	2,250	-	(1,750)	0.0%	-	-
Glisser Limited	1,887	-	(1,887)	0.0%	-	-
Empiribox Holdings Limited	1,813	-	-	0.0%	-	-
Lignia Wood Company Limited	1,778	-	-	0.0%	-	-
Live Better With Limited	990	-	-	0.0%	-	-
Channel Mum Limited	757	-	(310)	0.0%	(2)	-
Lineten Limited	750	-	-	0.0%	-	-
Ludorum plc	177	-	-	0.0%	-	-
Resource Reserve Recovery Limited	6	-	-	0.0%	-	-
	41,055	38,001	(3,460)	44.1%	14	85,835
Unquoted yield focused investments						
Doneloans Limited	3,631	4,156	(57)	4.8%	335	-
Baron House Developments LLP	2,695	3,018	(1,160)	3.5%	162	-
Data Centre Response Limited	557	2,366	578	2.7%	-	-
Cadbury House Holdings Limited	3,082	2,162	474	2.5%	2,530	791
Kimbolton Lodge Limited	664	850	(146)	1.0%	-	-
Pilgrim Trading Limited	2,594	778	-	0.9%	(704)	-
SF Renewables (Solar) Limited	422	263	(15)	0.3%	-	-
Downing Pub EIS ONE Limited	68	94	2	0.1%	-	-
Pearce & Saunders DevCo Limited	84	70	-	0.1%	-	16
Yamuna Renewables Limited	2,500	-	-	0.0%	-	-
Quadrate Catering Limited	1,500	-	-	0.0%	-	-
Pearce & Saunders Limited	1,122	-	(116)	0.0%	107	-
Top Ten Holdings plc	399	-	-	0.0%	-	-
Quadrate Spa Limited	372	-	-	0.0%	-	-
London City Shopping Centre Limited	110	-	-	0.0%	-	-
	19,800	13,757	(440)	15.9%	2,430	807
Total investments	84,193	71,227	(11,718)	82.3%	2,444	89,804
Cash at bank and in hand		15,282		17.7%		
		86,509		100.0%		

The Company also holds investments in Golden Rock Global plc and Mining, Minerals & Metals plc (which does not show in the previous table). These investments were acquired in prior periods at negligible value as a result of reorganisations of other investments and continue to be valued at the same level.

All venture capital investments are unquoted unless otherwise stated.

* Quoted on AIM

** Quoted on the Aquis Stock Exchange Growth Market

*** Quoted on the Main Market of the London Stock Exchange

^ The valuation movement in the period includes unrealised foreign exchange gains on £585,000.

[1] Includes investment made by Thames Ventures EIS, Thames Ventures VCT 2 plc, Foresight Williams EIS and Foresight Solar and Technology VCT plc.

Review of Investments (continued)

Investment movements for the year ended 31 March 2023

Additions

	£'000
Quoted growth investments	
Downing Strategic Micro-Cap Investment Trust plc	502
Deepmatter plc	100
	602
Unquoted growth investments	
Hackajob Limited*	3,000
CommerceIQ, Inc	1,749
Kluster Enterprises Limited	1,235
Flock Limited	930
StorageOS Inc	825
Vivacity Labs Limited	789
Glisser Limited	588
FVRVS Limited*	537
Audioscenic Limited	400
Maestro Media Limited	320
FundingXchange Limited	285
Masters of Pie Limited	219
Rated People Limited	200
Upp Technologies Group Limited	59
Channel Mum Limited	20
	11,156
Total additions	11,758

* The additions related to Hackajob Limited and FVRVS Limited include loan note to equity conversions equal to £1.5 million and £135,000 respectively.

Review of Investments (continued)

Disposals

	Cost £'000	Value at 01/04/22* £'000	Proceeds £'000	Profit/ (loss) vs cost £'000	Realised gain/ (loss) £'000	Loan stock interest recognised in the period £'000
Quoted growth investments						
MI Downing UK Micro-Cap Growth Fund	2	2	2	-	-	-
	2	2	2	-	-	-
Unquoted growth investments (including loan note redemptions)						
ADC Biotechnology Limited	-	-	310	310	310	-
StreetHub Limited	1,446	79	194	(1,252)	115	(2)
Avid Technology Group Limited	-	-	91	91	91	-
FVRVS Limited**	125	125	125	-	-	-
Hackajob Limited**	1,500	1,500	1,500	-	-	-
Firefly Learning Limited	1,047	1,047	1,015	(32)	(32)	-
E-fundamentals (Group) Limited	1,508	3,847	3,710	2,202	(137)	(2)
StorageOS Inc	3,795	3,746	3,019	(776)	(727)	-
	9,421	10,344	9,964	543	(380)	(4)
Unquoted yield focused investments (including loan note redemptions)						
Harrogate Street LLP	1,400	2,778	2,805	1,405	27	14
Downing Pub EIS ONE Limited	422	576	591	169	15	-
Fenkle Street LLP	346	911	772	426	(139)	21
Jito Trading Limited	2,500	-	-	(2,500)	-	-
Rockhopper Renewables Limited	738	156	-	(738)	(156)	-
	5,406	4,421	4,168	(1,238)	(253)	35
	14,829	14,767	14,134	(695)	(633)	31

* Adjusted for purchases in the year where applicable

** Conversion of loan notes into further equity

Review of Investments (continued)

Further details of the top ten investments held (by value) are as follows:

Tracsis plc
www.tracsis.com

Cost at 31/03/23:		£1,443,000	Valuation at 31/03/23:	£6,782,000
Cost at 31/03/22:		£1,443,000	Valuation at 31/03/22:	£7,552,000
Date of first investment:		November 2013		
Investment comprises:				
Equity shares:		£1,443,000	Valuation method:	Bid price
			% of total shares in issue/total voting rights:	2.57%
Audited accounts:	31/07/22	31/07/21	Dividend income:	£15,000
Turnover:	£68.7m	£50.2m		
Profit before tax:	£2.6m	£4.6m		
Net assets:	£60.4m	£56.7m		

The Group specialises in solving a variety of data capture, reporting and resource optimisation problems along with the provision of a range of associated professional services. Tracsis' products and services are used to increase efficiency, reduce cost, and improve the operational performance and decision-making capabilities for clients and customers.

Cornelis Networks Inc
www.cornelisnetworks.com

Cost at 31/03/23:	£2,102,000	Valuation at 31/03/23:	£4,312,000
Cost at 31/03/22:	£2,102,000	Valuation at 31/03/22:	£2,056,000
Date of first investment:	September 2020		
Investment comprises:			
Equity shares:	£2,102,000	Valuation method:	Calibration to price of recent investment
		% of total shares in issue/total voting rights:	4.2%
Audited accounts:	None filed	Dividend income:	£nil

Cornelis Networks Inc provides purpose-built interconnects focused on high performance computing, data analytics and artificial intelligence. Omni-Path, its express software, combines and enhances pre-existing large-scale deep fabric networking technologies in order to support client workloads.

Doneloans Limited

Cost at 31/03/23:		£3,631,000	Valuation at 31/03/23:	£4,156,000
Cost at 31/03/22:		£3,631,000	Valuation at 31/03/22:	£4,213,000
Date of first investment:		November 2013		
Investment comprises:				
Loan note:		£3,631,000	Valuation method:	Net Assets
Equity shares:		£1	% of total shares in issue/total voting rights:	50.0%
Unaudited accounts*:	31/03/22	31/03/21	Loan note income:	£335,000
Turnover:	n/a	n/a	Dividend income:	£nil
Loss before tax:	n/a	n/a		
Net assets:	£0.6m	£0.6m		

Doneloans Limited is a non-VCT-qualifying investment company which holds a portfolio of secured loans from which it generates a steady income with limited capital risk.

* Turnover and operating profit figures not publicly available as unaudited abridged accounts filed.

Review of Investments (continued)

Downing Strategic Micro-Cap Investment Trust plc
www.downingstrategic.co.uk

Cost at 31/03/23:		£5,699,000	Valuation at 31/03/23:	£3,740,000
Cost at 31/03/22:		£5,197,000	Valuation at 31/03/22:	£3,498,000
Date of first investment:		May 2017		
Investment comprises:				
Equity shares:		£5,699,000	Valuation method:	Bid price
			% of total shares in issue/total voting rights:	12.5%
Audited accounts	28/02/23	28/02/22	Dividend income:	£18,000
Turnover:	£1.1m	£0.7m		
Profit/(loss) before tax:	(£3.7m)	£2.4m		
Net assets:	£38.4m	£43.1m		

Downing Strategic Micro-Cap Investment Trust plc is a non-qualifying investment which seeks to provide investors with long term growth through a concentrated portfolio of UK listed companies that typically have a market capitalisation of below £150 million.

Ayar Labs, Inc
www.ayarlabs.com

Cost at 31/03/23:	£1,280,000	Valuation at 31/03/23:	£3,127,000
Cost at 31/03/22:	£1,280,000	Valuation at 31/03/22:	£2,594,000
Date of first investment:	August 2020		
Investment comprises:			
Equity shares:	£1,280,000	Valuation method:	Calibration to price of recent investment
		% of total shares in issue/total voting rights:	0.4%
Audited accounts:	None filed	Dividend income:	£nil

Ayar Labs, Inc has developed components for high performance computing and data centre applications to deliver better bandwidth, better power and better latency for a given application.

Baron House Developments LLP

Cost at 31/03/23:		£2.695,000	Valuation at 31/03/23:	£3,018,000
Cost at 31/03/22:		£2,695,000	Valuation at 31/03/22:	£4,177,000
Date of first investment:		November 2013		
Investment comprises:				
Loan note:		£2,695,000	Valuation method:	Discounted cashflow - from the investment
			% of total shares in issue/total voting rights:	-%
Unaudited accounts:	31/03/22	31/03/21	Loan note income:	£162,000
Turnover:	£33.4m	£nil		
Profit before tax:	£5.7m	£nil		
Net assets:	£4.3m	£4.0m		

Baron House Developments was created to fund the purchase of a property opposite Newcastle station, which qualifies under the Business Premises Renovation Allowance (BPRA) scheme.

Review of Investments (continued)

Hackajob Limited
hackajob.com

Cost at 31/03/23:		£2,284,000	Valuation at 31/03/23:	£2,586,000
Cost at 31/03/22:		£784,000	Valuation at 31/03/22:	£1,523,000
Date of first investment:		October 2018		
Investment comprises:				
Equity shares:		£2,284,000	Valuation method:	Calibration to price of recent investment
			% of total shares in issue/total voting rights:	5.2%
Unaudited accounts*:	31/10/22	31/10/21	Dividend income:	*£nil*
Turnover:	n/a	n/a		
Profit before tax:	n/a	n/a		
Net assets:	(£7.0m)	(£2.6m)		

Hackajob Limited is the owner of an online careers marketplace for hiring talent for people working in tech.

* Turnover and operating profit figures not publicly available as total exemption full accounts filed.

Data Centre Response Limited
www.dcresponse.co.uk

Cost at 31/03/23:		£557,000	Valuation at 31/03/23:	£2,366,000
Cost at 31/03/22:		£557,000	Valuation at 31/03/22:	£1,787,000
Date of first investment:		November 2013		
Investment comprises:				
Equity shares:		£557,000	Valuation method:	Multiples
			% of total shares in issue/total voting rights:	49.6%
Audited accounts:	30/06/22	30/06/21	Dividend income:	£57,000
Turnover:	£8.8m	£7.1m		
Profit before tax:	£0.3m	£0.6m		
Net assets:	£2.0m	£1.8m		

Data Centre Response Limited is a reseller, installer, and maintenance business in the uninterruptible power supplies ("UPS") market as well as having expertise in the datacentre design and build, formed from a former VCT-backed business in 2012.

Virtual Class Limited
thirdspacelearning.com

Cost at 31/03/23:		£1,164,000	Valuation at 31/03/23:	£2,295,000
Cost at 31/03/22:		£1,164,000	Valuation at 31/03/22:	£1,912,000
Date of first investment:		April 2018		
Investment comprises:				
Equity shares:		£1,164,000	Valuation method:	Multiples
			% of total shares in issue/total voting rights:	4.5%
Audited accounts:	31/07/22	31/07/21	Dividend income:	£nil
Turnover:	Not filed	Not filed		
Loss before tax:	(£0.2m)	(£0.5m)		
Net assets:	£1.4m	£1.8m		

Virtual Class Limited, trading as Third Space Learning, is an online educational platform that provides tuition to pupils studying their Key Stage 2 exams in the UK.

Review of Investments (continued)

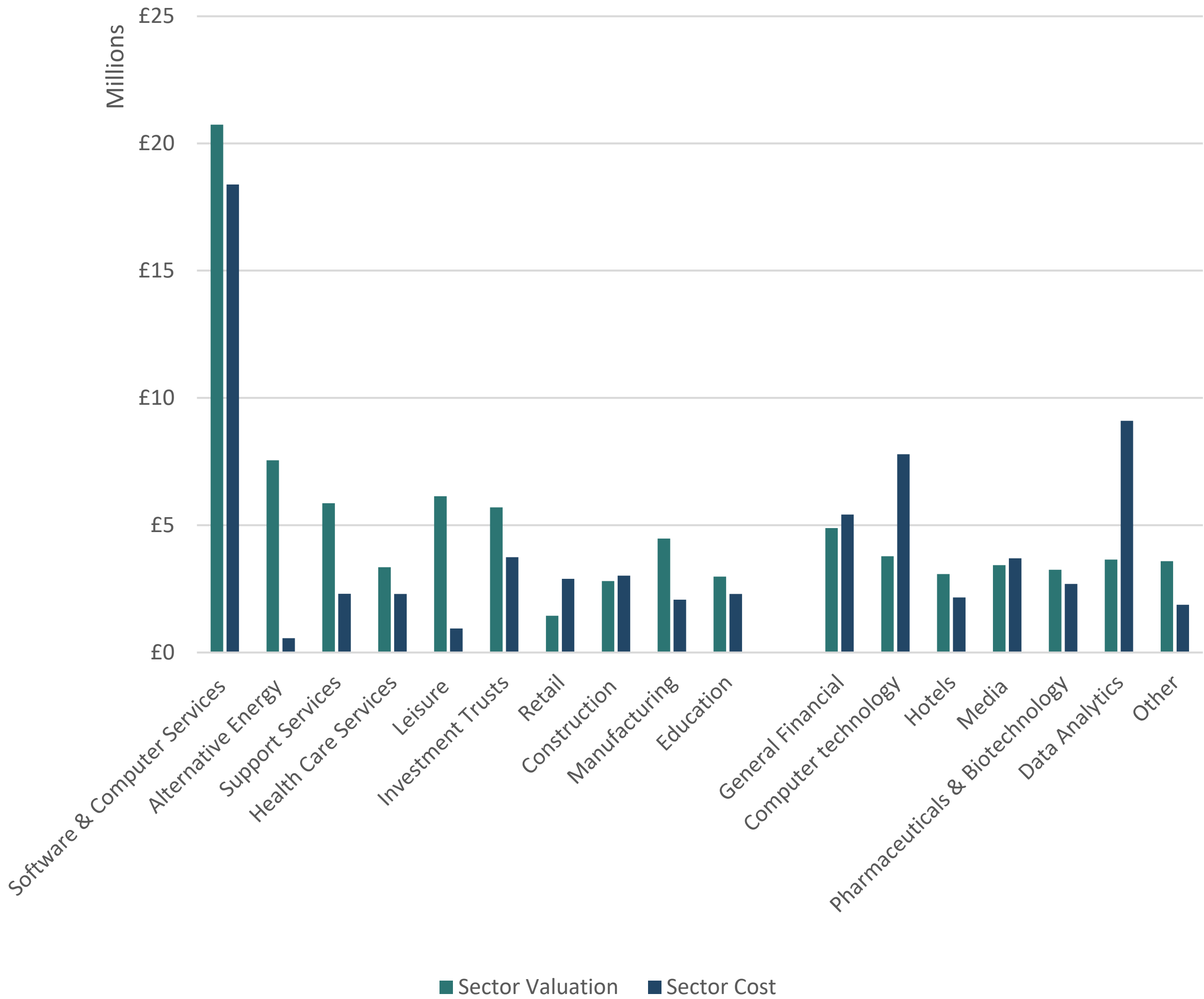
Cadbury House Holdings Limited
www.cadburyhotelbristol.co.uk

Cost at 31/03/23:		£3,082,000	Valuation at 31/03/23:	£2,162,000
Cost at 31/03/22:		£3,082,000	Valuation at 31/03/22:	£1,688,000
Date of first investment:		November 2013		
Investment comprises:				
Equity shares:		£847,000	Valuation method:	Net Assets
Loan note:		£2,235,000		
			% of total shares in issue/total voting rights:	36.2%
Audited accounts:	30/09/21	30/09/20	Dividend income:	*£nil*
Turnover:	£4.9m	£10.4m	Loan note income:	£2.5m
Loss before tax:	(£1.2m)	(£2.3m)		
Net assets:	£3.6m	£4.7m		

Cadbury House Holdings Limited owns and operates a health club, restaurant and conference centre at Cadbury House, near Bristol.

Note:
The proportion of equity held by each investment also represents the level of voting rights held by the Company in respect of the investment.

Analysis of investments by commercial sector
The split of the venture capital investment portfolio by commercial sector (by cost and by value at 31 March 2023) is as follows:



Review of Investments (continued)

Portfolio balance
At 31 March 2023, the Company assets employed were broadly in line with the targets within the investment policy. These are summarised as follows:

Type of Investment (by HMRC valuation rules)	Actual	Target
VCT qualifying investments	87.4%	>80%
Non-qualifying investments (including cash at bank)	12.6%	<30%
Total	100.0%	

Investment category (by HMRC value)	Actual	Target
Growth	68.9%	40%-100%
Yield focused	18.5%	0%-60%
Non-qualifying	12.6%	max 20%
Total	100.0%	

Responsible Investment

Often referred to as Responsible Investment, Environmental, Social and Governance principles ("ESG") provide not only a key basis for generating attractive returns for investors, but also to help build better quality businesses in the UK, creating jobs and making a positive contribution to society.

ESG values form an integral part of the Adviser's day-to-day decision making, with all new investments made subject to ESG due diligence and ongoing ESG monitoring.

Central to its investment approach are five ESG Principles which are used to evaluate investee companies.

Overall, 40 individual key performance indicators are considered under the five Principles.
The Adviser invests in a wide range of sectors and believes its approach covers the key tests that should be applied to assess a company's ESG performance, throughout the life cycle of an investment:

Does the business demonstrate a good awareness of corporate social responsibility?

