

Foresight Enterprise VCT plc

Annual Report and Accounts

31 December 2023

Foresight
FOR A SMARTER FUTURE



Our Purpose

Foresight Enterprise VCT plc is a Venture Capital Trust aiming to provide investors with regular dividends and capital growth from a portfolio of investments in fast-growing, unquoted companies in the UK.

Key objectives



Payment of an annual dividend of at least 5% of the NAV at the start of the year



Development of Net Asset Value Total Return above a 5% target

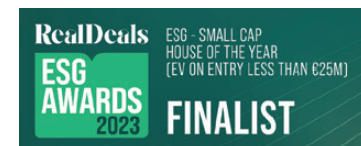


Maintaining a programme of regular share buybacks at a discount of 5%, subject to market conditions



Implementing a significant number of new and follow-on investments, exceeding deployment requirements to maintain VCT status

Awards



Key dates

Annual General Meeting	11 June 2024
Half-Yearly results to 30 June 2024	September 2024
Annual results to 31 December 2024	April 2025

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www.foresightenterprisevct.com



Financial Highlights

“In the year, the Company achieved a NAV Total Return of 6.2%.”

£168.5m

Total Net Assets
as at 31 December 2023

65.6p

Net Asset Value per share
as at 31 December 2023

£7.6m

Increase in valuation of
investments in the year
ended 31 December 2023

3.3p

Dividends paid
3.3p 30 June 2023

- After adding back the payments of a **3.3p** dividend made on 30 June 2023, NAV Total Return per share as at 31 December 2023 was **68.9p**, representing a positive total return of **6.2%** in the year.
- Nine new investments costing **£11.7 million** and eight follow-on investments costing **£7.0 million** were made during the year.
- The Company fully exited its investments in Datapath Group Limited, Innovation Consulting Group Limited, Protean Software Limited and Luminet Networks Limited, realising gains of **£5.4 million** in the year and returning proceeds of **£20.6 million** to the Company.
- In the year, the value of the investment portfolio rose by **£9.5 million** (2022: £8.7 million).
- An interim dividend of **3.3p** per share was paid on 30 June 2023, returning £7.7 million to Shareholders.
- The offer for subscription launched in October 2023 was closed to applications on 30 January 2024 and raised a total of £28.8 million after expenses.



Financial Highlights continued

Key metrics

	1 year	3 years	5 years
Movement in NAV Total Return as at 31 December 2023 ¹	6.2%	29.5%	30.1%

	31 December 2023	31 December 2022
Total net assets	£168.5m	£138.5m
Net Asset Value per share	65.6p	64.9p
Movement in NAV Total Return in the year ¹	6.2%	4.5%
Share price	57.5p	58.5p
Share Price Total Return ¹	127.6p	125.3p
Dividends per share paid in the year ¹	3.3p	7.3p
Dividend yield ¹	5.7%	12.5%
Shares in issue	256,728,468	213,316,422

	2023	2022
Discount to NAV at year end ¹	12.3%	9.9%
Average discount on buybacks ¹	5.8%	7.5%
Shares bought back during the year under review ¹	10,576,192	2,387,781
Shares issued through fundraising	52,350,433	20,149,160
Shares issued under the dividend reinvestment scheme	1,637,805	2,748,080
Ongoing charges ratio (based on net assets at 31 December) ^{1,2}	2.2%	2.3%

Place of business of portfolio companies



Key

- Technology, Media & Telecommunications
- Industrials & Manufacturing
- Healthcare
- Business Services
- Consumer & Leisure
- Financial Services
- Other

1. Definitions of these Alternative Performance Measures ("APMs") can be found in the Glossary on page 108.

2. Special dividends paid during the year have been added back to year-end net assets and the performance incentive accrual has been added back to total expenses in the year.

Chair's Statement



"I am pleased to present the audited Annual Report and Accounts for the year ended 31 December 2023 and to report a Net Asset Value Total Return of 6.2% for the year including a dividend yield of 5.7%."

Michael Gray
Chair of Foresight Enterprise VCT plc

Overview of 2023

The business environment remains challenging after the substantial impact of the COVID-19 pandemic receded, with geopolitical tensions, supply chain issues, rapidly rising inflation and energy prices, and the threat of recession the new economic reality. I believe that the careful planning, help and advice the Manager provided the portfolio companies during the pandemic will continue to be relevant to the current and future economic situations. While there will be bumps in the road, the Board believes that the portfolio is in good shape to withstand what we currently see ahead.

The Company's portfolio in aggregate has remained resilient amid economic and political turmoil which continues. Many of the portfolio companies have successfully adapted to the new economic landscape, with some performing extremely well and demonstrating the strength of their management teams. A minority struggled as a result of a fall in consumer demand, inflationary pressures and a surge in the cost of energy prices.

In the year ended 31 December 2023, 24 companies in the portfolio recorded a combined increase in valuation of £19.4 million, offset by 19 companies recording an aggregate fall in valuation of £9.9 million.

Portfolio overview

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Investments as at
31 December 2023

£9.5m

Uplift in valuation of investments in
the year ended 31 December 2023

£20.6m

Investment realisations in
the year ended 31 December 2023

Strategy

The Board believes that it is in the best interests of Shareholders to continue to pursue a strategy of:

- Growth in Net Asset Value Total Return above a 5% target while continuing to grow the Company's assets
- Payment of annual dividends of at least 5% of the NAV per share per annum based on the opening NAV of that financial year
- Implementation of a significant number of new and follow-on qualifying investments every year, exceeding deployment requirements to maintain VCT status
- Maintaining a programme of regular share buybacks at a discount of 5%, subject to market conditions

Central to the Company being able to achieve these objectives is the ability of the Manager to source and complete attractive new qualifying investment opportunities.

Whilst this task has not been made easier by the changes to VCT legislation since 2015, which (amongst other requirements) place greater emphasis on growth or development capital investment into younger companies, the Company is fortunate in that it has pursued a policy of seeking growth capital investments for several years prior to the rule changes and the Manager has an established track record in this area.

Chair's Statement continued

Performance and portfolio activity

During the year Net Asset Value per share increased by 1.1% from 64.9p at 31 December 2022 to 65.6p at 31 December 2023. After adding back the payments of a 3.3p dividend paid on 30 June 2023, NAV Total Return per share at 31 December 2023 was 68.9p, representing a positive total return of 6.2%. This positive movement is a result of the strategy and business changes throughout the portfolio alluded to above.

During the year the Manager completed nine new investments and eight follow-on investments costing £11.7 million and £7.0 million respectively. The Manager also fully disposed of four investments, generating proceeds of £20.5 million, a £0.1 million loan repayment, and a further £1.8 million of deferred consideration included within debtors at the year end, representing a combined return multiple of 5.8x.

After the year end, the Company made three new and two follow-on investments totalling £8.3 million. Furthermore, in March 2024, the Company realised its holding in Specac International Limited. The exit generated proceeds of £11.2 million at completion. When added to £1.5 million of cash returned to date, this implies a total cash-on-cash return of 10.6 times the initial investment, equivalent to an Internal Rate of Return ("IRR") of 34%. Further details of these investments and realisations can be found in the Manager's Review.

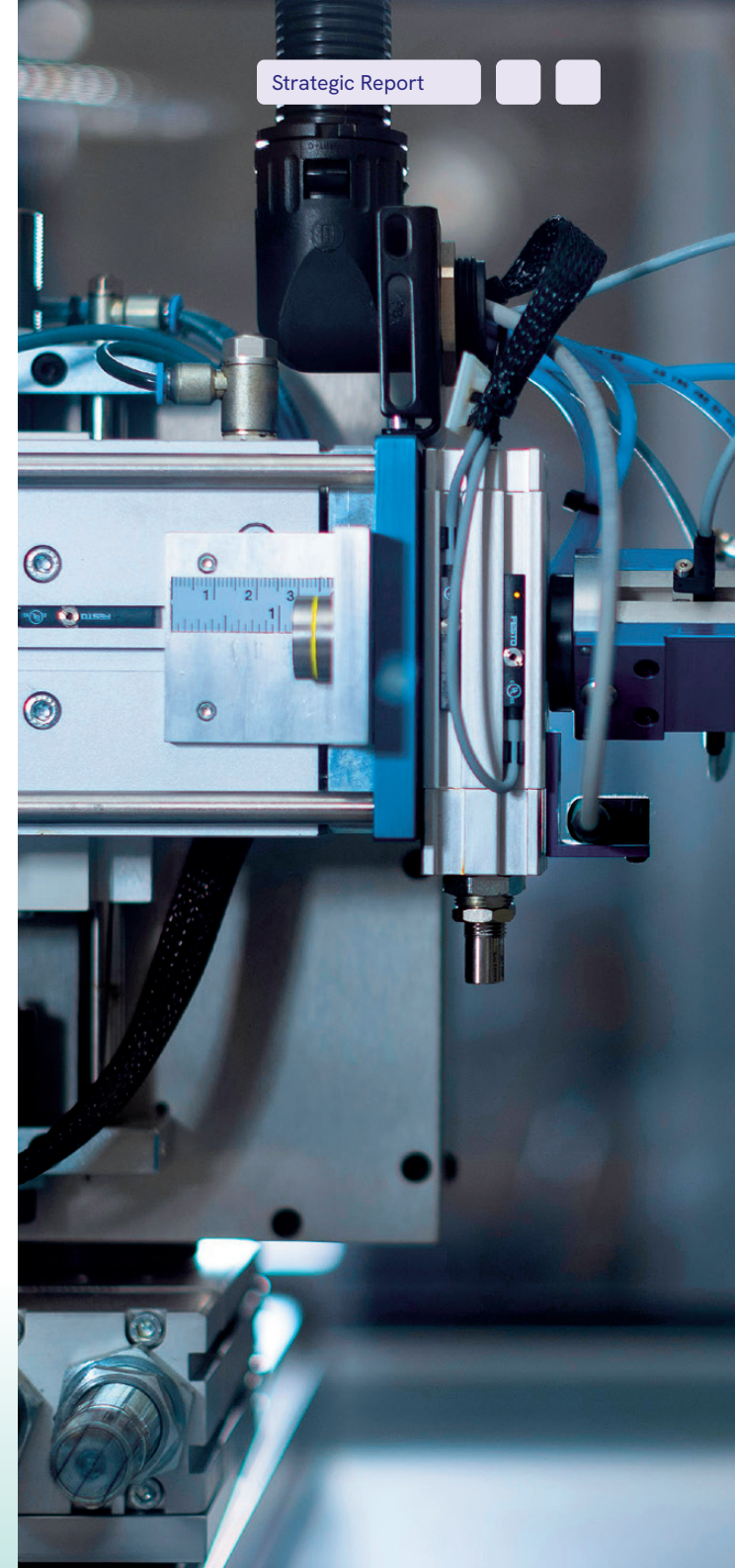
The Board and the Manager are confident that a number of new and follow-on investments can be achieved this year, particularly with the increased investment activity noted above. Details of each of these new, existing and former portfolio companies can be found in the Manager's Review.

The Manager continues to see a strong pipeline of potential investments sourced through its regional networks and well-developed relationships with advisers and the SME community. It is also focused on supporting the existing portfolio through the current economic climate. Following the successful fundraise launched in October 2023, the Company is in a position to fully support the portfolio, where appropriate, and exploit potential attractive investment opportunities.

The offer was closed to applications on 30 January 2024 having raised gross proceeds of £30.0 million, £28.8 million after expenses, as detailed in the post-balance sheet events in note 20. The Board would like to thank those existing Shareholders who have already supported this offer and welcome all new Shareholders to the Company.

Responsible investing

The analysis of environmental, social and governance ("ESG") issues is embedded in the Manager's investment process and these factors are considered key in determining the quality of a business and its long-term success. Central to the Manager's responsible investment approach are five ESG principles that are applied to evaluate investee companies, acquired since May 2018, throughout the lifecycle of their investment, from their initial review and acquisition to their final sale. Every year, these portfolio companies are assessed and progress measured against these principles. More detailed information about the process can be found on pages 43 to 46 of the Manager's Review.



Chair's Statement continued

Dividends

An interim dividend of 3.3p per share was declared on 8 June 2023 based on an ex-dividend date of 15 June 2023 and a record date of 16 June 2023. The dividend was paid on 30 June 2023, returning £7.7 million to Shareholders.

As noted in the prior Annual Report and Accounts, and in light of the change in portfolio towards earlier-stage, higher-risk companies as required by the VCT rules, the Board felt it prudent to adjust the dividend policy towards a targeted annual dividend yield of 5% of NAV per annum. The Board and the Manager continue to hope that this may be enhanced by additional 'special' dividends as and when particularly successful portfolio exits are made.

Buybacks

The Board is pleased to have achieved an average discount across all buybacks of 5.8% to the Net Asset Value per share in the year as it moved from a target of 7.5% to 5%, and continues to have an objective of maintaining buybacks at a discount of 5%, subject to market conditions.

Management charges and performance incentive

The annual management fee is an amount equal to 2.0% of net assets. This has resulted in ongoing charges for the period ended 31 December 2023 of 2.2% after adding back the performance incentive expense to total expenses for the year, which is at the lower end of the range when compared to competitor VCTs.

As explained in note 13, the Directors have prepared a calculation incorporating estimated future dividends over a three year period and expect a performance incentive fee to become payable during that period. Therefore, a liability of £1,115,000 has been recognised as at 31 December 2023 (2022: £280,000).

Shareholder communication

We were delighted to meet with some Shareholders in person at the AGM last year. We hope many of you will be available to attend this year's AGM on 11 June 2024, as detailed on the following page.

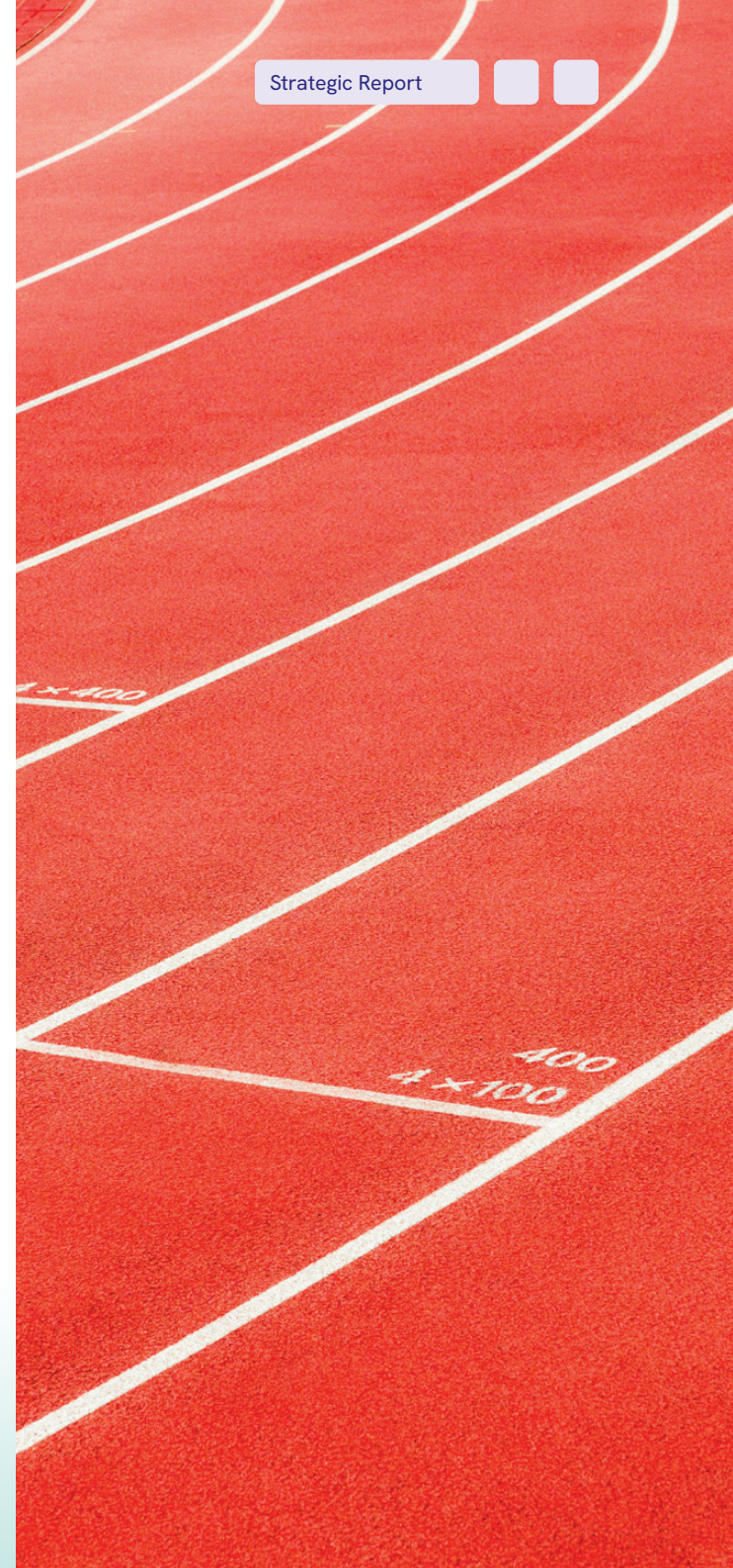
Board composition

The Board continues to review its own performance and undertakes succession planning to maintain an appropriate level of independence, experience, diversity and skills in order to be in a position to discharge all its responsibilities.

