GUINNESS VENTURES

GUINNESS **VCT PLC**

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2023

COMPANIES HOUSE NUMBER 14220882

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Contents

HIGHLIGHTS

Introduction

Guinness VCT Plc (the "Company") was incorporated on 7 July 2022. The Company's first Annual Report & Financial Statements (the "Report") covers the period from 7 July 2022 to 31 March 2023.

The Company launched an Offer for Subscription on 18 October 2022. The first allotment of shares was carried out on 22 March 2023, after the Company had achieved the minimum aggregate subscription under the Offer of £3 million net of offer costs set by the FCA.

Consequently, as at 31 March 2023:

- the Company's shares had not been admitted to the premium segment of the Official List and to trading on the London Stock Exchange's main market for listed securities; and
- the Company had no time in which to make any investments.

The Report, therefore, covers a period in which there was very little financial activity and the Company was not subject to the regulations applicable to listed companies. However, in the interests of making the Report as informative as possible, the Board has not only commented on the events of the period ended 31 March 2023 but has also, where appropriate, reported on investment activity in the period from 31 March 2023 to the date of this Report and presented its intended policies.

Subscription

The Company launched successfully and has raised £4,467,850 from its initial offer for subscription as at the date of publication of this Report, with the issue of 4,445,461 shares.

Investments

The Company made its first five qualifying investments in April 2023, for a total of £1.6m.

Net Asset Value ("NAV") per share

The Company's NAV per share as at 31 March 2023 was 98.67 pence.

Dividends

No dividends have been paid or proposed this early in the life of the Company.

Summary data	Period ended 31/03/2023
NAV	£2,491,913
Deemed value of redeemable preference shares	£50,000
Ordinary shares in issue	2,474,850
Redeemable preference shares in issue	50,000
NAV per ordinary share	98.67p

Investment objective

The Company is a generalist VCT seeking to invest in a diversified portfolio of businesses that Guinness Asset Management Limited (the "Manager", "Guinness" or "Guinness Ventures") believes will provide the opportunity for value appreciation. The Company will focus on investments in growth companies in a range of sectors including technology, education, healthcare, manufacturing, retailing, leisure and food and drink. These businesses will mostly be unquoted, but the Company will also consider businesses listed on Qualifying Exchanges such as AIM. Whilst the Investment Policy of the Company states that the size of investments will range between £0.1 million and £10 million, investments in the early years will be towards the bottom of this range in order to create a diversified portfolio that meets the VCT qualification criteria.

CHAIR'S STATEMENT

I am pleased to be writing to Shareholders to present the annual review for Guinness VCT Plc for the period ended 31 March 2023.

Successful launch

We launched our Prospectus, offering subscriptions in the Company in October 2022. We reached the minimum fundraise in March and conducted the first share issue 22nd March 2023 with subsequent allotments post year-end. As part of the current offer, we conducted a further allotment for the 2023/24 tax year on 30 June 2023.

Guinness VCT Plc was admitted to trading on the premium segment of the London Stock Exchange 11th April 2023 and we were kindly invited by LSE to close the market later that month in celebration of our launch. It was indeed an occasion to celebrate. New VCT launches have been rare in recent years and this launch is a commendation to Guinness Ventures' track record and reputation in the industry as a growth company investor. However, the work has only just begun and we look forward to years to come.

Pipeline

The Company will invest in growth stage companies that require scale-up capital across a range of sectors including technology, education, healthcare, manufacturing, retailing, leisure and food & drink. To be considered for investment, companies should have a product, service or technology that has already gained traction in the market such that they are now looking to raise scale-up funds to further commercialise their product or service. Guinness Ventures are experienced early-stage investors and can utilise its existing network to source attractive investment opportunities. Whilst venture capital investment weakened in 2022, the pipeline remains strong.

Post-period investments

Guinness Ventures identified five companies as suitable first investments for Guinness VCT Plc and, post-year end, the Company invested in these businesses.

Fable Data provides European consumer transaction data to investment firms and corporates, as well as on a pro-bono basis to government and educational institutions. Guinness VCT invested £350k in Fable Data in April 2023.

BBC Maestro offers online-courses led by well-known industry experts, such as Marco Pierre White, Gary Barlow and Julia Donaldson. Maestro is a fast follower to the US based Masterclass, and Guinness VCT invested £350k in April 2023.

Baby Mori is a retailer of premium and sustainable babywear. Mori produces clothing using a signature fabric developed with bamboo yarns which is exceptionally soft and safer than regular materials. Guinness VCT invested £350k in April 2023.

Plotbox is an industry leading cloud-based deathcare management solution facilitating the workflows of cemeteries and crematoria through a suite of features. Guinness VCT invested £350k in April 2023.

Dragonfly AI is a predictive analytics platform which is designed to improve the quality and effectiveness of customers' content. Guinness VCT invested £200k in April 2023.

Outlook

The past year has been a difficult time for both the public and private markets. Inflation and interest rate rises, fallout from the UK's mini budget and the collapse of Silicon Valley Bank are a few issues that have damaged the confidence of investors. However, the VCT market has weathered these storms relatively well, with fundraising exceeding £1 billion for the second year running; marking the industry's second highest fundraising year to date. Considering the Investment Manager's pipeline and experience in the tax-incentive investment industry, we are in a strong position to take advantage of investment opportunities that will arise in 2023.

Ewen Gilmour
Non-executive Chair
6 July 2023

THE BOARD

Ewen Hamilton Gilmour (Independent non-executive chair):

Ewen is the former chief executive of Chaucer Holdings plc, a listed Lloyd's insurer. He joined Chaucer three months prior to its stock market flotation in 1998; he was initially finance director, and then managing director/ chief executive officer from 1999 to 2009. While there, he also chaired Lloyd's Market Processes Committee and the Chaucer Pension Fund and served on the Council of Lloyd's, including being deputy chairman of Lloyd's from 2006 to 2010.

After graduating from Cambridge University, his early career was as an accountant at KPMG between 1974 and 1980, followed by 13 years as a corporate financier at Charterhouse Bank, the merchant banking subsidiary of Royal Bank of Scotland. He has served as non-executive chairman of three Lloyd's Agents: Antares Managing Agency Limited; Hampden Agencies Limited; and Starstone Underwriting Limited. Currently, he is chairman of Soteria Insurance Limited. He has also been a member of the Lloyd's Enforcement Board since February 2012.

Joanna Lesley Santinon (Independent non-executive director):

Joanna is a chartered accountant and chartered tax adviser. She specialised in tax, transactions and private equity, and has wider experience including mergers and acquisitions, strategic investments, capital raisings and listings from a career spanning 24 years at Ernst & Young ("EY") where she was a member of the London Markets Board and led the Private Tax team in London through a transformation and growth period. During her time with EY Joanna played key roles in transactions in the UK and Europe. Joanna also led the EY UK Entrepreneur of The Year Programme. Joanna was a founder member of the 30% Club in the UK. She is an independent non-executive director of Octopus Future Generations VCT plc and a trustee of The Centre For Entrepreneurs.

Andrew Everard Martin Smith (Non-independent non-executive director):

Andrew was Chief Executive of Hambros Fund Management when it merged with Guinness Flight in 1997. In 2000 he joined Berkshire Capital Securities, a corporate adviser to the fund management industry, before joining Guinness Asset Management in 2005 as a senior adviser. He is a non-executive director of several companies including Church House Investment Management and has been a director of several public listed investment trusts including, TR European Growth, M&G High Income and Atlantis Japan. He is a director of Guinness Asset Management and is the lead manager of the Guinness AIM EIS Service.

MANAGER'S REVIEW

We are delighted to have successfully launched our new VCT, surpassing the minimum fundraise and listing on the London Stock Exchange.

As of 31st March 2023, the offer had raised £3.9m, exceeding the minimum fundraise amount needed to list on the London Stock Exchange. The Company was listed on the London Stock Exchange on 11th April 2023.

Considering the VCT market as a whole, fundraising was down on last year's record total but was still well supported by private investors and the 2022/23 tax year represented the second largest yearly fundraising total in the history of Venture Capital Trusts. We are proud of the success of our fundraising and are optimistic on future inflows as the reputation of the Guinness VCT grows.

Guinness Ventures has grown in the last year with four new joiners in the investment team bringing a range of experiences. Widening the expertise in our team helps to improve our deal sourcing and brings greater scrutiny to our screening process.

We have a strong pipeline of opportunities from a diverse range of sectors which is rooted in our network and experience as growth investors. When considering opportunities, we look for companies with an experienced and competent management team, a sustainable competitive advantage, a realistic and proven business model, a valuation and structure that provides alignment between all shareholders and strong prospects of being sold or floated in the future at a multiple on the initial cost of investment. This depth and breadth of pipeline enabled our Guinness EIS service to invest in 12 companies in the 2022/23 tax year.

Post-period end, Guinness VCT has made five investments in a diverse range of sectors: retail, software and technology, advertising and marketing and business services. These companies exhibited the key characteristics we look for investment opportunities and we look forward to working with the management teams and helping the companies grow. The total investment in these companies amounted to £1.6 million and represents over 35% of total funds raised by the offer to date.

Looking to 2023, we are excited to be considering the next set of investments for the Company, and I look forward to reporting on these in the half yearly review.

Shane Gallwey CFA

Head of Ventures, Guinness Asset Management Limited
6 July 2023

MANAGER'S REVIEW
INVESTMENT PORTFOLIO

As at 31 March 2023, the Company had not made any investments.

On 27 April 2023, the Company completed five investments details of which are given below.

INVESTMENT	SECTOR	LOCATION	COST
Baby Mori	Retail	London	£350,099.64
Dragonfly Technology	Advertising & Marketing	London	£199,999.80
Fable Data	Business Services	London	£349,999.80
PlotBox	Software & Technology	Ballymena	£349,999.80
BBC Maestro	Education	Wiltshire	£349,995.60
Total			**£1,600,094.64**

MORI

Baby Mori Limited:

Baby Mori is a babywear and childrenswear retailer. Mori's products are made from their signature fabric, derived from organic cotton and bamboo, which is processed without the use of harmful chemicals. These fabrics are exceptionally soft and ideal for the sensitive skin of infants and toddlers. Baby Mori sells D2C via its websites in the UK, EU and USA, through third-party wholesalers such as Harrods and Next, as well as its retail stores in the UK. Mori's flagship store is located on Northcote Road in Clapham.