Is this reflected in its processes and management structure?

Does the company follow good practice for limiting or mitigating its environmental impact, in the context of its industry?

How does it encourage the responsible use of the world's resources?

Social

What impact does the company have on its employees, customers and society as a whole?

Is it taking steps to improve the lives of others, either directly, such as through job creation, or indirectly?

Does the company and its leadership team demonstrate integrity?

Are the correct policies and structures in place to ensure it meets its legislative and regulatory requirements?

Is the principle of corporate responsibility evidenced in the company's supply chain and customers?

How does it promote ESG values and share best practice?

UN SDGs

The UN's Sustainable Development Goals ("SDGs") also represent a key driver and important lens through which corporate and investment activities are reviewed.

In May 2021, the Adviser formalised its Impact Themes for private equity investments into four areas:

- Health
- Quality Employment at Scale
- Research and Innovation
- Sustainable, Inclusive, Local Infrastructure and the Environment

These outcome-focused themes are aligned with the UN's SDGs. They help the Adviser assess any opportunities in the business model, and by mapping its investments to them the private equity team can identify the value and benefits for the companies, society and the environment.

Responsible Investment (continued)

UN SDGs (continued)

Each portfolio company is subject to an annual assessment where progress against each of the five Principles and four Impact Themes are measured and an evaluation matrix updated to allow progress to be tracked and continuous improvement encouraged.

The diagram below shows the specific SDGs that the Adviser has scope to contribute to across all of its activities.

Credentials

The Adviser has been a member of the UK Sustainable Investment and Finance Association since 2009 and a signatory to the Principles for Responsible Investment ("PRI") since 2013. The Adviser is an accredited Living Wage Employer and a signatory of the HM Treasury Women in Finance Charter, committing to implement recommendations to improve gender diversity in financial services. Portfolio companies are encouraged to pursue similar objectives.

Climate Change Statement

The Adviser has a long-term investing vision, and its strategy aligns with the UN's Sustainable Development Goals and the decarbonisation targets set out in the Paris Agreement of 2015.

As such, taking actions to mitigate the risks posed by climate change, whilst also investing to generate commercial returns for our investors, must be done hand in hand. The Adviser has been a signatory to the United Nations-backed PRI since 2013.

PRI is a globally recognised voluntary framework concerned with the incorporation of ESG considerations into the investment decision-making process. It provides a basis for potential and existing investors to judge the quality of a company's ESG processes and positioning within an industry sector. In 2020, the Adviser received an "A+" for Strategy and Governance, and "A" for Private Equity and Infrastructure investments. The Board supports the Adviser's views on climate change and ESG and its vigorous process in the evaluation of an asset's environmental and social impact during due diligence and thereafter. For each material risk identified during due diligence, a mitigation plan is proposed in the investment submission and these actions form part of each portfolio company's "100-day plan" post-investment.

From an environmental perspective, analysis relating to the implementation of good industry practice in limiting and mitigating the potentially adverse environmental impact of a company's operations has four principal components:

- Environmental policy and track record
- Energy and resource usage and environmental impact
- Environmental impact of products and services
- Environmental performance improvements

Regular monitoring post-investment ensures that standards are maintained in respect of ESG issues where there is a change in either the regulatory or operating environment or the composition of the management team.

The FCA reporting requirements consistent with the Task Force on Climate-related Financial Disclosures ("TCFD") commencing from 1 January 2021 do not currently apply to the Company. They will, however, be kept under review and the Board and Adviser will take note of any recommended changes. The Adviser continues its journey to full alignment with the recommendations of the TCFD. Further details are noted in the Foresight Group Holdings Limited Annual Report and Accounts and can be found at: www.foresightgroup.eu.

Responsible Investment (continued)

Environmental, human rights, employee, social and community issues

The Board recognises the requirement under Section 414 of the Companies Act 2006 to provide information about environmental matters (including the impact of the Company's business on the environment), employee, human rights, social and community issues; and information about any policies it has in relation to these matters and the effectiveness of these policies.

The Company does not have any policies in place for human rights, environmental, social and community issues due to having no office premises, no employees and its purchases being services as opposed to tangible products. The Adviser's policies in respect of all the above issues can be found on its website: www.foresightgroup.eu.

Diversity

The Board currently comprises five male Directors. There is no formal diversity policy in place, however the Board is conscious of the need for diversity and will actively seek and encourage male and female candidates from all ethnic backgrounds when appointing new Directors.

The Adviser has an equal opportunities policy and, as at 31 March 2023, employed 214 men (2022: 165) and 134 women (2022: 103).

Global greenhouse gas emissions

The Company has no greenhouse gas emissions to report from the operations of the Company, nor does it have responsibility for any other emissions sources under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013.

Strategic Report

The Directors present the Strategic Report for the year ended 31 March 2023. The Board have prepared this report in accordance with the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013.

Principal objectives and strategy

The Company is a Venture Capital Trust ("VCT") whose principal investment objectives are to:

- provide private investors with attractive returns from a portfolio of investments focused on unquoted and AIM quoted companies; and

- maintain VCT status so that the Company and its shareholders may benefit from the tax reliefs and exemptions available under the VCT legislation.

As a Venture Capital Trust, Investors are required to hold their shares for a minimum period of five years in order to retain their income tax relief.

Business review and developments

During the year to 31 March 2023, the investments held decreased in value by £11.7 million and losses arising on investment realisations totalled £633,000.

Income over expenditure for the year resulted in a net gain, after accounting for capital expenses, of £0.6 million (2022: £1.8 million).

The total loss for the year was £11.7 million (2022: gain of £10.4 million). Net assets at the year-end were £92.0 million (2022: £109.5 million). Dividends paid during the year totalled £5.9 million (2022: £4.5 million).

The Company's business and developments during the year are reviewed further in the Chairman's Statement, the Investment Adviser's Reports and the Review of Investments on pages 3 to 22.

Key performance indicators

At each Board meeting, the Directors consider a number of performance measures to assess the Company's level of success in meeting its objectives (as shown on page 2). The Board believes the Company's key performance indicators, for comparison against similar VCTs, are Total Return (NAV plus cumulative dividends paid to date) and dividends per share (as disclosed within the financial summary). Further consideration of the above key performance indicators is included in the Chairman's Statement under Net Asset Value and results. The performance of the Company measured by historic Share Price Total Return is shown in the graph on page 41.

The net asset value per share is defined as an Alternative Performance Measure and the Board considers it to be the primary measure of shareholder value.

The Chairman's Statement and Investment Adviser's Reports include further commentary on the Company's activities and future prospects.

Principal risks and uncertainties

The Directors have carried out a robust assessment of the emerging and principal risks facing the Company, including those that would threaten its business model, future performance, solvency, or liquidity. The Board has ensured that there are policies in place for managing each of these risks. The principal financial risks faced by the Company, which include interest rate, investment, credit and liquidity risks, are summarised within note 16 to the financial statements. Note 16 also includes an analysis of the sensitivity of the NAV to changes in investment valuations.

Other principal risks faced by the Company have been assessed by the Board and grouped into the key categories outlined below:

- Investment performance;
- Regulatory;
- Operational; and
- Economic, political and other external factors.

Principal risks and uncertainties (continued)

Investment performance (similar level of risk)

The Company holds investments in unquoted and quoted companies. Poor investment decisions or a lack of effective monitoring and management of investments could result in a reduction in the carrying values of the Company's investments.

The Investment Adviser has significant experience in investing in unquoted UK companies and engages reputable and experienced advisers at each stage of the investment process. Furthermore, the Board regularly reviews the performance of the portfolio.

Regulatory (similar level of risk)

The Company, as a fully listed Company on the London Stock Exchange with a premium listing and as a Venture Capital Trust, operates in a complex regulatory environment and therefore faces several related risks. A breach of the VCT Regulations could result in the loss of VCT status and consequent loss of tax reliefs currently available to Shareholders and the Company being subject to capital gains tax. Serious breaches of other regulations, such as the Listing Rules of the Financial Conduct Authority and the Companies Act, could lead to suspension from the Stock Exchange and damage to the Company's reputation.

The Board reviews and agrees policies for managing each of these risks. It receives quarterly reports from the Adviser, which monitor the compliance of these risks, and places reliance on the Adviser to give updates in the intervening periods. These policies have remained unchanged since the beginning of the financial year.

Philip Hare & Associates provides regular independent reviews of the Company's VCT status, as well as advice on VCT compliance issues as and when they arise.

In order to further mitigate this risk, the Board monitors regulatory and legislative developments. The Company also has a strong compliance culture and systems in place to ensure that the Company complies with all of its regulatory requirements. Further detail on VCT Status is provided on pages 35 to 36.

Operational (similar level of risk)

The Company relies on the Investment Adviser, Administration Manager (including Downing LLP) and other third parties to fulfil many of its operational requirements and duties.

A provision of inferior services by one or more of these parties could lead to inadequate systems and controls or inefficient management of the Company, its assets and its reporting requirements.

The Company, the Investment Adviser and the Administration Manager engage experienced and reputable service providers, the performance of which is reviewed on an annual basis by the Board. In addition, the Audit Committee reviews the Internal Control and Corporate Governance Manual on an annual basis.

Economic, political and other external factors (similar level of risk)

Fluctuations in the stock market due to the Ukrainian conflict, economic recession, increasing inflation or monetary policy could affect the valuations of quoted investments, even if such companies are performing to plan.

Wider political and economic events also have the potential to impact the performance, and therefore valuations of, the unquoted companies in the portfolio as a result of a deterioration in business and consumer confidence. This is mitigated by holding a diversified portfolio of investments across a wide range of sectors and subsectors.

Strategic Report (continued)

The emerging risks faced by the Company are outlined below:

Emerging risks	
Risk	**Mitigation**
Interest rate rises and inflation	
The Company's investments could be impacted negatively as a result of increasing interest rates and high inflation, particularly wages and other costs.	The Investment Adviser's close relationship with the investee companies allows it to ensure that the businesses properly assess the potential impact of increasing costs, particularly wages, and the extent to which these may or may not be able to be passed on to the end customer. The Board and the Investment Adviser considers the net impact to be at a manageable level and shall continue to monitor developments closely across all investee companies.
Geopolitical risks	
The continuing conflict in Ukraine and the impact of sanctions placed on Russian businesses and individuals may have some impact on the returns of the Company.	The Investment Adviser's hands on approach with the investee companies ensures that they are well placed to assess the exposure of the business to the Ukraine conflict and associated developments. The Board considers exposure to be low and any direct impact on the Company's performance is not expected to be significant. The Board along with the Investment Adviser shall continue to review the evolving situation as part of its ongoing activities.
Climate change	
The effects of climate change or those of changing legislation as the world looks to transition towards net zero emissions may impact the returns generated by the portfolio companies.	Whilst the Company itself, as a Venture Capital Trust, has negligible exposures to climate change risk, the Investment Adviser works with the investee companies to ensure that climate change risk and transition risk is appropriately addressed. The Board together with the Investment Adviser believe that the risks within the current portfolio to be manageable and gives consideration to this in reviewing new investment decisions and will continue to assess developments in legislation and their potential impact on portfolio companies. Developments in accounting and disclosure regulations impacting the Company are monitored by the Investment Adviser and Administration Manager to ensure full compliance.
Bank collapse	
Towards the end of the accounting year, the failure of Silicon Valley Bank and Signature Bank could negatively impact investments who have significant exposure to either bank, particularly accounts held with them.	The Investment Adviser's close relationship with the investee companies allows it to assess its exposure to different Banks. The Investment Adviser has implemented a number of mitigating factors in order to mitigate risk, including: - Ensuring portfolio companies operate at least two bank accounts with top tier institutions; and - Ensuring portfolio companies include a treasury management and banking exposure risk item within investee board packs.

Viability statement

In accordance with Corporate Governance best practice, the Directors have carried out a robust assessment of the emerging and principal risks facing the Company over a longer period than the 12 months required by the 'Going Concern' provision.

The Board carried out a robust assessment of the emerging and principal risks facing the Company and its current position, including risks which could adversely affect its business model, future performance, solvency or liquidity and focused on the major factors which impact the economic, regulatory and political environment. The principal and emerging risks faced by the Company and the procedures in place to mitigate and monitor them are set out on pages 26 to 28.

The Board has conducted this review for a period of five years from the accounts approval date as developments are considered to be reasonably foreseeable over this period and is considered reasonable for a business of its nature and size as well, as the period being the minimum expected holding period. The five-year review considers the principal risks facing the Company, which are summarised within note 16, as well as the Company's cash flows, dividend cover and VCT monitoring compliance over the period. This includes the potential impact of the coronavirus pandemic, emerging risks noted on page 28 and any other risks which may adversely impact its business model, future performance, solvency or liquidity. The five-year review makes assumptions about the normal level of capital recycling likely to occur, expenses, dividends and share buybacks.

The Board has considered the Company's cashflow projections and found these to be realistic and reasonable.

The Directors believe that the Company is well placed to manage its business risks successfully.

Based on the results, the Board believes that, taking into account the Company's current position, and subject to the emerging and principal risks faced by the business, the Company will be able to continue in operation and meet its liabilities as they fall due for a period of at least five years from the accounts approval date.

Business model

The Company operates as a Venture Capital Trust to ensure that its Shareholders can benefit from the tax reliefs available. The Business of the Company is to act as an investment company, investing in a portfolio which meets the conditions set out within its Investment Policy, as shown below.

Investment policy

Quantitative analysis of how the Company has operated in accordance with its investment policy are shown in the Review of Investments on pages 14 to 22 and in the VCT compliance section of this report on page 35.
The Company's investment policy is as follows:

Asset allocation
The Company will seek to maintain a minimum of 80% of its funds invested in VCT qualifying investments, with the balance held in non-qualifying investments. New funds raised will initially be held in non-qualifying investments and cash and will gradually be invested in VCT qualifying investments over a two to three-year period.

VCT qualifying investments
The Company seeks to hold a portfolio of VCT qualifying investments as follows:

Investment type	Target	Maximum	Target IRR
Growth	40%-100%	100%	15% and above
Yield focused	0%-60%	100%	10%

Growth investments will be in companies with prospects for high capital growth, reflecting higher risk, predominantly focusing on:

- investments in unquoted companies where there are reasonable prospects of a trade sale or clear exit strategy over a five to seven-year time horizon and the prospects of a reasonable level of capital growth. Start-ups will not generally be considered, although the fund may consider investments in early-stage companies offering higher risk and higher potential returns; and
- companies already quoted on AIM, the Aquis Stock Exchange Growth market or the Main Market of the London Stock Exchange, or being admitted to AIM, the Aquis Stock Exchange Growth market or the Main Market of the London Stock Exchange.

Yield focused investments will generally be in unquoted businesses (although this may include some quoted businesses), with a preference for companies which, subject to prevailing VCT rules, own substantial assets.

These investments may be structured such that they comprise of loan stock and/or preference shares.

Some investments may exhibit features of both of the above categories.

Non-Qualifying Investments
Non qualifying investments invested after 5 April 2016 will only be made in the following categories:

- Shares or units in an AIF (Alternative Investment Fund) e.g. an investment trust or in a UCITS (undertakings for the collective investment in transferable securities) e.g. an OEIC (open ended investment company) which may be repurchased or redeemed by the investor on no more than 7 days' notice; and
- Ordinary shares or securities in a company which are acquired on a European regulated market e.g. in companies with shares listed on the main market of the London Stock Exchange.

The existing non-qualifying portfolio includes investments made before 5 April 2016 within the following categories:

- Non-qualifying listed investments which are in quoted companies where the holdings can be traded and in companies in which the Investment Adviser has detailed knowledge as a result of VCT qualifying investments made previously;
- Secured loans which are secured on assets held by the borrower; and
- Non-qualifying unquoted investments which will generally not exceed 5% of the overall fund.

In addition to the above, the Company may hold non-qualifying funds in cash or bank deposits, which fall within the VCT rules.

The allocation between asset types in the non-qualifying portfolio will vary depending upon opportunities that arise, with any one asset class having a maximum exposure of 100% of the non-qualifying portfolio.

Risk diversification
The Directors will control the overall risk of the Company. The Investment Adviser will ensure the Company has exposure to a diversified range of VCT qualifying investments from different sectors and no more than 15% of the Company's funds in any one company or any one issue of fixed income securities.

Venture Capital Trust Regulations
In continuing to maintain its VCT status, the Company complies with a number of regulations as set out in Part 6 of the Income Tax Act 2007 VCT Rules.

Borrowing Policy
It is not the Company's intention to have any borrowings. The Company does, however, have the ability to borrow a sum equal to no more than 10% of the aggregate amount paid up on the issued share capital of the Company plus the amounts standing to the credit of the consolidated reserves of the Company.

At 31 March 2023, the maximum amount of borrowings allowed, without the previous sanction at a General Meeting, stood at £9.2 million. There are no plans to utilise this ability at the current time.

Performance incentive fees

Foresight Group LLP is entitled to receive a performance incentive fee equal to 20% of the realised gains on any exit from new investments made since 1 April 2019 ("New Investments") where, and to the extent that, the following conditions are met:

(a) The Internal Rate of Return ("IRR") of all New Investments at the year-end exceeds the hurdle of 5% per annum (based on audited valuations and including realised and unrealised gains and losses and all investment income, measured from 1 April 2019 ("IRR Hurdle"); and
(b) The Total Return per share at the year-end exceeds the Base Value per share ("Base Value Hurdle"). The Base Value per Share is set at the Total Return per share (NAV plus dividends paid since the date of the merger) as at 31 March 2019, being 109.8p per Share.

If any amount is not paid in a year when an investment is realised because the IRR Hurdle and/or Base Value Hurdle are not met, such amounts are deferred and can be paid in a future year if and when the IRR Hurdle and Base Value Hurdle are both met again. Additionally, the amounts payable under this proposed scheme are only paid to the extent that the IRR Hurdle and Base Level are exceeded, and no payment will be made which would cause either hurdle to cease to be met.

As the hurdles have not been met, no fee is due to be paid in respect of the year ended 31 March 2023.

Statement on s172

Under section 172 of the Companies Act 2006, the Board have a duty to promote the success of the Company, and when making decisions for the long term, have regard to a range of matters including:

- the likely consequences of any decision in the long term;
- the interest of the Company's employees;
- the need to foster the Company's business relationships with suppliers, customers and others;
- the impact of the Company's operations on the environment and community;
- the desirability of the Company maintaining a reputation for high standards of business conduct; and
- the need to act fairly between Shareholders of the Company.