We have added two new Board members during the year, Kavita Patel and Ian Harris, in view of the retirement of Simon Jamieson at the AGM held on 8 June 2023 and the intended retirement of Raymond Abbott.

May I thank Simon for his dedication to the Company and the Board over the last nine years, having overseen great change through previously difficult times. I wish him all the best for the future.

On 1 January 2024 Raymond Abbott stepped down as chair after seven years and I was appointed as Chair by the board. Raymond will retire following the AGM being held on 11 June 2024. Myself and the Board thank Raymond for his sterling contribution to the genuine progress that the Company has made in recent years. We will miss his extensive experience and wise counsel.



Chair's Statement continued

Annual General Meeting

The Company's Annual General Meeting will take place on 11 June 2024 and we look forward to meeting as many of you as possible in person. Please refer to the formal notice on pages 104 to 107 for further details in relation to the format of this year's meeting. We would encourage you to submit your votes by proxy ahead of the deadline of 1:00pm on 7 June 2024 and to forward any questions by email to InvestorRelations@foresightgroup.eu in advance of the meeting.

Sunset clause

The "Sunset clause" for EIS and VCT reliefs has now been extended by the government to 6 April 2035. The clause provides that income tax relief will no longer be given to subscriptions made on or after 6 April 2035, unless the legislation is amended to make the scheme permanent, or the "Sunset clause" is extended. The government has the power to extend or remove the sunset clause through secondary legislation, which would allow the VCT and EIS schemes to operate in their current form beyond the current expiry date of the scheme. During the Autumn Statement delivered by the government in November 2023, Chancellor Jeremy Hunt announced the extension of the VCT and EIS clause to April 2035. The UK should be able to extend the scheme without European Commission approval, clarified by the Northern Ireland Protocol, the Windsor Framework.

Outlook

As mentioned in my introduction, while the impact of the pandemic has lessened, wider geopolitical uncertainty is having an impact on economic volatility, including, but not limited to, the significant rise in energy prices, rapid inflation, the cost of living crisis and the potential for a global recession. Supply chains remain under pressure post Brexit and the pandemic, and exacerbated by the well-publicised transport issues in the Red Sea. Such issues are unlikely to be resolved soon. While the Company's portfolio has not been materially exposed, we continue to monitor these macroeconomic and geopolitical developments. It is very likely that the economic impacts we are currently experiencing will raise issues and concerns for the individual investee company management teams and the Manager.

However, the portfolio is showing strong signs of resilience and the Manager has been working with management teams to assess business plans, consider funding requirements and help navigate through these difficult times. The portfolio is well diversified in terms of sector, size and number and the Manager's approach through the pandemic will continue to be valuable to tackle the challenges ahead.

The Company is well positioned to continue to support the portfolio and the fundraising will also provide options to seek new investments and take advantage of the opportunities that are regularly sought by the Manager.

Michael Gray

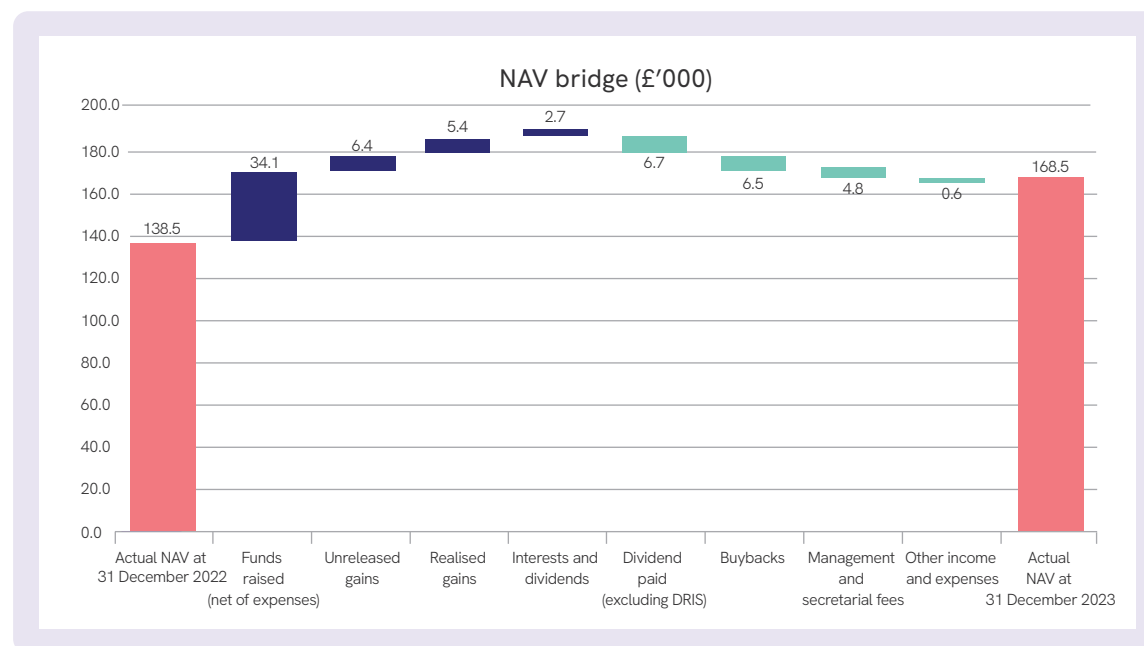
Chair

26 April 2024



Chair's Statement continued

NAV bridge



Dividend history

(Since share consolidation in 2005)

Ordinary Shares

Date	Dividend per share (p)
30 June 2023	3.3
30 December 2022	3.8
30 June 2022	3.5
18 June 2021	4.2
28 August 2020	2.8
16 August 2019	4.0
19 October 2018	4.0
17 July 2017	4.0
18 December 2015	4.0
26 April 2013	4.0
24 February 2012	5.0
4 February 2011	5.0
18 December 2009	5.0
26 December 2008	5.0
28 December 2007	5.0
15 December 2006	2.5
30 December 2005	5.0
Cumulative	70.1
NAV per share	65.6
NAV Total Return	135.7

C Shares

Date	Dividend per share (p)
6 August 2015	25.0

Evolution of Foresight Enterprise VCT plc

"Foresight Group LLP ("Foresight") is one of the longest serving VCT managers in the industry, launching the first Foresight VCT in 1997. A combination of organic growth and strategic acquisitions now makes Foresight one of the largest and most diverse VCT managers in the industry."

2004

In August 2004, Foresight's private equity team was appointed to manage Advent 2 VCT plc, which was subsequently renamed Foresight 4 VCT plc.

VCT



2011

Foresight's private equity team was appointed manager of Acuity Growth VCT (formerly Acuity 2 VCT plc and previously Electra Kingsway VCT 2 plc) on 24 February 2011, which was renamed Foresight 5 VCT plc. Foresight's private equity team was also appointed manager of Acuity VCT 3 plc (formerly Electra Kingsway VCT 3 plc) on 1 April 2011.

2012

Foresight 4 VCT plc acquired the assets and liabilities of both Foresight 5 VCT plc and Acuity VCT 3 plc. On 6 February 2012, Foresight 5 VCT plc and Acuity 3 VCT plc were merged into Foresight 4 VCT plc as a separate C Share class.



2012

At the same time, Foresight Clearwater VCT plc was merged into the Ordinary Share class of Foresight 4 VCT plc.

2015

The C Shares were converted into Ordinary Shares on 10 August 2015.



VCT

2017

On 22 June 2017, Foresight 3 VCT plc was merged into Foresight 4 VCT plc. The enlarged Foresight 4 VCT plc had combined net assets of £77.0 million.

2021

With effect from 8 July 2021, the Company's name was changed from Foresight 4 VCT plc to Foresight Enterprise VCT plc.



2024

On 30 January 2024, the Company closed its latest offer to applications for subscription after raising £28.8 million after expenses.



Company Objectives and KPIs

Objective



Growth in Net Asset Value Total Return above a 5% target while continuing to grow the Company's assets

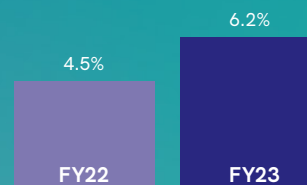
Progress against objective

- During the year Net Asset Value per share increased by 1.1% from 64.9p at 31 December 2022 to 65.6p at 31 December 2023.
- Including the payments of a 3.3p dividend made on 30 June 2023, NAV Total Return per share at 31 December 2023 was 68.9p, representing a positive total return of 6.2%.
- This positive movement is a result of the strategy and business changes throughout the portfolio alluded to in this report.

KPIs

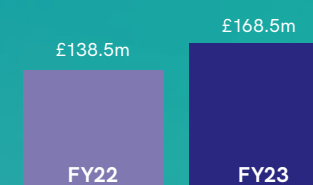
6.2%

Movement in NAV Total Return in year to 31 December 2023 (31 December 2022: 4.5%)



£168.5m

Total net assets as at 31 December 2023 (31 December 2022: £138.5m)



Objective



Payment of annual dividends of at least 5% of the NAV per share per annum based on the opening NAV of that financial year

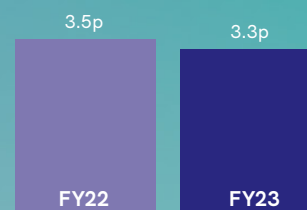
Progress against objective

- An interim dividend of 3.3p per share was declared on 8 June 2023 based on an ex-dividend date of 15 June 2023 and a record date of 16 June 2023. The dividend was paid on 30 June 2023.
- This total payout exceeded the minimum target dividend per share of 5% of the NAV per share of 64.9p as at 31 December 2022, equating to 5.1% of NAV per share.
- A special dividend of 5.0p was paid post-year end on 19 January 2024.

KPIs

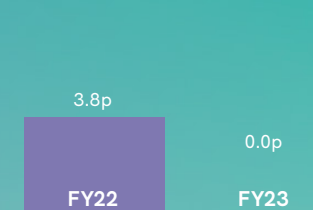
3.3p

Interim dividend paid 30 June 2023 (30 June 2022: 3.5p)



0.0p

Special dividend paid 31 December 2023 (31 December 2022: 3.8p)



Company Objectives and KPIs continued

Objective



Implementation of a significant number of new and follow-on qualifying investments every year, exceeding deployment requirements to maintain VCT status

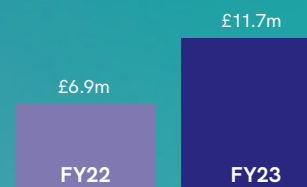
Progress against objective

- During the year the Manager completed nine new investments and eight follow-on investments costing £11.7 million and £7.0 million respectively.
- The Board and the Manager are confident that a number of new and follow-on investments can be achieved in 2024 as the ongoing economic difficulties and political turmoil are already presenting unique investment opportunities. Details of each of these new portfolio companies can be found in the Manager's Review.

KPIs

£11.7m

New investment deployment
in year to 31 December 2023
(31 December 2022: £6.9m)



£7.0m

Follow-on deployment
in year to 31 December 2023
(31 December 2022: £2.1m)



Objective



Maintaining a programme of regular share buybacks at a discount of 7.5% to NAV

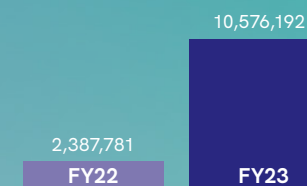
Progress against objective

- The Board is pleased to have achieved an average discount across all buybacks of 5.8% to the Net Asset Value per share in the year as it moved from a target of 7.5% to 5%, and continues to have an objective of maintaining buybacks at a discount of 5%, subject to market conditions.

KPIs

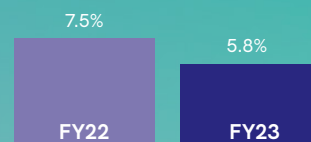
10,576,192

Number of shares bought back
in year to 31 December 2023
(31 December 2022: 2,387,781)



5.8%

Average discount on
buybacks
in year to 31 December 2023
(31 December 2022: 7.5%)



Company Objectives and KPIs continued

Investment objective

To provide private investors with regular dividends and capital growth from a portfolio of investments in fast-growing unquoted companies in the UK. It is the intention to maximise tax-free income available to investors from a combination of dividends and interest received on investments and the distribution of capital gains arising from trade sales or flotations.

Performance and Key Performance Indicators ("KPIs")

The Board expects the Manager to deliver a performance which meets the objectives of the Company. The KPIs covering these objectives are growth in Net Asset Value per share and dividend payments, which, when combined, give a positive overall NAV Total Return. Additional KPIs and Alternative Performance Measures ("APMs") reviewed by the Board include the discount of the share price relative to the Net Asset Value, which shows the percentage by which the mid-market share price of the Company is lower than the Net Asset Value per share, and total expenses as a proportion of Shareholders' funds. KPIs and APMs allow performance comparisons to be made between VCTs.

A record of some of these indicators is contained in the Key Metrics section on page 3 and the Company Objectives and KPIs section on pages 10 to 13.

The ongoing charges ratio for the year was 2.2% of net assets after adding back special dividends paid during the year to the year end net assets and adding back the performance incentive accrual to total expenses for the year.

The Directors note that regular share buybacks at a competitive discount to NAV is an essential KPI and also accretive for existing Shareholders. Share buybacks were completed at an average discount of 5.8%. Further details of the Company's KPIs can be found in the Glossary of Terms on page 108.

A review of the Company's performance during the financial year, the position of the Company at the year end and the outlook for the coming year is contained within the Manager's Review. The Board assesses the performance of the Manager in meeting the Company's objective against the primary KPIs and APMs highlighted above.

Investments in unquoted companies at an early stage of their development will involve some disappointments. However, investing the Company's funds in companies with high growth characteristics with the potential to become strong performers within their respective fields creates an opportunity to provide investors with regular dividends and capital growth.

Other funds managed by Foresight

The Company may invest alongside other funds managed or advised by Foresight. Where more than one fund is able to participate in an investment opportunity, allocations will generally be made based on the Manager's allocation policy, as agreed by the Board, other than where a fund has a pre-existing investment where the incumbent fund will have priority. Implementation of this policy will be subject to the availability of monies to make the investment and other portfolio considerations, such as the portfolio diversity and the need to maintain VCT status.

Strategies for achieving objectives

Investment policy

The Company will target UK unquoted companies which it believes will achieve the objective of producing attractive returns for Shareholders.

Investment securities

The Company invests in a range of securities including ordinary and preference shares, loan stock, convertible securities, fixed-interest securities and cash. Unquoted investments are usually structured as a combination of ordinary shares and loan stock. Cash is primarily held in interest-bearing accounts as well as in a range of permitted liquidity investments.

UK companies

Investments are primarily made in companies which are substantially based in the UK, although many will trade overseas. The companies in which investments are made must satisfy a number of tests set out in Part 6 of the Income Tax Act 2007 to be classed as VCT qualifying holdings.

Asset mix

The Company aims to be significantly invested in growth businesses, subject always to the quality of investment opportunities and the timing of realisations. Any uninvested funds are held in cash and a range of permitted liquidity investments.

Company Objectives and KPIs continued

Strategies for achieving objectives continued

Risk diversification and maximum exposures

Risk is spread by investing in a range of different businesses within different industry sectors at different stages of development, using a mixture of securities. The maximum amount invested in any one company, including any guarantees to banks or third parties providing loans or other investment to such a company, is limited by VCT legislation to 15% of the Company's investments (which includes cash) by VCT value at the time of investment.

Investment style

Investments are selected in the expectation that value will be enhanced by the application of private equity disciplines, including an active management style for unquoted companies through the placement of an investor director on investee company boards.

Borrowing powers

The Company has a borrowing limit of an amount not exceeding an amount equal to 50% of the adjusted capital and reserves (being the aggregate of the amount paid up on the issued share capital of the Company and the amount standing to the credit of its reserves). Whilst the Company does not currently borrow, and has no plans to do so, its Articles allow it to do so.

Other funds managed by Foresight continued

The Manager provides investment management services or advice to Foresight VCT plc, Foresight Technology VCT plc, Foresight Nottingham Fund LP, Foresight Solar Fund Limited, Foresight Inheritance Tax Solutions, Foresight Regional Investment LP, Foresight WAE Technology EIS Fund, Foresight Italian Green Bond Fund, MEIF ESEM Equity LP, Scottish Growth Scheme – Foresight Group Equity Partners LP, NI Opportunities LP, JLEN Environmental Assets Group Limited, Foresight Regional Investment II LP, Foresight Energy Infrastructure Partners S.C.Sp, Foresight Regional Investment III LP, NI Opportunities II LP, Foresight Sustainable Forestry Company plc, Foresight Regional Investment IV LP, Foresight Regional Investment V LP, AIB Foresight SME Impact LP, Foresight West Yorkshire Business Accelerator LP, FP Foresight Sustainable Future Themes Fund, FP Foresight Global Real Infrastructure Fund, FP Foresight Sustainable Real Estate Securities Fund, FP Foresight UK Infrastructure Income Fund, Thames Ventures VCT 1 plc, Thames Ventures VCT 2 plc, Thames Ventures EIS, Cromwell Foresight Global Sustainable Infrastructure Fund, Foresight Regional Investment Fund VI LP and IFW-Equity LP.