Company sector	Retail
Stage	Scale-up
Asset class	Equity
Guinness VCT investment	£350,099.64
Initial investment date	27th April 2023

MANAGER'S REVIEW
INVESTMENT PORTFOLIO

Dragonfly AI

Dragonfly Technology Solutions Limited:

Dragonfly AI uses cutting-edge neuroscience to accurately and instantly show what grabs the audience's attention first across all forms of content. This enables companies and marketing agencies to optimise and improve the content they produce. Dragonfly has a number of high-profile clients and has already established a presence in the US. The company spun out from Queen Mary's University which has developed technology used by brands and agencies to understand how design decisions impact consumer attention.

Company sector	Advertising & Marketing
Stage	Scale-up
Asset class	Equity
Guinness VCT investment	£199,999.80
Initial investment date	27th April 2023

Fable Data

Fable Data Limited:

Fable Data is a leading data aggregator and data science company. Fable provides anonymised European consumer transaction data to investment firms and corporates, as well as on a pro-bono basis to government and educational institutions. Fable was founded on the notion that vital decisions that affect whole communities were being made with incomplete and stale data. Fable addresses this problem by placing high-quality, award-winning data into the hands of key decision-makers allowing them to make better decisions.

Company sector	Business Services
Stage	Scale-up
Asset class	Equity
Guinness VCT investment	£349,999.80
Initial investment date	27th April 2023

MANAGER'S REVIEW
INVESTMENT PORTFOLIO

PlotBox Inc:

PlotBox is a cloud-based management solution facilitating the workflows of cemeteries and crematoria through a suite of features. Management systems across the cemetery industry have historically been disconnected and inefficient, resulting in extra workload and required training, frequent mistakes, poor customer service, higher operational costs and an inability to scale the sales process. PlotBox's solution provides much needed innovation to this industry to create an all-in-one centralised system for the mapping, sales and administration of cemetery management.

Company sector	Software & Technology
Stage	Scale-up
Asset class	Equity
Guinness VCT investment	£349,999.80
Initial investment date	27th April 2023

Maestro Media Limited:

Maestro Media Limited, trading as BBC Maestro, is a celebrity-led e-learning company, at the intersection of mass-market online courses and video-streamed entertainment. It offers 6-8 hour inspirational courses delivered by global celebrities, genre icons and specific subject matter experts including Julia Donaldson (successful children's books writer and author of The Gruffalo), Jed Mercurio (TV writer – The Bodyguard, Line of Duty), Billy Connelly (stand-up comedy) and Peter Jones (entrepreneurship).

Company sector	Education
Stage	Scale-up
Asset class	Equity
Guinness VCT investment	£349,995.60
Initial investment date	27th April 2023

STRATEGIC REPORT

INVESTMENT POLICY, STRATEGY AND OBJECTIVES

Investment policy

The Company is a generalist VCT seeking to invest in a diversified portfolio of businesses that the Manager believes will provide the opportunity for value appreciation. The Company will focus on investments in growth companies in a range of sectors including technology, education, healthcare, manufacturing, retailing, leisure and food and drink. These businesses will mostly be unquoted, but the Company will also consider businesses listed on Qualifying Exchanges such as AIM. The Company will typically make initial investments of £0.1 million to £10 million and may also make follow-on investments into existing portfolio companies. Concentration risk is mitigated by ensuring that at the point of investment no more than 15% of the Company by value will be in any one investment.

Investment strategy

The Company will invest in growth stage companies that require scale-up capital across a range of sectors including technology, education, healthcare, manufacturing, retailing, leisure and food and drink. Although there is inherent risk with investing in VCTs, this generalist strategy will allow the Company to mitigate risk to a degree by diversifying its target portfolio companies for investors. The Manager will build a pipeline of investment opportunities with a focus on companies that have at least £1 million of historic or run-rate revenues.

The Manager seeks to identify businesses that have demonstrated the ability to raise and appropriately employ seed stage funding and who now require further funding to accelerate growth and deliver shareholder returns.

When assessing investment opportunities, Guinness looks for:

- experienced and competent management teams with a strong understanding of their market and competitive position, and with a track record of building and selling companies;
- a realistic business plan supported by good operations and technology;
- the investee company's ability to sustain a competitive advantage;
- the company's prospects of being sold or floated in the future, at a multiple on the initial cost of investment; and
- a valuation and structure that provides alignment between all shareholders.

Guinness also has an extensive track record of investing in AIM-listed companies and will consider investing up to 20% of the funds raised into AIM-listed companies as well as businesses listed on other Qualifying Exchanges.

Every company that is selected for potential investment will be required to pass through a comprehensive due diligence exercise which aims to test its business plan, technology and financials as well as reviewing VCT eligibility.

Qualifying investments

Qualifying Investments comprise investments in companies which are carrying out a qualifying trade (as defined under the relevant VCT legislation), and have a permanent establishment in the UK, although some may trade overseas. The Qualifying Companies in which investments are made must have no more than £15 million of gross assets immediately prior to the investment (or £16 million immediately after the investment), fewer than 250 employees (or fewer than 500 employees in the case of a Knowledge Intensive Company) and generally cannot have been trading for more than seven years (or ten years in the case of a Knowledge Intensive Company) at the time of the Company's investment. Several other conditions must be met for an investment to be classed as a VCT Qualifying Investment.

The Company intends to invest the net proceeds of the Offer in acquiring a portfolio of Qualifying Investments complying with VCT legislation. At least 30% of the funds raised will be invested in Qualifying Investments within 12 months of the end of the Company's accounting period in which the relevant Shares were allotted, and at least 80% of its net assets will, by the start of the Company's accounting period in which the third anniversary of the date the relevant shares are allotted falls and continuously thereafter, be invested in Qualifying Investments.

Non-qualifying investments

Subject to the rules applicable to VCTs, funds not employed in Qualifying Investments will be invested in short term liquid instruments, principally other funds which can be easily exited (e.g. money market funds, government and corporate bonds, term deposits, equity funds) including any appropriate funds managed by Guinness, to generate additional return for investors and mitigate against a rise in value of competing companies. These must be easily liquidated as cash. Such investments are subject to market fluctuations.

Borrowing policy

The Company has no present intention of utilising gearing as a strategy for improving or enhancing returns. Under the Company's Articles of Association, the borrowings of the Company will not, without the previous sanction of the Company in general meeting, exceed 25% of the aggregate total amount received from time to time on the subscription of shares in the Company.

Share buyback policy

The shares are intended to be traded on the London Stock Exchange's main market for listed securities. Although it is likely that there will be an illiquid market for such shares and, in such circumstances, shareholders may find it difficult to sell their shares in the market, the Company intends to pursue an active buyback policy to improve the liquidity in the shares where the Company may repurchase shares which shareholders wish to sell at a discount of up to 5% to the latest published net asset value per share, subject to applicable regulations, market conditions at the time and the Company having both the necessary funds and distributable cash resources available for the purpose. The making and timing of any share buybacks will remain at the absolute discretion of the Board. The Directors expect that there will be limited demand for share buybacks from shareholders within the first five years because the only sellers are likely to be deceased shareholders' estates and those shareholders whose circumstances have changed (to such extent that they are willing to repay the 30% income tax relief in order to gain access to the net proceeds of the sale).

Dividend policy

The Company will target an annual dividend equivalent to 5 per cent of its net asset value as well as special dividends, where appropriate, from the proceeds of successful exists of portfolio companies that are not reinvested. It is envisaged that dividends will be paid from 2026 onwards, subject to the existence of realised profits, legislative requirements and the available cash reserves of the Company.

KEY PERFORMANCE INDICATORS (“KPIs”) and ALTERNATIVE PERFORMANCE MEASURES (“APMs”)

The objective of the Company is to provide long-term returns where shares are invested for at least five years, whilst enabling shareholders to benefit from available VCT tax reliefs. The KPIs and APMs which the Board will monitor towards that objective are:

a. Total Return relative to amount subscribed.
b. The increase in the value of investments.
c. Operational expenses as a proportion of shareholders’ funds.
d. Ongoing charges ratio.

Given that the Company did not allot any Ordinary shares until 22 March 2023, any comment in this Report on the KPIs or APMs would be meaningless.

The Board will also monitor (i) the Company’s share price over reporting periods and compare its performance to the FTSE Small Cap index for the relevant periods and (ii) the measures defined by HMRC for its VCT tests to ensure that the Company will continue to qualify as a VCT.

MATERIAL CONTRACTS

Investment management agreement

An agreement (the "Investment Management Agreement") dated 18 October 2022 and made between the Company and the Manager whereby the Manager will, with effect from the first date on which the Company resolves to allot shares pursuant to the Offer (the "Effective Date"), be appointed as the Company's investment manager to provide discretionary investment management and advisory services to the Company in respect of its portfolio of Qualifying Investments and non-qualifying investments and valuations of its portfolio interests.

The Manager will receive an annual management fee equal to 2.0% of the Company's net asset value (plus VAT if applicable) payable quarterly in arrears, the first payment to be made in respect of the period from the Effective Date until the termination of the Investment Management Agreement. The Manager is entitled to reimbursement of expenses incurred in performing its duties under the agreement and will also be entitled to receive and retain transaction and introductory fees, directors' fees, monitoring fees, consultancy fees, corporate finance fees, syndication fees, exit fees and commissions in relation to portfolio companies.

The Manager will also be entitled to a performance fee payable in relation to each accounting period. This fee is set at 20% of dividends (or other return of capital) paid in a financial year in which the Total Return is above the Hurdle. For the Hurdle to be met, the shares must achieve a Total Return (based on audited year end results) in excess of £1.00 for the year ending 31 March 2024. For subsequent years, the Hurdle increases by 3p per annum such that for the year ending 31 March 2025 the Hurdle will be £1.03, for the year ending 31 March 2026 the Hurdle will be £1.06 and so on.

The Manager acted as the Company's AIFM for the purposes of the AIFM Directive up until 2 May 2023, on which date Guinness VCT Plc (FRN: 985295) was entered in the register of small registered UK AIFMs under the Alternative Investment Fund Managers Regulations 2013 (AIFMRs). Under the terms of the Investment Management Agreement the appointment of the Manager as the Company's AIFM has fallen away as of 2 May 2023, and the Manager continues to provide investment management services on the same terms as set out in the Investment Management Agreement.

The appointment of the Manager in relation to the investment services commenced on the Effective Date and will continue unless and until terminated by either party giving to the other not less than 12 months' notice in writing, such notice not to take effect before the end of the fifth anniversary following the last allotment of shares pursuant to an offer for subscription made by the Company. The Investment Management Agreement is subject to earlier termination by either party in certain circumstances.

All securities purchased through the Manager will be registered (except for bearer stocks) in the name of the Company, to hold all or any of the Company's assets and documents of title or certificates evidencing title on behalf of the Company.

Any investment or other asset of the Company will be registered (except for bearer stocks) in the name of the Company, or, subject to the written agreement of the Company, in the name of a custodian which may be appointed from time to time by the Company on terms agreed by the Manager.