However, the Company has no employees (other than its directors) and no customers in the traditional sense. It is normal practice for Venture Capital Trusts to delegate authority for day-to-day management and administration of the Company to third parties. The Board will then engage with the third parties in setting, approving and overseeing the execution of the business strategy and related policies. In accordance with the Company's nature as a Venture Capital Trust, the Board's principal concern has been, and continues to be, the interest of the Company's Shareholders taken as a whole, as well as continuing to monitor portfolio management in light of the Company's objectives.

In addition to this, the Board has a responsible governance culture and has due regard for broader matters so far as they apply including the expectations of its regulators. Specifically, the Board engages with the Investment Adviser at every Board meeting where it will review the financial and operational performance, as well as legal and regulatory compliance.

The Board also reviews its relationships with other service providers at least annually as well as other areas over the course of the financial year including the Company's key risks; stakeholder-related matters; diversity and inclusivity; environmental matters; and corporate responsibility and governance.

Strategic Report (continued)

Statement on s172 (continued)

The Investment Adviser regularly engages with major shareholders, by producing half yearly reports and reporting back to the Board. The Board also encourage all Shareholders to attend the AGM and welcomes any other communications from Shareholders. Its main stakeholders therefore comprise of the shareholders, the Investment Adviser, other service providers and investee companies. The principal decisions made or approved by the Directors during the year are as follows. Principal decisions have been defined as those that have a material impact to the Company and its key stakeholders:

Dividend declarations

The Directors target an annual dividend of at least 4% of net assets per annum, subject to sufficient distributable reserves and capital resources. The Board closely monitor the level of dividends and propose to pay a final dividend of 1.0 pence per share which will result in total dividends for the financial year of 2.5 pence per share, equivalent to 4.1% based on the opening net asset value.

Launch of top up offer for subscription

At the end of October 2022, the Company launched a new Prospectus offer in order to provide additional funds for further investment activity. The offer has raised £1.5 million to date and is scheduled to close on 31 July 2023.

Change of Investment Adviser

With effect from 4 July 2022, Foresight Group LLP ("Foresight") was appointed as Investment Adviser to the Company following agreement by the Company's former Investment Adviser, Downing LLP, to sell its non-healthcare ventures division to Foresight in a transaction that completed on 4 July 2022.

Following the completion of the transaction, the Company changed its name, on 2 September 2022, from Downing ONE VCT plc to Thames Ventures VCT 1 plc to recognise the change of Investment Adviser.

Communication with Shareholders

The Board communicates with its shareholders in a number of ways including, but not limited to:

- through the Company's annual and half yearly reports;
- regulatory announcements;
- information on the Company's website; and
- the Annual General Meeting.

The Board continues to encourage all Shareholders to attend the AGM and welcomes communication form Shareholders. The Board is pleased to continue to hold the 2023 AGM in person at the Investment Adviser's office to facilitate this interaction. In person AGMs will continue, where possible, to allow Shareholders to ask questions and hear updates from the Board and Investment Adviser.

Global greenhouse gas emissions

The Company has no greenhouse emissions to report from its operations, nor does it have responsibility for any other emission producing sources under the Companies Act 2006 (Strategic Report and Director's Reports) Regulations 2013.

Climate-related matters

The FCA reporting requirements consistent with the Task Force on Climate-related Financial Disclosures ("TCFD") do not currently apply to the Company. The Board and Investment Adviser acknowledges the recommendations which will be reviewed over future periods.

Environmental, social, and human rights policy

The Company seeks to conduct its affairs responsibly. Where appropriate, the Board and the Advisers take environmental, social and human rights factors into consideration when making investment decisions. Further details on the Investment Advisers approach to responsible investment can be found on pages 23 to 25.

Strategic Report (continued)

Share capital

The Board has authority to make market purchases of the Company's own shares. This authority for up to 14.9% of the Company's issued share capital was granted at the last AGM.

A resolution will be put to Shareholders to renew this authority at the forthcoming AGM.

The capital structure of the Company is disclosed on page 34.

Directors and senior management

The Company does not have any employees, including senior management, other than the Board of the five non-executive directors, all of whom are male.

Whilst the Board have delegated the day-to-day operation of the Company to its advisers, details of which are contained within the Report of the Directors, they retain the responsibility of planning, directing, and controlling the activities of the Company.

Future prospects

The Company's future prospects are set out in the Chairman's Statement and Investment Adviser's Report.

By order of the Board

GWhitehouse

Grant Whitehouse
Company Secretary
St. Magnus House
3 Lower Thames Street
London EC3R 6HD

26 July 2023

Report of the Directors

The Directors present the Annual Report and Accounts of the Company for the year ended 31 March 2023.

Share capital

At the beginning of the year, the Company had 177,567,399 Ordinary Shares of 1p each in issue.

The Company allotted 2,805,245 Ordinary shares at an average price of approximately 62.9p per Ordinary Share under the terms of the Offers for Subscription.

A further 1,609,155 Ordinary Shares at an average price of 58.6p per Ordinary Share were allotted under the terms of the Dividend Reinvestment Scheme ("DRIS").

At the AGM held on 15 August 2022, Shareholders unconditionally authorised the Company to make market purchases of its own Ordinary shares of 1p each, up to a maximum of 26,876,702 Ordinary Shares, representing 14.9% of the share capital in issue at the date of the last Annual Report. At the date of this report, authority remains in place for 22,336,678 Ordinary Shares. A resolution to renew the authority to buy back up to approximately 14.9% of the share capital at the date of this report will be put to Shareholders at the AGM taking place on 1 September 2023.

During the year, the Company repurchased 4,540,024 Ordinary Shares of 1p each for average consideration of 54.8p per share, representing 2.6% of shares in issue at the date of the last Annual Report. These shares were subsequently cancelled.

At the year end, the Company had 177,441,775 Ordinary Shares in issue. There were no other share classes in issue at the year end.

Results and dividends

	£'000	Per Share
Loss on ordinary activities after tax for the year ended 31 March 2023	(11,730)	(6.5p)
Distributions paid/proposed for the year		
11 January 2023 – 2023 Interim	2,699	1.5p
15 September 2023 – 2023 Final	1,799	1.0p
	4,498	2.5p

The Company has a stated target for annual dividends of at least 4% of net assets per annum. In respect of the year under review this is equivalent to 2.1p.

The Board is proposing a final dividend of 1.0p per share to be paid, subject to Shareholder approval at the AGM, on 15 September 2023 to Shareholders on the register at 11 August 2023, which will result in total dividends for the financial year of 2.5 pence per share (2022: 3.0 pence per share).

Investment adviser and administration manager

With effect from 4 July 2022, Foresight Group LLP ("Foresight") was appointed as Investment Adviser to the Company following agreement by the Company's former Investment Adviser, Downing LLP, to sell its non-healthcare ventures division to Foresight in a transaction that completed on 4 July 2022. As a result, the investment advisory agreement was novated from Downing to Foresight on completion of the sale. Foresight Group LLP was appointed for a fee payable quarterly in advance in respect of each quarter, such quarterly fee being equal to one quarter of 2.0% of the Net Asset Value of the Company as at the opening of business on the first business day of that quarter. The agreement is not for a fixed term and may be terminated by either side giving not less than 12 months' notice in writing. During the year the investment management fees amounted to £1.6 million (2022: £2.1 million). The fees payable by the Company to the Investment Adviser are allocated 50% to revenue and 50% to capital. This allocation may be reviewed in the future as the focus of the portfolio changes.

Foresight Group LLP also receives arrangement and monitoring (non-executive directorship) fees from the investee companies. During the year, Foresight was due arrangement fees of £30,743 (2022: £58,000 due to Downing LLP) and monitoring fees of £117,850 (2022: £697,000 due to Downing LLP). For the period from 1 April 2022 to 4 July 2022, Downing LLP was due arrangement fees of £28,544 and monitoring fees of £68,087. Where fees also relate to investments made by other funds managed by Foresight and Downing, the fees have been apportioned accordingly.

Investment adviser and administration manager (continued)

In addition, Foresight also provides administration services to the Company for an annual fee which is calculated as follows:

- £40,000 (which is subject to an RPI annual increase, if positive); plus
- 0.125% of the Net Asset Value of the Company in excess of £10 million; plus
- £10,000 per additional share class of the Company (excluding the Ordinary Share class).

During the year, fees for administration services amounted to £158,000, with £29,000 payable to Downing LLP (2022: £166,000 payable to Downing LLP).

If the Company undertakes any significant corporate actions (including the raising of additional capital), Foresight shall be entitled to negotiate an additional fee or increased fee to take account of any significant additional work occasioned for the Company Secretary and bookkeeper by that corporate action.

Ongoing trail fee

The Company has an agreement to pay an ongoing trail fee annually to the investment adviser, in connection with funds raised under original offers for subscription out of which there is an obligation to pay trail commission to intermediaries. The ongoing trail fee is calculated between 0.25% and 0.50% of the net assets attributable at the year end to the shareholdings which have arisen from each fundraising offer.

Annual running costs cap

The Ongoing Charges figure (calculated in accordance with the AIC's methodology) is an Alternative Performance Measure used by the Board to monitor expenses. The annualised Ongoing Charges figure was 2.3% for the year ended 31 March 2023.

Foresight Group LLP provides a cap on the annual running costs of the Company. Any annual running costs above this level are met by Foresight Group LLP. The cap is set at 2.6% of nets assets per annum. The annual running costs cap for this purpose is calculated based on the net asset value at the end of each quarter and certain costs are excluded such as fees in connection with the listing of the Company's shares and AIC membership fees.

Directors

The Directors of the Company during the year were as follows:

Chris Kay (Chairman)
Chris Allner
Barry Dean
Atul Devani (appointed 12 December 2022)
Stuart Goldsmith

The AIC Code recommends that all directors offer themselves for re-election. Chris Kay, Barry Dean and Chris Allner will each retire and offer themselves for re-election by Shareholders at the forthcoming AGM. Atul Devani will offer himself for re-election, this being the first AGM since his appointment. Stuart Goldsmith will not stand for re-election at the next AGM. Each of the Directors has continued to make a valuable contribution during the year and is expected to continue to drive the Company's long-term success.

Each of the Directors have entered into an agreement for services whereby they are required to devote such time to the affairs of the Company as the Board reasonably requires, consistent with their role as a non-executive Director, and is subject to a three-month termination notice on either side.

Appointments of new Directors to the Board are considered by the Nomination Committee as and when required.

The Company provides Directors' and Officers' liability insurance, giving appropriate cover for legal action brought against its directors, and has also agreed to indemnify the directors in circumstances where they are not considered to be culpable. The indemnity, which is a qualifying third-party indemnity provision for the purpose of the Companies Act, is for the benefit of all of the Company's current directors.

VCT compliance

The Company has retained Philip Hare & Associates LLP ("Philip Hare") to advise it on compliance with VCT requirements, reporting directly to the Board. Philip Hare works closely with the Investment Adviser; undertaking reviews of the VCT compliance status of new investment opportunities; providing regular compliance updates on the Company's existing portfolio of investments and providing advice on VCT compliance issues as and when they arise.

Report of the Directors (continued)

VCT compliance (continued)

A summary of the VCT Regulations is included in the Company's Investment Policy as shown on page 29. Compliance with the main VCT regulations at 31 March 2023, and for the year then ended, is summarised as follows:

1.	80.0% of its investments in qualifying companies (Company as a whole);	87.4%
2.	At least 70.0% of the Company's qualifying investments in "eligible shares" (investments made prior to 6 April 2018 from funds raised before 6 April 2011 are excluded);	94.3%
3.	At least 10.0% of each investment in a qualifying company held in "eligible shares";	Complied
4.	No investment constitutes more than 15.0% of the Company's portfolio;	Complied
5.	Income for the year ended 31 March 2023 is derived wholly or mainly from shares and securities; and	100.0%
6.	The Company distributes sufficient revenue dividends to ensure that no more than 15% of the income from shares and securities, in any one year, is retained.	Complied

Substantial interests

As at 31 March 2023, and at the date of this report, the Company was not aware of any beneficial interests exceeding three per cent of the issued share capital.

Auditor

A resolution to re-appoint BDO LLP as the Company's auditor will be proposed at the forthcoming AGM.

Annual General Meeting

The AGM will be held at Foresight Group LLP, The Shard, 32 London Bridge Street, London, SE1 9SG at 12:00 p.m. on 1 September 2023. Full details are included in the Notice of the AGM at the end of this document.

Directors' responsibilities statement

The Directors are responsible for preparing the Strategic Report, the Report of the Directors, the Directors' Remuneration Report, the separate Corporate Governance Statement and the financial statements in accordance with applicable law and regulations. They are also responsible for ensuring that the annual report includes information required by the Listing Rules of the Financial Conduct Authority.

Company law requires the directors to prepare financial statements for each financial year. Under that law, the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 102, the financial reporting standard applicable in the UK and Republic of Ireland (FRS 102). Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with applicable UK Accounting Standards, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business; and
- prepare a Directors' Report, Strategic Report and Directors' Remuneration Report which comply with the requirements of the Companies Act 2006.

Report of the Directors (continued)

Directors' responsibilities statement (continued)

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions, and to disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006.

They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In addition, each of the directors is responsible for ensuring that the Annual Report, taken as a whole, is fair, balanced and understandable and provides the information necessary to assess the Company's position, performance, business model and strategy.

Website publication

The directors are responsible for ensuring the annual report and the financial statements are made available on a website. Financial statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the directors. The directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Directors' statement pursuant to the Disclosure and Transparency Rules

Each of the directors, whose names and functions are listed on page 2, confirms that, to the best of each person's knowledge:

- the financial statements, prepared in accordance with United Kingdom Generally Accepted Accounting Practice, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company; and
- the Annual Report, comprising the Chairman's Statement, the Strategic Report, the Investment Adviser's Report, the Review of Investments and the Report of the Directors, includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that it faces.

Electronic publication

The financial statements are published on www.foresightgroup.eu, a website maintained by the Investment Adviser. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

Corporate governance

The Company's compliance with, and departures from, the Association of Investment Companies Code of Corporate Governance (AIC Code, www.theaic.co.uk), is shown on page 46.

The Statement on Corporate Governance set out on pages 42 to 46 is included in the Report of the Directors by reference.

Streamlined Energy and Carbon Reporting ('SECR')

As the Company has no employees and primarily conducts its business at the London office of the Investment Adviser and administrator, Foresight Group LLP, the Company is not directly responsible for the consumption of electricity and gas in the UK, nor is the Company responsible for greenhouse gas emissions related to transport in the UK.

As the Company did not consume more than 40,000 kWh of energy during the year ended 31 March 2023, it has nothing to report under the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulation 2018.

Other matters

Information in respect of financial instruments and future developments which were previously disclosed within the Directors Report has been disclosed within the Strategic Report on pages 26 to 33.

Information in respect of greenhouse gas emissions, which is normally disclosed within the Report of the Directors has been disclosed within the Strategic Report on page 32.

Information on financial risk management including investment risks, credit risks and liquidity risks has been disclosed within the notes to the accounts in note 16.

Report of the Directors (continued)

Insurance cover

Directors' and Officers' liability insurance cover is held by the Company in respect of the directors.

Events after the end of the reporting period

Following the period end, the Company allotted 2,467,632 Ordinary Shares of 1p each under the terms of the offers for subscription. The aggregate consideration of the shares was £1.4 million.

Statement as to disclosure of information to the Auditor

The directors in office at the date of the report have confirmed that, as far as they are aware, there is no relevant audit information of which the Auditor is unaware. Each of the directors has confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the Auditor.

By order of the Board

G Whitehouse

Grant Whitehouse
Company Secretary
St. Magnus House
3 Lower Thames Street
London EC3R 6HD

26 July 2023

Directors' Remuneration Report

The Board has prepared this report in accordance with the requirements of Section 420 and 422 of the Companies Act 2006. A resolution to approve this report will be put to Shareholders at the Annual General Meeting.

Under the requirements of Section 497, the Company's Auditors are required to audit certain disclosures contained within the Report. These disclosures have been highlighted and the audit opinion thereon is contained within the Auditor's Report.

Annual statement from the Remuneration Committee

The Committee comprises Chris Kay, Barry Dean, Stuart Goldsmith, Atul Devani and Chris Allner. The remuneration levels are reviewed annually with the last remuneration committee meeting held on 24 February 2017.

Remuneration policy

Below is the Company's current remuneration policy which was last put to a Shareholder vote at the AGM in 2020.

In accordance with regulations, Shareholders must vote on the remuneration policy, for the financial year commencing after the AGM, every three years or sooner if the Company wants to make changes to the policy. Therefore, the policy will be put to Shareholders again at the 2023 AGM.

The Company's policy on directors' remuneration is to seek to remunerate board members at a level appropriate for the time commitment required and degree of responsibility involved for a self-managed Venture Capital Trust, where all investment decisions are made by the Board and where the non-executive directors are more closely involved with the investee companies than other similar VCTs.

Non-executive directors are not entitled to any performance related pay or incentive.

Directors' remuneration is guided by the Company's Articles of Association as follows:

(i) The ordinary remuneration of the directors shall not in aggregate exceed £150,000 per annum (or such higher sum as may from time to time be determined by an Ordinary Resolution) and shall be divided between the directors as they may agree or, failing agreement, equally, except that any director who shall hold office for part only of the period in respect of which such remuneration is payable shall be entitled only to rank in such division for a proportion of remuneration related to the period during which they held office. The directors shall also be entitled to be paid all travel, hotel and other expenses properly incurred by them in connection with the business of the Company, or in attending and returning from meetings of the directors or of committees of the directors or General Meetings or separate meetings of the holders of any class of shares or debentures of the Company or otherwise in connection with the discharge of their duties.

(ii) Any director who serves on any committee or who devotes special attention to the business of the Company, or who otherwise performs services which in the opinion of the directors are outside the scope of the ordinary duties of a director, may be paid such extra remuneration by way of salary, lump sum, percentage of profits or otherwise as the directors may determine.

The Company's policy is that fees payable to directors should reflect their expertise, responsibilities and time spent on Company matters. In determining the level of remuneration, market equivalents are considered in comparison to the overall activities and size of the Company. There is no performance related pay criteria applicable to directors.

Letters of appointment

Each of the directors on the current Board has a letter of appointment whereby they are required to devote such time to the affairs of the Company, as the Board reasonably requires, consistent with their role as a non-executive director. A three-month rolling notice period applies.