VCT regulation

The investment policy is designed to ensure that the Company continues to qualify and is approved as a VCT by HMRC. Amongst other conditions, the Company may not invest more than 15% of its total investments and cash by VCT value, at the time of making the investment, in a single company, must have at least 80% by VCT value of its investments and cash throughout the year in shares or securities in qualifying holdings and must invest 30% of funds raised in qualifying holdings within 12 months of the end of the year in which those funds were raised.

In addition, in aggregate, 70% of a VCT's qualifying investments (30% for investments made before 6 April 2018 from funds raised before 6 April 2011) by VCT value must be in ordinary shares which carry no preferential rights to assets on a winding up or to dividends (apart from certain non-cumulative fixed preferential rights). For each individual investment, a minimum of 10% of the investment must be in ordinary shares of that company.

Dividend policy

The Board will endeavour to pay annual dividends of at least 5% of the NAV per share based on the opening NAV of that financial year. The aim of the Board and the Manager is for future investment performance to support this level of distribution, whilst also enhancing the NAV per share at around its current level. This level of dividend may be exceeded by the payment of additional 'special' dividends as and when particularly successful portfolio disposals are made.

Share buyback policy

It is the Company's policy, subject to adequate cash availability and distributable reserves, to consider repurchasing shares when they become available in order to help provide liquidity to the market in the Company's shares. The Board continues to have an objective of achieving and maintaining buybacks at a discount of 5% to the prevailing NAV per Share over the medium term, subject to market conditions.

Manager's Review

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Manager's Review

“As at 31 December 2023 the Company's portfolio comprised 46 investments with a total cost of £72.7 million and a valuation of £119.6 million.”

Portfolio summary

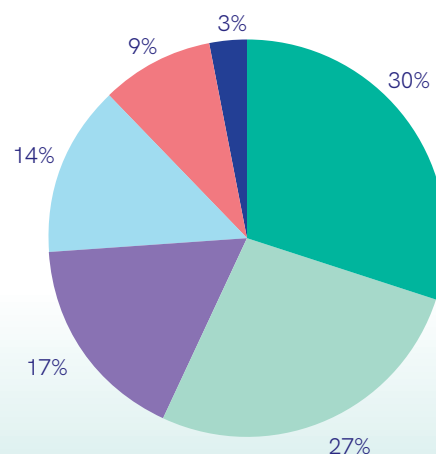
The portfolio is diversified by sector, transaction type and maturity profile. Details of the ten largest investments by valuation, including an update on their performance, are provided on pages 28 to 32.

In the year, the valuation of the investment portfolio increased by £7.6 million, as a result of an increase of £9.5 million in the valuation of investments, plus £18.7 million of new and follow-on investments offset by sales of investments totalling £20.6 million. Overall, the portfolio has performed well despite uncertainty in the market with significant geopolitical issues and continued domestic price inflation, coupled with high interest rates.

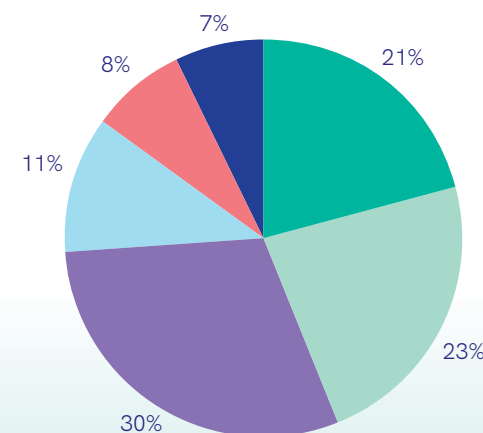
In line with the Board's strategic objectives, the Manager remains focused on growing the Company through further development of Net Asset Value Total Return. In the year, net assets increased by 21.7% to £168.5 million after the payment of dividends, meaning that the Company successfully met these this objective in the period under review.

Portfolio diversification

Sector by cost



Sector by valuation



Key

- Technology, Media & Telecommunications (cost 30% | valuation 21%)
- Healthcare (cost 27% | valuation 23%)
- Industrials & Manufacturing (cost 17% | valuation 30%)
- Consumer & Leisure (cost 14% | valuation 11%)
- Business Services (cost 9% | valuation 8%)
- Other (cost 3% | valuation 7%)

Manager's Review continued

New investments

2023 was characterised by higher interest rates and cost inflation, although this began to stabilise during the latter part of the year leading into 2024. Many investee management teams have successfully steered their businesses through the uncertainty of the year, whilst developing clearer medium and longer-term growth plans.

The Manager has continued to invest in its deal origination capabilities and identified a large number of potentially attractive investment opportunities during the year.

Over the course of 2023, nine new investments were completed; a total investment of £11.7 million. New investments were across recruitment, software, industrials, financial planning, health services, communications and technology. Behind these, there continues to be a strong pipeline of opportunities that the Manager expects to convert during the next 12 months. Follow-on investments totalling £7.0 million were also made into eight existing investee companies.



Sprintroom Limited

In January 2023, the Company invested £1.0 million of growth capital in Sprintroom, which trades as Sprint Electric. The business designs and manufactures drives for controlling electric motors in light and heavy industrial applications, as well as recovering and reusing otherwise lost energy. The investment will be used to further develop and commercialise novel alternating current variable speed drive technology.



Red Flag Alert Technology Group Limited

In March 2023, the Company invested £1.8 million in Reg Flag Alert Technology Group, a Manchester based proprietary SaaS intelligence platform with modular capabilities spanning compliance, prospecting, risk management and financial health assessments. The growth capital will be used to support further product development and expand its commercial capabilities.



Firefish Software Ltd.

In March 2023, the Company invested £1.5 million in Firefish Software, a Glasgow based customer relationship management and marketing software platform targeting the recruitment sector. The funding will be used to support the company in its growth plans.



The KSL Clinic Limited

In April 2023, the Company invested £1.0 million in The KSL Clinic, a leading provider of hair replacement treatments, with clinics in Manchester and Kent. The investment will enable the company to grow its medical team and expand its geographic presence.



Five Wealth Limited

In March 2023, the Company invested £0.7 million in Five Wealth, an established boutique financial planning business operating across the North West of England. Five Wealth's service offering is focused on the provision of independent private client financial advice and wealth planning. This growth capital investment will be used to accelerate Five Wealth's ambition to help more people reach their financial planning goals.



Loopr Ltd

In September 2023, the Company invested £1.8 million in Loopr Ltd, trading as Looper Insights, a fast-growing, London-based technology business providing data analytics to digital content distributors and streaming services. The investment will enable Looper to increase the solution's automation and customer integration and accelerate rollout of its products internationally.

Manager's Review continued

New investments continued



Navitas Digital Safety Limited

In December 2023, the Company invested £1.5 million in Navitas Digital Safety Limited, a digital food safety management business. The company uses a combination of hardware and software to provide a complete food safety management solution to hospitality sector customers. The investment will support the company's effort to expand its commercial capabilities and further develop the platform.



Kognitiv Spark Inc

In December 2023, the Company invested £1.0 million in Kognitiv Spark, a developer of augmented reality software that enables the remote sharing of critical data to on-site employees. Developed specifically for industrial communications, the company's core product offers superior performance in terms of data compression and visualisation. The funding will be used to expand the management team and explore new commercial opportunities.



Live Group Holdings Limited

In December 2023, the Company invested £1.4 million in Live Group, a global events and communications agency selling digital and live communications and events services. The company has developed a proprietary delegate management platform to collect attendee data, share content and enhance engagement with delegates. The investment will be used to enhance and further develop the platform whilst supporting growth plans, including international growth.

Manager's Review continued

Follow-on investments

Given the expansion of the portfolio, there has been an increase in follow-on investments during the year. These follow-on investments are to support further growth initiatives within the portfolio. The Manager is pleased to report that despite continuing macroeconomic uncertainty and stubbornly high interest rates and inflation, the portfolio remains resilient overall.

The Manager made follow-on investments into eight companies during 2023, totalling £7.0 million. Further details of each of these are provided here.

The additional equity injections in the year were used to support further growth plans, such as launching new products or opening new sites and providing cash headroom for further growth. In view of the economic outlook, which remains challenging, the Manager continues to be vigilant about the health of the rest of the portfolio and the need for follow-on funding over the coming months.



Mizaic Ltd (formerly IMMJ Systems Limited)

In February 2023, £0.7 million was invested in Mizaic, a clinical electronic document management solution for the NHS. The investment was used to back the new leadership team and enhance the product roadmap, bolstering the business' ability to support digitising patient records. Mizaic's principal product, MediViewer, saves time and costs for the NHS and improves the outcomes for the clinician-patient experience.



Ten Health & Fitness Limited

In March 2023, Ten Health & Fitness, a multi-site operator in the boutique health, wellbeing and fitness market, received an additional investment of £0.4 million. The funding enabled the company to complete its new flagship Kings Cross site and support the company's growth strategy.



viO HealthTech Limited

In September 2023, the Company invested £14k in viO HealthTech Limited, a developer of innovative medical devices that allow women to predict and detect ovulation with a high degree of accuracy. The funding will support the business in the next stage of its market testing.



NorthWest EHealth Limited ("NWEH")

In March 2023 and October 2023, the Company invested a further £2.5 million in aggregate in NWEH, which provides software and services to the clinical trials market, allowing pharmaceutical companies and contract research organisations to conduct feasibility studies, recruit patients and run trials. The investment provided support to the delivery of a number of new real-world trials, while also enabling the company to complete its ConneXon platform.



Additive Manufacturing Technologies Ltd ("AMT")

In April 2023, the Company invested £0.1 million in AMT, which manufactures systems that automate the post-processing of 3D printed parts. See the Key valuation changes in the period section on page 23 for further details.



Weduc Holdings Limited

In October 2023, the Company invested £0.3 million in Weduc Limited, a communication platform enabling smoother communication between parents, teachers and students, alleviating the administrative burden for teachers and improving parent and student engagement. The investment will be used to support the continued growth of the platform.

Manager's Review continued

Follow-on investments continued



Clubspark Group Limited

In October 2023, the Company invested £0.6 million in Clubspark Group Limited, a sports club management and reporting platform for local organisations and national governing bodies. The funding will provide further cash headroom to support Clubspark's continued growth.



Callen-Lenz Associates Limited

In December 2023, the Company invested £2.5 million in Callen-Lenz Associates Limited. Callen-Lenz develops, designs and manufactures air vehicles, vehicle components and navigation and communication software for high performance unmanned aerial vehicles ("UAVs") globally. The investment will fund the pursuit of commercial opportunities.

Manager's Review continued

Realisations

The M&A climate has proved more challenging than in recent years in light of the macroeconomic conditions of high interest rates and geopolitical uncertainty. Despite this, the Manager was pleased to report some particularly strong realisations, as well as the disposal of one challenged business within the portfolio. The Manager continues to engage with a range of potential acquirers of several portfolio companies and to carefully consider the timing of exit for each. Demand remains for high-quality, high-growth businesses from both private equity and trade buyers.



Innovation Consulting Group Limited ("GovGrant")

In March 2023, the Company announced the impressive exit of GovGrant to Source Advisors, a US corporate buyer backed by BV Investment Partners. GovGrant is one of the UK's leading providers of R&D tax relief, patent box relief and other innovation services. The transaction generated proceeds of £6.8 million at completion. When added to £0.7 million of cash returned to date, this implies a total cash-on-cash return of 4.5x the capital of £1.65 million invested in October 2015, equivalent to an IRR of 25%. The Company's accounting cost of £1.94 million included the £0.3 million valuation at which Foresight 3 VCT's ("F3") holding was transferred to the Company as part of the merger in June 2017.

Since the original investment in 2015, the Manager had helped GovGrant through a period of material growth during which it supported the R&D activities of a growing number of customers. GovGrant's high levels of service and innovative products, such as the growing patent box offering, have contributed to driving innovation in the UK economy. The Manager had taken a proactive approach to supporting the exceptional senior management team, all of whom were introduced to the business during the investment period.



Datapath Group Limited

In March 2023, the Company exited Datapath, a global leader in the provision of hardware and software solutions for multi-screen displays. The transaction generated proceeds of £10.2 million at completion and a further £0.6 million was received in November 2023. An additional £1.8 million is payable over 24 months following exit.

The investment in Datapath was initially held by F3 and was transferred to the Company on the merger in June 2017. F3 initially invested £2.0 million into the business in 2007. The accounting cost of £11.1 million refers to the value at which F3's holding was transferred to the Company.

When added to £10.8 million of cash returned pre-exit, this implies a total cash-on-cash return of 11.6x the original investment of £2.0 million, equivalent to an IRR of 37% since the initial investment in 2007.

Since the original investment, the Manager supported Datapath through a period of material growth with revenues growing from approximately £7 million to £25 million. Datapath has developed a market leading hardware and software product suite for the delivery of multi-screen displays and video walls, which are sold globally to a diverse customer base across a range of sectors.

Manager's Review continued



Protean Software Limited

In July 2023, the Company achieved a successful exit of its holding in Protean Software to Joblogic, a UK based direct provider of Field Service Management software to SMEs and Protean's direct competitor. The Company invested in Protean in July 2015 as one of the last buyouts prior to the changes in VCT legislation.

Over the holding period the Manager helped Protean transition its highly featured legacy product into modern software sold on a SaaS basis. The transaction generated proceeds of £3.5 million on completion. When added to the £0.1 million cash returned pre-exit, this implies a total cash-on-cash return of 2.4x on the original investment, equivalent to an IRR of 12% since the initial investment. The Company's accounting cost of £1.8 million included the £0.3 million valuation at which F3's holding was transferred to the Company as part of the merger in June 2017.



Luminet Networks Limited

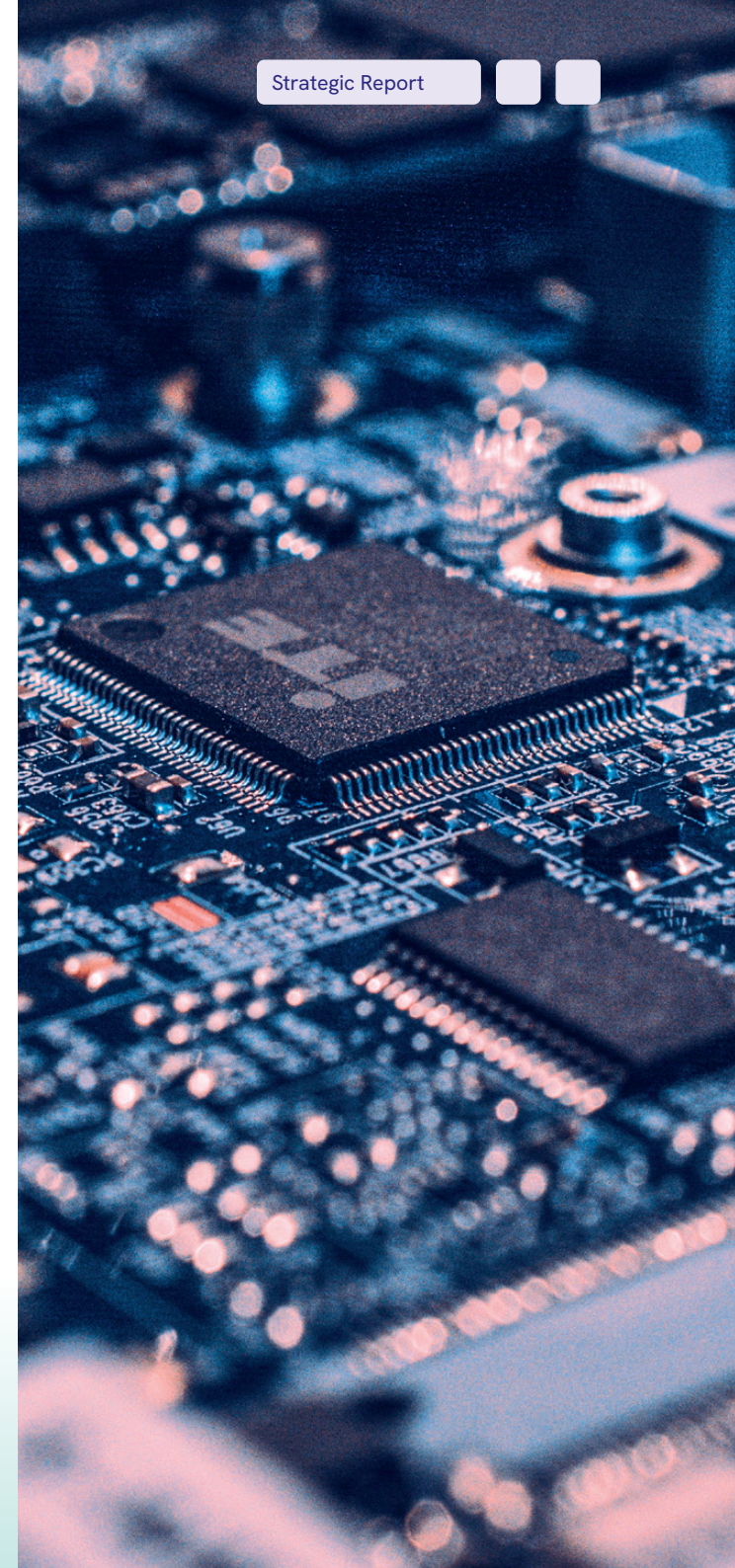
In October 2023, the Company announced the exit of Luminet, London's largest fixed wireless network operator and leading business to business internet provider. The transaction generated proceeds of £1.2 million at completion including an exit fee of £71,000. This implies a total cash-on-cash return of 1.2x the original investment, equivalent to an IRR of 4%.