Transactions undertaken by the Manager for the Company shall correspond with the provisions of the Manager's written execution policy, and the Manager shall manage conflicts of interest, disclosing to the Board the nature of any material interest which the Manager may have in any proposed transaction to which the Company is, or is to be, a party, the Manager not causing the Company to become a party to any such contract or transaction except with the prior approval of those members of the Board who are independent of the Manager (such prior approval not to apply to the allocation of investment opportunities governed by the Investment Management Agreement).

The Manager has agreed to indemnify the Company by such amount as is equal to the excess by which the Annual Running Costs of the Company exceeds 3.5% of the Net Asset Value, calculated on an annual basis.

The provision by the Manager of discretionary investment management and advisory services is subject to the overall control, direction and supervision of the Directors.

Administration agreement

An agreement dated 18 October 2022 and made between the Company and The City Partnership (UK) Limited (the "Administrator"), whereby the Administrator will provide certain administration services, accounting, custody and company secretarial services to the Company in respect of the period from Admission until the termination of the Administration Agreement with regard to all the investments of the Company, for an annual fee of up to £55,000 (plus an additional 0.055% on quarter-end NAV exceeding £25m), calculated on a sliding scale based on the Company's quarterly NAV (plus VAT if applicable). Under this agreement the Administrator will hold securities in certificated form on behalf of the Company for safekeeping.

The Administration Agreement will continue for a period of 2 years from the date on which the Minimum Subscription is raised under the Offer and thereafter is terminable by either party giving 6 months' written notice, on or after the second anniversary of the agreement, but subject to early termination in certain circumstances.

PRINCIPAL AND EMERGING RISKS

The Board and the Audit Committee have an ongoing process for identifying, evaluating and monitoring the principal and emerging risks facing the Company. The Board has listed below details of these including the measures taken in order to mitigate these risks as far as practicable.

VCT status qualifying risk

The Company must comply with section 274 of the Income Tax Act 2007, which, inter alia, enables investors to take advantage of tax relief on their investment and future returns when investing in a VCT. If the Company breaches any of the rules in section 274, this could result in the loss of VCT status. Breaches could also result in investors becoming liable to pay income tax on dividends received from the Company and in some circumstances, investors may have to repay the initial income tax relief on their investment. The most prevalent risk to VCT status at this time is if the VCT fails to invest 80% of its funds into Qualifying Investments by the second anniversary of the end of the accounting period in which the Company issued the shares.

Working closely with the Board, the Manager keeps track of the VCT's qualifying status to ensure it remains qualifying. Regular reports are provided to and discussed with the Board which reviews the status of the VCT tests on a quarterly basis. Philip Hare & Associates has also been appointed as Tax Adviser to provide monitoring reports to the Board twice yearly.

Regulatory and compliance risk

Shortly after 31 March 2023, the Company's shares were admitted to the premium segment of the Official List and to trading on the London Stock Exchange's main market for listed securities and on the 2nd May 2023 the Company was authorised as a self-managed Alternative Invest Fund Manager (AIFM) under the Alternative Investment Fund Managers Directive ("AIFMD"). The Company is required to comply with the Companies Act 2006, the rules of the UK Listing Authority, the Prospectus and Transparency Directives, and United Kingdom Accounting Standards. If the Company breaches any of these it could lead to number of detrimental outcomes including but not limited to suspension of the Company's Stock Exchange listing, reputational damage, or financial penalties.

The day to day running of the Company is overseen by the Manager. The Board is updated at Board Meetings at least quarterly on all regulatory and compliance matters. The Board and the Manager employ third parties to ensure that the Company complies with all its regulatory obligations, these parties include Howard Kennedy as Sponsor and Legal Adviser, City Partnership as Company Secretary and Philip Hare & Associates as Tax Adviser. The Manager also employs a team of compliance specialists who support the Board in ensuring that the Company is compliant.

Operational and internal control risk

There is a risk of failure of the systems and controls of any of the Company's advisers, leading to an inability to service shareholder needs adequately, provide accurate reporting and accounting, and to ensure the Company is complying with all VCT legislation rules. To mitigate these risks, the Board regularly reviews the systems of internal controls, both financial and non-financial operated by the Company and key third-party advisers. These include controls designed to ensure that the VCT's assets are safeguarded and that proper accounting records are maintained; and to prevent data protection and cyber security failings. In addition, the Board regularly reviews the performance of its service providers to ensure that they continue to have the necessary expertise and resources to provide the expected level of service.

Investment performance and valuation risk

The Board and Manager aim to minimise the investment risk attached to the investment portfolio as a whole by ensuring that a robust and structured selection, monitoring and realisation process is in place. Diversification is intended to be achieved across both sector and development stage. The investment portfolio is reviewed by the Board and Manager together on a regular basis.

The Company's investment valuation methodology is reliant on the portfolio companies issuing accurate and complete information. In particular, the Directors may not be aware of, or take into account, certain events or circumstances which may happen after the information issued by such companies is reported. The unquoted investments held by the Company are designated at fair value through profit or loss and valued in accordance with the International Private Equity and Venture Capital Valuation Guidelines as updated in 2022. These guidelines set out recommendations, intended to represent current best practice on the valuation of venture capital investments. The valuation takes into account all known material facts up to the date of approval of the Financial Statements by the Board.

Economic, political and other external factors

The valuation of investment companies in the portfolio may be affected by economic, political and other external factors such as a movement in interest rates, a change in Government, or international conflict. The Company aims to invest in a diversified portfolio across a range of stages and sectors and also maintains cash to ensure it can provide follow-on investments when companies require it.

The economic and political environment are kept under constant review and the investment strategy is adapted as far as possible to mitigate emerging risks.

Governance risk

The Directors of the Company are aware that an ineffective Board could have a negative impact on the Company. The Board recognises the importance of effective leadership and board composition and this is ensured by completing an annual evaluation process, with action taken if required. City Partnership is appointed as Company Secretary to monitor corporate governance best practice.

Cash flow risk

The Manager closely and continually monitors the availability of cash resources. Cash flow forecasts and budgets are presented to and reviewed by the Board on a regular basis to ensure that the risk of insufficient cash to meet financial obligations is minimised.

SECTION 172 STATEMENT

Section 172 of the Companies Act 2006 requires the Directors of the Company to act in a way that they consider, in good faith, will most likely promote the success of the Company for the benefit of the members as a whole. In doing so, the Directors should have regard (amongst other matters) to:

- the likely consequences of any decision in the long term;
- the interests 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 community and the environment;
- the desirability of the Company maintaining a reputation for high standards of business conduct; and
- the need to act fairly as between members of the Company.

The Board considers its significant stakeholder groups to be its Shareholders, its third-party advisers and its portfolio companies. The Company takes several steps to understand the views of its key stakeholders and considers these, along with the matters set out above, in Board discussions and decision making.

The Company has no employees (other than its Directors) and no customers in a traditional sense and therefore there is nothing to report in relation to these relationships. In line with normal practice for Venture Capital Trusts, the day-to-day management and administration is delegated to the relevant third parties. The Board regularly engages with the third parties to set, approve and oversee the execution of the agreed business strategy and related policies. Ad hoc meetings and communications are convened where necessary to address specific issues to ensure an appropriate and transparent response is formulated.

The Board's principal concern is the interest of the Company's shareholders taken as a whole. The Board encourages engagement and effective communication with the Company's shareholders.

The Board works closely with the Manager in reviewing how stakeholder issues are handled, ensuring good governance and responsibility in managing the Company's affairs. As well as having a Director from the Investment Manager on the Board of the VCT, key stakeholders from the Manager also attend Board meetings. The Manager has therefore been well informed of any decisions the Board has made during the period and as a result has had opportunity to discuss the impact these decisions may make. The Manager provides updates to the Board on the entire portfolio at least quarterly.

Environmental, social, governance, human rights and community issues

The Board seeks to carry out the Company's affairs in a responsible manner and maintain high standards in respect of environmental, governance and social issues. The Company is required by law to provide details of environmental, employee, human rights, social and community issues. As a VCT the Company does not have any employees and as a result does not maintain specific policies in relation to these matters. The Company does, however, encourage the Manager to consider these issues, where appropriate, with regard to investment decisions.

ENVIRONMENT POLICY & GREENHOUSE GAS EMISSIONS

As a VCT with no physical assets, property, employees or operations, the Company has no direct environmental responsibilities, nor is it directly responsible for the emission of greenhouse gases. The Company has no direct carbon usage therefore there are no disclosures to make in this respect. Therefore, the Board has no specific environmental policy. The Company does however recognise the need to conduct its business, including investment decisions, in a manner that is responsible to the environment wherever possible.

VCT REGULATIONS

The Company has engaged Philip Hare & Associates LLP to advise it on compliance with HMRC's VCT requirements, including evaluation of investment opportunities as appropriate and regular review of the portfolio. Although Philip Hare & Associates LLP works closely with the Manager, they report directly to the Board.

STATEMENT ON LONG-TERM VIABILITY

In accordance with provision 4.27 of The UK Corporate Governance Code published by the Financial Reporting Council in July 2018 (the “Code”), the Directors consider the Report to be fair, balanced, and understandable.

In line with provision 4.31 of the Code, the Directors have assessed the Company’s prospects over the five-year period to 31 March 2028. This period has been considered appropriate for a business of this nature and size, because it is the minimum recommended investment period and the period for which investors are required to hold their shares in order to retain tax relief.

The Directors have carried out a robust assessment of the principal and emerging risks faced by the Company, considering its business model, future performance, solvency and liquidity. They deliberated over the Company’s ability to maintain its VCT status with HM Revenue and Customers, and over the valuation of investments. Given the extent of available resources, the Board particularly assessed the ability of the Company to raise finance, as well as its ability to deploy capital. It reviewed income and expenditure projections and examined robust stress-tested cash flows to understand the impact of different scenarios. It also assessed the Manager and the processes in place for dealing with risks and identifying emerging threats. A detailed risk register is monitored and reviewed by the Board at least half-yearly.

The Board has determined that the Company will be able to continue in operation, maintain compliance with the VCT rules and meet its liabilities as they fall due for a period of at least five years from the accounts’ approval date.

OTHER DISCLOSURES

The Board of the Company is made up of three Directors, two of which are male and one is female. The Company has no employees.

By order of the Board
The City Partnership (UK) Limited
Company Secretary
6 July 2023

DIRECTOR' REPORT

The Statement of Corporate Governance on pages 27 to 31 forms part of the Directors' Report.