Annual report on remuneration (audited)

The following disclosure is required to be audited under the requirements of section 497. The audit opinion thereon is contained within the Auditor's Report on pages 47 to 53.

Directors' Remuneration Report (continued)

Annual report on remuneration (audited) (continued)

Directors' remuneration for the year under review was as follows:

	Current annual fee £'000	2023 fee £'000	% change in gross fee[1]	2022 fee £'000	% change in gross fee[2]
Chris Kay	45	45	-	45	-
Barry Dean	30	30	-	30	-
Stuart Goldsmith[4]	12	30	-	30	-
Chris Allner[5]	20	15	100%	nil	-
Atul Devani[3]	30	9	100%	n/a	-
	137	129		105	

[1]between the years ending 31 March 2023 and 31 March 2022
[2]between the years ending 31 March 2022 and 31 March 2021
[3]appointed 12 December 2022
[4]to retire at the upcoming AGM. Fee payable to 1 September 2023
[5]from 1 July 2022, Chris Allner is being paid an annual fee of £20,000 which is recharged to Downing LLP until 30 June 2024.

No other emoluments, pension contributions or life assurance contributions were paid by the Company to, or on behalf of, any Director. The Company does not have any share options in place.

Statement of implementation of remuneration policy in the current financial year

The remuneration levels for the forthcoming year have been agreed at the following levels:

	Annual fee £
Chris Kay	45,000
Barry Dean	30,000
Stuart Goldsmith[2]	12,000
Chris Allner[1]	20,000
Atul Devani[3]	30,000
	137,000

[1]as part of the transfer of the investment advisory agreement to Foresight, from 1 July 2022 Chris Allner is being paid an annual fee of £20,000 which is rechargeable to Downing LLP until 30 June 2024
[2]to retire at the upcoming AGM. Fee payable to 1 September 2023.
[3]appointed 12 December 2022

Directors share interests (audited)

The Directors of the Company during the year and their beneficial interest in the issued Ordinary Shares, at each year end, were as follows:

	31 March 2023	31 March 2022
Chris Kay	83,300	83,300
Chris Allner	16,736	16,736
Barry Dean	7,129	7,129
Atul Devani	27,624	n/a
Stuart Goldsmith	7,881	7,881

There have been no changes in Directors' shareholdings since the year end.

Statement of voting at AGM

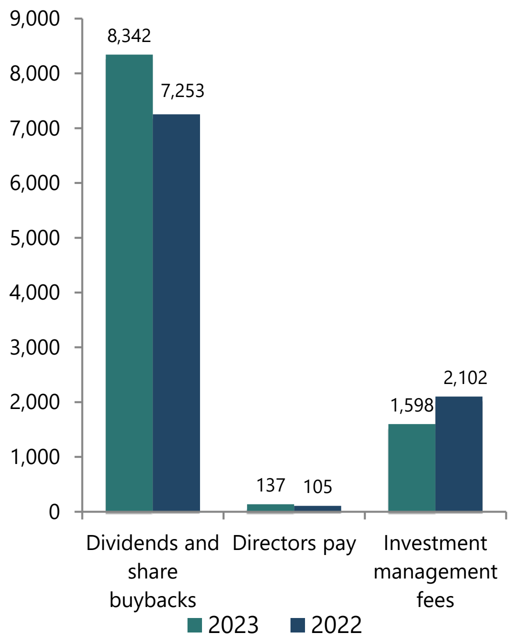
At the AGM on 15 August 2022, the votes in respect of the resolution to approve the Director's Remuneration Report were as follows:

In favour	94.8%
Against	5.2%

At the 2020 AGM, where the remuneration policy was last put to a Shareholder vote, 92.4% voted for the resolution and 7.6% voted against, showing significant Shareholder support.

Relative importance of spend on pay

The difference in actual spend between 31 March 2023 and 31 March 2022 on remuneration for all employees, in comparison to distributions (dividends and share buybacks) and other significant spending, are set out in the tabular graph below.



Directors’ Remuneration Report (continued)

Performance graph

The graph below charts the total cumulative Shareholder return of the Company (assuming all dividends are re-invested) (“NAV Total Return”) and Total Return of the Company’s Share Price (“Share Price Total Return”) over the past 10 years, compared to the FTSE AIM All Share Index, each of which has been rebased to 100 pence.

Shareholders should note that the Company has undergone some substantial changes over that period.

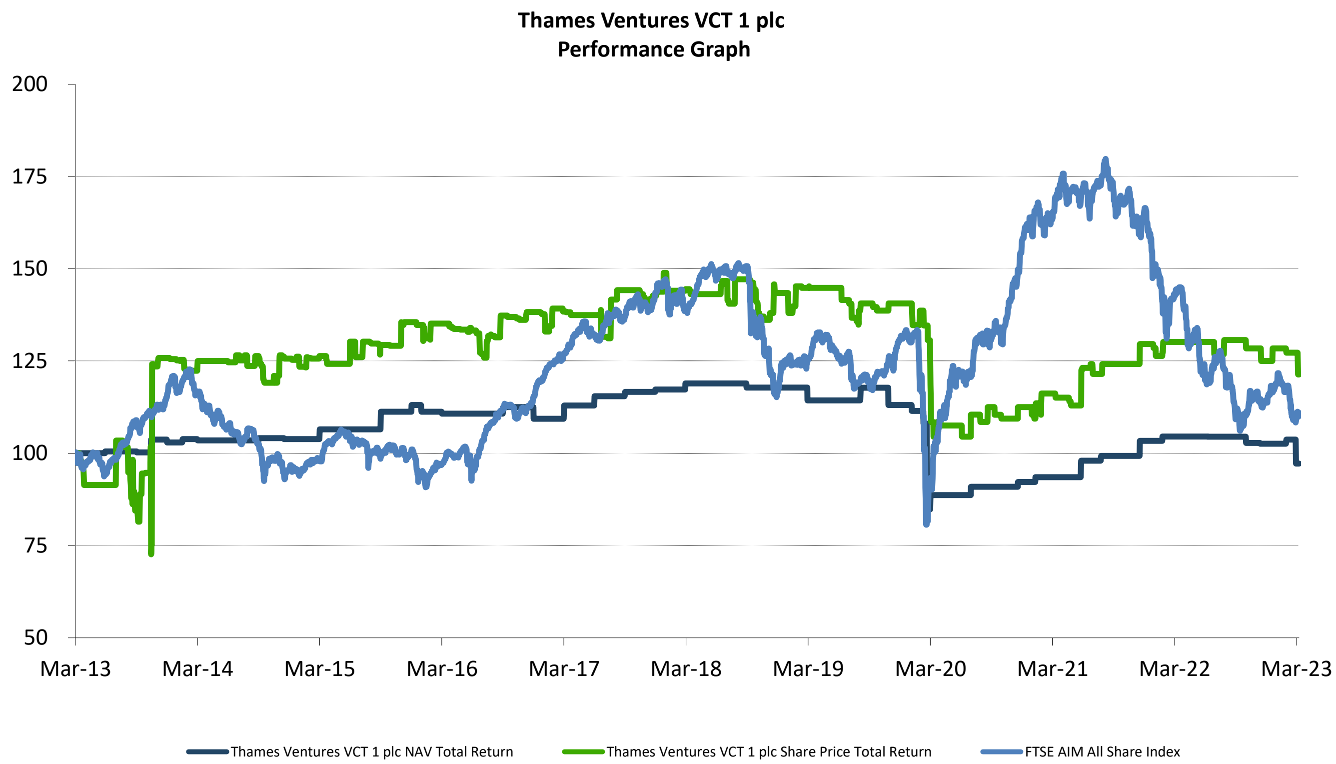
The Board believes that NAV Total Return provides Shareholders with a fairer reflection of the Company’s long-term value than the Company’s share price, due to the long-term nature of an investment in Venture Capital Trust shares. The FTSE AIM All Share Index (“FTSE Index”) is not a benchmark for the Company and its components include a much broader range of quoted investments than the Company is able to invest in.

The FTSE Index also does not include exposure to unquoted asset-backed investments of which the Company also holds a significant proportion. As a result, the Company’s performance is not expected to be closely correlated to the FTSE Index. However, of the publicly available indexes that can be used by the Company without incurring disproportionate costs, the FTSE Index is considered to be the most appropriate broad equity market index to use for this chart.

By order of the Board

Grant Whitehouse
Company Secretary
St. Magnus House
3 Lower Thames Street
London EC3R 6HD

26 July 2023



Corporate Governance Statement

The Directors support the relevant principles of the Association of Investment Companies Code of Corporate Governance (AIC Code), being the principles of good governance and the code of best practice, as set out in the annex to the Listing Rules of the UK Listing Authority. The AIC Code addresses the Principles and Provisions set out in the UK Corporate Governance Code (UK Code) as well as setting out additional Provisions. The Board considers that reporting against principles and recommendations of the AIC Code will provide better information to Shareholders.

The Board

At the date of this report, the Company has a Board comprising of five non-executive Directors. The Chairman is Chris Kay. The Company does not have a Senior Independent Director. Biographical details of all current Board members (including the significant commitments of the Chairman) are shown on page 2.

The Board has assessed the independence of each of the Directors, all of which are considered to be independent, with the exception of Chris Allner, in accordance with the provision and recommendations set out in the AIC code.

In accordance with Company policy and corporate best practice, Chris Kay, Barry Dean, Chris Allner and Atul Devani offer themselves for re-election at the forthcoming AGM.

Full Board meetings take place quarterly and the Board meets or communicates more regularly to address specific issues. The Board has a formal schedule of matters specifically reserved for its decision which includes but is not limited to considering recommendations from the Investment Adviser; and reviewing, annually, the terms of engagement of all third-party advisers (including the Investment Adviser). The Board has also established procedures whereby Directors wishing to do so in the furtherance of their duties, may take independent professional advice at the Company's expense.

All Directors have access to the advice and services of the Company Secretary. The Company Secretary provides the Board with full information on the Company's assets and liabilities and other relevant information requested by the Chairman in advance of each Board meeting.

Committees to the Board

As the Company has a small Board comprising wholly of non-executive Directors, all Directors sit on the Nomination, Remuneration and Audit Committees.

The Chairman of the Nomination and Remuneration Committees is Barry Dean. The Chairman of the Audit Committee during the period was Stuart Goldsmith. Following the period end, Atul Devani has agreed to be Chairman of the Audit Committee following the retirement of Stuart Goldsmith. Committee meetings are held in conjunction with the Board meetings. All committees have defined terms of reference and duties, which are available from www.foresightgroup.eu.

Board and Committee meetings

The following table sets out the Directors' attendance at the Board and Committee meetings held during the year.

	Board meetings attended	**Audit Com. meetings attended**	**Nom. Com. meetings attended**
Chris Kay	4/4	2/2	1/1
Barry Dean	4/4	2/2	1/1
Stuart Goldsmith	4/4	2/2	1/1
Chris Allner	4/4	2/2	1/1
Atul Devani	2/2	1/1	-

The Board also meets as and when required during the year to discuss other matters arising.

Audit Committee

The Audit Committee is responsible for:

- monitoring the Company's financial reporting and any formal announcements relating to the company's financial performance;
- providing advice on whether the annual report and accounts, taken as a whole, are fair balanced and understandable;
- reviewing internal controls and risk management systems; and
- matters regarding audit and external auditors.

Financial Reporting
The Committee is responsible for reviewing and agreeing the half-yearly and annual accounts (including those figures presented within) before they are presented to the Board for final approval. In particular, the Committee reviews, challenges (where appropriate) and agrees the basis for the carrying value of the unquoted investments, as prepared by the Investment Adviser, for presentation within the half-yearly and annual accounts.

The Committee also takes into careful consideration comments on matters regarding valuation, revenue recognition and disclosures arising from the Auditors Report to the Audit Committee as part of the finalisation process for the Annual Accounts.

The Committee has considered the whole Annual Report for the year ended 31 March 2023 and has reported to the Board that it considers it to be fair, balanced and understandable, providing the information necessary for shareholders to assess the Company's performance, business model and strategy.

Internal audit and control
The Committee has considered the need for an internal audit function and has concluded that at the present time this would not be appropriate for a company of this size and structure. The Committee seeks to satisfy themselves that there is a proper system and allocation of the responsibilities for the day-to-day monitoring of financial controls by receiving representations and information (either upon request or voluntarily) from the Investment Adviser. This is covered more fully under Risk Management and Internal Control on page 45.

Whistleblowing procedures
As the Company has no staff, other than directors, there are no procedures in place relating to whistleblowing. The Audit Committee understands that the Investment Adviser has whistleblowing procedures in place.

External auditor
The Committee reviews and agrees the audit strategy paper, presented by the Auditor in advance of the audit, which sets out the key risk areas to be covered during the audit, confirms their status of independence and includes the proposed audit fee. The Committee confirms that the main area of risk for the year under review is valuation of unquoted investments. The Committee also carefully examines the treatment of quoted investments and loan stock interest revenue recognition.

The Committee, after taking into consideration comments from the Investment Adviser, Foresight Group LLP, regarding the effectiveness of the audit process; immediately before the conclusion of the annual audit, will recommend to the Board either the re-appointment or removal of the auditors.

Under the Competition and Markets Authority regulations, there is a requirement that an audit tender process be carried out every ten years and mandatory rotation at least every twenty years. The last audit tender took place for the year ended 31 March 2015 and therefore mandatory tender will be required not later than after the year ending 31 March 2024.

Following assurances received from the Investment Adviser at the completion of the audit for the year to 31 March 2023, and taking discussions held with the Engagement Partner at BDO LLP into consideration, the Committee has recommended they be re-appointed at the forthcoming AGM.

Non audit services
The Committee will approve the provision of ad-hoc work and maximum expected fee before being undertaken, to ensure the Auditors objectivity and independence are safeguarded.

Nomination Committee
The Nomination Committee's primary function is to make recommendations to the Board on all new appointments and also to advise generally on issues relating to the Board composition and balance. Before any appointment is made by the Board, the Committee shall evaluate the balance of skills, knowledge, and experience, and consider candidates based on merit, against objective criteria, and with due regard for the benefits of diversity on the Board. Atul Devani was appointed as a director on 12 December 2022.

Corporate Governance Statement (continued)

Director tenure policy

Given the size of the Company and the complexity of the VCT regulations, the Board does not impose a limit in respect of the tenure of the Company's non-executive Directors. In accordance with the Company's Director tenure policy and corporate governance best practice, Directors are subject to annual re-election.

Diversity policy

The Board is committed to ensuring that the Company is run in the most effective manner. It seeks to have a Board with a diverse set of skills and experience that is well placed to oversee and challenge the Investment Adviser. When considering a new appointment, the Board's key responsibility is to ensure that Shareholders are safeguarded by appointing the most appropriate person for the position, (irrespective of gender, race, age) giving due regard to past and present experience in the sectors in which the Company invests. The Company therefore does not have a specific diversity policy in place.

The current directors are all male and 80% of white British ethnicity and 20% of Asian British ethnicity. The Board acknowledges whilst it has at least one member with an ethnic minority background it does not yet meet the Listing Rules target of having at least 40% of the Board comprising of female members. The Board will be mindful of this in any future recruitment plans.

Remuneration Committee

The Remuneration Committee meets as required, to discuss the existing levels of remuneration for the non-executive Directors, and whether they reflect the time commitment and responsibilities of the positions and are comparable with industry standards. Where deemed necessary, they will recommend adjustments to the remuneration levels. The Committee did not meet during the year.

Board performance evaluation

The Company operates an annual process for the evaluation of the performance of the Board, each of its committees and of the non-executive Directors.

The evaluation is undertaken using a questionnaire which covers a broad range of topics, including how the Board conducts its business and how it discharges its responsibilities. Further questions address the evaluation of the Chairman's performance.

The responses to the questionnaire were summarised by the Company Secretary and passed to the Chair of the Remuneration Committee. Any matters arising were then discussed with the non-executive directors as appropriate.

Anti-bribery policy

The Company operates an anti-bribery policy to ensure that it meets its responsibilities arising from the Bribery Act 2010. This policy can be found on the website maintained by the Investment Adviser at www.foresightgroup.eu.

Relations with Shareholders

Shareholders have the opportunity to meet the Board at the AGM. The Board is also happy to respond to any written queries made by Shareholders during the course of the year, or to meet with Shareholders if so requested. As disclosed in the Report of the Directors, there were no Shareholders with a substantial interest in the Company at the year-end or at the date of this report.

In addition to the formal business of the AGM, representatives of the management team and the Board are available to answer any questions a Shareholder may have. Separate resolutions are proposed at the AGM on each substantially separate issue. The Company's registrar collates proxy votes, and the results (together with the proxy forms) are forwarded to the Company Secretary immediately prior to the AGM. Proxy votes are announced at the AGM, following each vote on a show of hands, except in the event of a poll being called, and are published immediately following the AGM. Shareholders have the opportunity to vote on the resolutions proposed at the AGM using the proxy form, or electronically online. The notice of the next AGM can be found at the end of these financial statements and a proxy form is included with Shareholders' copies of this Annual Report. The conditions of appointment of non-executive Directors are available to Shareholders upon request.

Corporate Governance Statement (continued)

Financial reporting

The Directors' Statement of Responsibilities for preparing the accounts is set out in the Report of the Directors on page 36, and a statement by the Auditor about their reporting responsibilities is set out in the Independent Auditor's Report on page 52.

Risk Management and Internal control

The Board has adopted an Internal Control Manual ("Manual") for which it is responsible, which has been compiled in order to comply with the AIC Code. The Manual is designed to provide reasonable, but not absolute, assurance against material misstatement or loss, which it achieves by detailing the perceived risks and controls to mitigate them. The Board reviews the perceived risks, in line with relevant guidance, on an annual basis and implements additional controls as appropriate.

The Board is responsible for ensuring that the procedures to be followed by the Company's advisers and Directors are in place, and they review the effectiveness of the Manual, based on the report from the Audit Committee, on an annual basis to ensure that the controls remain relevant and were in operation throughout the year.

Although the Board is ultimately responsible for safeguarding the assets of the Company, the Board has delegated, through written agreements, the day-to-day operation of the Company (including the financial reporting process) to Foresight Group LLP.