The Company's investment helped the company to scale up by adding additional base stations to the existing infrastructure, as well as navigate through the challenging period of COVID-19-related uncertainty.

Realisations in the year ended 31 December 2023

Company	Detail	Accounting cost at date of disposal (£)	Proceeds ⁴ (£)	Realised gain/(loss) (£)	Valuation at 31 December 2022 (£)
Datapath Group Limited ¹	Full disposal	11,081,243	10,099,424	(981,819)	10,491,390
Innovation Consulting Group Limited ²	Full disposal	1,938,046	6,330,446	4,392,400	5,426,677
Protean Software Limited ³	Full disposal	1,795,229	3,173,829	1,378,600	2,629,229
Luminet Networks Limited	Full disposal	960,000	868,159	(91,841)	621,800
Positive Response Corporation Ltd	Loan repayment	100,000	100,000	—	100,000
Total disposals		15,874,518	20,571,858	4,697,340	19,269,096

- Excludes £583,000 of deferred consideration which was received in November 2023. A further £1,750,000 of deferred consideration has been recognised within debtors. The accounting cost of £11.1 million includes the valuation of the F3 investment at the point it was transferred to the Company.
- The accounting cost includes the valuation of the F3 investment at the point it was transferred to the Company.
- The accounting cost includes the valuation of the F3 investment at the point it was transferred to the Company.
- Proceeds on exit excluding interest, dividends and exit fees where applicable.



Manager's Review continued

Pipeline

As at 31 December 2023, the Company had cash reserves of £47.8 million, which will be used to fund new and follow-on investments, buybacks, dividends and corporate expenditure. The Manager is seeing a strong pipeline of potential investments grow and has a number of new opportunities under exclusivity or, with several opportunities in due diligence or in exclusivity, with further deal completions expected to be announced in the coming months.

Stubbornly high interest rates and inflation have created challenging trading conditions for many companies, with inflation of wages and input prices of particular concern. Interest on bank debt remains at a significantly higher level than 18 months ago, however the Manager notes that the cautious approach to leveraging portfolio companies provides some protection here. Continuing geopolitical concern surrounding conflicts in Ukraine and the Middle East have also caused supply chain disruption. These challenges create opportunities to source attractive investments however, with many companies seeking to strengthen their balance sheets.

The Manager continues to see an attractive pipeline of opportunities and does not see this changing in the medium term. The Company is able to access these opportunities through its wide and proprietary network across the country, supported to a greater extent by its network of regional offices. The Manager considers the Company's strategy to be well-suited to market volatility, due to its balanced mix of companies across sectors and stages, experienced investment team and network of high quality non-executives.

Post-year end activity



Family Adventures Group Limited

In January 2024, the Company invested £2.5 million of growth capital in Family Adventures Group Limited, a provider of daycare nurseries and children's leisure sites that combines soft play areas with role play facilities. All inspected sites have been rated "Good" by Ofsted and have an average score of 9.9/10 on [daynurseries.co.uk](https://www.daynurseries.co.uk); whilst the leisure sites have market leading Net Promoter Scores ("NPS") and high repeat visits. The investment will be used to aid the business with a continued rollout of nursery and leisure sites across the South West and Midlands.



Lepide Group Holding Company Ltd

In March 2024, the Company invested £2.0 million in Lepide, a cyber security software solution that helps organisations to protect their unstructured data. Lepide actively monitors event logs within Windows Active Directory in order to detect suspicious activity and help organisations to manage over-exposure of data. The investment will help scale the business and accelerate growth initiatives.



Evolve Dynamics Limited

In March 2024, the Company completed a £2.0 million investment in Evolve Dynamics Limited. Founded in 2016, the company designs and manufactures smaller Unmanned Aerial Systems ("UAS") with capabilities for Intelligence, Surveillance, Target Acquisition and Reconnaissance ("ISTAR"). The investment will help to scale the business and aid in new product launches.



Homelink Healthcare Limited

In March 2024, the Company completed a £1.0 million follow-on investment in Homelink Healthcare Limited. Foresight first invested in HomeLink in March 2022. Contracting with the NHS, the business provides patients with wound care, physiotherapy and intravenous therapies in their own home. HomeLink is also a leader in remote monitoring practice and offers a virtual ward solution. The investment will support the organic expansion of the company.



Sprintroom Limited

In March 2024, the Company completed a £0.8 million follow-on investment in Sprintroom Limited, which trades as Sprint Electric. The business designs and manufactures drives for controlling electric motors in light and heavy industrial applications, as well as recovering and reusing otherwise lost energy. The investment will be used to drive continued revenue growth.

Manager's Review continued

Post-year end activity continued



Specac International Limited

In March 2024, the Manager announced the sale of Specac International, a leading manufacturer of high specification sample analysis and preparation equipment used in testing and research laboratories worldwide, primarily supporting infrared spectroscopy. The transaction generated proceeds of £11.2 million at completion. When added to £1.5 million of cash returned pre-exit, this implies a total cash-on-cash return of 10.6x, equivalent to an IRR of 34%. Since investment, the business has grown to sell globally through both original equipment manufacturers and distributors. The Manager also engaged with the team to support management changes, improvements in governance, increases in headcount and numerous product launches. The exit will facilitate the continued growth of the business.

Key portfolio developments

Material changes in valuation, defined as increasing or decreasing by £1.0 million or more since 31 December 2022, are detailed below. Updates on these companies are included below, or in the Top Ten Investments section on pages 28 to 32.

Key valuation changes in the year

Company	Valuation methodology	Net movement (£)
Callen-Lenz Associates Limited	Discounted offer received	9,648,664
Copptech UK Limited	Discounted revenue multiple	(1,023,465)
Crosstown Dough Ltd	Discounted revenue multiple	(1,159,058)
So-Sure Limited	Nil value	(1,600,000)
Aerospace Tooling Corporation Limited	Discounted earnings multiple	(1,786,770)
Additive Manufacturing Technologies Ltd	Price of last funding round	(1,796,806)



Copptech UK Limited

Copptech has developed a series of antimicrobial technologies using copper, zinc and organic active ingredients. The active ingredient is added to polymers, plastics or dispersions such as varnish and kills bacteria, fungi and viruses on contact.

31 December 2023 update

Sales in the 12 months to 31 December 2023 were in line with the prior year. The company's EBITDA loss was driven by investment in overhead and a drop in gross margin as finished goods sales were prioritised to build strategic relationships. The management team continue to review costs and level of R&D.



So-Sure Limited

So-Sure is an insurance technology company acting as "Managing General Agent" for insurers, offering a more trusted proposition, greater pricing transparency and improved customer experience through its customer-centric digital platform.

31 December 2023 update

So-Sure has not performed in line with the management plan presented to the Manager's Investment Committee at the time of the initial investment and was fully written off in the quarter.

Manager's Review continued

Key portfolio developments continued

CROSTOWN

Crosstown Dough Ltd

Crosstown began trading in 2014 and has a portfolio of 31 sites, including a mix of bricks and mortar, food trucks and market stalls. Crosstown's core products are fresh sourdough doughnuts made at its central production unit in Battersea. Crosstown has also developed an online presence, via its website and other delivery providers, as well as a wholesale offering.

31 December 2023 update

Crosstown participated in The Mother of the Nation Festival in Abu Dhabi in December, helping to build the brand internationally and presenting future growth opportunities. Management continues to focus on improvements to the existing retail network to return to like-for-like growth, as well as selective new site opportunities. Crosstown continues to invest in its digital business, following the recruitment of a new Head of Ecommerce.



Aerospace Tooling Corporation Limited

ATL provides specialist inspection, maintenance, repair and overhaul ("MRO") services for components in high-specification aerospace and turbine engines.

31 December 2023 update

Sales were in line with prior year. ATL has implemented improvements in its processes and internal systems which have led to improvements in gross margin but there remains a focus on the delivery of a growing order book, which is expected to result in an uplift in sales for 2024. Some challenges remain over equipment reliability issues and the board has implemented a plan to resolve these.



Additive Manufacturing Technologies Limited

AMT is developing machines for post-production of 3D printed parts: removal of excess polymer ("depowdering"), surface smoothing/polishing, colouring and inspection. AMT's goal is to provide a fully automated end-to-end post-production system, the "DMS", with robots linking each stage.

31 December 2023 update

A significant cost reduction exercise has been implemented, with the full impact continuing to be realised in the business. The Manager continues to support the business with the restructuring plan and its progress towards a break-even position.

Manager's Review continued

Outlook

Global economies demonstrated some recovery in 2023 with signs of stability returning, however the UK is proving slower to recover. The FTSE 100 grew by just 4%, whilst the MCSI World Index grew by c.20% during the year and many global indexes surpassed this, including the S&P 500 and NASDAQ – the latter seeing 45% growth.

Consumer confidence has remained relatively weak in the face of inflation, which fell steadily throughout 2023 to 4.2% but remained high by recent standards. To combat this, interest rates increased from 3% to 5.25% throughout the year, eroding consumer spending power and putting leveraged businesses under financial pressure. At a global level, the ongoing conflict in Ukraine and emerging conflict in the Middle East have led to continuing supply chain uncertainty and volatility in oil and gas prices. Overall, the UK economy experienced stagnation during 2023 and entered a technical recession in the latter half of the year, although many commentators expected this to be shallow by historic standards. As a result of these factors, M&A volumes dropped noticeably in 2023.

Despite this challenging backdrop, the Company has performed well in the year, achieving a 6.2% NAV Total Return for Shareholders. Strong exits were achieved, to both trade and PE buyers and across various sectors, demonstrating that demand remains for high-quality assets that are well prepared for sale. The exits of Datapath Group Limited and Innovation Consulting Group Limited from across a range of sectors, significantly contributed to the Company's dividend of 3.3p per share for the year, delivering an attractive dividend yield of 5.8% and exceeding the Company's target.

The Company retains a portfolio that is well balanced across sectors and stages, with some companies delivering strong profitability whilst other earlier-stage investments continue to display strong growth. The Manager's cautious approach to taking on leverage has protected many portfolio companies from concerns surrounding rising interest rates.

Looking forward to 2024, considerable uncertainty remains in the UK economy. The UK's economic activity was subdued during 2023. This had an effect on lenders' confidence which had also been challenged by high interest rates and inflation. Interest rates are also set to remain well above recent norms for the foreseeable future, impacting consumer spending power. The forthcoming general election, which will be announced at some point this year, will only add to the sense of uncertainty, although it seems likely the government will seek to reduce the tax burden to the degree possible in the run up to an election.

More broadly there is cause for optimism, however. The UK continues to be a global leader in key sectors such as technology, life sciences and financial services. There is a strong and established network of support for growing young companies and world-class universities continue to nurture exciting spin-outs. Multinationals continue to see the UK as an attractive place to invest and grow their businesses. The strength of the US technology and finance sectors in recent years has made UK valuations seem relatively cheap by comparison, offering attractive opportunities for sale to international buyers.

The Manager is pleased with the performance in the year, especially against the backdrop of a challenging macroeconomic picture. Looking forward, the economy returning to growth and interest rates and inflation having passed their peak has potential for continued good performance over the medium term. The Company's strong performance has improved its position in the VCT market, which is an increasingly attractive and visible source of capital for the UK's ambitious entrepreneurs. The portfolio remains diversified and resilient to macroeconomic headwinds, supported by a collaborative, hands-on approach from the Manager.

James Livingston

on behalf of Foresight Group LLP
Co-Head of Private Equity
26 April 2024

Case Study

RULEGUARD

Founded in 2013, Ruleguard identified an opportunity with the introduction of the FCA's Client Assets Source Book legislation ("CASS"), in 2014. CASS legislation was introduced in the aftermath of the Lehman Brothers crisis in order to ensure safeguarding of clients' assets. It presented a unique set of challenges for financial services institutions as it required continuous monitoring of complex rules and significant increases in auditing requirements.

Ruleguard developed a software platform which materially reduced the effort required in maintaining and demonstrating compliance with CASS regulation by helping automate processes and record-keeping. Since its introduction, Ruleguard has continuously invested in the platform with new modules being added to help customers comply with a growing amount of complex legislation, and today serves clients globally with an offering which monitors published regulatory legislation and ensures clients stay abreast of ever evolving regulatory requirements.

Foresight Enterprise VCT invested in Ruleguard in August 2022 as the first institutional investor in the business, in order to support the continued expansion of sales and marketing activities and continue scaling the business.

Ruleguard key facts

Name	Strategic Software Applications Ltd (t/a Ruleguard)
Location	London
Website	www.ruleguard.com
Industry	Business Services
Foresight Enterprise VCT plc commitment	£1.8 million
Foresight Enterprise VCT plc ownership %	13.1%
Stage	Growth stage
Investment date	August 2022
Foresight managed funds	£3.5 million (includes co-investment of £1.7 million from Foresight VCT plc)

Case Study

HEXARAD

Founded in 2017, Hexarad is a teleradiology company, supporting NHS and private healthcare providers with access to a diversified pool of radiologists in order to provide fast, accurate diagnoses and enable more timely and higher quality patient care.

The UK waiting list crisis is well documented and represents a national priority. One critical element of extended waiting lists is represented by patients whose MRI or CT scans have taken place, but are awaiting diagnosis by an appropriate radiologist. There is insufficient capacity to recruit and train enough new radiologists to meet this demand, a gap that is widening as the volume and complexity of medical images in the UK increases, driven by factors including demographics, increasing use of imaging across additional care pathways and technological advancements in scanning equipment.

As a clinically-led company, Hexarad demonstrates a strong understanding of the requirements of both patients and healthcare providers. By developing proprietary technology that enables better allocation of images to appropriate radiologists faster than other market offerings, the company will have life-saving impact in situations where a fast diagnosis is critical.

Hexarad key facts

Name	Hexarad
Location	London
Website	www.hexarad.com
Industry	Healthcare
Foresight Enterprise VCT plc commitment	£1.5 million
Foresight Enterprise VCT plc ownership %	11.2%
Stage	Growth stage
Investment date	June 2021
Foresight managed funds	£3.0 million (includes co-investment of £1.5 million from Foresight VCT plc)

Top Ten Investments

By value as at 31 December 2023



1. Callen-Lenz Associates Limited

Salisbury

www.callenlenz.com

Sector: Industrials & Manufacturing

Callen-Lenz designs, develops and manufactures air vehicles, vehicle components and navigation and communication software for high performance unmanned aerial vehicles ("UAVs") globally.

31 December 2023 update

Callen-Lenz is delivering significant revenue growth and has established an outsourced manufacturing partner to meet future demand for aircraft, whilst continuing to develop additional aircraft types. Maintaining close links with customers will be key for anticipating future demand and the business currently enjoys a strong order book. A follow-on round also completed in December 2023, with the Company contributing £2.5 million, raising £5.0 million in total when including Foresight VCT plc's investment.



2. Specac International Limited

Kent

www.specac.com

Sector: Industrials & Manufacturing

Specac International is a leading manufacturer of high specification sample analysis and preparation equipment used in testing and research laboratories worldwide, primarily supporting infrared spectroscopy.

31 December 2023 update

Specac's trade continues to be driven by market demand for its products and a continued focus on sales to non-OEM customers. Trading is 3% below prior year as global demand for lab equipment and accessories remains subdued, particularly in China and the US. However, order intake has begun to rebound. The business is focused on delivering its updated budget, while building the order book for FY25. Post period end, the business was sold to Ampersand Capital, generating an exceptional 10.6x return on cash invested.

Portfolio

For the investments below held by Foresight 3 VCT plc ("F3") pre-merger on 22 June 2017, the amount invested refers to the initial amount invested by F3 and the Company. The accounting cost includes both the initial investment by both companies and also the valuation of the F3 investment at the point it was transferred to the Company.