Principal activity and status

The Company is registered as a public limited company under the Companies Act 2006 (Registration number 14220882). The address of the registered office is 18 Smith Square, London, SW1P 3HZ. The Company is a generalist VCT seeking to invest in a diversified portfolio of businesses that the Manager believes will provide the opportunity for value appreciation. The Company will focus on investments in growth companies in a range of sectors including technology, education, healthcare, manufacturing, retailing, leisure and food and drink. A review of the Company's business during the period ended 31 March 2023 is contained in the Chair's Statement and Manager's Review.

Directors

The Directors of the Company during the period under review were Ewen Gilmour, Joanna Santinon and Andrew Martin Smith. The Company indemnifies its directors and officers and has purchased insurance to cover its directors.

Dividend

No dividend was paid or declared during the period ended 31 March 2023.

The Company will target an annual dividend equivalent to 5 per cent of its net asset value as well as special dividends, where appropriate, from the proceeds of successful exists of portfolio companies that are not reinvested. It is envisaged that dividends will be paid from 2026 onwards, subject to the existence of realised profits, legislative requirements and the available cash reserves of the Company.

Share capital

As shown in note 16 to the financial statements, the Company had two classes of share as at 31 March 2023, being ordinary shares of 1p each and redeemable preference shares of £1 each.

On 3 October 2022 50,000 redeemable preference shares were allotted and issued to the Manager. Subsequent to the Company's financial year-end, the redeemable preference shares were paid up, fully redeemed and subsequently cancelled.

Issue of ordinary shares and share buybacks

During the period ended 31 March 2023, a total of 2,474,849 ordinary shares in the Company were issued as a result of an offer for subscription at an average price of 100.51 pence per share raising £2.49m. One ordinary share in the Company was issued as a subscriber share. There were 2,474,850 ordinary shares in issue at the year end.

No shares were bought back by the Company during the period ended 31 March 2023.

The shares are intended to be traded on the London Stock Exchange's main market for listed securities. It is likely, however, that there will be an illiquid market for such shares and, in such circumstances, shareholders may find it difficult to sell their shares in the market. The Company intends to pursue an active buyback policy to improve the liquidity in the shares where the Company may repurchase shares which shareholders wish to sell at a discount of up to 5% to the latest published net asset value per share, subject to applicable regulations, market conditions at the time and the Company having both the necessary funds and distributable cash resources available for the purpose. The making and timing of any share buybacks will remain at the absolute discretion of the Board. The Directors expect that there will be limited demand for share buybacks from shareholders within the first five years because the only sellers are likely to be deceased shareholders' estates and those shareholders whose circumstances have changed (to such extent that they are willing to repay the 30% income tax relief in order to gain access to the net proceeds of the sale).

Capital disclosures

The rights and obligations attached to the Company's ordinary shares are set out in the Company's Articles of Association, copies of which can be obtained from Companies House. As at the date of this Report, the Company has one class of share, ordinary shares, which carry no right to fixed income. The holders of ordinary shares are entitled to receive dividends when declared, to receive the Company's report and accounts, to attend and speak at general meetings, to appoint proxies and to exercise voting rights. There are no restrictions on the voting rights attaching to the Company's shares or the transfer of securities in the Company.

Annual general meeting ("AGM")

The Notice of the AGM is on pages 54 to 53 of these financial statements.

As this is the first AGM following their appointment, resolutions are proposed to elect Ewen Gilmour and Joanna Santinon as Directors of the Company. Andrew Martin Smith, as a non-independent Director, is subject to annual re-election in accordance with the Listing Rules.

The Notice of AGM includes the following resolutions:

- Resolution 9, an ordinary resolution, is proposed to ensure the Directors retain the authority to allot shares in the Company until the date of the 2024 Annual General meeting up to an aggregate nominal amount of £250,000 (representing approximately 562% of the issued ordinary share capital of the Company as at 6 July 2023).
- Resolution 10, a special resolution, is proposed to empower the Directors to allot shares under the authority granted by resolution 9 without regard to any rights of pre-emption on the part of the existing shareholders.
- Resolution 11, a special resolution, is proposed to ensure that authority to buy back shares is in place until the date of the 2024 Annual General Meeting.

Auditor

A resolution to appoint BDO LLP as auditor of the Company will be proposed at the AGM.

Substantial shareholdings

Name of shareholder	31 March 2023 No of ordinary shares held	31 March 2023 % of shares in issue	As at the date of this report No of ordinary shares held	As at the date of this report % of shares in issue
Marco Compagnoni	200,000	8.1	400,000	9.0
Edward Guinness	200,000	8.1	400,000	9.0
Timothy Guinness	200,000	8.1	200,000	4.5
Andrew Brode	-	-	200,000	4.5
Patricia Baker	-	-	200,000	4.5
Paul Baker	-	-	200,000	4.5
Thomas Smith	-	-	200,000	4.5
Danuta Smith	100,000	4.0	100,000	2.2
George Archer	100,000	4.0	100,000	2.2
Hugo Bull	100,000	4.0	100,000	2.2
Neil Jenkins	100,000	4.0	100,000	2.2
Richard Mann	100,000	4.0	100,000	2.2
Scott Pinching	100,000	4.0	100,000	2.2
Sean Lindsay	100,000	4.0	130,000	2.9
Helen Cook	98,000	4.0	98,000	2.2
Robert Cook	98,000	4.0	98,000	2.2
Richard Jones	75,775	3.1	75,775	1.7

Going concern

The Directors have made an assessment of the Company's ability to continue as a going concern and are satisfied that the Company has adequate resources to continue in business for the foreseeable future (being a period of 12 months from the date these financial statements were approved). In reaching this conclusion the Directors took into account the nature of the Company's business and Investment Policy, its risk management policies and the cash holdings. They have also reviewed the budgets and forecasts, which have been subject to stress tests performed by the Manager, and consider the Company has adequate financial resources to enable it to continue in operational existence at least 12 months from the date of approval of the Financial Statements. Therefore, the Directors believe it is appropriate to continue to apply the going concern basis in preparing the financial statements.

Accountability and audit

The independent auditor's report is set out on pages 36 to 38 of this report. The Directors who were in office on the date of approval of this Report have confirmed that, as far as they were aware, there is no relevant audit information of which the auditor is unaware. Each of the Directors has taken all the steps 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.

Financial instruments

The Company's financial instruments will comprise investments held by the VCT, equity, cash balances and liquid resources including debtors and creditors.

Indemnity payments

There are no qualifying indemnity payments made on behalf of the Directors.

Risk management

Further details, including details about risk management, are set out on pages 17 to 18.

Future developments

Significant events which have occurred after the year end are detailed in note 20 on page 52. Future developments which could affect the Company are discussed in the outlook section of the Chair's Statement and in the Manager's Review.

By order of the Board
The City Partnership (UK) Limited
Company Secretary
6 July 2023

STATEMENT OF CORPORATE GOVERNANCE

The Board is committed to the principle and application of sound corporate governance and confirms that the Company has taken steps, appropriate to a venture capital trust and relevant to its size and operational complexity to comply with the provisions and recommendations of The UK Corporate Governance Code published by the Financial Reporting Council in July 2018 (the "Code"). The Code can be found on the website of the FRC at www.frc.org.uk.

The Directors acknowledge the section headed "Reporting on the Code" in the preamble to the Code which recognises that an alternative to complying with a provision may be justified in particular circumstances based on a range of factors, including the size, complexity, history and ownership structure of a company. Accordingly, the provisions of the Code have been complied with save that (i) the Company does not have a senior independent director (although the Chairman is an independent director), (ii) the Company will not conduct on an annual basis a formal review as to whether there is a need for an internal audit function as the Directors do not consider that an internal audit would be an appropriate control for a VCT, (iii) as all of the Directors are non-executive and not expected to change during the life of the Company, it is not considered appropriate to appoint a nomination or remuneration committee and (iv) other than Andrew Martin Smith who, as an employee of the Manager, is not considered independent and is, therefore, obliged to resign and stand for re-election as a Director on an annual basis pursuant to the Listing Rules, the Directors will not stand for re-election on an annual basis. The Board considers that these provisions are not relevant to the position of the Company due to the size and specialised nature of the Company, the fact that all Directors are non-executive and the costs involved.

The Directors consider the Annual Report and Financial Statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position, performance, business model and strategy.

The board

The board has overall responsibility for the Company's affairs, including determining its investment policy and having overall control, direction and supervision of the Manager. An investment management agreement between the Company and Guinness Asset Management Limited sets out the matters over which the Manager has authority. This includes monitoring of the Company's assets. All other matters, including strategy, investment and dividend policies and corporate governance proceedings are reserved for the approval of the Board. The Board meets at least quarterly and additional meetings are arranged as necessary. Full and timely information is provided to the Board to enable it to function effectively and to allow the Directors to discharge their responsibilities. In addition, the Directors are responsible for ensuring that the policies and operations are in the best interests of all the Company's shareholders and that the best interests of creditors and suppliers to the Company are properly considered. The Chairman and the company secretary establish the agenda for each Board meeting. The necessary papers for each meeting are distributed well in advance of each meeting ensuring all Directors receive accurate, timely and clear information. The Board has direct access to corporate governance and compliance services through the company secretary which is responsible for ensuring that Board procedures are followed and compliance requirements are met.

The Board comprises three non-executive Directors, two of whom act independently of the Manager. Accordingly, the majority of the Board, including the Chairman, are independent of the Manager. The Directors have a wide range of investment, business, financial skills and knowledge relevant to the Company's business. Brief biographical details of each Director are set out on page 7.

The Company may by ordinary resolution appoint any person who is willing to act as a Director, either to fill a vacancy or as an additional Director. No Director has a contract of service with the Company. All of the Directors have been provided with letters of appointment, copies of which are available for inspection on request at the Company's registered office and at the annual general meeting.

The Board is committed to ensuring that the Company is run in the most effective manner. The Board monitors the diversity of all Directors to ensure an appropriate level of experience and qualification. The Board believes in the value and importance of diversity in the boardroom but does not consider it appropriate or in the best interests of the Company to set prescriptive targets. When making new appointments the Board takes into account other demands on directors' time and prior to appointment significant commitments would be disclosed. There are no specific guidelines set on length of directors' service, including the Chairman, as the Board believes that continuity of experience is most important.

Independence of directors

The Board regularly reviews the independence of each Director and of the Board as a whole in accordance with the guidelines in the Code. Andrew Martin Smith, as an employee of Guinness Asset Management Limited, is not considered independent. Directors' interests are noted at the start of each Board meeting and any Director would not participate in the discussion concerning any investment in which he or she had an interest. The Board does not consider that length of service will necessarily compromise the independence or effectiveness of Directors and no limit has been placed on the overall length of service. The Board considers that continuity and experience can be of significant benefit to the Company and its shareholders. The Board believes that Ewen Gilmour and Joanna Santinon have demonstrated that they are independent in character and judgment and there are no relationships or circumstances which could affect their objectivity.