Going Concern

The Company's business activities, together with the factors likely to affect its future development, performance and position, are set out in the Chairman's Statement on pages 3 to 5, the Investment Adviser's Report on pages 6 to 13 and the Strategic Report on pages 26 to 33. The financial position of the Company, its cash flows, liquidity position and borrowing facilities are shown in the Cash Flow Statement on page 57 and the Strategic Report on page 26. In addition, notes 13 and 16 to the financial statements include the Company's objectives, policies and processes for managing its capital; its financial risk management objectives, details of its financial instruments; and its exposures to credit risk and liquidity risk.

The Board have undertaken a review of the prospects of the Company over a 12-month period.

The major cash outflows of the Company (most notably investments, share buybacks and dividends) are within the Company's control. The Company has considerable financial resources at the year end and holds a diversified portfolio of investments. As a consequence, the Directors believe that the Company is well placed to manage its business risks successfully, despite the uncertain economic outlook.

In addition, the Directors have carried out a robust assessment of the principal risks facing the Company over a longer period than the 12 months required by the 'Going concern' provision, as set out in the viability statement on page 29.

The continued conflict in Ukraine and the impact of sanctions placed on Russian businesses and individuals recently passed its one-year anniversary. The Company has little direct exposure to the conflict in Ukraine and impact of sanctions placed on Russian business and individuals. The Investment Adviser works closely with all investee companies to ensure that they are well placed to assess the exposure of the business to the Ukraine conflict and associated developments. As a result, direct impact of the sanctions on the company's performance is not expected to be significant.

High inflation, particularly on wages and other costs has developed into an emerging risk. The Investment Adviser's close relationship with the investee companies allow it to ensure that the businesses properly assess the potential impact of increasing costs, particularly wages, and the extent to which these may or may not be able to be passed on to the end customer.

The Board believes that, currently, the net impact is at a manageable level and does not have a significant impact on the going concern of the Company.

Going Concern (continued)

After reviewing the Company's forecasts and projections, the Directors have a reasonable expectation that the major cash outflows of the Company (notably new investments, share buybacks and dividends) are within the Company's control and therefore the Board is confident that the current situation will not threaten the going concern status and are satisfied that the Company has adequate resources to continue in business for at least 12 months from the date of approval of these financial statements.

For this reason, the Board believes that the Company continues to be a going concern and that it is appropriate to continue to apply the going concern basis in preparing the financial statements

Compliance statement

The Listing Rules require the Board to report on compliance with the UK Corporate Governance Code throughout the accounting period. The preamble to the UK Corporate Governance Code does, however, acknowledge that some provisions may have less relevance for investment companies, adding that the AIC Code can assist in meeting the obligations under the UK Corporate Governance Code. With the exception of the limited items outlined below, the Company has complied throughout the accounting year ended 31 March 2023 with the provisions set out in the AIC Code of Corporate Governance.

a) The Company has no major Shareholders, so Shareholders are not given the opportunity to meet any new non-executive Directors at a specific meeting other than the Annual General Meeting. (5.2.3)

b) Due to the size of the Board and nature of the VCT's business, the Board considers it appropriate for the entire Board, including the chair, to fulfil the role of the nomination, audit and the remuneration committee. (7.2.22, 9.2.37, 8.2.29)

c) A Senior Independent Director has not been appointed. (6.2.14)

By order of the Board

G Whitehouse

Grant Whitehouse
Company Secretary
St. Magnus House
3 Lower Thames Street
London EC3R 6HD

26 July 2023

Independent Auditor's Report to the Members of Thames Ventures VCT 1 plc

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2023 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Thames Ventures VCT 1 plc (the 'Company') for the year ended 31 March 2023 which comprise the Income Statement; Statement of Changes in Equity; Balance Sheet; Cash Flow Statement; and Notes to the accounts, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit opinion is consistent with the additional report to the audit committee.

Independence

Following the recommendation of the audit committee, we were appointed by the Board of Directors for the audit of the financial statements for the year ended 31 March 2015. The period of total uninterrupted engagement including retenders and reappointments is 9 years, covering the years ended 31 March 2015 to 31 March 2023. We remain independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services prohibited by that standard were not provided to the Company.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included:

- Obtaining the VCT compliance reports prepared by management's expert during the year and as at year end and reviewing their calculations to check that the Company was meeting its requirements to retain VCT status;
- Consideration of the Company's expected future compliance with VCT legislation, the absence of bank debt, contingencies and commitments and any market or reputational risks;
- Reviewing the forecasted cash flows that support the Directors' assessment of going concern, challenging the Directors' assumptions and judgements made in the forecasts, and assessing them for reasonableness. In particular, we considered the available cash resources relative to the forecast expenditure which was assessed against the prior year for reasonableness; and
- Evaluating the Directors' method of assessing the going concern in light of market volatility.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In relation to the Company's reporting on how it has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' statement in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Independent Auditor's Report to the Members of Thames Ventures VCT 1 plc (continued)

Overview

		2023	2022
Key audit matters	Valuation of unquoted investments	**X**	X
Materiality	*Company financial statements as a whole* £1.380 million (2022: £1.915 million) based on 1.5% (2022: 1.75%) of Net assets		

An overview of the scope of our audit

Our audit was scoped by obtaining an understanding of the Company and its environment, including the Company's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Directors that may have represented a risk of material

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter		How the scope of our audit addressed the key audit matter
Valuation of unquoted investments Refer to the notes 2 and 10 within the audited Financial Statements	The unquoted investments consist of both equity and loan note investments. We consider the valuation of unquoted investments to be the most significant audit area as there is a high level of estimation uncertainty involved in determining the unquoted investment valuations. There is an inherent risk of management override arising from the unquoted investment valuations being prepared by the Investment Manager, who is remunerated based on the value of the net assets of the fund, as shown in note 3. For these reasons we considered the valuation of unquoted investments to be a key audit matter.	Our sample for the testing of unquoted investments was stratified according to risk considering, inter alia, the value of individual investments, the nature of the investment, the extent of the fair value movement and the subjectivity of the valuation technique. For all Investments in our sample we: Challenged whether the valuation methodology was the most appropriate in the circumstances under the International Private Equity and Venture Capital Valuation ("IPEV") Guidelines and the applicable accounting standards. We have recalculated the value attributable to the Company, having regard to the application of enterprise value across the capital structures of the investee companies. For investments sampled that were valued using less subjective valuation techniques (cost and price of recent investment reviewed for changes in fair value) we: • Verified the cost or price of recent investment to supporting documentation; • Considered whether the investment was an arm's length transaction through reviewing the parties involved in the transaction and checking whether or not they were already investors of the investee Company; • Considered whether there were any indications that the cost or price of recent investment was no longer representative of fair value considering, inter alia, the current performance of the investee company and the milestones and assumptions set out in the investment proposal; and • Considered whether the price of recent investment is supported by alternative valuation techniques.

Independent Auditor's Report to the Members of Thames Ventures VCT 1 plc (continued)

Key audit matters (continued)

Key audit matter		How the scope of our audit addressed the key audit matter
		For investments sampled that were valued using more subjective techniques (earnings multiples and revenue multiples forecasts) we: • Challenged and corroborated the inputs to the valuation with reference to management information of investee companies, market data and our own understanding and assessed the impact of the estimation uncertainty concerning these assumptions and the disclosure of these uncertainties in the financial statements; • Reviewed the historical financial statements and any recent management information available to support assumptions about maintainable revenues, earnings or cash flows used in the valuations; • Considered the revenue or earnings multiples applied and the discounts applied by reference to observable listed company market data; and • Challenged the consistency and appropriateness of adjustments made to such market data in establishing the revenue, cash flow or earnings multiple applied in arriving at the valuations adopted by considering the individual performance of investee companies against plan and relative to the peer group, the market and sector in which the investee company operates and other factors as appropriate. For a sample of loan note investments held at fair value included above, we: • Vouched security held to loan agreement • Considered the assumption that fair value is not significantly different to cost by challenging the assumption that there is no significant movement in the market interest rate since acquisition and considering the "unit of account" concept Where appropriate, we performed a sensitivity analysis by developing our own point estimate where we considered that alternative input assumptions could reasonably have been applied and we considered the overall impact of such sensitivities on the portfolio of investments in determining whether the valuations as a whole are reasonable and free from bias. *Key observations:* Based on the procedures performed we consider the investment valuations to be appropriate considering the level of estimation uncertainty.

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

Independent Auditor's Report to the Members of Thames Ventures VCT 1 plc (continued)

Our application of materiality (continued)

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole and performance materiality as follows:

	Company financial statements	
	2023	2022
Materiality	£1.380m	£1.915m
Basis for determining materiality	1.5% of Net assets	1.75% of Net assets
Rationale for the benchmark applied	In setting materiality, we have had regard to the nature and disposition of the investment portfolio. Given that the VCT's portfolio is comprised of unquoted investments which would typically have a wider spread of reasonable alternative possible valuations, we have applied a percentage of 1.5% of net assets.	In setting materiality, we have had regard to the nature and disposition of the investment portfolio. Given that the VCT's portfolio is comprised of unquoted investments which would typically have a wider spread of reasonable alternative possible valuations, we have applied a percentage of 1.75% of net assets.
Performance materiality	£1.035 million	£1.436 million
Basis for determining performance materiality	75% of materiality	75% of materiality
Rationale for the percentage applied for performance materiality	The level of performance materiality applied was set after having considered a number of factors including the expected total value of known and likely misstatements and the level of transactions in the year.	The level of performance materiality applied was set after having considered a number of factors including the expected total value of known and likely misstatements and the level of transactions in the year.

Lower testing threshold

We determined that for Revenue return before tax, a misstatement of less than materiality for the financial statements, could influence users of the financial statements as it is a measure of the Company's performance of income generated from its investments after expenses. As a result, we determined a lower testing threshold for those items impacting revenue return of £241,000 (2022: £280,000) based on 10% of expenditure (2022: 10% of expenditure).

Reporting threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of £69,000 (2022: £95,000). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report and Accounts other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Independent Auditor's Report to the Members of Thames Ventures VCT 1 plc (continued)

Corporate governance statement

The Listing Rules require us to review the Directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements, or our knowledge obtained during the audit.

Going concern and longer-term viability	• The Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 45; and • The Directors' explanation as to their assessment of the Company's prospects, the period this assessment covers and why the period is appropriate set out on page 29.
Other Code provisions	• Directors' statement on fair, balanced and understandable set out on page 43; • Board's confirmation that it has carried out a robust assessment of the emerging and principal risks; • The section of the annual report that describes the review of effectiveness of risk management and internal control systems; and • The section describing the work of the audit committee set out on page 42

Other Companies Act 2006 reporting

Based on the responsibilities described below and our work performed during the course of the audit, we are required by the Companies Act 2006 and ISAs (UK) to report on certain opinions and matters as described below.

Strategic report and Directors' report	In our opinion, based on the work undertaken in the course of the audit: • the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and • the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements. In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the Directors' report.
Directors' remuneration	In our opinion, the part of the Directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.
Matters on which we are required to report by exception	We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion: • adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or • the financial statements and the part of the Directors' remuneration report to be audited are not in agreement with the accounting records and returns; or • certain disclosures of Directors' remuneration specified by law are not made; or • we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Independent Auditor's Report to the Members of Thames Ventures VCT 1 plc (continued)

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Non-compliance with laws and regulations

Based on:

- Our understanding of the Company and the industry in which it operates;
- Discussion with the Manager and those charged with governance; and
- Obtaining an understanding of the Company's policies and procedures regarding compliance with laws and regulations.

We considered the significant laws and regulations to be the Companies Act 2006, the FCA listing and DTR rules, the principles of the UK Corporate Governance Code, industry practice represented by the Statement of Recommended Practice: Financial Statements of Investment Trust Companies and Venture Capital Trusts ("the SORP") and updated in 2022 with consequential amendments and the applicable financial reporting framework. We also considered the Company's qualification as a VCT under UK tax legislation.

Our procedures in respect of the above included:

- Agreement of the financial statement disclosures to underlying supporting documentation;
- Enquiries of the Manager and those charged with governance relating to the existence of any non-compliance with laws and regulations;
- Obtaining the VCT compliance reports prepared by management's expert during the year and as at year end and reviewing their calculations for the year-end report to check that the Company was meeting its requirements to retain VCT status; and
- Reviewing minutes of meeting of those charged with governance throughout the period for instances of non-compliance with laws and regulations.

Fraud

We assessed the susceptibility of the financial statement to material misstatement including fraud.

Our risk assessment procedures included:

- Enquiry with the Manager and those charged with governance regarding any known or suspected instances of fraud;
- Obtaining an understanding of the Company's policies and procedures relating to:
    - Detecting and responding to the risks of fraud; and
    - Internal controls established to mitigate risks related to fraud.
- Review of minutes of Board and other Committee meetings throughout the period for any known or suspected instances of fraud;
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements.

Based on our risk assessment, we considered the area's most susceptible to fraud to be the valuation of unquoted investments, recognition of the interest income and management override of controls.

Independent Auditor's Report to the Members of Thames Ventures VCT 1 plc (continued)

Extent to which the audit was capable of detecting irregularities, including fraud (continued)

Our procedures in respect of the above included:

- The procedures set out in the Key Audit Matters section above;
- Obtaining independent evidence to support the ownership of a sample of investments;
- Agreed the loan and interest rates to loan agreements and recalculated the loan interest;
- Vouched the interest income received to the bank statements;
- Obtained an understanding of the recoverability of the outstanding interest accrual and considered the appropriateness of the accruals raised;
- Performed testing over the unquoted investments valuation to assess a recoverability of the interest accrual;
- Recalculating investment management fees and incentive fees in total;
- Obtaining independent confirmation of bank balances; and
- Reviewing journals that relate to the current year end that were posted into the accounting system post year end against supporting documentation, to assess the reasonability of these journals and assess whether those journals are not an indication of management override of controls or an indication of fraud.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members who were all deemed to have appropriate competence and capabilities and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

BDO LLP

Vanessa Bradley (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London, UK
26 July 2023

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Income Statement

for the year ended 31 March 2023

	Note	Year ended 31 March 2023 Revenue £'000	Capital £'000	Total £'000	Year ended 31 March 2022 Revenue £'000	Capital £'000	Total £'000
Income	3	**3,031**	**-**	**3,031**	4,584	-	4,584
(Losses)/gains on investments	10	**-**	**(12,351)**	**(12,351)**	-	8,619	8,619
		3,031	**(12,351)**	**(9,320)**	4,584	8,619	13,203
Investment management fees	4	**(799)**	**(799)**	**(1,598)**	(1,051)	(1,051)	(2,102)
Other expenses	5	**(812)**	**-**	**(812)**	(705)	-	(705)
Return/(loss) on ordinary activities before tax		**1,420**	**(13,150)**	**(11,730)**	2,828	7,568	10,396
Tax on total comprehensive income and ordinary activities	7	**(228)**	**228**	**-**	(300)	300	-
Return/(loss) attributable to equity shareholders	9	**1,192**	**(12,922)**	**(11,730)**	2,528	7,868	10,396
Basic and diluted return/(loss) per share	9	**0.7**	**(7.2)**	**(6.5)**	1.4	4.5	5.9

The total column within the Income Statement represents the Statement of Total Comprehensive Income of the Company prepared in accordance with Financial Reporting Standards ("FRS 102"). There are no other items of comprehensive income. The supplementary revenue and capital return columns are prepared in accordance with the Statement of Recommended Practice issued in November 2014 and updated in July 2022 by the Association of Investment Companies ("AIC SORP").

The accompanying notes form an integral part of these financial statements.

Statement of Changes in Equity

for the year ended 31 March 2023

	Called up Share Capital £'000	Capital redemption reserve £'000	Share premium account £'000	Funds held in respect of shares not yet allotted £'000	Special reserve £'000	Capital reserve realised £'000	Revaluation reserve £'000	Revenue reserve £'000	Total £'000
For the year ended 31 March 2022									
At 1 April 2021	1,611	1,649	66,430	7,545	20,238	-	6,409	(2,529)	101,353
Total comprehensive income	-	-	-	-	-	2,971	4,897	2,528	10,396
Realisation of revaluations from previous years*	-	-	-	-	-	794	(794)	-	-
Realisation of impaired valuations	-	-	-	-	-	(791)	791	-	-
Transfer between reserves*	-	-	-	-	(738)	738	-	-	-
Transactions with owners									
Dividends paid	-	-	-	-	-	(3,712)	-	(743)	(4,455)
Utilised in share issue	-	-	-	(7,545)	-	-	-	-	(7,545)
Unallotted shares	-	-	-	78	-	-	-	-	78
Issue of new shares	213	-	12,605	-	-	-	-	-	12,818
Share issue costs	-	-	-	-	(360)	-	-	-	(360)
Purchase of own shares**	(48)	48	-	-	(2,812)	-	-	-	(2,812)
At 31 March 2022	1,776	1,697	79,035	78	16,328	-	11,303	(744)	109,473
For the year ended 31 March 2023									
At 1 April 2022	1,776	1,697	79,035	78	16,328	-	11,303	(744)	109,473
Total comprehensive income	-	-	-	-	-	(1,204)	(11,718)	1,192	(11,730)
Realisation of revaluations from previous years*	-	-	-	-	-	2,438	(2,438)	-	-
Realisation of impaired valuations	-	-	-	-	-	(5,445)	5,445	-	-
Transfer between reserves*	-	(1,710)	(81,236)	-	74,984	7,962	-	-	-
Transactions with owners									
Dividends paid	-	-	-	-	-	(3,751)	-	(2,104)	(5,855)
Utilised in share issue	-	-	-	(78)	-	-	-	-	(78)
Unallotted shares	-	-	-	-	-	-	-	-	-
Issue of new shares	43	-	2,680	-	-	-	-	-	2,723
Share issue costs	-	-	(51)	-	-	-	-	-	(51)
Purchase of own shares**	(45)	45	-	-	(2,499)	-	-	-	(2,499)
At 31 March 2023	1,774	32	428	-	88,813	-	2,592	(1,656)	91,983

* A transfer of £2.4 million representing previously recognised unrealised gains on disposal of investments during the year ended 31 March 2023 (2022: gains of £794,000) have been made from the Revaluation reserve to the Capital Reserve-realised. A transfer of £8.0 million representing realised gains on disposal of investments, less net investment impairments and the excess of capital expenses over capital income and capital dividends in the year (2022: £738,000) has been made from the Special reserve to the Capital Reserve – realised. Following the cancellation of the Capital Redemption reserve and Share Premium account subsequent to Court approval in January 2023, a transfer of £1.7 million and £81.2 million has been made from the Capital Redemption reserve and the Share Premium account, respectively, to the Special reserve.

** These shares were subsequently cancelled.

The accompanying notes form an integral part of these financial statements.