Initial investment	August 2021
Amount invested (£)	4,875,000
Accounting cost (£)	4,875,000
Valuation (£)	17,551,767
Basis of valuation	Discounted offer received
Equity held (%)	12.0%
Income received in the year (£)	—
Cash returned up to 31 December 2023 (£)	—

£'000	16 months ended 30 June 2023	Year ended 28 February 2022
Sales	37,089	8,586
Profit/(loss) before tax	946	(243)
Retained profit/(loss)	1,771	(238)
Net assets	5,262	2,645

Initial investment	April 2015
Amount invested (£)	1,300,000
Accounting cost (£)	2,054,761
Valuation (£)	10,851,677
Basis of valuation	Discounted offer received
Equity held (%)	42.6%
Income received in the year (£)	67,000
Cash returned up to 31 December 2023 (£)	1,465,487

£'000	Year ended 31 March 2023	Year ended 31 March 2022
Sales	14,960	13,727
Profit before tax	2,231	1,785
Retained profit	1,871	1,522
Net assets	7,560	5,689

Top Ten Investments continued

By value as at 31 December 2023



3. Hospital Services Group Limited

Belfast

www.hsl.ie

Sector: Healthcare

Hospital Services Group ("HSL") distributes, installs and maintains high-quality healthcare equipment and consumables from global partners such as Hologic, Fujifilm and Shimadzu. HSL has strengths in the radiology, ophthalmic, endoscopy and surgical sectors, as well as a building presence in telehealth and broader healthcare IT.

31 December 2023 update

HSL continues to trade strongly with robust demand in healthcare markets across Ireland, Northern Ireland and Great Britain. The business has made a further acquisition focused on endoscopy, which is being integrated. More broadly, recent projects include installation of mammography systems in Ireland and a large volume of mobile carts and screens to Northern Irish Hospitals.

Initial investment	April 2015
Amount invested (£)	1,200,000
Accounting cost (£)	1,200,000
Valuation (£)	7,466,881
Basis of valuation	Discounted earnings multiple
Equity held (%)	15.6%
Income received in the year (£)	98,257
Cash returned up to 31 December 2023 (£)	319,536

£'000	Year ended 30 September 2022	Year ended 30 September 2021
Sales	37,003	30,789
Profit before tax	2,037	1,755
Retained profit	1,773	970
Net assets	6,617	4,687



4. Roxy Leisure Holdings Limited

Manchester

www.roxyleisure.co.uk

Sector: Consumer & Leisure

Roxy Leisure ("Roxy") operates competitive socialising bars throughout the UK. The venues contain a range of games and activities from tenpin bowling, table tennis, shuffleboard and pool to more innovative activities such as ice free curling and batting cages. As at December 2023, the business operated 19 bars throughout the UK.

31 December 2023 update

Roxy has delivered further growth in 2023, opening five new sites over the course of the year, continuing the company's strategy of regional expansion throughout the UK. Roxy also launched a sister brand "King Pins" in late 2023, focused on the family bowling market, with the first site in Manchester at the Trafford Centre. Roxy's efficient site operating model and strong margins driven by gaming revenue ensured that all sites delivered good profits in the year.

Initial investment	December 2019
Amount invested (£)	2,500,000
Accounting cost (£)	2,500,000
Valuation (£)	6,234,290
Basis of valuation	Discounted earnings multiple
Equity held (%)	5.6%
Income received in the year (£)	28,849
Cash returned up to 31 December 2023 (£)	58,340

£'000	Year ended 31 December 2022	Year ended 31 December 2021
Sales	23,499	12,136
Profit before tax	3,032	1,749
Retained profit	2,461	1,410
Net assets	3,329	867

Top Ten Investments continued

By value as at 31 December 2023



5. TLS Holdco Limited

London

www.truelens.co.uk

Sector: Other

True Lens Services is a specialist provider of lens manufacturing, refurbishment and servicing to the film and television markets.

31 December 2023 update

TLS continued to grow both revenues and EBITDA in the year, having successfully moved to a new freehold site near its existing facilities, which has created significant capacity for further growth. It also enjoys a very healthy orderbook which provides strong visibility of future revenues.

Initial investment	December 2015
Amount invested (£)	100
Accounting cost (£)	100
Valuation (£)	5,629,956
Basis of valuation	Net assets
Equity held (%)	42.5%
Income received in the year (£)	—
Cash returned up to 31 December 2023 (£)	—

£'000	Year ended 31 December 2022	Year ended 31 December 2021
Sales	—	—
Profit before tax	1,341	3,235
Retained profit	796	2,620
Net assets	3,708	2,912



6. Fourth Wall Creative Limited

Wirral

www.fourthwallcreative.com

Sector: Consumer & Leisure

Fourth Wall Creative provides fan engagement services to Premier League and Championship football clubs and other sporting organisations via its technology platforms. It also designs, sources and fulfils membership welcome packs and related products.

31 December 2023 update

Fourth Wall continues to grow both revenues and customers in the year, with sales up significantly from the previous year. It now serves c.900k members via football clubs and sporting organisations either through its technology platform directly or by providing club-branded products to fans on behalf of the clubs. Greater control over costs saw it return to profitability for its financial year ending September 2023.

Initial investment	April 2019
Amount invested (£)	2,900,000
Accounting cost (£)	2,900,000
Valuation (£)	4,585,300
Basis of valuation	Discounted revenue multiple
Equity held (%)	16.6%
Income received in the year (£)	—
Cash returned up to 31 December 2023 (£)	—

£'000	Year ended 30 September 2023	Year ended 30 September 2022
Sales	n/a	n/a
Profit before tax	n/a	n/a
Retained profit	n/a	n/a
Net assets	5,028	5,866

In accordance with Section 444 of the Companies Act 2006, a statement of income has not been delivered in the financial statements available on Companies House.

Top Ten Investments continued

By value as at 31 December 2023



7. NorthWest EHealth Limited

Manchester

www.nweh.co.uk

Sector: Healthcare

NorthWest EHealth ("NWEH") provides software and services to the clinical trial market for the design, recruitment, feasibility analysis and delivery of real world trials. NWEH's solutions are an alternative to traditional clinical trials, utilising real world data such as electronic patient records to undertake trial activity.

31 December 2023 update

In March 2023 and October 2023, the Company invested a further £2.5 million in aggregate in NWEH. The investment provided support to the delivery of a number of new real-world trials, while also allowing the company to complete its ConneXon platform. Since this investment, NWEH has built a partnership with a large data provider, which should give it access to up to 18 million patient records.

Initial investment	April 2021
Amount invested (£)	3,999,999
Accounting cost (£)	3,999,999
Valuation (£)	4,443,784
Basis of valuation	Discounted revenue multiple
Equity held (%)	38.5%
Income received in the year (£)	—
Cash returned up to 31 December 2023 (£)	—

£'000	Year ended 31 December 2022	Year ended 31 December 2021
Sales	6,655	6,643
(Loss)/profit before tax	(1,283)	310
Retained (loss)/profit	(894)	310
Net assets	3,173	4,067



8. Spektrix Limited

London

www.spektrix.com

Sector: Technology, Media & Telecommunications

Spektrix is an enterprise software company, providing ticketing, CRM, marketing and fundraising software to venues in the performing arts sector across the UK and US.

31 December 2023 update

Spektrix delivered further solid growth during the year with continued revenue growth in the UK and US, with the arts market in the UK in particular seeing a good recovery in ticket sales. The business continues to innovate and launch additional technical functionality, including in payments, as well as invest in its people.

Initial investment	December 2018
Amount invested (£)	2,998,350
Accounting cost (£)	2,380,350
Valuation (£)	4,352,595
Basis of valuation	Price of last funding round
Equity held (%)	5.0%
Income received in the year (£)	—
Cash returned up to 31 December 2023 (£)	829,507

£'000	Year ended 31 December 2022	Year ended 31 December 2021
Sales	14,380	9,248
Loss before tax	(1,451)	(1,069)
Retained loss	(1,040)	(522)
Net assets	11,977	546

Top Ten Investments continued

By value as at 31 December 2023



9. Clubspark Group Ltd

London

www.clubspark.co.uk

Sector: Technology, Media & Telecommunications

Clubspark is a sports club management and reporting platform for local organisations and national governing bodies.

31 December 2023 update

In the nine months to 31 December 2023, Clubspark reported total revenue and recurring revenue growth on prior year. In October 2023, the Company and Foresight VCT plc completed a £1.5 million follow-on funding round to support Clubspark's continued growth.

Initial investment	January 2019
Amount invested (£)	2,460,000
Accounting cost (£)	2,460,000
Valuation (£)	3,881,892
Basis of valuation	Discounted revenue multiple
Equity held (%)	14.2%
Income received in the year (£)	—
Cash returned up to 31 December 2023 (£)	—

£'000	Year ended 31 March 2023	Year ended 31 March 2022
Sales	n/a	n/a
Profit before tax	n/a	n/a
Retained profit	n/a	n/a
Net assets	565	1,930

In accordance with Section 444 of the Companies Act 2006, a statement of income has not been delivered in the financial statements available on Companies House.



10. Biofortuna Ltd

Wirral

www.biofortuna.com

Sector: Healthcare

Biofortuna, established in 2008, is a molecular diagnostics business based in the North West. The company has developed unique expertise in the development and manufacture of freeze-dried, stabilised assays. Biofortuna develops and contract manufactures on behalf of customers from the in vitro diagnostics and broader life sciences sector.

31 December 2023 update

Biofortuna had a good year of trading. There continues to be significant projects in the pipeline, including manufacturing and supply opportunities, which are expected to result in further growth. The company is also diversifying revenue through growth in its STI testing services and genomic services.

Initial investment	April 2012
Amount invested (£)	3,517,537
Accounting cost (£)	3,517,537
Valuation (£)	3,457,421
Basis of valuation	Discounted revenue multiple
Equity held (%)	45.0%
Income received in the year (£)	—
Cash returned up to 31 December 2023 (£)	997,040

£'000	Year ended 31 March 2023	Year ended 31 March 2022
Sales	n/a	n/a
Profit before tax	n/a	n/a
Retained profit	n/a	n/a
Net assets	4,120	5,072

In accordance with Section 444 of the Companies Act 2006, a statement of income has not been delivered in the financial statements available on Companies House.

Portfolio Overview

Investment (by value)	Date of the first investment	Sector	Valuation methodology	31 December 2023		31 December 2022		Addition £	Disposal proceeds £	Net valuation movement £
				Accounting cost £	Valuation £	Accounting cost £	Valuation £			
1. Callen-Lenz Associates Limited	2021	Industrials & Manufacturing	Discounted offer received	4,875,000	17,551,767 ¹	2,375,000	5,403,103	2,500,000	—	9,648,664
2. Specac International Limited	2015	Industrials & Manufacturing	Discounted offer received	2,054,761	10,851,677 ¹	2,054,761	10,788,670	—	—	63,007
3. Hospital Services Group Limited	2015	Healthcare	Discounted earnings multiple	1,200,000	7,466,881 ¹	1,200,000	6,850,996	—	—	615,885
4. Roxy Leisure Holdings Limited	2019	Consumer & Leisure	Discounted earnings multiple	2,500,000	6,234,290 ¹	2,500,000	5,937,355	—	—	296,935
5. TLS Holdco Limited	2015	Other	Net assets	100	5,629,956 ¹	100	4,677,028	—	—	952,928
6. Fourth Wall Creative Limited	2019	Consumer & Leisure	Discounted revenue multiple	2,900,000	4,585,300 ¹	2,900,000	3,607,752	—	—	977,548
7. NorthWest EHealth Limited	2021	Healthcare	Discounted revenue multiple	3,999,999	4,443,784 ¹	1,500,000	2,334,513	2,499,999	—	(390,728)
8. Spektrix Limited	2018	Technology, Media and Telecommunications	Price of last funding round	2,380,350	4,352,595 ¹	2,380,350	4,295,837	—	—	56,758
9. Clubspark Group Ltd	2019	Technology, Media and Telecommunications	Discounted revenue multiple	2,460,000	3,881,892 ¹	1,860,000	3,257,564	600,000	—	24,328
10. Biofortuna Ltd	2012	Healthcare	Discounted revenue multiple	3,517,537	3,457,421 ¹	3,517,537	3,746,570	—	—	(289,149)
11. PH Realisations 2020 Limited	2013	Technology, Media and Telecommunications	Discounted earnings multiple	2,162,929	3,353,430	2,162,929	2,633,592	—	—	719,838
12. Hexarad Group Limited	2021	Healthcare	Discounted revenue multiple	1,549,999	3,064,707	1,549,999	2,378,829	—	—	685,878
13. Ten Health & Fitness Limited	2019	Healthcare	Discounted revenue multiple	2,400,000	2,829,283	2,000,000	2,228,835	400,000	—	200,448
14. Titania Group Limited	2020	Business Services	Discounted revenue multiple	1,250,000	2,600,656	1,250,000	1,922,333	—	—	678,323
15. Aerospace Tooling Corporation Limited	2013	Industrials & Manufacturing	Discounted earnings multiple	415,255	2,515,550	415,255	4,302,320	—	—	(1,786,770)
16. Mizaic Ltd (formerly IMMJ Systems Limited)	2020	Healthcare	Discounted revenue multiple	2,400,000	2,454,209	1,750,000	2,575,331	650,000	—	(771,122)
17. Homelink Healthcare Limited	2022	Healthcare	Discounted revenue multiple	1,075,000	2,323,388	1,075,000	1,693,115	—	—	630,273

1. Top Ten Investments by value shown on pages 28 to 32.

Key: ● Technology, Media & Telecommunications ● Industrials & Manufacturing ● Healthcare ● Business Services ● Consumer & Leisure ● Financial Services ● Other

Portfolio Overview continued

Investment (by value)	Date of the first investment	Sector	Valuation methodology	31 December 2023		31 December 2022		Addition £	Disposal proceeds £	Net valuation movement £
				Accounting cost £	Valuation £	Accounting cost £	Valuation £			
18. Strategic Software Applications Ltd	2022	Business Services	Discounted revenue multiple	1,750,000	2,082,367	1,750,000	1,750,000	—	—	332,367
19. Newsflare Limited	2021	Technology, Media and Telecommunications	Discounted revenue multiple	2,000,000	1,980,632	2,000,000	2,406,491	—	—	(425,859)
20. Rovco Limited	2019	Technology, Media and Telecommunications	VC method	1,476,880	1,942,141	1,476,880	1,476,880	—	—	465,261
21. Firefish Software Limited	2023	Technology, Media and Telecommunications	Discounted revenue multiple	1,500,000	1,915,420	—	—	1,500,000	—	415,420
22. Itad (2015) Limited	2015	Business Services	Discounted earnings multiple	1,371,726	1,830,432	1,371,726	1,911,496	—	—	(81,064)
23. Red Flag Alert Technology Group Limited	2023	Technology, Media and Telecommunications	Discounted revenue multiple	1,750,000	1,799,643	—	—	1,750,000	—	49,643
24. Positive Response Corporation Ltd	2014	Business Services	Discounted revenue multiple	784,195	1,794,413	884,195	1,710,657	—	(100,000)	183,756
25. Steamforged Holdings Limited	2018	Consumer & Leisure	Discounted revenue multiple	1,600,000	1,791,216	1,600,000	1,889,053	—	—	(97,837)
26. Loopr Limited	2023	Technology, Media and Telecommunications	Cost	1,750,000	1,750,000	—	—	1,750,000	—	—
27. I-Mist Group Limited	2020	Industrials & Manufacturing	Discounted earnings multiple	1,614,500	1,733,192	1,614,500	1,764,252	—	—	(31,060)
28. ABL Investments Limited	2015	Business Services	Discounted earnings multiple	1,494,075	1,535,050	1,494,075	1,114,116	—	—	420,934
29. Navitas Digital Safety Limited	2023	Technology, Media and Telecommunications	Cost	1,500,000	1,500,000	—	—	1,500,000	—	—
30. Copptech UK Limited	2022	Industrials & Manufacturing	Discounted revenue multiple	1,000,000	992,198	—	—	1,000,000	—	(7,802)
31. Live Group Holdings Limited	2023	Technology, Media and Telecommunications	Cost	1,400,002	1,400,002	—	—	1,400,002	—	—
32. Iphigenie Limited	2015	Other	Net assets	100	1,259,719	100	1,261,403	—	—	(1,684)
33. Sprintroom Limited	2023	Industrials & Manufacturing	Discounted earnings multiple	1,000,000	1,213,592	—	—	1,000,000	—	213,592

Key: ● Technology, Media & Telecommunications ● Industrials & Manufacturing ● Healthcare ● Business Services ● Consumer & Leisure ● Financial Services ● Other