Board performance

The Board intends to carry out a performance evaluation of the Board, the audit committee and individual Directors in the coming year. Due to the size of the Company, the fact that all Directors are non-executive and the costs involved, external facilitators will not be used in the evaluation. An evaluation has not taken place in the current period as this is the first reporting period of the Company.

Board and committee meetings

The following table sets out the Directors' attendance at full Board and audit committee meetings held during the period ended 31 March 2023.

	Board meetings		Audit committee meetings	
Director	held	attended	held	attended
Ewen Gilmour	4	4	-	-
Joanna Santinon	4	4	-	-
Andrew Martin Smith*	4	4	-	-

*Andrew Martin Smith is not a member of the audit committee but attends the audit committee meetings.

The Board is in regular contact with the Manager between Board meetings.

Board committees

The Board has not established a nomination or remuneration committee as they consider the Board to be small and comprises non-executive Directors. Appointments of new Directors and Directors' remuneration are dealt with by the full Board.

Report of the audit committee

The audit committee comprises the two independent non-executive Directors, Joanna Santinon (Audit Chair) and Ewen Gilmour. Due to the small size of the Board and his independence and experience the Board believes it is appropriate that the chairman of the board is a member of the audit committee. The Board is also satisfied that the committee as a whole has competence relevant to the venture capital trust sector and the requisite skills and experience to fulfil the responsibilities of the audit committee and meets the requirements of the Code as to recent and relevant financial experience.

The committee meets at least twice a year. The Company's auditors may be required to attend such meetings. The Committee will prepare a report each year addressed to shareholders for inclusion in the Company's annual report and accounts. The duties of the committee are inter alia:

- to review and report to the Board on significant financial reporting issues and judgements which the financial statements, interim reports, preliminary announcements and related formal statements contain;
- to monitor, review and report to the Board on internal control and risk management systems;
- to consider the appointment of the external auditor, to monitor its independence and objectivity, the level of audit fees and to discuss with the external auditor the nature and scope of the audit; and
- to prepare a formal report to shareholders on its activities to be included in the Company's annual report, which includes all information and requirements set out in the UK Corporate Governance Code.

During the period ended 31 March 2023 the audit committee did not meet; it did meet subsequent to 31 March 2023 to review a draft of this Report.

The Directors carried out a robust assessment of the principal risks facing the Company and concluded that the key areas of risk which may threaten the business model, future performance, solvency or liquidity of the Company are:

- compliance with HMRC VCT Regulations to maintain the Company's VCT status; and
- valuation of investments.

These matters will be monitored regularly by the Manager and reviewed by the Board at Board meetings. They were also discussed with the Manager and the auditor at the audit committee meeting held to discuss these annual financial statements.

The committee concluded:

- VCT status – the Manager confirmed to the audit committee that the conditions for maintaining the Company's status had been complied with throughout the period. The Company's VCT status is also reviewed by the Company's tax adviser, Philip Hare & Associates, as described on page 21.
- Valuation of investments – having noted that no investment had been made as at 31 March 2023, the Manager confirmed to the audit committee that the basis of valuation

for unquoted companies would be in accordance with published industry guidelines. The valuation of unquoted companies would take account of the latest available information about investee companies and current market data. A comprehensive report on the valuation of unquoted investments would be discussed with the Board prior to any market announcements regarding the Company's NAV; Directors are also consulted about material changes to those valuations between Board meetings.

The audit committee is satisfied that the key areas of risk and judgement will be properly addressed in the financial statements and that the significant assumptions to be used in determining the value of assets and liabilities will be properly appraised and are sufficiently robust.

Relationship with the auditor

The audit committee is responsible for overseeing the relationship with the external auditor, assessing the effectiveness of the external audit process and making recommendations on the appointment and removal of the external auditor.

When assessing the effectiveness of the process for the year under review, the Committee considered the auditor's technical knowledge and its understanding of the business of the Company; whether the audit team was appropriately resourced; whether the auditor provided a clear explanation of the scope and strategy of the audit and whether the auditor maintained independence and objectivity. As part of the review of auditor effectiveness and independence, BDO LLP has confirmed that it is independent of the Company and has complied with applicable auditing standards. BDO LLP does not provide any non-audit services to the Company. BDO LLP has held office as auditor since the inception of the Company. Public interest entities are required to put the external audit contract out to tender at least every ten years. BDO LLP has held office as auditor for one year as at the date of this Report; in accordance with ethical standards the engagement partner is rotated after at most five years, and the current partner has served for one year.

Following the review as noted above the audit committee is satisfied with the performance of BDO LLP and recommends the services of BDO LLP to the shareholders in view both of that performance and the firm's extensive experience in auditing VCTs.

Internal control and risk management

The Board acknowledges that it is responsible for the Company's internal control systems and for reviewing their effectiveness. In accordance with the Code, the audit committee has established an ongoing process for identifying, evaluating and managing the significant risks faced by the Company. The internal control systems aim to ensure the maintenance of proper accounting records, the reliability of the financial information upon which business decisions are made and which is used for publication, and that the assets of the Company are safeguarded. Internal controls can only provide reasonable and not absolute assurance against material misstatement or loss. The financial controls operated by the Board include the authorisation of the investment strategy and regular reviews of the results and investment performance.

The Board has delegated contractually to third parties, as set out on pages 15 to 16, the management of the investment portfolio, the safeguarding of the assets and the day-to-day accounting, company secretarial and administration requirements. The Board receives and considers regular reports from the Manager. Ad hoc reports and information are supplied to the Board as required. It remains the role of the Board to keep under review the terms of the investment management agreement with the Manager.

Regular review of the control systems is carried out which covers consideration of the key risks. Each risk is considered with regard to the controls exercised at Board level, reporting by service providers and controls relied upon. The company secretary reviews the annual statutory accounts to ensure compliance with Companies Acts and the Code and the audit committee reviews financial information prior to its publication. Quarterly management accounts are produced for review and approval by the Manager and the Board.

Shareholder reporting

The Directors believe that communication with shareholders is important. Shareholders have access to a copy of the Company's annual report and accounts (expected to be published each July and a copy of the Company's half-yearly report (expected to be published each November). These will be made available on the Manager's website. Shareholders and their advisers (if applicable) will also receive updated reports from the Company and the Manager on the progress of the Company.

In order to reduce the administrative burden and cost of communicating with shareholders, the Company intends to publish all notices, documents and information to be sent to shareholders generally on the Manager's website (https://www.guinnessgi.com/ventures/guinness-vct). Increased use of electronic communications will deliver significant savings to the Company in terms of administration, printing and postage costs, as well as speeding up the provision of information to shareholders. The reduced use of paper will also have environmental benefits. Shareholders will be notified when documents are published on the Manager's website, such notification will be delivered electronically (or by post where no email address has been provided for that purpose).

The Company welcomes the views of shareholders and places great importance on communication with its shareholders. Shareholders will have the opportunity to meet the Board at the annual general meeting. All shareholders are welcome to attend the meeting and to ask questions of the Directors. The Board is also happy to respond to any written queries made by shareholders during the course of the year. All communication from shareholders is recorded and reviewed by the Board to ensure that shareholder enquiries are promptly and adequately resolved.

On behalf of the Board
Ewen Gilmour
Non-executive Chair
6 July 2023

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 for the Company for that year.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they 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 Strategic Report, a Directors' Report and Directors' Remuneration Report which comply with the requirements of the Companies Act 2006.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and 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.

The Directors are responsible for ensuring that the Annual Report and accounts, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders 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. Copy on the website is maintained by the Manager on behalf of the Company. 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’ responsibilities pursuant to DTR4

The Directors confirm to the best of their knowledge:

- The financial statements which have been prepared in accordance with UK Generally Accepted Accounting Practice give a true and fair view of the assets, liabilities, financial position and profit and loss of the Company.
- The Annual Report includes a fair review of the development and performance of the business and the financial position of the Company, together with a description of the principal risks and uncertainties that it faces.

The Board considers the annual report and financial statements, taken as a whole, are fair, balanced and understandable and that it provides the necessary information for shareholders to assess the Company’s performance, business model and strategy.

On behalf of the Board
Ewen Gilmour
Non-executive Chair
6 July 2023

DIRECTORS' REMUNERATION REPORT

Introduction

This report has been prepared in accordance with the requirements of the Companies Act 2006 and The Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013 (the "Regulations"). Ordinary resolutions for the approval of the Directors' Remuneration Policy and the Directors' Annual Report on remuneration will be put to members at the Company's first AGM to be held on 30 August 2023.

The Company's auditor, BDO LLP, is required to give its opinion on certain information included in this report. The disclosures which have been audited are indicated as such. The auditor's opinion on these and other matters is included in the Independent Auditor's Report on pages 36 to 38.

Annual statement from the chair of the board

Directors' fees are reviewed annually and are set by the Board to attract individuals with the appropriate range of skills and experience. In determining the level of fees their duties and responsibilities are considered, together with the level of time commitment required in preparing for and attending meetings. Directors' fees have not changed in the period.

Directors' remuneration policy

The Board as a whole considers Directors' remuneration and, as such, a remuneration committee has not been established. The Board's policy is that the remuneration of non-executive Directors should reflect the experience of the Board as a whole, be fair and comparable with that of other companies that are similar in size and nature to the Company and have similar objectives and structures. Directors' fees are set with a view to attracting and retaining the Directors required to oversee the Company effectively and to reflect the specific circumstances of the Company, the duties and responsibilities of the Directors and the value and amount of time committed to the Company's affairs. It is the intention of the Board that, unless any revision to this policy is deemed necessary, this policy will continue to apply in the forthcoming and subsequent financial years. The Board has not received any views from the Company's shareholders in respect of the levels of Directors' remuneration.

The Directors are not eligible for bonuses, pension benefits, share options, long-term incentive schemes or other benefits. No arrangements have been entered into between the Company and the Directors to entitle any of the Directors to compensation for loss of office.

Directors' annual report on remuneration

Terms of appointment
No Director has a contract of service with the Company. Each of the Directors entered into an agreement with the Company dated 18 October 2022 whereby he or she is required to devote such time to the affairs of the Company as the Board reasonably requires consistent with their role as non-executive Director. Ewen Gilmour is entitled to receive an annual fee of £30,000 (plus VAT if applicable), Joanna Santinon is entitled to receive an annual fee of £25,000 (plus VAT if applicable) and Andrew Martin Smith is entitled to receive an annual fee of £15,000 (plus VAT if applicable). Each party can terminate the agreement by giving to the other at least six months' notice in writing to expire at any time after the date 12 months from the respective commencement dates. No benefits are payable on termination.