Balance Sheet

as at 31 March 2023

	Note	2023 £'000	2022 £'000
Fixed assets			
Investments	**10**	**71,227**	85,954
Current assets			
Debtors	**11**	**6,828**	3,300
Cash at bank and in hand		**15,282**	20,856
		22,110	24,156
Creditors: amounts falling due within one year	**12**	**(1,354)**	(637)
Net current assets		**20,756**	23,519
Net assets		**91,983**	109,473
Capital and reserves			
Called up share capital	**13**	**1,774**	1,776
Capital redemption reserve	**14**	**32**	1,697
Share premium account	**14**	**428**	79,035
Funds held in respect of shares not yet allotted	**14**	**-**	78
Special reserve	**14**	**88,813**	16,328
Revaluation reserve	**14**	**2,592**	11,303
Revenue reserve	**14**	**(1,656)**	(744)
Total equity shareholders' funds	**15**	**91,983**	109,473
Basic and diluted net asset value per share	**15**	**51.8p**	61.6p

The financial statements on pages 54 to 75 were approved and authorised for issue by the Board of Directors on 26 July 2023 and were signed on its behalf by:

Chris Kay
Chairman
Company number: 03150868

The accompanying notes form an integral part of these financial statements.

Cash Flow Statement

for the year ended 31 March 2023

	Note	2023 £'000	2022 £'000
Cash flow from operating activities			
(Loss)/return on ordinary activities after taxation		**(11,730)**	10,396
Loss/(gain) on investments	**10**	**12,351**	(8,619)
(Increase) in debtors		**(3,529)**	(1,298)
(Decrease)/increase in creditors		**(60)**	72
Net cash generated (used in)/from operating activities		**(2,968)**	551
Cash flow from investing activities			
Purchase of investments	**10**	**(11,758)**	(4,619)
Proceeds from disposal of investments	**10**	**14,134**	16,441
Net cash inflow from investing activities		**2,376**	11,822
Cash flows from financing activities			
Proceeds from share issue		**1,781**	12,121
Funds held in respect of shares not yet allotted		**(78)**	(7,467)
Share issue costs		**(51)**	(360)
Purchase of own shares		**(1,723)**	(2,791)
Equity dividends paid	**8**	**(4,911)**	(3,758)
Net cash (outflow) from financing activities		**(4,982)**	(2,255)
(Decrease)/increase in cash		**(5,574)**	10,118
Net movement in cash			
Beginning of year		**20,856**	10,738
Net cash (outflow)/inflow		**(5,574)**	10,118
End of year		**15,282**	20,856

The accompanying notes form an integral part of these financial statements.

Notes to the Accounts

for the year ended 31 March 2023

1. General information

Thames Ventures VCT 1 plc ("the Company") is a venture capital trust established under the legislation introduced in the Finance Act 1995 and is domiciled in the United Kingdom and incorporated in England and Wales, and its registered office is St. Magnus House, 3 Lower Thames Street, London EC3R 6HD.

2. Accounting policies

Basis of accounting

The Company has prepared its financial statements in accordance with the Financial Reporting Standard 102 ("FRS 102") and in accordance with the Statement of Recommended Practice "Financial Statements of Investment Trust Companies" issued November 2014 and updated in July 2022 ("SORP").

The financial statements are presented in Sterling (£) and rounded to thousands.

Going concern

After reviewing the Company's forecasts and projections, the Directors have a reasonable expectation that the major cash outflows of the Company (most notably investments, share buybacks and dividends) are within the Company's control and therefore the Company has sufficient cash to meet its expenses and liabilities when they fall due. The impact of the conflict in Ukraine as well as high inflation and rising interest rates has been considered. More detail on these considerations can be found within the Corporate Governance report. As such, the Board confirms that the Company has adequate resources to continue in operational existence for at least 12 months from the date of approval of the financial statements. The Company therefore continues to adopt the going concern basis in preparing its financial statements as noted further within the Corporate Governance Report on page 45.

Presentation of income statement

In order to better reflect the activities of a Venture Capital Trust and in accordance with guidance issued by the Association of Investment Companies ("AIC"), supplementary information which analyses the income statement between items of a revenue and capital nature has been presented alongside the income statement. The net revenue is the measure the Directors believe appropriate in assessing the Company's compliance with certain requirements set out in Part 6 of the Income Tax Act 2007.

Investments

Venture capital investments are designated as "fair value through profit or loss" assets due to investments being managed and their performance evaluated on a fair value basis. A financial asset is designated within this category if it is both acquired and managed on a fair value basis, with a view to selling after a period of time, in accordance with the Company's documented investment policy.

Investments quoted on recognised stock markets are measured using bid prices.

The valuation methodologies for unquoted instruments (comprising equity and loan notes), used by the International Private Equity Valuation guidelines to ascertain the fair value of an investment, are as follows:

- Calibration to the price of recent investment;
- Multiples;
- Net assets;
- Discounted cash flows or earnings (of the underlying business);
- Discounted cash flows (from the investment); and
- Industry valuation benchmarks.

2. Accounting policies (continued)

The methodology applied takes account of the nature, facts and circumstances of the individual investment and uses reasonable data, market inputs, assumptions and estimates in order to ascertain fair value, as explained in the investment accounting policy above and addressed further in note 10. Where an investee company has gone into receivership, liquidation or administration and there is little likelihood of a recovery, the loss on the investment, although not physically disposed of, is treated as being realised.

Gains and losses arising from changes in fair value are included in the income statement as a capital item.

It is not the Company's policy to exercise significant influence or joint control over investee companies. Therefore, the results of these companies are not incorporated into the Income Statement, except to the extent of any income accrued. This is in accordance with the SORP and FRS 102 sections 14 and 15 that do not require portfolio investments to be accounted for using the equity method of accounting.

Calibration to price of recent investment requires a level of judgment to be applied in assessing and reviewing any additional information available since the last investment date. The Board and Adviser consider a range of factors in order to determine if there is any indication of decline in value or evidence of increase in value since the recent investment date. If no such indications are noted the price of the recent investment will be used as the fair value for the investment.

Examples of signals which could indicate a movement in value are: -

- Changes in results against budget or in expectations of achievement of technical milestones patents/testing/ regulatory approvals
- Significant changes in the market of the products or in the economic environment in which it operates
- Significant changes in the performance of comparable companies
- Internal matters such as fraud, litigation or management structure.

In respect of disclosures required by the SORP for the ten largest investments held by the Company, the most recent publicly available accounts information, either as filed at Companies House, or announced to the London Stock Exchange, is disclosed. In the case of unlisted investments, this may be abbreviated information only.

Judgements in applying accounting policies and key sources of estimation uncertainty

The key estimate in the financial statements is the determination of the fair value of the unquoted investments by the Directors, as it impacts the valuation of the unquoted investments at the balance sheet date.

Of the Company's assets measured at fair value, it is possible to determine their fair values within a reasonable range of estimates. The fair value of an investment upon acquisition is deemed to be cost. Thereafter, investments are measured at fair value in accordance with FRS 102 sections 11 and 12, together with the International Private Equity and Venture Capital Valuation Guidelines ("IPEV").

A price sensitivity analysis of the unquoted investments is provided in note 16, under Investment price risk.

Income

Dividend income from investments is recognised when the shareholders' right to receive payment has been established, normally the ex-dividend date.

Loan stock interest is accrued on a time apportioned basis, by reference to the principal outstanding and at the effective interest rate applicable and only where there is reasonable certainty of collection.

Distributions from investments in limited liability partnerships ("LLPs") are recognised as they are paid to the Company. Where such items are considered capital in nature they are recognised as capital profits.

2. Accounting policies (continued)

Expenses

All expenses are accounted for on an accrual's basis. In respect of the analysis between revenue and capital items presented within the income statement, all expenses have been presented as revenue items, except as follows:

- Expenses which are incidental to the acquisition of an investment are deducted from the Capital Account.
- Expenses which are incidental to the disposal of an investment are deducted from the disposal proceeds of the investment.
- Expenses are split and presented partly as capital items where a connection with the maintenance or enhancement of the value of the investments held can be demonstrated. Investment management fees are allocated 50% to revenue and 50% to capital, in order to reflect the Directors' expected long-term view of the nature of the investment returns of the Company.

Taxation

The tax effects on different items in the Income Statement are allocated between capital and revenue on the same basis as the particular item to which they relate, using the Company's effective rate of tax for the accounting period.

Due to the Company's status as a Venture Capital Trust and the continued intention to meet the conditions required to comply with Part 6 of the Income Tax Act 2007, no provision for taxation is required in respect of any realised or unrealised appreciation of the Company's investments.

Deferred taxation is not discounted and 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 the obligations or rights crystallise based on tax rates and law enacted or substantively enacted at the balance sheet date. 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 accounts. Deferred tax assets are only recognised if it is expected that future taxable profits will be available to utilise such assets and are recognised on a non-discounted basis.

Cash and cash equivalents

Cash and cash equivalents include cash in hand and deposits held at call with banks with an original maturity of three months or less.

Other debtors and other creditors

Other debtors (including accrued income) and other creditors are included within the accounts at amortised cost.

Share issue costs

Share issue costs have been deducted from the special reserve account.

Segmental reporting

The Company only has one class of business and one market.

Dividends payable

Dividend's payable are recognised as distributions in the financial statements when the Company's liability to make payment has been established, normally the payment date.

Funds held in respect of shares not yet allotted

Cash received in respect of applications for new shares that have not yet been allotted is shown as "Funds held in respect of shares not yet allotted" and recorded on the Balance Sheet and Statement of Changes in Equity.

Notes to the Accounts (continued)

for the year ended 31 March 2023

3. Income

	Revenue £'000	Capital £'000	2023 Total £'000	2022 Total £'000
Income from investments				
Loan stock interest	**2,475**	**-**	**2,475**	4,185
Dividend income	**529**	**-**	**529**	399
	3,004	**-**	**3,004**	4,584
Other income				
Other income	**27**	**-**	**27**	-
	3,031	**-**	**3,031**	4,584

4. Investment management fees

	2023 £'000	2022 £'000
Investment management fees	**1,598**	2,102

The annual running costs of the Company for the year were subject to a cap of 2.6% of the Company's net assets. The expense cap for the year was 2.3% and therefore has not been breached for the year under review. Foresight Group LLP also provides administration services. Fees in relation to these services are shown within note 5 below.

5. Other expenses

	2023 £'000	2022 £'000
Administration services	**158**	166
Directors' remuneration	**118**	108
Social security costs (key management personnel)	**8**	4
Trail fee	**166**	192
Auditor's remuneration for statutory audit	**52**	42
Legal and professional fees	**27**	13
Custodian charges	**13**	24
Registrar's fees	**91**	68
Printing and postage	**61**	26
Subscription fees	**16**	14
Other expenses	**102**	48
	812	705

6. Directors' remuneration

The Directors of the Company are considered to be the only key management personnel. Details of remuneration (excluding employer's NIC) are given in the Directors' Remuneration Report on page 40. The Company had no employees (other than Directors) during the year (2022: none). No other emoluments and pension contributions were paid by the Company to, or on behalf of, any Directors. There were no amounts outstanding at the year end.

Notes to the Accounts (continued)

for the year ended 31 March 2023

7. Tax on ordinary activities

	2023 £'000	2022 £'000
a) Tax charge for the year		
Current year:		
UK Corporation tax (charged to the Revenue Account)	**228**	300
Tax credited to Capital Account	**(228)**	(300)
	-	-
b) Factors affecting tax charge for the year		
(Loss)/gain on ordinary activities before taxation	**(11,730)**	10,396
Tax charge calculated on return on ordinary activities before taxation at the applicable rate of 19.0% (2022: 19.0%)	**(2,229)**	1,975
Effects of:		
Losses/(gains) on investments	**2,347**	(1,638)
UK dividend income	**(100)**	(76)
LLP income	**30**	28
Disallowable expenses	**2**	2
Partnership trading losses utilised	**(45)**	(79)
Excess management fees (utilised)/carried forward on which deferred tax asset is not recognised	**(5)**	(212)
	-	-

c) Excess management fees, which are available to be carried forward and set off against future taxable income, amounted to £3.1 million (2022: £3.4 million). The associated deferred tax asset has not been recognised due to the fact that it is unlikely that the excess management fees will be set off against future taxable profits in the foreseeable future. Due to the Company's status as a Venture Capital Trust and the intention to continue meeting the conditions required to obtain approval in the foreseeable future, the Company has not provided deferred tax on any capital gains and losses arising on the revaluation or disposal of investments.

A deferred tax asset of £122,000 arising from investments in LLP companies has not been recognised as it is uncertain whether the losses carried forward will be offset against future taxable profits of the same trade in the foreseeable future.

8. Dividends

		Year ended 31 March 2023			Year ended 31 March 2022		
		Revenue £'000	**Capital £'000**	**Total £'000**	Revenue £'000	Capital £'000	Total £'000
Dividends paid in year							
2023 Interim:	1.5p	-	2,699	2,699	-	-	-
2022 Final:	1.75p	2,104	1,052	3,156	-	-	-
2022 Interim:	1.25p	**-**	**-**	**-**	-	2,227	2,227
2021 Final:	1.25p	**-**	**-**	**-**	743	1,485	2,228
		2,104	**3,751**	**5,855**	743	3,712	4,455
Dividends proposed							
2023 Final:	1.0p (2022: 1.75p)	**1,200**	**574**	**1,774**	1,900	1,207	3,107

9. Basic and diluted return per share

	2023	2022
	£'000	£'000
Return per share based on:		
Net revenue gain/(loss) for the financial year	**1,192**	2,528
Net capital (loss)/gain for the financial year	**(12,922)**	7,868
Total gain for the financial year	**(11,730)**	10,396
Weighted average number of shares in issue	**179,972,333**	177,473,899

As the Company has not issued any convertible securities or share options, there is no dilutive effect on return per share. The return per share disclosed therefore represents both the basic and diluted return per share.

10. Investments

	Unquoted investments £'000	**Quoted on Aquis Growth Market £'000**	**Quoted on Main Market £'000**	**Quoted on AIM £'000**	**Total £'000**
Opening cost at 1 April 2022	64,526	48	6,714	15,976	87,264
Unrealised gains/(losses) at 1 April 2022	7,089	(45)	(1,444)	5,703	11,303
Realised (losses) arising on impairment	(12,343)	-	-	(270)	(12,613)
Opening fair value at 1 April 2022	59,272	3	5,270	21,409	85,954
Movement in the year:					
Purchased at cost	11,156	-	502	100	11,758
Disposal proceeds	(14,132)	-	-	(2)	(14,134)
Realised (losses) in the income statement	(633)	-	-	-	(633)
Unrealised valuation (losses) in the income statement	(4,486)	(2)	(612)	(7,203)	(12,303)
Unrealised foreign exchange gains in the income statement	585	-	-	-	585
Closing fair value at 31 March 2023	51,762	1	5,160	14,304	71,227
Closing cost at 31 March 2023	60,855	48	7,216	16,074	84,193
Unrealised gains/(losses) at 31 March 2023	6,195	(47)	(2,056)	(1,500)	2,592
Realised losses arising on impairment	(15,288)	-	-	(270)	(15,558)
Closing fair value at 31 March 2023	51,762	1	5,160	14,304	71,227

A schedule disclosing the additions and disposals during the year and other information on investments can be found within the Review of Investments on pages 16 to 17.

Notes to the Accounts (continued)
for the year ended 31 March 2023

10. Investments (continued)

The Company has categorised its financial instruments using the fair value hierarchy as follows:

Level 1 Reflects financial instruments quoted in an active market (quoted companies);

Level 2 Reflects financial instruments that have prices that are observable either directly or indirectly; and

Level 3 Reflects financial instruments that use valuation techniques that are not based on observable market data (unquoted equity investments and loan note investments).

	Level 1 £'000	**Level 2 £'000**	**Level 3 £'000**	**2023 £'000**	Level 1 £'000	Level 2 £'000	Level 3 £'000	2022 £'000
Quoted on AIM	**14,304**	**-**	**-**	**14,304**	21,409	-	-	21,409
Quoted on Aquis	**1**	**-**	**-**	**1**	3	-	-	3
Quoted on Main market	**5,160**	**-**	**-**	**5,160**	5,270	-	-	5,270
Loan notes	**-**	**-**	**10,467**	**10,467**	-	-	16,264	16,264
Unquoted	**-**	**-**	**41,295**	**41,295**	-	-	43,008	43,008
	19,465	**-**	**51,762**	**71,227**	26,682	-	59,272	85,954

Reconciliation of fair value for Level 3 financial instruments held at the year-end:

	Unquoted shares £'000	**Loan notes £'000**	**Total £'000**
Balance at 31 March 2022	43,008	16,264	59,272
Movements in the income statement:			
Unrealised valuation (losses) in the income statement	(2,251)	(2,235)	(4,486)
Unrealised foreign exchange gains in the income statement	585	-	585
Realised (losses) in the income statement	(512)	(121)	(633)
	40,830	13,908	54,738
Purchases at cost	9,158	1,998	11,156
Disposal proceeds	(8,693)	(5,439)	(14,132)
Balance at 31 March 2023	41,295	10,467	51,762

Changing one or more of the inputs to reasonable possible alternative valuation assumptions could result in a significant change in the fair value of the Level 3 investments. There is an element of judgement in the choice of assumptions for unquoted investments and it is possible that, if different assumptions were used, different valuations could have been attributed to some of the Company's investments.

The fair value of an investment upon acquisition is deemed to be cost. Thereafter, investments are measured at fair value in accordance with FRS 102 sections 11 and 12, together with the International Private Equity and Venture Capital Valuation Guidelines ("IPEV"). A price sensitivity analysis of the unquoted investments is provided in note 16, under Investment price risk.

The Board and the Investment Adviser believe that the valuations as at 31 March 2023 reflect the most appropriate assumptions at that date, giving due regard to all information available from each investee company. Valuations are subject to fluctuations in market conditions and the sensitivity of the Company to such changes is shown within note 16.

10. Investments (continued)

Details of shareholdings in those companies where the Company's holding, at 31 March 2023, represents greater than 20% of the nominal value of any class of the allotted shares in the portfolio company are included within the review of investments on pages 18 to 21. Relevant companies which are not included within the review of investments are disclosed on the next page. Although the Company, through the Investment Adviser will, in some cases, be represented on the Board of the portfolio company, it will not take a controlling interest in the company.