Portfolio Overview continued

Investment (by value)	Date of the first investment	Sector	Valuation methodology	31 December 2023		31 December 2022		Addition £	Disposal proceeds £	Net valuation movement £
				Accounting cost £	Valuation £	Accounting cost £	Valuation £			
34. The KSL Clinic Limited	2023	Healthcare	Cost	1,000,000	1,000,000	—	—	1,000,000	—	—
35. Kognitiv Spark Inc	2023	Technology, Media and Telecommunications	Price of last funding round	1,000,000	992,198	—	—	1,000,000	—	(7,802)
36. Five Wealth Limited	2023	Financial Services	Cost	712,500	712,500	—	—	712,500	—	—
37. Whitchurch PE 1 Limited	2014	Other	Net assets	378,000	632,099	378,000	632,533	—	—	(434)
38. Weduc Holdings Limited	2018	Technology, Media and Telecommunications	Discounted revenue multiple	302,941	621,776	23,750	258,471	279,191	—	84,114
39. Crosstown Dough Ltd	2021	Consumer & Leisure	Discounted revenue multiple	1,500,000	477,052	1,500,000	1,636,110	—	—	(1,159,058)
40. Cole Henry PE 2 Limited	2014	Other	Net assets	200,000	356,122	200,000	356,557	—	—	(435)
41. Kingsclere PE 3 Limited	2014	Other	Net assets	100,000	202,790	100,000	203,253	—	—	(463)
42. Additive Manufacturing Technologies Ltd	2021	Technology, Media and Telecommunications	Price of last funding round	1,833,018	36,212	1,737,499	1,737,499	95,519	—	(1,796,806)
43. Sindicatum Carbon Capital Limited	2007	Other	Nil value	544,538	—	544,538	—	—	—	—
44. viO HealthTech Limited	2018	Healthcare	Nil value	689,928	—	675,578	—	14,350	—	(14,350)
45. Biotherapy Services Limited	2019	Healthcare	Nil value	2,250,000	—	2,250,000	—	—	—	—
46. So-Sure Limited	2022	Consumer & Leisure	Nil value	1,600,000	—	1,600,000	1,600,000	—	—	(1,600,000)
47. Datapath Group Limited	2007	Technology, Media and Telecommunications	Sold	—	—	11,081,243	10,491,390	—	(10,099,424)	(391,966)
48. Innovation Consulting Group Limited	2015	Business Services	Sold	—	—	1,938,046	5,426,677	—	(6,330,446)	903,769
49. Luminet Networks Limited	2018	Technology, Media and Telecommunications	Sold	—	—	960,000	621,800	—	(868,159)	246,359
50. Protean Software Limited	2015	Technology, Media and Telecommunications	Sold	—	—	1,795,229	2,629,229	—	(3,173,829)	544,600
				72,698,333	119,586,889	69,921,290	111,966,610	18,651,561	(20,571,858)	9,540,576

Key: ● Technology, Media & Telecommunications ● Industrials & Manufacturing ● Healthcare ● Business Services ● Consumer & Leisure ● Financial Services ● Other

About the Manager

The Manager is a leading private equity and infrastructure investment manager with its parent company, Foresight Group Holdings Limited, listed on the London Stock Exchange.

In 2023, the Manager won 'UK Small-Cap House of the Year' at the Real Deals ESG Awards 2023 and 'Best EIS Investment Manager' at the Enterprise Investment Scheme Association Awards 2023, where it was also highly commended in the 'EISA Impact' category. Additionally, the Manager won both 'Growth Investor of the Year' and 'Best Investor Return' at the Growth Investor Awards 2023 and was shortlisted for several others including 'ESG Champion of the Year', 'Exit of the Year' for TFC Europe Limited, 'Best VCT Investment Manager' and 'Best Business Relief Investor Manager - Unlisted'. The Manager also featured on the shortlist for 'UK Small-Cap Deal of the Year' at the 2023 Real Deals Private Equity Awards for its exit from Codeplay Software Limited.

Claire Alvarez, a Partner in the Manager's private equity team, was listed in Real Deals' Future 40 Investment Leaders 2022 listings and was also shortlisted for 'Dealmaker of the Year' at the 2023 Northwest Dealmaker Awards. Chris Wardle, a managing director in the Manager's private equity team, was listed in Real Deals' Future 40 Investment Leaders 2023 listings. The Manager's sustainability efforts were further recognised over the year, earning it the 'Most Sustainable SME Investment Management Company' at the Wealth and Finance International Awards, the 'SME Equity Award' for the AIB Foresight SME Impact Limited Partnership at the Finance Dublin Deals of the Year Awards and a listing in Real Deals Future 40 ESG Innovators.



James Livingston
Partner and Co-Head of Private Equity

James joined Foresight in 2007 from Deloitte's strategy consulting team. James has 19 years of experience and is a member of the investment committee and the executive committee. Alongside Matt Smith, James manages the private equity team. During his time at Foresight, James has led numerous successful transactions including growth and replacement capital transactions. James holds a Master's degree in Natural Sciences and Management Studies from Cambridge University, as well as the CIMA Advanced Diploma in Management Accounting.



Matt Smith
Partner and Co-Head of Private Equity

Matt joined Foresight in 2010 from Rothschild, where he spent six years advising companies in a range of sectors on a variety of transaction types. Matt has 19 years of experience and is a member of the investment committee and the executive committee. Alongside James Livingston, Matt manages the private equity team. He has a particular focus on ESG considerations and has helped develop Foresight's approach. Matt graduated from Oxford University with a Master's degree in Biological Sciences and a postgraduate degree in Physiology.



Claire Alvarez
Partner

Claire joined Foresight's Manchester office in 2016 from Deloitte where she focused on transaction and restructuring services across a range of corporate finance assignments. Claire provides ongoing strategic and financial support to existing portfolio companies, as well as wider management across the private equity team including a particular focus on origination of transactions. Claire has led on a number of investments for both the VCTs and Foresight's institutional funds. Claire holds an MBA from Manchester Business School as well as a Corporate Finance Certificate from the Securities and Investment Institute. She also holds a degree in Management from Lancaster University.

About the Manager continued

Management

The Company has appointed Foresight Group LLP ("the Manager") to provide investment management and administration services.

The Manager prefers to take a lead role in the companies in which it invests. Larger investments may be syndicated with other investing institutions, or strategic partners with similar investment criteria. In considering a prospective investment in a company, particular regard will be paid to:

- Evidence of high-margin products or services capable of addressing fast-growing markets
- The company's ability to sustain a competitive advantage
- The strength of the management team
- The existence of proprietary technology
- The company's prospects of being sold or achieving a flotation within three to five years

Prior to 2023, Foresight Group LLP was voted "Best VCT Investment Manager" at the Growth Investor Awards 2022. The Manager was also shortlisted for "Environmental, Social and Governance – GP", "UK Small-Cap House of the Year (EV on entry of less than €25 million)" and "UK Small-Cap Deal of the Year" for the Codeplay Software exit by Real Deals Private Equity Awards 2022. The Manager was further shortlisted for "Best ESG Investment Fund: Private Equity" at the ESG Investing Awards 2023, as well as "Venture/Growth Cap House of the Year" at the Unquote British Private Equity Awards 2022. Additional awards also include "Fund Manager of the Year 2018" by the PLC Awards and "Generalist VCT of the Year" in 2018/19 by Investment Week Tax Efficient Awards. The Manager was also shortlisted for "Best EIS Investment Manager 2018" by EISA Awards and "Best Venture Capital Trust Provider 2018" by Moneyfacts Investment Life & Pensions.



The growing private equity investment team of over 50 is proactive and hands-on, with a focus on investing up to £5 million in UK growth companies across a broad range of sectors.

The team, based out of offices in London, Manchester, Nottingham, Edinburgh, Cambridge, Leeds, Dublin and Newcastle, with smaller satellite offices in Leicester and Milton Keynes, searches for investment opportunities across the whole of the UK and Ireland.

Since inception, the Manager has worked intensively to invest in, manage and realise a large number of investments. The team completes a considerable number of new deals and exits each year and supports investee companies pursuing various different strategies, including organic growth, buy & build and turnarounds. The team combines executives from varying backgrounds across corporate finance, consulting, accounting and the private equity sector.

This team has c.350 years' worth of collective investment experience and combines investors' capital and its own expertise with the intention of creating long-term Shareholder value and generating attractive returns for Shareholders.

The Manager has an active and direct portfolio management approach, taking a non-executive directorship position on each investee company board. The investor director will influence, support and, where necessary, strengthen or change management, in order to protect and build Shareholder value. This hands-on role involves regular dialogue with the executive and non-executive team on growth, markets, strategy, products and tactics and a continuous evaluation of the performance of the team as a whole. As a matter of policy, the Manager also has the right to appoint a senior industry expert as chair.

The Manager works particularly closely with the investee companies in the following areas:

- Definition and review of strategy and its implementation
- Recruitment and incentivisation of key management and board members
- Planning for growth, international expansion and new product/service introduction
- Fundraising from banks and other external sources
- Proactive monitoring
- Merger, acquisition and exit planning
- ESG compliance

Co-Investments

Co-investments have been made by other funds that the Manager advises and manages, as follows:

Investment	Foresight Enterprise VCT Accounting cost £	Foresight VCT Accounting cost £	Accounting cost of other funds managed by the Manager £	Total equity of funds managed by the Manager %
ABL Investments Limited	1,494,075	2,750,000	—	57.3
Additive Manufacturing Technologies Ltd	1,833,018	1,814,869	5,343,552	16.9
Aerospace Tooling Corporation Limited	415,255	150,000	—	83.4
Biofortuna Ltd	3,517,537	1,172,517	—	59.8
Callen-Lenz Associates Limited	4,875,000	4,826,733	—	24.3
Clubspark Group Ltd	2,460,000	3,647,174	—	35.5
Cole Henry PE 2 Limited	200,000	100,000	—	50.0
Copptech UK Limited	2,455,000	2,430,694	—	10.1
Crosstown Dough Ltd	1,500,000	1,485,149	—	20.0
Firefish Software Limited	1,500,000	1,485,148	1,000,000	26.3
Five Wealth Limited	712,500	705,445	5,275,000	51.7
Fourth Wall Creative Limited	2,900,000	4,292,299	—	41.5
Hexarad Group Limited	1,549,999	1,534,653	—	22.5
Homelink Healthcare Limited	1,075,000	1,064,356	—	22.6
Hospital Services Group Limited	1,200,000	3,320,000	4,926,995	81.6
I-Mist Group Limited	1,614,500	1,598,515	1,271,000	39.7
Itad (2015) Limited	1,371,726	2,750,000	—	35.0
Kingsclere PE 3 Limited	100,000	100,000	—	50.0

Key: ● Technology, Media & Telecommunications ● Industrials & Manufacturing ● Healthcare ● Business Services ● Consumer & Leisure ● Financial Services ● Other

Co-Investments continued

Investment	Foresight Enterprise VCT Accounting cost £	Foresight VCT Accounting cost £	Accounting cost of other funds managed by the Manager £	Total equity of funds managed by the Manager %
Kognitiv Spark Inc	1,000,000	990,099	3,511,158	22.8
Live Group Holdings Limited	1,400,002	1,386,135	—	35.0
Loopr Limited	1,750,000	1,732,673	—	12.3
Mizaic Ltd (formerly IMMJ Systems Limited)	2,400,000	2,376,238	—	25.3
Navitas Group Limited	1,500,000	1,485,149	4,345,000	65.0
Newsflare Limited	2,000,000	1,980,198	—	16.2
NorthWest EHealth Limited	4,000,000	3,960,396	—	77.0
PH Realisations 2020 Limited	2,162,929	1,664,893	1,000,000	85.0
Positive Response Corporation Ltd	784,195	775,000	—	63.9
Red Flag Alert Technology Group Limited	1,750,000	1,732,693	—	25.2
Rovco Limited	1,476,880	1,457,630	3,130,774	16.3
Roxy Leisure Holdings Limited	2,500,000	2,467,933	4,500,000	27.9
Specac International Limited	2,054,761	800,000	—	85.2
Spektrix Limited	2,380,350	5,467,811	—	16.8
Sprintroom Limited	1,000,000	990,099	500,000	38.4
Steamforged Holdings Limited	1,600,000	2,364,532	1,000,000	31.9
Strategic Software Applications Ltd	1,750,000	1,732,673	—	26.3
Ten Health & Fitness Limited	2,400,000	3,552,650	—	56.7

Key: ● Technology, Media & Telecommunications ● Industrials & Manufacturing ● Healthcare ● Business Services ● Consumer & Leisure ● Financial Services ● Other

Co-Investments_{continued}

Investment	Foresight Enterprise VCT Accounting cost £	Foresight VCT Accounting cost £	Accounting cost of other funds managed by the Manager £	Total equity of funds managed by the Manager %
The KSL Clinic Limited	1,000,000	990,099	5,000,000	71.3
Titania Group Limited	1,250,000	1,237,624	—	16.7
Weduc Holdings Limited	302,941	699,140	157,577	44.3
Whitchurch PE 1 Limited	378,000	100,000	—	50.0

Companies valued at £nil have been excluded from the table above.

Where the Manager controls over 50% of an investment by virtue of its discretionary management of one or more funds under management, decisions either have to be taken by the individual boards of the shareholding companies in respect of their individual holdings or voting is limited to 50%.

Stakeholders and S172

Directors' duty to promote the success of the Company

The Directors have a duty to promote the success of the Company for the benefit of Shareholders as a whole and to describe how they have performed this duty having regard to matters set out in Section 172(1) of the Companies Act 2006.

In fulfilling this duty, the Directors consider the likely consequences of their actions over the long term and on other stakeholders.

As a third-party-managed VCT, the Company does not have employees. Its main stakeholders therefore comprise its Shareholders, who are also its customers, portfolio companies, the environment and society, and its principal suppliers.

These suppliers are external firms engaged by the Board to provide, amongst other services, investment management, secretarial, registrar, audit and legal services.



The Manager

The principal relationship is with the Manager and the Manager's Review contains further information on this. Its investment management service is fundamental to the long-term success of the Company through the pursuit of the investment objective. The Board reviews the investment performance of the Company and the ability of the Manager to produce satisfactory investment performance. It seeks to maintain a constructive working relationship with the Manager and, on an annual basis, the Management Engagement & Remuneration Committee reviews the appropriateness of the Manager's appointment.

The Board receives and reviews detailed presentations and reports from the Manager to enable the Directors to exercise effective oversight of the Company's activities. As explained in more detail in note 13, the Directors have prepared a calculation incorporating estimated future dividends over a three year period and expect a performance incentive fee to become payable during that period. Therefore, a liability of £1,115,000 has been recognised as at 31 December 2023 (2022: £280,000).

Stakeholders and S172^{continued}

Directors' duty to promote the success of the Company



Shareholders

To help the Board in its aim to act fairly between the Company's members, it encourages communications with all Shareholders. The Annual and Half-Yearly Reports are issued to Shareholders and are available on the Company's website, together with other relevant information including quarterly factsheets.

The Manager and members of the Board are available to meet Shareholders at the AGM.

Shareholders' views may also be considered during the Board's annual strategy reviews. The Board has also established guidelines in accordance with which the Manager implements share buybacks at a target discount of 5% to the prevailing NAV per share. In addition, the Board continues to adopt a target dividend policy of at least 5.0% of the opening NAV per share of that financial year.

Following the successful realisations of Innovation Consulting Group Limited, Datapath Group Limited, Protean Software Limited and Luminet Networks Limited, the Board declared a special interim dividend of 5.0p per share, paid post-year end on 19 January 2024, returning £13.3 million to Shareholders.



Portfolio Companies

As described in more detail within the Corporate Governance section, the Board is committed to maintaining and demonstrating high standards of corporate governance in relation to the Company's business conduct. The Board also expects high standards at the companies in which the Company is invested. In this regard, it is satisfied that the Manager consistently and proactively engages with investee companies on environmental, social and governance matters, where these are material to the investment case and therefore to the long-term success of the Company. The team of over 50 investment professionals is well resourced and, collectively, has a deep knowledge and understanding across corporate finance, consulting, accountancy and private equity. More detail on this can be found in the Responsible Investment section of the Manager's Review.

Where environmental, social and governance matters impinge upon the investment case, the Manager engages with investee companies to encourage the issues to be addressed through that company's "100-day plan". The Manager is well placed to undertake this activity, which has always been an integrated element of its investment process.



Other Suppliers

The Manager seeks to maintain constructive relationships with the Company's other suppliers on behalf of the Company, typically through regular communications and provision of relevant information.

While the Manager supports the aims and objectives of the FRC's Stewardship Code, it is not currently a signatory. It is, however, working to ensure alignment with the Stewardship Code, and will periodically review its position regarding becoming a signatory in future. A statement to that effect is noted on the Manager's website and can be found at: www.foresightgroup.eu/stewardship.

In summary, the Board's primary focus is to promote the long-term success of the Company for the benefit of its Shareholders, with a view to achieving the investment objective in a manner consistent with its stated investment policy and strategy. In doing so, and as described above, it has due regard to the impact of its actions on other stakeholders and the wider community.

Responsible Investment

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

ESG criteria form an integral part of the Manager's day-to-day decision making, with all new investments made since May 2018 subject to ESG due diligence and ongoing ESG monitoring.