Directors are subject to election by shareholders at the first annual general meeting after their appointment. The Company's Articles of Association provide for a maximum level of total remuneration of £200,000 per annum in aggregate.

Directors are remunerated exclusively by fixed fees and do not receive bonuses, share options, long term incentives, pension or other benefits. There is no comparative information in respect of employee remuneration as the Company has no employees.

Directors' fees for the period (Audited)
The fees payable to individual Directors in respect of the period ended 31 March 2023 are shown in the table below.

Director	Total annual fixed fee £	Total fixed fee for period ended 31 March 2023* £
Ewen Gilmour	30,000	815
Joanna Santinon	25,000	679
Andrew Martin Smith	15,000	408
	70,000	1,902

*Directors fees were not payable and did not accrue until the first allotment of shares under the offer for subscription. Directors' fees for the period were accrued in but not paid as at 31 March 2023. These will be payable at the end of quarter 30 June 2023.

Relative importance of spend on Directors' fees
The table below shows the remuneration paid to Directors and shareholder distributions in the period to 31 March 2023:

	2023 £
Total dividend paid to shareholders	-
Total repurchase of own shares	-
Total directors' fees	1,902

Directors' shareholdings (Audited)
The Directors who held office at 31 March 2023 and their interests in the shares of the Company (including beneficial and family interests) were:

	31-Mar-23 Shares held	% of issued share capital
Ewen Gilmour	30,000	1.2
Joanna Santinon	5,000	0.2
Andrew Martin Smith	40,000	1.6

The Company confirms that it has not set out any formal requirements or guidelines for a Director to own shares in the Company.

Company performance

The Board is responsible for the Company's investment strategy and performance, although the management of the Company's investment portfolio is delegated to the Investment Manager through the management agreement. The Board intends to compare the Company's share price to the FTSE Small Cap index. This index was chosen as the benchmark for investment performance because its constituents are smaller UK listed companies and therefore closest to the small private companies in which the Company will invest.

Shareholder voting

This is the Company's first Annual General Meeting therefore there is no voting history to disclose in respect of the Directors' Remuneration Report.

On behalf of the Board
Ewen Gilmour
Non-executive Chair
6 July 2023

INDEPENDENT AUDITOR'S REPORT

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 period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Guinness VCT Plc ("the Company") for the 9 month period ended 31 March 2023 which comprise the Income Statement, the Balance Sheet, the Statement of Changes in Equity, the Statement of Cash Flows and notes to the financial statements, 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.

Independence

We are 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, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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.

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.

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

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report, 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.

Other Companies Act 2006 reporting

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 period 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.

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 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 Statement of Directors Responsibilities, 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.

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:

We gained an understanding of the legal and regulatory framework applicable to the Company and the industry in which it operates and considered the risk of acts by the Company which were contrary to applicable laws and regulations, including fraud. These included but were not limited to compliance with Companies Act 2006, and FRS 102.

We assessed the susceptibility of the financial statement to material misstatement including fraud and considered the fraud risk areas to be management override of controls.

Our tests included, but were not limited to:

- Recalculated investment management fees in total;
- Obtained independent confirmation of bank balances; and

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: https://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.

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

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

FINANCIAL STATEMENTS

INCOME STATEMENT

for the 9 months period ended 31 March 2023

	Note	Period ended 31.03.2023		
		Revenue	Capital	Total
		£	£	£
Investment Manager's fee	7	(342)	(1,024)	(1,366)
Other expenses	8	(31,571)	-	(31,571)
Loss before taxation		(31,913)	(1,024)	(32,937)
Taxation	9	-	-	-
Loss attributable to equity shareholders		(31,913)	(1,024)	(32,937)
Return per ordinary share (pence)	10	(1.29)	(0.04)	(1.33)

The total column of this Income Statement represents the profit and loss account of the Company, prepared in accordance with Financial Reporting Standard 102 ("FRS 102"). The supplementary revenue and capital return columns are prepared in accordance with the Statement of Recommended Practice, "Financial Statements of Investment Trust Companies and Venture Capital Trusts" ("SORP") revised in November 2014 and updated in July 2022. A separate Statement of Comprehensive Income has not been prepared as all comprehensive income is included in the Income Statement.

All the items above derive from continuing operations of the Company.

The notes on pages 43 to 52 are an integral part of the financial statements.

STATEMENT OF CHANGE IN EQUITY
for the 9 months period ended 31 March 2023

	Non-distributable reserves			Distributable reserves*		Total
	Called up share capital	Share premium	Capital reserve	Capital reserve	Revenue reserve	Total reserve
	£	£	£	£	£	£
Total comprehensive income for the period	-	-	-	(1,024)	(31,913)	(32,937)
Contributions by and distributions to owners:						
Shares issued	24,749	2,462,652	-	-	-	2,487,401
Share issue expenses	-	(12,551)	-	-	-	(12,551)
Redeemable preference shares issued	50,000	-	-	-	-	50,000
Closing balance as at 31 March 2023	74,749	2,450,101	-	(1,024)	(31,913)	2,491,913

*There were no unrealised movements during the period, and the distributable reserve were £Nil.

The notes on pages 43 to 52 are an integral part of the financial statements.

BALANCE SHEET
as at 31 March 2023

	Note	As at 31.03.23 £
Fixed assets		
Investments	11	-
Current assets		
Debtors	13	58,285
Cash at bank and in hand		2,487,400
Creditors: amounts falling due within one year	14	(53,772)
Net current assets		2,491,913
Net assets		2,491,913
Capital and reserves		
Called up share capital	15	24,749
Share premium account		2,450,101
Redeemable preference shares	15	50,000
Capital reserves		(1,024)
Revenue reserves		(31,913)
Total shareholders' funds		2,491,913
Net asset value per Ordinary share (pence)	17	98.67

The Financial Statements were approved by the Directors and authorised for issue on 6 July 2023 and signed on their behalf by:

Ewen Gilmour
Non-executive Chair

6 July 2023

Company registered number: 14220882

The notes on pages 43 to 52 are an integral part of the financial statements.

STATEMENT OF CASH FLOW
for the 9 months period ended 31 March 2023

	Notes	Period ended 31.03.23 £
Operating activities		
Investment Manager's fees paid		-
Cash paid to Directors		-
Other cash payments		-
Net cash outflow from operating activities		-
Cash flows from investing activities		
Purchase of investments	11	-
Net cash outflow from investing activities		-
Net cash outflow before financing		-
Cash flows from financing activities		
Proceeds from share issues		2,487,400
Net cash inflow from financing		2,487,400
Increase/(decrease) in cash and cash equivalents		2,487,400
Cash and cash equivalents at the beginning of the period		-
Cash and cash equivalents at the end of the period		2,487,400

Reconciliation of profit before taxation to net cash outflow from operating activities:

Loss before taxation for the period	(32,937)
Net (loss)/gain on investments	-
(Increase) in debtors	(8,285)
Increase in creditors and accruals	41,222
Net cash outflow from operating activities	-

The notes on pages 43 to 52 are an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. Company information

The Company is a public limited company incorporated in England and Wales. The registered address is 18 Smith Square, London SW1P 3HZ. The principal activity is investing in un-listed growth companies.

The Company was incorporated on 7 July 2022.

2. Basis of preparation

These Financial Statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 – 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS 102'), and with the Companies Act 2006 and in accordance with the SORP issued by the Association of Investment Companies ("AIC") in July 2022. The Financial Statements have been prepared on the historical cost basis except for the modification to a fair value basis for certain financial instruments as specified in the accounting policies below.

These Financial Statements are the first financial statements of the Company and are for the period from the incorporation date to 31 March 2023.

The Financial Statements are prepared in pounds sterling, which is the functional currency of the company.

3. Going concern

The Board of Directors is satisfied that the Company has adequate availability to continue as a going concern and are satisfied that the Company has adequate resources to continue in business for the foreseeable future (being a period of 12 months from the date these Financial Statements were approved). In reaching this conclusion the Directors took into the account the nature of the Company's business and Investment Policy, its risk management policies, and the cash holdings. They have also reviewed the budgets and forecasts, which have been subject to liquidity stress tests performed by the Investment Manager, and consider the Company has adequate financial resources to enable it to continue in operational existence at least 12 months from the date of approval of the Financial Statements. Therefore, the Directors believe it is appropriate to continue to apply the going concern basis in preparing the financial statements.

4. Segmental reporting

The Directors are of the opinion that the Company is engaged in a single segment of business, being investment business.

5. Significant judgements and estimates

The preparation of the Financial Statements may require the Board to make judgements and estimates that affect the application of policies and reported amounts of assets, liabilities and income and expenses. Estimates are based on historical experience and other assumptions that are considered reasonable under the circumstances.

6. Accounting policies

A summary of the principal accounting policies, all of which have been applied consistently throughout the period, is set out below.

a. Investments

The Company did not hold any listed investments at any time during the reporting period. Investments in unlisted companies are held at fair value through profit or loss. Information about the portfolio is provided internally to the Directors on that basis and the Directors consider the basis to be consistent with the Company's investment strategy. The fair value of unquoted investments is assessed by the Directors with reference to the International Private Equity and Venture Capital Valuation Guidelines December 2022 ("IPEV guidelines") which include the following techniques:

(i) Where a value is indicated by a material arms-length transaction by an independent third party in the shares of a company within the last twelve months. This value will be used only if, after careful consideration of all the facts and circumstances it is considered the best measure of fair value.

(ii) In the absence of (i), and depending upon both the subsequent trading performance and investment structure of an investee company, the valuation basis will usually move to either:

a) an earnings multiple basis. The shares may be valued by applying a suitable price-earnings ratio to that company's historical, current, or forecast post-tax earnings before interest and amortisation, or to the revenues (the ratio used being based on a comparable sector but the resulting value being adjusted to reflect points of difference identified by the Investment Manager compared with the sector including, inter alia, a lack of marketability); or

b) an assessment of other relevant, objective evidence.

(iii) Where an earnings multiple or other objective evidence is not appropriate and overriding factors apply, discounted cash flow or net asset valuation bases may be applied.

b. Expenses

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

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, and accordingly the investment management fee is currently allocated 25% to revenue and 75% to capital, which reflects the Directors' expected long-term view of the nature of the investment returns of the Company.