The investments listed below are held and managed as part of the investment portfolio and therefore, in accordance with FRS 102 section 14, are measured at fair value through profit or loss. All of the companies named are incorporated in Great Britain. The percentage holding does not reflect the percentage voting rights in the company as a whole.

Company	Registered office	Class of shares	Number held	Proportion of class held	Proportion of total voting rights
Bulbshare Limited	SE1 3SY	Ordinary 'A1' Shares	898	22.5%	3.7%
Channel Mum Limited	RG1 1PL	Ordinary 'D1' Shares	57,022	26.3%	9.6%
DiA Analysis Imagining Limited	WC1H 0AF	Preference 'C1' Shares	22,570	43.0%	0.7%
Empiribox Holdings Limited	BL1 4QR	Ordinary 'C' Shares	2,515,592	40.9%	8.7%
Empiribox Holdings Limited	BL1 4QR	Ordinary 'D' Shares	1,377,144	41.5%	-
Empiribox Holdings Limited	BL1 4QR	Ordinary 'E' Shares	13,548,122	37.4%	30.3%
Glisser Limited	PO15 7AG	Ordinary 'B3' Shares	279,165	52.7%	4.4%
Glisser Limited	PO15 7AG	Ordinary 'B4' Shares	189,091	39.8%	3.0%
Kimbolton Lodge Limited	EC3R 6HD	Ordinary 'A' Shares	603,500	50.0%	50.0%
Kluster Enterprises Limited	EC21 4NE	Preference 'A1' Shares	31,035	53.7%	10.8%
Pearce and Saunders Limited	EC3R 6HD	Ordinary Shares	950,400	44.0%	4.4%
Pearce and Saunders DevCo Limited	EC3R 6HD	Ordinary 'A' Shares	83,600	44.0%	4.4%
Pilgrim Trading Limited	EC3R 6HD	Ordinary 'A' Shares	300	60.0%	13.9%
Pilgrim Trading Limited	EC3R 6HD	Ordinary 'B' Shares	1,815,348	60.0%	-
Quadrate Catering Limited	EC3R 6HD	Ordinary 'A' Shares	257	39.5%	25.7%
Quadrate Catering Limited	EC3R 6HD	Ordinary 'B' Shares	1,049,654	39.5%	-
Rated People Limited	EC2A 4HJ	Ordinary 'C' Shares	30,171	21.4%	2.5%
Trinny London Limited	SW3 3TD	Preference 'B2' Shares	1,820	29.5%	0.9%
Yamuna Renewables Limited	EC3R 6HD	Ordinary 'B' Shares	2,551,020	50.0%	25.0%

Notes to the Accounts (continued)

for the year ended 31 March 2023

11. Debtors

	2023	2022
	£'000	£'000
Other debtors	**1,456**	103
Income tax recoverable	**3**	3
Prepayments and accrued income	**5,369**	3,194
	6,828	3,300

12. Creditors: amounts falling due within one year

	2023	2022
	£'000	£'000
Taxation and social security	18	**6**
Other creditors	15	**46**
Accruals and deferred income	1,321	**585**
	1,354	**637**

13. Called up share capital

	2023	2022
	£'000	£'000
Issued, allotted, called up and fully paid:		
177,441,775 (2022: 177,567,399) Ordinary Shares of 1p each	1,774	1,776

The Company allotted 2,805,245 Ordinary Shares of 1p each at an average price of 62.9p per Ordinary Share under the terms of the offers for subscription. The aggregate consideration of the shares was £1.8 million, which excludes costs of £51,000.

Under the terms of the Company's Dividend Reinvestment scheme, the Company allotted 1,609,155 Ordinary Shares of 1p each at an average price of 58.6p, to subscribing shareholders in respect of the dividends paid on 26 August 2022 and 18 January 2023 respectively.

During the year, the Company repurchased 4,540,024 Ordinary Shares of 1p each for an average consideration of 54.8p per share, representing 2.6% of those shares in issue at the last Annual Report. These shares were subsequently cancelled.

Management of capital

The Company's capital is managed in accordance with its investment policy, as shown in the Strategic Report on pages 29 to 30, in pursuit of its principal investment objectives as stated on page 2. The Company has the authority to buy back shares as described in the Strategic Report on page 33. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, so that it can continue to provide an adequate return to Shareholders by allocating its capital to assets commensurately with the level of risk. As a Venture Capital Trust, the Company has an amount of capital, at least 80% (as measured under the tax legislation) of which is and must be, and remain, invested in the relatively high-risk asset class of small UK companies within three years of that capital being subscribed. The Company accordingly has limited scope to manage its capital structure in the light of changes in economic conditions and the risk characteristics of the underlying assets. Subject to this overall constraint upon changing the capital structure, the Company may adjust the amount of dividends paid to Shareholders, return capital to Shareholders, issue new shares or sell assets if so required to maintain a level of liquidity to remain a going concern.

Notes to the Accounts (continued)
for the year ended 31 March 2023

13. Called up share capital (continued)
Although, as the Investment Policy implies, the Board would consider levels of gearing, there are no current plans to do so. It regards the net assets of the Company as the Company's capital, as the levels of liabilities are small and the management of them is not directly related to managing the return to Shareholders. There has been no change in this approach from the previous year.

There is a single class of Ordinary Shares. There are no restrictions on the distribution of dividends and the repayment of capital.

14. Reserves

	2023 **£'000**	2022 £'000
Capital redemption reserve	**32**	1,697
Share premium account	**428**	79,035
Funds held in respect of shares not yet allotted	**-**	78
Special reserve	**88,813**	16,328
Revaluation reserve	**2,592**	11,303
Revenue reserve	**(1,656)**	(744)
	90,209	107,697

Distributable reserves are calculated as follows:

	2023 **£'000**	2022 £'000
Special reserve	**88,813**	16,328
Revenue reserve	**(1,656)**	(744)
Unrealised (losses) (excluding unrealised unquoted gains)	**(9,973)**	(4,200)
	77,184	11,384

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.

Share premium account
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 reserves.

Funds held in respect of shares not yet allotted
This reserve accounts for cash received in respect of applications for new shares that have not yet been allotted and is recorded on the Balance Sheet.

Special reserve
The Special reserve is available to the Company to enable the purchase of its own shares in the market without affecting its ability to pay capital distributions.

14. Reserves (continued)

Capital reserve - realised

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 accounting policies; and
- dividends paid to equity holders.

Revaluation reserve

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

Revenue reserve

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

15. Basic and diluted net asset value per share

	Shares in issue	Net assets £'000	NAV per share Pence
As at 31 March 2023			
Ordinary Shares	177,441,775	91,983	51.8
		91,983	
As at 31 March 2022			
Ordinary Shares	177,567,399	109,473	61.6
		109,473	

As the Company has not issued any convertible securities or share options, there is no dilutive effect on the net asset value per share. The net asset value per share disclosed therefore represents both the basic and diluted net asset value per share.

16. Financial instruments

The Company's financial instruments comprise investments held at fair value through profit or loss, being equity and loan stock investments in quoted companies and unquoted companies, loans and receivables, being cash deposits and short-term debtors, and financial liabilities, being creditors arising from its operations. The main purpose of these financial instruments is to generate cash flows, revenue and capital appreciation for the Company's operations. The Company has no gearing or other financial liabilities, apart from short-term creditors and does not use any derivatives.

The fair value of investments is determined using the detailed accounting policy as shown in note 2. The composition of the investments is set out in note 10. The fair value of cash deposits and short-term debtors and creditors equates to their carrying value in the balance sheet.

16. Financial instruments (continued)

The Company's investment activities expose the Company to a number of risks associated with financial instruments and the sectors in which the Company invests. The principal financial risks arising from the Company's operations are:

- Investment risks;
- Credit risk; and
- Liquidity risk.

The Board regularly reviews these risks and the policies in place for managing them. There have been no significant changes to the nature of the risks that the Company is exposed to over the year and there have also been no significant changes to the policies for managing those risks during the year.

The risk management policies used by the Company in respect of the principal financial risks and a review of the financial instruments held at the year-end, are provided on the following pages.

Investment risks

As a VCT, the Company is exposed to investment risks in the form of potential losses and gains that may arise on the investments it holds, in accordance with its investment policy. The management of these investment risks is a fundamental part of the investment activities undertaken by the Investment Adviser and overseen by the Board. The Investment Adviser monitors investments through regular contact with management of investee companies, regular review of management accounts and other financial information and attendance at investee company board meetings. This enables the Investment Adviser to manage the investment risk in respect of individual investments. Investment risk is also mitigated by holding a diversified portfolio spread across various business sectors and asset classes.

The key investment risks to which the Company is exposed are:

- Investment price risk;
- Interest rate risk; and
- Foreign currency exposure risk

The Company has undertaken sensitivity analysis on its financial instruments, split into the relevant component parts, taking into consideration the economic climate at the time of review, in order to ascertain the appropriate risk allocation.

Investment price risk

Investment price risk arises from uncertainty about the future prices and valuations of financial instruments held in accordance with the Company's investment objectives. It represents the potential loss that the Company might suffer through investment price movements in respect of quoted investments and also changes in the fair value of unquoted investments that it holds.

16. Financial instruments (continued)

Investment price risk (continued)

Quoted investments

The Company's sensitivity to fluctuations in the share prices of its quoted investments, excluding fixed interest bonds, is summarised below. In light of the current volatile market conditions arising from the coronavirus pandemic, the collapse of Silicon Valley Bank and Signature Bank at the end of the accounting year and the ongoing conflict in Ukraine, the Board has considered the reasonably possible market movements that should be illustrated with sensitivity analysis. A positive 20% movement and negative 20% movement in the share price in each of the quoted stocks held by the Company is considered to be a reasonable maximum movement in a year and would have an effect as follows:

		Year ended 31 March 2023			
Sensitivity			+20% movement		-20% movement
	Risk exposure £'000	**Impact on net assets/ return £'000**	**Impact on NAV per share Pence**	**Impact on net assets/ return £'000**	**Impact on NAV per share Pence**
Quoted shares	19,465	3,893	2.2	(3,893)	(2.2)

		Year ended 31 March 2022			
Sensitivity			+20% movement		-20% movement
	Risk exposure £'000	**Impact on net assets/ return £'000**	**Impact on NAV per share Pence**	**Impact on net assets/ return £'000**	**Impact on NAV per share Pence**
Quoted shares	26,682	5,336	3.0	(5,336)	(3.0)

Unquoted investments

At 31 March 2023, the unquoted portfolio was valued at £51,762,000 (31 March 2022: £59,272,000). A breakdown of the unquoted portfolio by valuation method used is as follows:

	2023 £'000
Calibration to price of recent investment	24,627
Discounted cash flows (from the investment)	5,880
Discounted cash flows or earnings (of the underlying business)	6,854
Multiples	7,918
Net Assets	6,483
	51,762

16. Financial instruments (continued)

Investment price risk (continued)

As many of the Company's unquoted investments are valued using revenue or earnings multiples of comparable companies or sectors, a change in the relevant market sectors could impact on the valuation of the equity investments held in the unquoted portfolio. As the unquoted investments are across a broad range of sectors and valued using different valuation techniques, it is not possible to create a meaningful analysis by changing one input or discount factor. As unquoted investments are typically structured as partly equity and partly loan notes, investment price risk of the unquoted investments is considered as a whole. The Board has considered the current volatile market conditions arising from the coronavirus pandemic, the collapse of Silicon Valley Bank and Signature bank at the end of the accounting year and the ongoing conflict in Ukraine in determining the reasonably possible market movements that should be illustrated within sensitivity analysis. A positive 20% and negative 20% movement in the price of these investments is considered to be a reasonable maximum level in a year and would have an effect as shown below:

		Year ended 31 March 2023			
Sensitivity			+20% movement		-20% movement
	Risk exposure	**Impact on net assets/ return**	**Impact on NAV per share**	**Impact on net assets/ return**	**Impact on NAV per share**
	£'000	**£'000**	**Pence**	**£'000**	**Pence**
Unquoted investments	51,762	10,352	5.8	(10,352)	(5.8)

		Year ended 31 March 2022			
Sensitivity			+20% movement		-20% movement
	Risk exposure	**Impact on net assets/ return**	**Impact on NAV per share**	**Impact on net assets/ return**	**Impact on NAV per share**
	£'000	**£'000**	**Pence**	**£'000**	**Pence**
Unquoted investments	59,272	11,854	6.7	(11,854)	(6.7)

16. Financial instruments (continued)

Investment price risk (continued)

The sensitivity analysis for unquoted valuations above assumes that each of the sub-categories of financial instruments (ordinary shares and loan stocks) held by the Company produces an overall positive movement of 20% and negative movement of 50%. Shareholders should note that equal correlation between these sub-categories is unlikely to be the case in reality, particularly in the case of loan stock instruments. Where share prices are falling, the equity instrument could fall in value before the loan stock instrument. It is not considered practical to assess the sensitivity of the loan stock instruments to investment price risk in isolation.

Interest rate risk

The Company accepts exposure to interest rate risk on floating-rate financial assets through the effect of changes in prevailing interest rates. The Company receives interest on its cash deposits at a rate agreed with its bankers. Investments in loan stock and fixed interest securities attract interest predominately at fixed rates. A summary of the interest rate profile of the Company's investments is shown below.

Interest rate profile of financial assets and financial liabilities

There are three levels of interest which are attributable to the financial instruments as follows:

- "Fixed rate" assets represent investments with predetermined yield targets and comprise fixed interest and loan note investments.
- "Floating rate" assets predominantly bear interest at rates linked to the Bank of England base rate and comprise cash at bank.
- "No interest rate" assets do not attract interest and comprise equity investments, non-interest-bearing convertible loan notes, loans and receivables (excluding cash at bank) and other financial liabilities.

Interest rate risk profile of financial assets and financial liabilities

	Weighted average interest rate	**Weighted average period until maturity**	**2023 £'000**	**2022 £'000**
Fixed rate	15.3%	2,010 days	10,467	16,264
Floating rate	0.0%		15,282	20,856
No interest rate			66,234	72,353
			91,983	109,473

The Company monitors the level of income received from fixed, floating and non-interest rate assets and, if appropriate, may make adjustments to the allocation between the categories, in particular, should this be required to ensure compliance with the VCT regulations.

During the period the Bank of England base rate has increased from 0.75% per annum to 4.25% per annum at the period end. Following the period end, in June 2023, the rate increased further, to 5.0% per annum. Any potential change in the base rate at the current level would not have a material impact on the net assets and total return of the Company.

Foreign currency exposure risk

The Company has exposure to foreign currency risk through its investments in companies whose valuation is denominated and who report in US Dollars. This has resulted in an unrealised foreign exchange gains of £585,000 (2022: £511,000) during the year. Due to the relatively low exposure to companies denominated in foreign currencies, the Board considers foreign currency risk to be at an acceptable level and does not seek to mitigate such exposure as this could restrict the net returns from the foreign currency investments.

16. Financial instruments (continued)

Credit risk

Credit risk is the risk that the counterparty to a financial instrument is unable to discharge a commitment to the Company made under that instrument. The Company is exposed to credit risk through its holdings of loan stock in investee companies, investments in fixed interest securities, cash deposits and debtors.

The Company's financial assets that are exposed to credit risk are summarised as follows:

	2023	2022
	£'000	£'000
Fair value through profit or loss assets:		
Investments in loan stocks	10,467	16,264
Loans and receivables:		
Cash and cash equivalents	15,282	20,856
Interest, dividends and other receivables	5,339	3,170
	31,088	40,290

The Investment Adviser manages credit risk in respect of loan notes with a similar approach as described under investment risks above. In addition, with the exception of new investments, credit risk is mitigated by registering floating charges, covering the full par value of the loan stock in the form of fixed and floating charges over the assets of the investee companies. The strength of this security in each case is dependent on the nature of the investee company's business and its identifiable assets. The level of security is a key means of managing credit risk. Similarly, the management of credit risk associated with interest, dividends and other receivables is covered within the investment management procedures.

Cash is mainly held at Royal Bank of Scotland plc, with a balance also maintained at Bank of Scotland plc, both of which are A-rated financial institutions. Consequently, the Directors consider that the credit risk associated with cash deposits is low.

There has been limited changes in fair value during the year that can be directly attributable to changes in credit risk.

As at 31 March 2023, of the loan stock classified as "past due", on the next page, £5,957,000 relates to the principal of loan notes where the principal has passed its maturity date. As at the balance sheet date, the extent to which the principal is past its maturity date, £778,000 falls within the banding of nil to two years past due and £5.2 million is two to five years past due. Notwithstanding this information, the Directors do not consider the loan notes to be impaired at the current time or that maturity dates of the principal have altered.

16. Financial instruments (continued)

Credit risk (continued)

As at 31 March 2022, of the loan stock classified as "past due", below, £911,000 related to the principal of loan notes where, although the principal remained within term, the investee company was not fully servicing the interest obligations under the loan note and was in arrears. Notwithstanding the arrears of interest, the Directors did not consider that the loan note itself had been impaired or the maturity of the principal had altered.

As at 31 March 2022, of the loan stock classified as "past due", below, £6,760,000 related to the principal of loan notes where the principal had passed its maturity date. As at 31 March 2022, the extent to which the principal is past its maturity date, £874,000 falls within the banding of nil to two years past due and £5.9 million is two to five years past due. Notwithstanding this information, the Directors did not consider the loan notes to be impaired at 31 March 2022 or that maturity dates of the principal had altered.

Liquidity risk

Liquidity risk is the risk that the Company encounters difficulties in meeting obligations associated with its financial liabilities. Liquidity risk may also arise from either the inability to sell financial instruments when required at their fair values or from the inability to generate cash inflows as required. The Company normally has a relatively low level of creditors (2023: £1,354,000, 2022: £637,000) and has no borrowings. Most of the quoted investments held by the Company are considered to be readily realisable. The Company always holds sufficient levels of funds as cash and readily realisable investments in order to meet expenses and other cash outflows as they arise. For these reasons, the Board believes that the Company's exposure to liquidity risk is minimal.

The Company's liquidity risk is managed by the Investment Adviser in line with guidance agreed with the Board and is reviewed by the Board at regular intervals.

Although the Company's investments are not held to meet the Company's liquidity requirements, the table below shows an analysis of the assets, highlighting the length of time that it could take the Company to realise its assets if it were required to do so.