This accounts for c.60% of the current portfolio, with the view of reaching 100% as legacy investments are sold over time. Central to its investment approach are five ESG Principles which are used to evaluate investee companies.

Overall, 100 individual key performance indicators are considered under the five Principles.

The Manager invests in a wide range of sectors and believes its approach covers the key tests that should be applied to assess a company's ESG performance, throughout the life cycle of an investment:



Strategy and awareness

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

Is this reflected in its processes and management structure?



Environmental

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

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



Social

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

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



Governance

Does the company and its leadership team demonstrate integrity?

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



Third-party interaction

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

How does it promote ESG values and share best practice?

Responsible Investment continued

UN SDGs

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

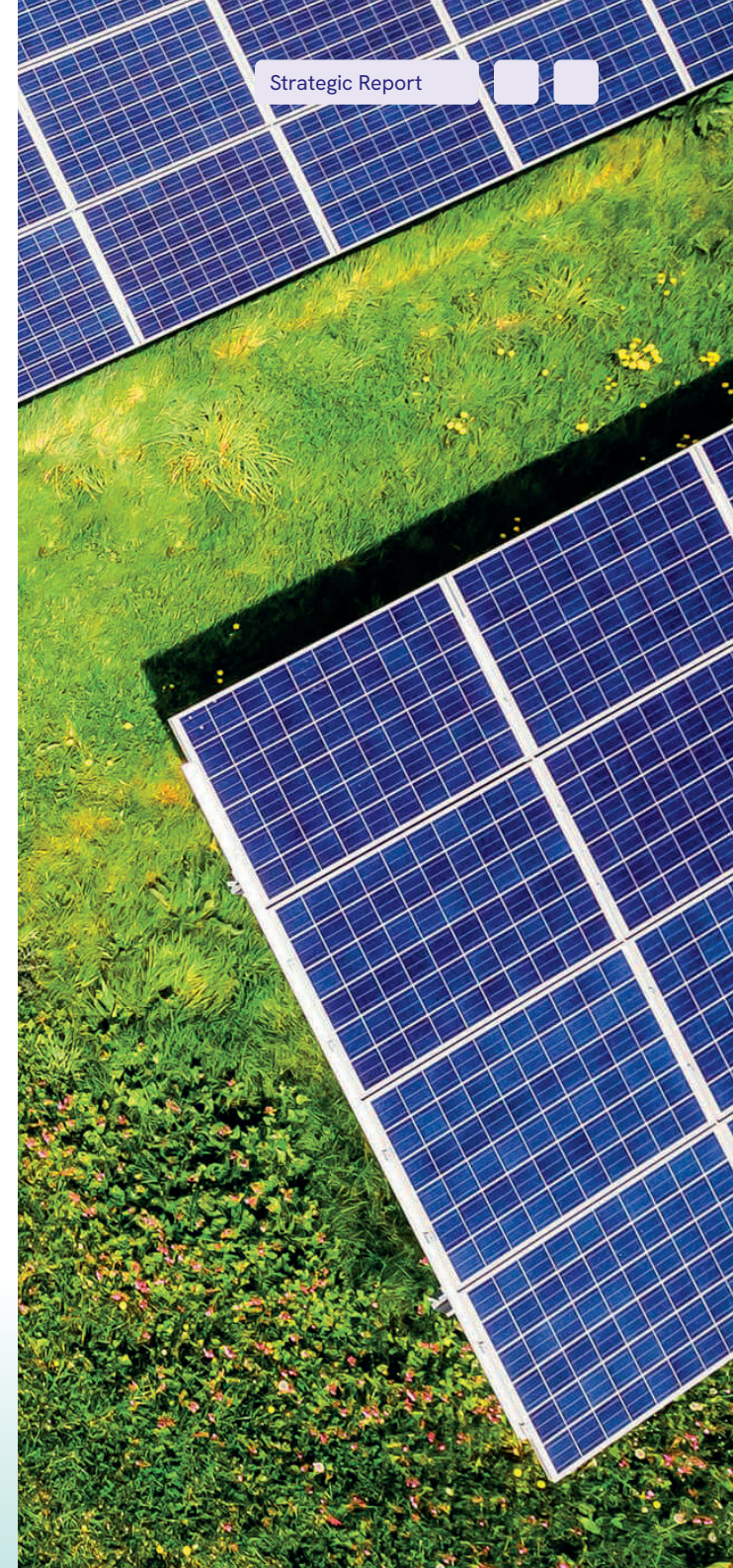
In May 2021, the Manager formalised its Impact Themes for private equity investments into four areas:

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

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

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

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



Responsible Investment_{continued}

Credentials

The Manager has been a member of the UK Sustainable Investment and Finance Association since 2009 and a signatory to the Principles for Responsible Investment ("PRI") since 2013.

The Manager is an accredited Living Wage Employer and a signatory of the HM Treasury Women in Finance Charter, committing to implement recommendations to improve gender diversity in financial services. Portfolio companies are encouraged to pursue similar objectives.

Climate Change Statement

The Manager has a long-term investing vision and its strategy aligns with certain of the UN's Sustainable Development Goals. As such, taking actions to mitigate the risks posed by climate change, whilst also investing to generate commercial returns for our investors, must be done hand-in-hand. The Manager has been a signatory to the United Nations-backed PRI since 2013. PRI is a globally recognised voluntary framework concerned with the incorporation of ESG considerations into the investment decision-making process. It provides a basis for potential and existing investors to judge the quality of a company's ESG processes and positioning within an industry sector. In 2023, the Manager was once again awarded 5 stars by PRI across Foresight Group and the Private Equity, Infrastructure and Capital Markets divisions.

The Board supports the Manager's views on climate change and ESG and its process in the evaluation of an asset's environmental and social impact during due diligence and thereafter. For each material risk identified during due diligence, a mitigation plan is proposed in the investment submission and these actions form part of each portfolio company's "100-day plan" post-investment.

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

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

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

We believe in delivering sustainable growth and incorporate ESG into our management process.

The Task Force on Climate-related Financial Disclosures ("TCFD") reporting requirements for the Company are set to change from 1 July 2024. The Board and Manager are assessing the impact to ensure that the Company aligns with the requirements to the extent that they are relevant for the Company. The Manager continues its journey to full alignment with the recommendations of the TCFD. Further details are noted in the Foresight Group Holdings Limited Annual Report and Accounts and can be found at: www.foresightgroup.eu.



Responsible Investment_{continued}

Environmental, human rights, employee, social and community issues

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

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

Diversity

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

The Manager has an equal opportunities policy and, as at 31 December 2023, employed 232 men (2022: 214) and 158 women (2022: 134).

Global greenhouse gas emissions

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



Risks

Principal risks, risk management and regulatory environment

The Board carries out half-yearly reviews of the risk environment, including emerging risks, in which the Company operates.

The principal risks and uncertainties identified by the Board which might affect the Company's business and future performance, and the steps taken with a view to their mitigation, are set out below. Emerging risks that have also been considered include those of climate change, inflationary pressures, energy prices, the cost of living crisis, interest rates, supply chain issues, energy prices, conflict in the Middle East and the Russian invasion of Ukraine. In addition, tensions are increasing in the relationship between the United States and China over the future of Taiwan, where a large proportion of sophisticated microchips are manufactured and exported to businesses in the West, including those in the Company's portfolio. While emerging risks are by nature difficult to predict, the Board and Manager's response to issues that may directly or indirectly effect the portfolio is immediate and evolves constantly.

The Board, with the help of the Manager's extensive research resources and market intelligence, surveys the full risk landscape of the Company in order to identify increasing and emerging risks to which the Company may be exposed to in the future. The Board questions which parts of the Company's business may be vulnerable to disruption, including the business models of its investee companies and third-party suppliers.

Analysis performed, including the portfolio's exposure to geopolitical risk and the effect of interest rates on individual investee companies in the year, is circulated to the Board and a best course of action decided. The impact of such risks on the Company's portfolio is under continuous assessment by the Manager.

The Board and Manager therefore believe that emerging risks are mitigated and monitored to the best extent possible.

Further details of the Board's climate change considerations are provided in the Climate Change Statement in the Responsible Investment section on pages 43 to 46.

Market risks



Risk description:

Macroeconomic changes, geopolitical developments, including the risk of war, or external shocks affect the investment community in general and lead to a fall in the valuation of investee companies, a drop in the Company's share price or widening discount to Net Asset Value, resulting in capital losses for Shareholders.

Key controls and mitigation:

The Manager ensures the portfolio is diversified and the Board reviews it at least quarterly. The Company also maintains sufficient cash reserves to be able to provide additional funding to investee companies where appropriate and to repurchase its own shares. Additionally, the Board considers the potential impact of macroeconomic issues on the portfolio.

Strategic and performance risk



Risk description:

The Board fails to set appropriate strategic objectives and fails to monitor the Company's implementation of strategy which leads to poor performance.

Unattractive objectives or prolonged poor performance leads to a lack of investor demand for the Company's shares, resulting in difficulty raising new capital, a lack of cash available to fund buybacks and an inability to control a widening share price discount to NAV.

Key controls and mitigation:

The Board and the Manager meet on an annual basis for a specific session to assess the Company's strategy. Investment strategy and performance are further monitored quarterly at Board meetings.

-  Newly identified
-  Increased level of risk
-  Decreased level of risk
-  Similar level of risk

Risks continued

Principal risks, risk management and regulatory environment

Internal control risk



Risk description:

The control environments at service providers, including the Manager, have inadequate procedures for the identification, evaluation and management of risks, cyber security and data protection, putting the Company's assets and data at risk.

Key controls and mitigation:

The Board carries out semi-annual reviews of the system of internal and cyber controls, both financial and non-financial, operated by the Manager and other service providers and asks the external auditor to report on the Manager's control procedures. These include controls designed to ensure that the Company's assets are safeguarded and that proper accounting records are maintained.

Legislative and regulatory risk



Risk description:

The Company fails to comply with applicable laws and regulations including VCT Rules, UK Listing Authority Rules, AIC Code on Corporate Governance, Stewardship Code, Companies Act, Bribery Act, Market Abuse Regulations, data protection rules, Criminal Finances Act and relevant Taxes Acts and as a result loses its approval as a VCT.

Radical changes to VCT rules limit satisfactory investment returns and the ability to issue new shares, leading to a reduction in the sale of investee companies. This leads to a cash flow issue which restricts dividend payments or share buybacks and the Company's ability to control a widening share price discount to NAV.

The "Sunset clause" for EIS and VCT reliefs has been extended by the government to 6 April 2035. The clause provides that income tax relief will no longer be given to subscriptions made on or after 6 April 2035.

Key controls and mitigation:

The Manager is contracted to provide company secretarial, accounting and administration services through qualified professionals and the Board receives regular updates on compliance with relevant regulations.

The Company, the Manager and the VCT status adviser are, between them, members of the VCT Managers Association, EIS Association and the AIC and are regularly consulted by HMRC and Treasury, or reply to consultations, before changes in legislation take place, often enabling a middle ground to be agreed on legislative changes.

The Board and Manager review corporate governance and regulatory changes on a continual basis and seek additional advice as and when required.

The government has the power to extend or remove the sunset clause through secondary legislation, which would allow the VCT and EIS schemes to operate in their current form beyond the current expiry date of the scheme. To date, the present Chancellor, Jeremy Hunt, has extended the VCT and EIS schemes beyond the sunset to 6 April 2035 and further details will be provided in due course. The Treasury Select Committee also notes that the UK should be able to extend the scheme without European Commission approval, clarified by the Northern Ireland Protocol, the Windsor Framework.

- Newly identified
- Increased level of risk
- Decreased level of risk
- Similar level of risk

Risks continued

Principal risks, risk management and regulatory environment

VCT qualifying status risk



Risk description:

The Company is required at all times to observe the conditions laid down in the Income Tax Act 2007 for the maintenance of approved VCT status. The loss of such approval could lead to the Company ceasing to be exempt from corporation tax on capital gains, to investors being liable to pay income tax on dividends received from the Company and capital gains tax on the disposal of their shares, and, in certain circumstances, to investors being required to repay the initial income tax relief on their investment.

Key controls and mitigation:

Legal advice is taken for each transaction to ensure all investments are qualifying. Advance assurance, where appropriate, is sought from HMRC ahead of completion. The Manager keeps the Company's VCT qualifying status under continual review, seeking to take appropriate action to maintain it where required, and its reports are reviewed by the Board on a quarterly basis. The Board has also retained Shakespeare Martineau LLP to undertake an independent VCT status monitoring role.

Investment valuation and liquidity risk



Risk description:

Most of the Company's investments are in small and medium-sized unquoted companies which are VCT qualifying holdings, and which by their nature entail a higher level of risk, subjective valuations and lower liquidity than investments in larger quoted companies. Unquoted companies have no published market price for their shares. The value of the shares needs to be calculated based on other information using estimates and judgements, and is reliant on the accuracy and completeness of some information provided by investee companies. As the Manager's remuneration is based on the Company's Net Asset Value, there is an inherent conflict of interest in valuations of the portfolio by the Manager.

The Company may not be able to sell its investments in unquoted companies. Insufficient capital realisations and the Company's inability to raise new capital could prevent the Company from meeting its financial objectives and restrict dividends and buybacks.

Key controls and mitigation:

The Manager aims to limit the risk attaching to the portfolio as a whole by careful selection, close monitoring and timely realisation of investments, by carrying out rigorous due diligence procedures and maintaining a spread of holdings in terms of industry sector. The Board reviews the investment portfolio and its realisation profile with the Manager on a quarterly basis.

Valuations are prepared in accordance with the IPEV Valuation Guidelines, as discussed in more detail in note 1 to the accounts. Sensitivity analysis is disclosed in note 15. The Board reviews and approves portfolio valuations quarterly and the external auditor performs an annual review, as noted in the Auditor's Report.

- Newly identified
- Increased level of risk
- Decreased level of risk
- Similar level of risk

Viability Statement

In accordance with principle 21 of the AIC Code of Corporate Governance published by the AIC in February 2019, the Directors have assessed the prospects of the Company over the three-year period to 31 December 2026. This three-year period is used by the Board during the strategic planning process and is considered reasonable for a business of its nature and size.

In making this statement, the Board carried out a robust assessment of the principal risks facing the Company, including those that might threaten its business model, future performance, solvency or liquidity. The Board concentrated its efforts on the major factors that affect the economic, regulatory and political environment.

The Board also considered the ability of the Company to raise finance and deploy capital. This assessment took account of the availability and likely effectiveness of the mitigating actions that could be taken to avoid or reduce the impact of the underlying risks, including the Manager adapting its investment process to take account of the more restrictive VCT investment rules that currently apply.

The Directors have also considered the Company's income and expenditure projections and underlying assumptions for the next three years and found these to be realistic and sensible.

Stress testing on the cash flow forecast has not been performed, due to the discretionary nature of the main inflows and outflows. If fewer funds are raised, and fewer realisations achieved, then fewer investments and buybacks can be made and reduced dividends can be paid. The contracted ongoing costs of the Company are sufficiently covered for the next three years and, in addition, the normal ongoing expenses are subject to an annual expenses cap.

Based on the Company's processes for monitoring cash flow, share price discount, review of the investment objective and policy, asset allocation, sector weightings and portfolio risk profile, the Board has concluded that there is a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the three years to 31 December 2026.

This Strategic Report has been prepared in accordance with the requirements of Section 414 of the Companies Act 2006 and best practice. Its purpose is to inform the members of the Company and help them to assess how the Directors have performed their duty to promote the success of the Company, in accordance with Section 172 of the Companies Act 2006.

Future strategy

The Board and the Manager believe that the strategy of continuing to qualify as a VCT and focusing on growth private equity investments is currently in the best interests of Shareholders and the historical information reproduced in this report is evidence of positive recent performance in this area.

The Company's performance relative to its peer group will depend on the Manager's ability to allocate the Company's assets effectively, make successful investments and manage its liquidity appropriately.

This Strategic Report has been approved for issue by the Board.

Michael Gray

Chair

26 April 2024

Governance

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Board of Directors

Please note that the information on the Directors noted below is accurate up to the date of signing of the Annual Report and Accounts.



Michael Gray
Chair of the Board (since 1 January 2024)

Appointed
14 February 2017

Experience

Michael has extensive experience in funds, banking and other capital markets. He was most recently the regional managing director, corporate banking for RBS International with responsibility for The Royal Bank of Scotland's Corporate Banking Business in the Crown Dependencies and British Overseas Territories. In a career spanning 31 years with The Royal Bank of Scotland Group plc, Michael has undertaken a variety of roles including that of auditor and has extensive general management and lending experience across a number of industries.

Michael is a Fellow of The Chartered Institute of Bankers in Scotland and a qualified corporate treasurer.

Other positions

Michael is a non-executive director of Triton Investment Management Ltd, a non-executive director of JTC plc, an advisory board member of Japanese private equity group, J-Star, and a non-executive director of the FTSE 250 listed GCP Infrastructure Investments Limited.