Expenses which are incidental to the purchase of an investment are charged through the capital reserve.

c. Cash at bank and in hand

Cash and cash equivalents are basic financial assets and comprise bank deposits repayable on up to three months' notice.

d. Financial instruments

The Company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS102 to all of its financial instruments. Financial instruments are recognised in the Company's balance sheet when the Company becomes party to the contractual provisions of the instrument. Basic financial assets, which include debtors, are measured at transaction price. Basic financial liabilities, including creditors, are measured at amortised cost.

e. Equity

Called up share capital

Equity instruments (ordinary shares and redeemable preference shares) issued by the Company are recorded at the nominal amount.

Share premium

The share premium account is a non-distributable reserve which represents the price paid for shares and the nominal value of the shares, less issue costs.

Non-distributable capital reserve

Non-distributable capital reserve represents increases and decreases in the value of investments held at the period-end.

Distributable capital reserve

The following are disclosed in this reserve;

- gains and losses on the disposal of investments; and
- expenses allocated to this reserve in accordance with the above policies.

Revenue reserve

The revenue reserve represents accumulated profits and losses, and any surplus profit is distributable by way of dividends.

f. Taxation

Current tax is recognised for the amount of corporation tax payable in respect of the taxable profit for the current or past reporting periods using the tax rates and laws that that have been enacted or substantively enacted by the reporting date.

The tax effect of different items of income/gain and expenditure/loss is allocated between capital and revenue return on the "marginal" basis as recommended in the SORP.

Any tax relief obtained in respect of management fees allocated to capital is reflected in the capital column of the Statement of Comprehensive Income and a corresponding amount is charged against the revenue column. The tax relief is the amount by which corporation tax payable is reduced as a result of these capital expenses.

Deferred tax is recognised in respect of all timing differences at the reporting date, except as otherwise indicated. Deferred tax assets are only recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is calculated using the tax rates and laws that that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

The tax expense/(income) is presented either in the Income Statement or Statement of Changes in Equity depending on the transaction that resulted in the tax expense/(income). Deferred tax liabilities are presented within provisions for liabilities and deferred tax assets within debtors.

7. Manager's fee

	Revenue £	Capital £	Period ended 31 March 2023 Total £
Guinness Asset Management Limited	342	1,024	1,366

Guinness Asset Management Limited has been appointed as the Company's Manager. This appointment shall continue for a period of five years following the allotment of any Ordinary shares until terminated by the expiry of not less than 12 months' notice in writing given by either party. The appointment may also be terminated in circumstances of material breach by either party.

Details of the appointment may be found on pages 15 to 16.

Details of the appointment may be found in the VCT regulations on page 21.

8. Other expenses

	Period ended 31 March 2023 £
Directors' remuneration - fees	1,902
Administration fees	1,051
Registrars' fee	219
Auditor's remuneration – audit of Statutory Financial Statements	15,000
Other professional fees	817
Other costs	8,777
Irrecoverable VAT	3,805
	31,571

The Company has no employees other than the Directors.

Information relating to Director's remuneration can be found in the audited section of the Director's Remuneration Report on pages 34 to 35.

9. Taxation

a) Analysis of charge for the period

	Period ended 31 March 2023 £
Charge for the period	-

b) Factors affecting the tax charge for the period

	Period ended 31 March 2023 £
Loss on ordinary activities before taxation	(32,937)
Loss before taxation multiplied by standard rate of corporation tax	(6,258)
Effect of:	
Current period losses carried forward	(32,937)
Deferred taxation not recognised	-
Tax charge for the period (Note 9a)	-

No asset or liability has been recognised for deferred tax in relation to capital gains or losses on revaluing investments as the Company is exempt from corporation tax in relation to capital gains or losses as a result of qualifying as a Venture Capital Trust.

No deferred tax asset has been recognised on surplus expenses carried forward as it is not envisaged that any such tax will be recovered in the foreseeable future. The value of the unrecognised deferred tax is £Nil.

10. Return per share

	Net Loss £	Weighted average shares	Earnings per share pence
Revenue	(31,913)	2,474,850	(1.29)
Capital	(1,024)	2,474,850	(0.04)
Total	(32,937)	2,474,850	(1.33)

11. Investments

No investments were made during the period ended 31 March 2023.

12. Significant interest

As at 31 March 2023, the Company did not hold any investments.

13. Debtors

	2023 £
Amounts falling due within one year:	
Prepayments	8,285
Other debtors	50,000
	58,285

14. Creditors

	2023 £
Amounts falling due within one year:	
Trade creditors	264
Other creditors	27,671
Accruals	25,837
	53,772

15. Called up share capital

During the period, the Company issued 2,474,850 ordinary shares and 50,000 redeemable preference shares.

	2023 Number	2023 £
Allotted, issued, and fully paid during the period:		
Ordinary shares (1p shares)	2,474,850	24,749
*Redeemable preference shares (£1 shares)	50,000	50,000

*As at 31 March 2023, the redeemable preference shares were not fully paid – they were paid up as to one-quarter.

The redeemable preference shares:

- carry the right to receive a fixed cumulative preferential dividend from the revenue profits of the Company which are available for distribution and which the Directors determine to distribute by way of dividend in priority to any dividend payable on the ordinary shares at the rate of 0.1% per annum (exclusive of any imputed tax credit available to shareholders) on the nominal amount thereof, but confer no other right to a dividend;
- confer no right to receive notice of, or to attend or vote at general meetings, except where the rights of holders of redeemable preference shares are to be varied or abrogated;
- on a winding up confer the rights to be paid out of the assets of the Company available for distribution the nominal amount paid up to such shares pari passu with, and in proportion to, the amount of capital paid to the holders of the ordinary shares, but do not confer any right to participate in any surplus assets of the Company; and
- are capable of being redeemed by the Company at any time and on their redemption the holders thereof shall, subject to the provisions of the Act, be paid sum equivalent to the amount paid on each redeemable preference share held and each redeemable preference share which is redeemed shall thereafter be cancelled without any further resolution or consent.

On 3 October 2022, the Company allotted and issued 50,000 redeemable preference shares of £1.00 each to Guinness Asset Management Limited. These 50,000 redeemable preference shares were paid up, fully redeemed and subsequently cancelled on 4 May 2023.

16. Reserves

Called up share capital represents the nominal value of the shares that have been issued.

Share premium account includes any premiums received on issue of share capital less any transaction costs associated with the issuing of shares and any amounts transferred to the special reserve.

Capital reserves includes all costs which are considered capital in nature. As at 31 March 2023 there were losses of £1,024.

Revenue reserve includes all retained profits and losses. The balance on the account is distributable.

17. Net asset value per ordinary share

	*Net assets £	Ordinary shares	NAV per share pence
Ordinary share	2,441,913	2,474,850	98.67

*The net assets attributable to the ordinary shares are the net assets of the Company less the deemed value (£50,000) of the redeemable preference shares.

18. Financial instruments

The Company's financial instruments comprise equity, cash balances and liquid resources including debtors and creditors.

The Company holds financial assets in accordance with its investment policy to invest in qualifying investments.

The Company held the following categorises of financial instruments at 31 March 2023:

	Cost £	Fair value £
Assets at fair value through profit or loss:		
Equity investments	-	-
Assets measured at amortised cost:		
Cash at bank	2,487,400	2,487,400
Other debtors	58,285	58,285
Liabilities measured at amortised cost:		
Creditors	27,935	27,935
Accruals	25,837	25,837
	2,599,457	2,599,457

When an investment has been made recently, the value of that investment is based on its cost, reviewed for impairment or uplift. This valuation is also calibrated with the most appropriate choice of a market-based multiple or discounted cash flow analysis, and considering any significant triggers or events that may affect it. This same valuation model will typically be used to value the investment when there has been no recent investment to provide firm evidence of the market price of an investment, subject to a review to confirm it is still most appropriate. Adjustments consistent with the IPEV guidelines may be made to the resulting company valuation if deemed appropriate by the board.

The Company's investment policy means that many portfolio companies invest for long-term growth and will not reach sustained profitability for some years. Consequently, a revenue multiple will often be the most appropriate market-based methodology to use for the calibration and valuation models. However, the Company would expect to switch to an earnings multiple when an investment has achieved the scale required for consistent profitability.

In the valuation models and calibration exercise, comparable trading multiples are selected, based on the most relevant combination of sector, size, growth rate, developmental stage, and strategy. The multiple for each company is calculated by dividing the enterprise value of the comparable by its revenue or earnings as appropriate, and adjusting for other considerations such as illiquidity, territories served, and other company specific circumstances.

Further details of the bases on which financial instruments, including investments, are held may be found in Note 6 and in the Manager's Review on page 8.

Investment valuation risk

The Board will track the investment valuation risk inherent in the Company's portfolio on the risk register that will be reviewed quarterly. It maintains an appropriate spread of risk and ensures full and timely access to relevant information from the Manager. The Company does not use derivative instruments to hedge against market risk. The equity of the Company's unquoted investee companies are not traded and, as such, their prices are more uncertain than those of more frequently traded stocks.

Investment valuations are derived from investee company valuations, which in turn are typically calibrated with revenue multiples.

Liquidity risk

The Company's financial instruments may include investments in unlisted equity investments which are not traded in an organised public market, and require a mid to long term commitment, which generally may be illiquid. The Company retains a portion of the portfolio in cash in order to finance new investment opportunities.

19. Capital management policies and procedures

The Company's capital management objectives are:

- to ensure that it will be able to continue as a going concern;
- to satisfy the relevant HMRC requirements; and
- to maximise the income and capital return to its shareholders.

As a VCT, the Company must hold at least 80% of its assets by value in Qualifying Investments by the second anniversary of the end of the accounting period in which the Company issued the shares. In addition, at least 30% of all new funds raised by the Company must be invested in Qualifying Investments within 12 months of the end of the accounting period in which the Company issued the shares. Qualifying Investments will be made in companies which are carrying out a qualifying trade, and have a permanent establishment in the UK, although some may trade overseas.

The Company will target an annual dividend equivalent to 5% of its net asset value, and special dividends, where appropriate, from the proceeds of successful exits of portfolio companies that are not reinvested. It is envisaged that dividends will be paid from 2026 onwards and will be subject to the existence of realised profits, legislative requirements, and the available cash reserves of the Company.

20. Post balance sheet events

Non-adjusting event

Subsequent to the period-end, the redeemable preference shares were paid up, fully redeemed and subsequently cancelled on 4 May 2023.

Since 31 March 2023, the Company has completed the following investment transactions:

- Investment of £350,099.64 in Baby Mori Limited;
- Investment of £199,999.80 in Dragonfly Technology Solutions Limited;
- Investment of £349,999.80 in Fable Data Limited;
- Investment of £349,999.80 in GSS (NI) Limited; and
- Investment of £349,995.60 in Maestro Media Limited.