The carrying value of loan stock investments held at fair value through the profit and loss account at 31 March 2023, as analysed by expected maturity date, is as follows:

	Not later than 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 5 years	Over 5 years	Passed maturity date	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
As at 31 March 2023							
Fully performing loan stock	-	-	-	879	3,631	-	4,510
Past due loan stock	-	-	-	-	-	5,957	5,957
	-	-	-	879	3,631	5,957	10,467
As at 31 March 2022							
Fully performing loan stock	167	-	-	2,017	3,631	2,778	8,593
Past due loan stock	911	-	-	-	-	6,760	7,671
	1,078	-	-	2,017	3,631	9,538	16,264

Notes to the Accounts (continued)

for the year ended 31 March 2023

17. Contingencies, guarantees and financial commitments

There were no contingencies, guarantees or financial commitments of the Company at the year-end (2022: £84,000).

18. Controlling party and related party transactions

In the opinion of the Directors, there is no immediate or ultimate controlling party.

Fees payable during the year to the Directors and their interest in shares of the Company are disclosed within the Directors' Remuneration Report on pages 39 to 41. There were no amounts outstanding and due to the Directors as at 31 March 2023 (2022: nil).

Further related party transactions include Investment Adviser and Administration fees payable to Foresight Group LLP, as disclosed in notes 4 and 5. Of the total Administration fees, £29,000 was payable to Downing LLP, who were the Investment Adviser and Administration Manager for part of the year.

In addition, Downing LLP were paid promoter fees in connection with the fundraising offer that was open during the period, which totalled £37,000 for the year ended 31 March 2023 (2022: £206,000).

The Company also has an agreement to pay an ongoing trail fee annually to Downing LLP and Foresight LLP, in connection with funds raised under original offers for subscription out of which there is an obligation to pay trail commission to intermediaries. During the year to 31 March 2023, £192,000 (2022: £172,000) was paid to Downing LLP.

19. Events after the end of the reporting period

Since the year end, the Company allotted 2,467,632 Ordinary Shares of 1p each at an average price of 54.5p per Ordinary Share, under the terms of the offers for subscription. The aggregate consideration for the shares was £1.4 million.

Unaudited Performance Summary for Investor Groups

The Company undertook a merger with five other VCTs followed by a share reorganisation on 12 November 2013. The figures in the table below show the performance of the various groups of investors who make up the Company's current shareholder base and grouped by the VCTs that participated in the merger in November 2013.

Share issue	Year of launch	Initial income tax relief	Equivalent dividends received	Equivalent NAV	(Loss)/gain (ignoring income tax relief)	Gain/(loss) (after initial income tax relief) (note 1)	Gain/(loss) (after initial and SRRP tax relief) (note 2)
Thames Ventures VCT 1 plc ("TV1")		(%)	(pence)	(pence)	(%)	(%)	(%)
AIM Distribution Trust plc	1996	20%	74.8p	12.9p	-12.3%	9.6%	19.4%
AIM Distribution Trust plc - top up	2005	40%	25.0p	12.9p	-48.5%	-14.2%	3.5%
Pennine AIM VCT 5 plc	2005	40%	46.0p	11.2p	-42.8%	-4.6%	6.7%
Pennine AIM VCT 6 plc	2006	40%	50.0p	15.0p	-35.0%	8.3%	23.4%
Downing Distribution VCT 1 plc - top up	2010	30%	49.2p	36.9p	-17.8%	17.4%	n/a
Downing Distribution VCT 1 plc - top up	2012	30%	39.2p	36.9p	-2.2%	39.7%	n/a
Downing ONE VCT plc	Feb 2014	30%	44.5p	51.8p	-4.2%	36.8%	n/a
Downing ONE VCT plc	Mar-Jul 2014	30%	42.5p	51.8p	-4.3%	36.7%	n/a
Downing ONE VCT plc	Sep 2014	30%	40.5p	51.8p	-5.1%	35.5%	n/a
Downing ONE VCT plc	Jan 2015	30%	40.5p	51.8p	-4.4%	36.5%	n/a
Downing ONE VCT plc	Mar-May 2015	30%	40.5p	51.8p	-2.3%	39.4%	n/a
Downing ONE VCT plc	Jul-2015	30%	40.5p	51.8p	-4.7%	36.1%	n/a
Downing ONE VCT plc	Sep-Nov-2015	30%	38.5p	51.8p	-3.8%	37.4%	n/a
Downing ONE VCT plc	Feb-2016	30%	35.5p	51.8p	-11.0%	27.1%	n/a
Downing ONE VCT plc	Mar-Apr 2016	30%	32.5p	51.8p	-11.4%	26.6%	n/a
Downing ONE VCT plc	Jul 2016	30%	32.5p	51.8p	-8.4%	30.9%	n/a
Downing ONE VCT plc	Sep 2016	30%	29.5p	51.8p	-8.7%	30.5%	n/a
Downing ONE VCT plc	Oct 2016	30%	29.5p	51.8p	-12.1%	25.5%	n/a
Downing ONE VCT plc	Nov 2017	30%	22.0p	51.8p	-16.9%	18.6%	n/a
Downing ONE VCT plc	Mar 2018	30%	19.0p	51.8p	-18.0%	17.2%	n/a
Downing ONE VCT plc	Apr 2019	30%	13.0p	51.8p	-19.7%	14.7%	n/a
Downing ONE VCT plc	Sep 2019	30%	9.0p	51.8p	-22.6%	10.5%	n/a
Downing ONE VCT plc	Sept 2020	30%	5.8p	51.8p	-7.0%	32.9%	n/a
Downing ONE VCT plc	Nov 2021	30%	3.3p	51.8p	-9.8%	28.9%	n/a
Thames Ventures VCT 1 plc	Oct 2022	30%	0.0p	51.8p	-12.1%	25.7%	n/a
Downing Income VCT 3 plc ("DI3")							
Pennine AIM VCT plc	1996	20%	109.2p	16.7p	25.9%	57.4%	67.8%
Pennine AIM VCT II plc	1997	20%	66.6p	11.1p	-22.3%	-2.9%	4.0%
Pennine Downing AIM VCT plc	1998	20%	52.2p	14.7p	-33.1%	-16.4%	-7.2%
The Ethical AIM VCT plc	1999	20%	32.0p	9.5p	-58.5%	-48.1%	-42.2%
Pennine Downing AIM VCT 2 plc	2001	20%	46.1p	15.0p	-38.9%	-23.7%	-14.3%
Pennine AIM VCT plc (C share)	2002	20%	47.8p	23.4p	-28.8%	-11.0%	3.6%
Pennine AIM VCT plc (D share)	2006	30%	56.6p	27.6p	-15.8%	20.3%	40.0%
Downing Distribution VCT 2 plc - top up	2010	30%	55.8p	47.4p	-4.8%	36.0%	n/a
Downing Income VCT 3 plc - top up	2013	30%	43.3p	47.4p	0.1%	43.0%	n/a
Downing Income VCT 3 plc (E share)	2011	30%	46.2p	45.1p	-8.7%	30.4%	n/a
Downing Income VCT plc ("DI")							
Framlington AIM VCT 2 plc	2005	40%	43.7p	18.3p	-38.0%	3.3%	18.4%
Downing Income VCT plc	2013	30%	15.7p	18.3p	-1.6%	40.6%	n/a
Downing Income VCT 4 plc ("DI4")							
Framlington AIM VCT plc	2006	40%	50.7p	20.0p	-29.2%	17.9%	33.6%
Downing Income VCT 4 plc	2013	30%	17.2p	20.0p	3.2%	47.5%	n/a
Downing Absolute Income VCT 1 plc ("DAI1")							
Downing Healthcare Protected VCT plc	1996	20%	105.9p	43.6p	49.5%	86.9%	117.2%
Downing Protected VCT 1 plc - top up	2010	30%	48.5p	43.6p	1.0%	44.2%	n/a
Downing Absolute Income VCT 1 plc - top up	2010	30%	48.5p	43.6p	0.7%	43.9%	n/a
Downing Absolute Income VCT 1 plc - top up	2012	30%	42.5p	43.6p	-6.8%	33.1%	n/a
Downing Absolute Income VCT 1 plc (C share)	2010	30%	43.9p	36.5p	-19.6%	14.8%	n/a
Downing Absolute Income VCT 2 plc ("DAI2")							
Downing Absolute Income VCT 2 plc	2010	30%	48.1p	35.6p	-16.2%	19.6%	n/a

Note 1 Initial income tax relief has been netted off against original cost for the purpose of calculating the percentage net gain/(loss).

Note 2 Between April 2012 and 2013, a number of VCTs which subsequently merged to form Thames Ventures VCT 1 plc offered a Share Realisation and Reinvestment Programme ("SRRP"), which allowed Shareholders who had held their shares for more than five years to sell their shares and reinvest the proceeds, receiving additional income tax relief at the rate of 30% on the new issue. The income tax relief obtained on the SRRPs has been treated as additional income for the purpose of calculating the percentage net gain/(loss).

Company Information

Registered number	03150868
Directors	Chris Kay (Chairman) Chris Allner Barry Dean Atul Devani (appointed 12 December 2022) Stuart Goldsmith
Secretary and registered office	Grant Whitehouse 6th Floor, St. Magnus House 3 Lower Thames Street London EC3R 6HD
Investment Adviser	Foresight Group LLP The Shard 32 London Bridge Street London SE1 9SG www.foresightgroup.eu investorrelations@foresightgroup.eu
Auditor	BDO LLP 55 Baker Street London W1U 7EU
VCT status advisers	Philip Hare & Associates LLP Hamilton House 1 Temple Avenue, Temple London EC4Y 0HA
Registrars	City Partnership (UK) Limited The Mending Rooms Park Valley Mills Meltham Road Huddersfield HD4 7BH 01484 240 910 registrars@city.uk.com
Corporate broker	Panmure Gordon (UK) Limited Chris Lloyd, 0207 886 2716, chris.lloyd@panmure.com Paul Nolan, 0207 886 2717, paul.nolan@panmure.com
Bankers	Royal Bank of Scotland Liverpool CSC, Stephenson Way Wavertree, Liverpool, L13, 1HE

Notice of Annual General Meeting of Thames Ventures VCT 1 plc

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Thames Ventures VCT 1 plc will be held at Foresight Group LLP, The Shard, 32 London Bridge Street, London, SE1 9SG at 12.00 p.m. on 1 September 2023 for the transaction of the following business:
If you intend to attend the AGM, please also notify us by email to tv1agm@downing.co.uk in case there are any changes to arrangements that need to be communicated at short notice.

As **Ordinary Business**, to consider and, if thought fit, pass the following resolutions which will be proposed as ***Ordinary Resolutions***:

1. To receive and adopt the Report of the Directors and Accounts of the Company for the year ended 31 March 2023, together with the Independent Auditors' Report thereon.

2. To approve the Directors' Remuneration Report.

3. To approve the Director's Remuneration policy.

4. To approve a final dividend of 1.0p per Ordinary Share.

5. To re-appoint BDO LLP as Auditor of the Company to hold office until the conclusion of the next Annual General Meeting at which the accounts of the Company are presented and to authorise the Directors to determine their remuneration.

6. To re-elect as Director, Chris Kay, who retires and being eligible, offers himself for re-election.

7. To re-elect as Director, Chris Allner, who retires and being eligible, offers himself for re-election.

8. To re-elect as Director, Barry Dean, who retires and being eligible, offers himself for re-election.

9. To re-elect as Director, Atul Devani, who retires and being eligible, offers himself for re-election.

As **Special Business**, to consider and, if thought fit, pass the following resolutions:

Ordinary Resolution

10. That, in addition to existing authorities, the Directors of the Company be and hereby are generally and unconditionally authorised in accordance with Section 551 of the Companies Act 2006 ("CA 2006") to exercise all the powers of the Company to allot and issue shares in the capital of the Company and to grant rights to subscribe for or to convert any security into shares in the Company up to an aggregate nominal amount of £1,000,000 (representing approximately 56% of the share capital in issue at today's date), provided that the authority conferred by this resolution shall expire on the conclusion of the next Annual General Meeting of the Company held after the passing of this resolution (unless renewed, varied or revoked by the Company in a general meeting) but so that this authority shall allow the Company to make before the expiry of this authority offers or agreements which would or might require shares to be allotted or rights to be granted after such expiry.

Special Resolutions

11. That, the Directors of the Company be and hereby are empowered pursuant to Sections 570(1) of the CA 2006 to allot or make offers to or agreements to allot equity securities (which expression shall have the meaning ascribed to it in Section 560(1) of the CA 2006) for cash pursuant to the authority given pursuant to resolution 10 above, as if Section 561(1) of the CA 2006 (pre-emption rights) did not apply to such allotment, provided that the power provided by this resolution shall expire on the conclusion of the next Annual General Meeting of the Company held after the passing of this resolution (unless renewed, varied or revoked by the Company in general meeting) but so that this authority shall allow the Company to make before the expiry of this authority offers or agreements which would or might require equity securities to be allotted after such expiry.

Notice of Annual General Meeting of Thames Ventures VCT 1 plc
(continued)

Special resolutions (continued)

12. That, the Company be and is hereby generally and unconditionally authorised for the purpose of section 701 of the CA 2006 to make one or more market purchases (as defined in section 693(4) of CA 2006) of shares provided that:

    (a) the maximum number of shares hereby authorised to be purchased is 26,806,501 representing approximately 14.9% of the present issued share capital of the Company;
    (b) the minimum price (exclusive of expenses) which may be paid for such shares is 1p the nominal amount thereof;
    (c) the maximum price (exclusive of expenses) which may be paid for such shares shall be an amount equal to 5% above the average of the middle market quotations for such class of the Company's shares, as derived from the Daily Official List of the London Stock Exchange, for the five business days immediately preceding the day on which the purchase was made;
    (d) the Company may make a contract to purchase its own shares under this authority prior to the expiry of this authority, and such contract will or may be executed wholly or partly after the expiry of this authority, and the Company may make a purchase of its own shares in pursuance of any such contract;

    and this power, unless previously varied, revoked or renewed, shall come to an end at the conclusion of the Annual General Meeting of the Company next following the passing of this resolution or, if earlier, on the expiry of 15 months from the passing of this resolution.

By order of the Board

Grant Whitehouse
Company Secretary
St. Magnus House
3 Lower Thames Street
London EC3R 6HD

26 July 2023

Note:
Information regarding the Annual General Meeting, including the information required by section 311A of the CA 2006, is available from www.foresightgroup.eu.

Notice of Annual General Meeting of Thames Ventures VCT 1 plc (continued)

Notes

(a) A member entitled to attend and vote at the Annual General Meeting may appoint the Chairman as his proxy although the Chairman will not speak for the member.

(b) To be valid, a Form of Proxy and the power of attorney or other written authority, if any, under which it is signed or an office or notarially certified copy or a copy certified in accordance with the Powers of Attorney Act 1971 of such power and written authority, must be delivered to the Company's Registrar, The City Partnership (UK) Limited, or electronically at proxies@city.uk.com, in each case not less than 48 hours (excluding weekends and public holidays) before the time appointed for holding the Annual General Meeting or adjourned meeting at which the person named in the Form of Proxy proposes to vote.

(c) In order to revoke a proxy instruction a member will need to inform the Company using one of the following methods:

- by sending a signed hard copy notice clearly stating the intention to revoke the proxy appointment to the Company's Registrar, The City Partnership (UK) Limited. In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice.
- by sending an e-mail to proxies@city.uk.com.

In either case, the revocation notice must be received by the Company's Registrar before the Annual General Meeting. If a member attempts to revoke his or her proxy appointment but the revocation is received after the time specified then, subject to Note (d) directly below, the proxy appointment will remain valid.

(d) Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company has specified that only those holders of the Company's shares registered on the Register of Members of the Company as at 12:00 p.m. on 30 August 2023 or, in the event that the Annual General Meeting is adjourned, on the Register of Members 48 hours before the time of any adjourned meeting, shall be entitled to attend and vote at the said Annual General Meeting in respect of such shares registered in their name at the relevant time. Changes to entries on the Register of Members after 12:00 p.m. on 30 August 2023 or, in the event that the Annual General Meeting is adjourned, on the Register of Members less than 48 hours before the time of any adjourned meeting, shall be disregarded in determining the right of any person to attend and vote at the Annual General Meeting.

(e) A personal reply-paid form of proxy is enclosed with this document. To be valid, the enclosed form of proxy for the meeting, together with the power of attorney or other authority, if any, under which it is signed or a notarially certified or office copy thereof, must be deposited at the offices of the Company's Registrar, The City Partnership (UK) Limited, The Mending Rooms, Park Valley Mills, Meltham Road, Huddersfield HD4 7BH, so as to be received no later than 12:00 p.m. on 30 August 2023 or 48 hours before the time appointed for any adjourned meeting or, in the case of a poll taken subsequent to the date of the meeting or adjourned meeting, so as to be received no later than 24 hours before the time appointed for taking the poll.

(f) Please note that you can vote your shares electronically at https://proxy-thamesventures1.cpip.io

(g) As at 9:00 a.m. on 26 July 2023, the Company's issued share capital comprised 179,909,407 Ordinary Shares and the total number of voting rights in the Company was 179,909,407. The Company website, www.foresightgroup.eu will include information on the number of shares and voting rights.

Notes (continued)

(h) If you are a person who has been nominated under section 146 of the CA2006 to enjoy information rights ("Nominated Person"):
- You may have a right under an agreement between you and the member of the Company who has nominated you to have information rights ("Relevant Member") to be appointed or to have someone else appointed as a proxy for the Annual General Meeting;
- If you either do not have such a right or if you have such a right but do not wish to exercise it, you may have a right under an agreement between you and the Relevant Member to give instructions to the Relevant Member as to the exercise of voting rights;
- Your main point of contact in terms of your investment in the Company remains the Relevant Member (or, perhaps your custodian or broker) and you should continue to contact them (and not the Company) regarding any changes or queries relating to your personal details and your interest in the Company (including any administrative matters). The only exception to this is where the Company expressly requests a response from you.

(i) A corporation which is a member can appoint one or more corporate representatives who may exercise, on its behalf, all its powers as a member provided that no more than one corporate representative exercises powers over the same share.

(j) A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, the proxy will vote or abstain from voting at his or her discretion. The proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the Annual General Meeting.

(k) Except as provided above, members who have general queries about the Annual General Meeting should write to the Chairman at the registered office.

(l) Members may not use any email address provided either in this notice of Annual General Meeting, or any related documents (including the Chairman's letter and Form of Proxy), to communicate with the Company for any purposes other than those expressly stated.

Foresight

FOR A SMARTER FUTURE

Thames Ventures VCT 1 plc
The Shard
32 London Bridge Street
London
SE1 9SG