21. Contingencies, guarantees and financial commitments

Under the terms of the Investment Management Agreement, the running expenses of the Company which are provided for in an annual budget approved by both the Board and the Manager are restricted to a maximum of 3.50% of the net asset value of the Company. Such excess, if occurred, is either to be paid by the Manager or to be refunded by way of a reduction to its annual investment management fee.

The running expenses incurred in the period were 1.17% of the net asset value as at 31 March 2023.

There were no other contingencies or guarantees as at 31 March 2023.

22. Related parties

The Company retains Guinness Asset Management Limited as its Manager. Details of the agreement with the Investment Manager are set out on pages 15 to 16.

The remuneration and shareholdings of the Directors, who are key management personnel of the Company, is disclosed in the Directors' Remuneration Report on pages 34 to 35.

23. Geographical analysis

The operation of the Company is wholly in the United Kingdom.

DIRECTORS AND ADVISORS

Directors (all non-executive)
Ewen Hamilton Gilmour (Chair)
Joanna Lesley Santinon
Andrew Everard Martin Smith

All of:
Registered Office at
18 Smith Square
London, SW1P 3HZ

Secretary and Administrator
The City Partnership (UK) Limited
The Mending Rooms,
Park Valley Mills
Meltham Road
Huddersfield, HD4 7BH

VCT Tax Adviser
Philip Hare & Associates LLP
6 Snow Hill
London, EC1A 2AY

Auditor
BDO LLP
55 Baker Street
London, W1U 7EU

Solicitors
Howard Kennedy LLP
No.1 London Bridge
London, SE1 9BG

Sponsor
Howard Kennedy Corporate Services LLP
No.1 London Bridge
London, SE1 9BG

Registrars and Receiving Agent
The City Partnership (UK) Limited
The Mending Rooms,
Park Valley Mills
Meltham Road
Huddersfield, HD4 7BH

Manager and Promoter
Guinness Asset Management Limited
18 Smith Square
London, SW1P 3HZ

GUINNESS VCT plc
(REGISTERED IN ENGLAND AND WALES WITH REGISTERED NUMBER 14220882)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the first annual general meeting of Guinness VCT plc ("the Company") will be held at noon on 30 August 2023 at 18 Smith Square, London, SW1P 3HZ for the purposes of considering and, if thought fit, passing the following resolutions, resolutions 1 to 9 as ordinary resolutions and resolutions 10 and 11 as special resolutions.

It is the Board's opinion that all resolutions are in the best interests of shareholders as a whole and the Board recommends that shareholders should vote in favour of all resolutions. Any shareholder who is in doubt as to what action to take should consult an appropriate independent financial adviser authorised under the Financial Services and Markets Act 2000.

If you have sold or transferred all your shares in the Company, please forward this document to the purchaser, transferee, stockbroker or other agent through whom the sale or transfer was effected, for transmission to the purchaser or transferee.

If you are unable to attend in person, please consider viewing the live stream of the AGM which the Board has arranged. To do so, please send an email to vct@guinnessfunds.com stating your wish to view the live stream. You will then be sent access details. The deadline for requesting access to the stream is 23 August 2023.

The Board also encourages the submission, by those who are unable to attend in person, of questions on either the Company or the portfolio to the Board via email to vct@guinnessfunds.com by 23 August 2023, being one week prior to the date of the AGM. Answers will be published on the Company's website at the time of the AGM.

Ordinary resolutions

1. To receive and adopt the Directors' Report and Financial Statements of the Company for the period ended 31 March 2023 together with the Independent Auditor's Report thereon.

2. To approve the Directors' Remuneration Policy.

3. To approve the Directors' Remuneration Report for the period ended 31 March 2023..

4. To appoint BDO LLP as auditor of the Company from the conclusion of the AGM until the conclusion of the next AGM of the Company to be held in 2024 at which financial statements are laid before the Company.

5. To authorise the directors to fix the remuneration of the auditor.

6. To elect Ewen Gilmour as a director of the Company in accordance with the Articles of Association.

7. To elect Joanna Santinon as a director of the Company in accordance with the Articles of Association.

8. To elect Andrew Martin Smith as a director of the Company in accordance with the Articles of Association and the Listing Rules.

9. That, the Directors be and hereby are generally and unconditionally authorised in accordance with Section 551 of the Companies Act 2006, as amended, (the "Act") to exercise all of the powers of the Company to allot shares in the Company or to grant rights to subscribe for or to convert any security into shares in the Company up to an aggregate nominal value of £250,000, representing approximately 562% of the issued share capital of the Company as at 6 July 2023, being the latest practical date prior to publication of this document, provided that the authority conferred by this Resolution 9 shall expire at the conclusion of the Company's next annual general meeting or on the expiry of fifteen months following the passing of this Resolution 9, whichever is the later (unless previously renewed, varied or revoked by the Company in general meeting).

Special resolutions

10. That, the Directors be and hereby are empowered pursuant to Section 570(1) of the Act to allot or make offers or agreements to allot equity securities (which expression shall have the meaning ascribed to it in Section 560(1) of the Act) for cash pursuant to the authority given in accordance with Section 551 of the Act by Resolution 9 above as if Section 561 of the Act did not apply to such allotments, provided that the power provided by this Resolution 10 shall expire at the conclusion of the Company's next annual general meeting or on the expiry of fifteen months following the passing of this Resolution 10, whichever is the later (unless previously renewed, varied or revoked by the Company in general meeting).

11. That, the Company be and is hereby authorised to make one or more market purchases (within the meaning of section 693(4) of the Act) of Ordinary shares provided that:

(i) the maximum aggregate number of Ordinary shares authorised to be purchased is an amount equal to 14.99% of the issued Ordinary shares;

(ii) the minimum price which may be paid for an Ordinary share is their nominal value;

(iii) the maximum price which may be paid for an Ordinary share, exclusive of expenses, is an amount equal to the higher of (i) 105% of the average of the middle market prices shown in the quotations for an Ordinary share in the Daily Official List of the London Stock Exchange for the five Business Days immediately preceding the day on which that Ordinary share is purchased; and (ii) the amount stipulated by Article 5(6) of Market Abuse Regulation;

(iv) unless renewed, the authority hereby conferred shall expire either at the conclusion of the annual general meeting of the Company following the passing of this Resolution 11 or on the expiry of fifteen months from the passing of this Resolution 11, whichever is the later, save that the Company may, prior to such expiry, enter into a contract to purchase Ordinary shares which will or may be completed or executed wholly or partly after such expiry.

By order of the Board
The City Partnership (UK) Limited
Company Secretary
6 July 2023

NOTES

Entitlement to vote

The right to vote at the Annual General Meeting is determined by reference to the register of members 48 hours before the time of the Annual General Meeting. Accordingly, to be entitled to vote, Shareholders must be entered in the register of members by noon on 28 August 2023.

Appointment of proxies

1. As a member of the Company, you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at the Annual General Meeting.

For this purpose, you may use the Form of Proxy which will have been sent to you unless you opted for electronic communications. As an alternative to completing the hard copy Form of Proxy, Shareholders can appoint a proxy electronically on-line, as explained below.

If you opted for electronic communications, then you will have been sent an email which includes information on how to appoint a proxy electronically on-line.

You can only appoint a proxy using the procedures set out in these notes.

2. A proxy does not need to be a member of the Company. Details of how to appoint the chairman of the meeting or another person as your proxy using the Form of Proxy are set out in these notes.

3. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, please complete a Form of Proxy for each proxy specifying which of your shares the proxy will be acting in respect of.

4. If you do not give your proxy an indication of how to vote on the resolutions, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the meeting.

Appointment of proxy using hard copy Form of Proxy

5. These notes explain how to direct your proxy to vote on the resolutions or withhold their vote. To appoint a proxy using the Form of Proxy, the form must be:

- completed and signed;
- sent or delivered to The City Partnership (UK) Limited, The Mending Rooms, Park Valley House, Park Valley Mills, Meltham Road, Huddersfield HD4 7BH; and
- received by The City Partnership (UK) Limited no later than noon on 28 August 2023 in respect of the Annual General Meeting or, if the meeting is adjourned, by no later than 48 hours prior to the adjourned Annual General Meeting.

In the case of a member which is a company, the Form of Proxy 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 Form of Proxy is signed (or a duly certified copy of such power or authority) must be included with the Form of Proxy.

Electronic appointment of proxies

6. As an alternative to completing the hard copy Form of Proxy, you can appoint a proxy electronically via the registrar's on-

line Proxy Voting App which may be found by copying https://proxy-guinness.cpip.io into your browser. You will need your City Investor Number (CIN) and your Access Code which may be found either on the Form of Proxy or in the email sent to you.

For an electronic proxy appointment to be valid, your appointment must be received by The City Partnership (UK) Limited no later than 48 hours prior to the time of the meeting, i.e. by noon on 28 August 2023.

Appointment of proxy by joint members

7. In the case of joint shareholders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).

Changing proxy instructions

8. To change your proxy instructions simply submit a new proxy appointment using the methods set out above. Note that the cut-off time for receipt of proxy appointments (see above) also applies in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded.

Where you have appointed a proxy using the hard copy Form of Proxy and would like to change the instructions using another hard copy Form of Proxy, please contact The City Partnership (UK) Limited, The Mending Rooms, Park Valley House, Park Valley Mills, Meltham Road, Huddersfield HD4 7BH.

If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

Termination of proxy appointments

9. In order to revoke a proxy instruction you will need to inform the Company using one of the following methods:

- By sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to The City Partnership (UK) Limited, The Mending Rooms, Park Valley House, Park Valley Mills, Meltham Road, Huddersfield HD4 7BH. 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 with a signed revocation attached to the email such that the revocation would have been valid had it been sent by ordinary mail. This email address should not be used for any other purpose unless expressly stated.
- By amending your proxy vote via the Proxy Voting App which may be found by copying https://proxy-guinness.cpip.io into your browser.

Whichever method is used, the revocation notice must be received by the Company no later than noon a.m. on 28 August 2023 in respect of the Annual General Meeting or, if the meeting is adjourned, by no later than 48 hours prior to the adjourned Annual General Meeting.

If you attempt to revoke your proxy appointment but the revocation is received after the time specified then, subject to the paragraph directly below, your proxy appointment will remain valid.

Communication

10. Except as provided above, members who have general queries about the meeting should contact the Company Secretary by post at The City Partnership (UK) Limited, The Mending Rooms, Park Valley House, Park Valley Mills, Meltham Road, Huddersfield HD4 7BH, or by email at enquiries@city.uk.com (no other methods of communication will be accepted).

You may not use any electronic address provided either:

- in the notice of the Annual General Meeting; or
- any related documents (including the Form of Proxy),

to communicate with the Company for any purposes other than those expressly stated.

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GUINNESS
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