Beneficial shareholding

28,448 shares



Gaynor Coley
Non-Executive Director

Appointed
10 September 2020

Experience

Gay is a Chartered Accountant with over 30 years of experience in private and public sector finance. She is Chair of the Audit Committee and has extensive experience of governance, compliance and risk management.

Gay was one of the founding directors of the award winning Eden Project, leading the £140m funding and was managing director for 13 years. After Eden she joined the Royal Botanic Gardens, Kew as Director of Public Programmes responsible for rebranding the gardens and growing footfall and commercial income and then went on to Chair the surfing start up at The Wave, Bristol. She was Director of Finance at Plymouth University for five years prior to joining Eden, encouraging commercial spin outs.

Other positions

Non-executive director and Chair of Audit Committee of Lowland Investment Company plc, non-executive director and Chair of Audit Committee of Asia Dragon Trust plc and non-executive director and Chair of Audit Committee of the Secured Income Fund plc.

Beneficial shareholding

15,267 shares

Board of Directors continued



Ian Harris
Non-Executive Director

Appointed
1 December 2023

Experience

Ian has considerable experience in the private markets sector and was a Partner and Chief Operating Officer at SL Capital Partners LLP, the private equity and infrastructure division of Standard Life Investments. Ian had responsibility for all aspects of fund administration, finance, tax, compliance/risk and client reporting. Ian chaired valuation and risk committees covering a wide range of unlisted asset classes and has served on the Board of investment vehicles domiciled in the UK, US, Ireland and Luxembourg.

Ian is a Chartered Accountant and a member of the ICAEW.

Other positions

Ian is a trustee, Deputy Chair and Chair of the Audit Committee of Scotland Yard Adventure Centre ("The Yard"), a charity based in Edinburgh.

Beneficial shareholding
16,528 shares



Kavita Patel
Non-Executive Director

Appointed
1 September 2023

Experience

Kavita joined the Board on 1 September 2023 and was appointed Deputy Chair on 1 January 2024. She is a member of Ampa Holdings, a professional services group, and a Partner and Head of Investment Funds at law firm, Shakespeare Martineau. Kavita has a wealth of experience advising clients in the financial services arena both in the retail and institutional space on corporate, regulatory and governance matters, and is considered a VCT specialist.

Other positions

Kavita is also a non-executive director of Nottingham Building Society where she sits on the Board Risk Committee, Board Audit Committee and the Remuneration Committee, as well as being the Board Consumer Duty Champion. Kavita is also a member of the AIC VCT Forum and the EIS Association Regulatory Committee.

Beneficial shareholding
38,645 shares



Raymond Abbott
Non-Executive Director (Chair of the Board until 31 December 2023)

Appointed
22 June 2017

Experience

Raymond previously served as Chair of Foresight 3 VCT plc from 2014 until the merger with the Company. Prior to this he was a Non-Executive Director of the Company.

Raymond has over 30 years' experience in private equity covering fund investment, direct venture investment, growth capital and buyouts. This includes as managing director of Alliance Trust Equity Partners, developing a £300 million fund of funds programme for Alliance Trust focused on Western European lower to mid-market buyout funds. Raymond founded Albany Ventures, with a focus on software and healthcare investments, which was acquired by Alliance Trust.

Raymond has gained extensive experience as a non-executive director in public and private companies helping with strategy, finance and governance.

Other positions
Chair of Integrated Environmental Solutions Limited.

Beneficial shareholding
60,818 shares

Directors' Report

The Directors present their report and the financial statements of the Company for the year ended 31 December 2023.

Activities and status

The principal activity of the Company during the year was the making of investments in unquoted companies in the UK. The Company is not an investment company within the meaning of Section 833 of the Companies Act 2006. It has satisfied the requirements as a VCT under Sections 274-280A of the Income Tax Act 2007. Confirmation of the Company's qualification as a VCT has been received up to 31 December 2022 and the Directors have managed and intend to continue to manage the Company's affairs in such a manner as to comply with these regulations.

Results and dividends

The total profit attributable to Shareholders for the year amounted to £9,060,000 (2022: £6,222,000). The Board paid an interim dividend of 3.3p per share on 30 June 2023.

Net Asset Value Total Return

During the year ended 31 December 2023, the Company's principal indicator of performance, NAV Total Return, increased 6.2% (2022: 4.5%) from 64.9p per share as at 31 December 2022 to 68.9p per share as at 31 December 2023.

Share issues

During the year 52,350,433 shares and 1,637,805 shares were issued pursuant to an offer for subscription and the dividend reinvestment scheme respectively. Shares were issued at issue prices ranging from 63.2p to 71.5p per share. At 31 December 2023, the Company had 256,728,468 shares in issue.

Share buybacks

During the year the Company repurchased 10,576,192 shares for cancellation at a cost of £6.5 million. No shares bought back by the Company are held in treasury. Share buybacks have been completed at an average discount of 5.8%.

Principal risks, risk management and regulatory environment

A summary of the principal risks faced by the Company is set out in the Strategic Report on pages 47 to 49.

Financial instruments

Details of all financial instruments used by the Company during the year are given in note 15 to the accounts.

Policy of paying creditors

The Company does not subscribe to a particular code but follows a policy whereby suppliers are paid by the due date and investment purchases are settled in accordance with the stated terms. At the year end, trade creditors represented an average credit period of zero days (2022: two days).

Management

The Company has appointed Foresight Group LLP ("the Manager") to provide investment management, accounting and administration services.

Annually, the Management Engagement & Remuneration Committee reviews the appropriateness of the Manager's appointment. In carrying out its review, the Management Engagement & Remuneration Committee considers the investment performance of the Company and the ability of the Manager to produce satisfactory investment performance. It also considers the length of the notice period of the investment management contract and fees payable to the Manager, together with the standard of other services provided, which include company secretarial services. It is the Board's opinion that the continuing appointment of the Manager on the terms agreed is in the interests of Shareholders as a whole. The last review was undertaken in April 2024. The principal terms of the management agreement are set out in note 3 to the accounts.

Directors' Report continued

Management continued

The annual expenses cap is 2.35% of net assets, which is at the lower range of any VCT with total assets over £50 million.

No Director has an interest in any contract to which the Company is a party other than their own appointment.

Foresight Group LLP was appointed as manager on 30 July 2004 and earned fees of £3,035,000 in the year to 31 December 2023 (2022: £2,724,000). Foresight Group LLP received £197,000 excluding VAT (2022: £178,000) during the year in respect of secretarial, administrative, accounting and custodian services to the Company. A performance incentive fee of £1,569,000 has been recognised during the year to 31 December 2023 (2022: £280,000).

Foresight Group LLP also received from investee companies arrangement fees of £530,000 (2022: £261,000) and directors' fees of £797,000 (2022: £706,000).

	£
Management fee	3,035,000
Secretarial fee	197,000
Performance incentive fee	1,569,000
Arrangement fees	530,000
Directors' fees	797,000
	6,128,000

All amounts are stated, where applicable, net of VAT. The Manager is also a party to the performance incentive agreements described in note 13 to the accounts.

At the time of writing, officers and staff of the Manager held a total of 274,354 shares in the Company.

Performance-related incentives

The Manager is entitled to a payment equal to 15% of dividends paid to Shareholders, subject to the total return (Net Asset Value plus cumulative dividends paid per share) exceeding 100.0p ("High Watermark"), both immediately before and after the performance incentive fee is paid.

After each distribution is made to Shareholders where a performance incentive is paid, the High Watermark required to be achieved by the Company to trigger a further performance incentive fee will be amended to take account of the dividend paid. As a result of performance incentive fee payments made in the current and previous years, the High Watermark at as 31 December 2023 was 110.3p (2022: 108.5p). Further details can be found in note 13 to the accounts.

The performance incentive fee may be satisfied by either a cash payment or the issue of shares (or by a combination of both) ultimately at the Board's discretion and, as such, qualifies as a share-based payment. Any new shares to be issued to the Manager would be calculated by dividing the performance fee cash equivalent amount by the latest Net Asset Value per share after adding the cumulative dividends to be paid.

A performance incentive fee of £734,000 was paid in the year (2022: £nil). A performance incentive fee accrual of £1,115,000 (2022: £280,000) has been provided for in these accounts and was paid post-year end, following the special dividend paid in January 2024. Further details can be found in note 20 to the accounts.

Venture Capital Trust status

Foresight Enterprise VCT plc has been granted approval as a Venture Capital Trust ("VCT") under Sections 274-280A of the Income Tax Act 2007 for the year ended 31 December 2022.

The next complete review will be carried out for the year ended 31 December 2023. It is intended that the business of the Company be carried on so as to maintain its VCT status.

The Board and the Manager have managed, and continue to manage, the business in order to comply with the legislation applicable to VCTs. The Board has appointed Shakespeare Martineau LLP to monitor and provide continuing advice in respect of the Company's compliance with applicable VCT legislation and regulation. Reviews of prospective investments are carried out by advisers assisting on the relevant investment transaction. As at 31 December 2023, the Company had 98.5% (by VCT value) of its applicable funds in such VCT qualifying holdings.

VCT tax benefit for Shareholders

To obtain VCT tax reliefs on subscriptions up to £200,000 per annum, a VCT investor must be a "qualifying" individual over the age of 18 with UK taxable income. The tax reliefs for subscriptions since 6 April 2006 are:

- Income tax relief of up to 30% on subscription by qualifying investors for new shares
- VCT dividends (including capital distributions of realised gains on investments) are not subject to income tax in the hands of qualifying investors
- Capital gains on disposal of VCT shares by qualifying investors are tax-free, whenever the disposal occurs

The upfront income tax relief will be forfeited by Shareholders if the shares are not held for five years or the Company loses its approval as a VCT in that period.

The other tax reliefs will similarly be lost if the Company loses its approval as a VCT.

Directors' Report continued

Substantial shareholdings

So far as the Board is aware, there were no individual shareholdings representing 3% or more of the Company's issued share capital at the date of this report.

Likely future developments

Please refer to the Manager's Review on page 25 for more details on likely future developments.

Alternative Investment Fund Managers Directive ("AIFMD")

The AIFMD came into force on 22 July 2013 and sets out the rules for the authorisation and ongoing regulation of managers ("AIFMs") that manage alternative investment funds ("AIFs") in the EU. The Company qualifies as a small authorised AIF and so is required to comply, although additional costs and administration requirements are not material. The Company's approval was confirmed in August 2014. This has not affected the current arrangements with the Manager, who continues to report to the Board and manage the Company's investments on a discretionary basis.

Valuation policy

Investments held by the Company have been valued in accordance with the International Private Equity and Venture Capital ("IPEV") Valuation Guidelines (December 2022 and further COVID-19 guidance for March 2020) developed by the British Venture Capital Association and other organisations. Through these guidelines, investments are valued as defined at "fair value". Where the investment being valued was made recently, its cost would normally provide a good starting point for estimating fair value.

At each measurement date, fair value is estimated using appropriate valuation techniques. Investments quoted or traded on a market are valued at bid price. The portfolio valuations are prepared by the Manager, reviewed and approved by the Board quarterly and are subject to annual review by the external auditor.

Statutory Instrument 2008/410 schedule 7 part 6

The following disclosures are made in accordance with Statutory Instrument 2008/410 Schedule 7 Part 6.

Capital structure

The Company's issued share capital as at 26 April 2024 was 273,876,056 Ordinary Shares of 1 penny each. Further information on the share capital of the Company is detailed in note 11 to the accounts.

Voting rights in the Company's shares

Details of the voting rights in the Company's shares at the date of this report are given in note 5 in the Notice of Annual General Meeting on page 106.

Notifiable interests in the Company's voting rights

At the date of this report no notifiable interests had been declared in the Company's voting rights.

Auditor

Pursuant to Section 487(2) of the Companies Act 2006, the Board has decided to propose the reappointment of Deloitte LLP as auditor and a resolution concerning this will be proposed at the Annual General Meeting.

Audit information

Pursuant to Section 418(2) of the Companies Act 2006, each of the Directors confirms that (a) so far as they are aware, there is no relevant audit information of which the Company's auditor is unaware; and (b) they have taken all steps they ought to have taken to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of such information.

Companies Act 2006 disclosures

In accordance with Schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, as amended, the Directors disclose the following information:

- The Company's capital structure and voting rights are summarised above, and there are no restrictions on voting rights nor any agreement between holders of securities that result in restrictions on the transfer of securities or on voting rights
- There exist no securities carrying special rights with regard to the control of the Company
- The rules concerning the appointment and replacement of Directors, amendment of the Articles of Association and powers to issue or buy back the Company's shares are contained in the Articles of Association of the Company and the Companies Act 2006
- The Company does not have any employee share scheme
- There exist no agreements to which the Company is party that may affect its control following a takeover bid
- There exist no agreements between the Company and its Directors providing for compensation for loss of office that may occur following a takeover bid or for any other reason

Directors' Report continued

Conflicts of interest

The Directors have declared any conflicts or potential conflicts of interest to the Board which has the authority to approve such conflicts. The Company Secretary maintains the Register of Directors' Conflicts of Interest which is reviewed quarterly by the Board and when changes are notified. The Directors advise the Company Secretary and Board as soon as they become aware of any conflicts of interest. Directors who have conflicts of interest do not take part in discussions concerning their own conflicts.

Whistleblowing

The Board has been informed that the Manager has arrangements in place in accordance with the UK Corporate Governance Code's recommendations by which staff may, in confidence, raise concerns within their respective organisations about possible improprieties in matters of financial reporting or other matters.

On the basis of that information, adequate arrangements are in place for the proportionate and independent investigation of such matters and, where necessary, for appropriate follow-up action to be taken.

Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position, are set out in the Strategic Report. The financial position of the Company, its cash flows, liquidity position and borrowing facilities are referred to in the Chair's Statement, Strategic Report and Notes to the Accounts. In addition, the Annual Report and Accounts include the Company's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposures to credit risk and liquidity risk.

The Company has adequate financial resources together with investments and income generated therefrom across a variety of industries and sectors. As a consequence, the Board believes that the Company is able to manage its business risks.

Three-year cash flow projections to 31 December 2026 have been reviewed and show that the Company has sufficient funds to meet both its contracted expenditure and its discretionary cash outflows in the form of share buybacks and dividends. The Company has no external loan finance in place and therefore is not exposed to any gearing covenants, although its underlying investments may have external loan finance.

The Directors have considered the impact of the difficult economic outlook, inflationary pressures, energy costs and ongoing geopolitical tensions during their assessment of going concern and have reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, being at least 12 months from the date of approval of these financial statements. Thus they continue to adopt the going concern basis of accounting in preparing the annual accounts.

Post-balance sheet events are disclosed in note 20.

Directors' remuneration

Following changes to the Companies Act 2006, UK investment companies must comply with new regulations in relation to Directors' remuneration. Directors' fees can only be paid in accordance with a remuneration policy which has been approved by Shareholders. The Company must also publish a Directors' Remuneration Report that complies with a new set of disclosure requirements. See pages 66 to 70.

Directors' indemnification and insurance

To the extent permitted by law, the Directors have the benefit of indemnities under the Articles of Association of the Company against liabilities they may incur acting in their capacity as Directors of the Company.

An insurance policy is maintained by the Company which indemnifies the Directors of the Company against certain liabilities that may arise in the conduct of their duties. There is no cover against fraudulent or dishonest actions.

Directors' Report continued

Annual General Meeting

A formal notice convening the Annual General Meeting on 11 June 2024 can be found on pages 104 to 107.

Resolutions 1 to 9 will be proposed as ordinary resolutions, meaning that for each resolution to be passed more than half of the votes cast at the meeting must be in favour of the resolution. Resolutions 10 to 12 will be proposed as special resolutions, meaning that for each resolution to be passed at least 75% of the votes cast at the meeting must be in favour of the resolution. Resolutions 9 to 11 renew share issue and buyback authorities granted at previous general meetings of the Company and, together with Resolution 12, are explained in further detail below. The Directors believe that the proposed resolutions are in the interests of shareholders and accordingly recommend shareholders to vote in favour of each resolution.

Resolution 9

Resolution 9 will authorise the Directors to allot relevant securities generally, in accordance with Section 551 of the Companies Act 2006, up to an aggregate nominal amount of £1,250,000 (representing 45.6% of the issued share capital of the Company as at the date of this Annual Report). This authority will be used for the purposes listed under the authority requested under Resolution 10. This includes authority to issue shares pursuant to the dividend reinvestment scheme operated by the Company, performance incentive fee arrangements with Foresight Group LLP and relevant individuals of the Foresight Group LLP investment team and further top-up offers for subscription to raise new funds for the Company if the Board believes this to be in the best interests of the Company. All new offers are intended to be at an offer price linked to NAV.

The authority conferred by Resolution 9 is in substitution for all existing authorities and will expire (unless renewed, varied or revoked by the Company in a general meeting) on the conclusion of the Annual General Meeting of the Company to be held in the year 2025, or, if earlier, on the date falling 15 months after the passing of the resolution, save that the Company may allot equity shares after such date in pursuant of a contract or contracts made prior to the expiration of this authority.

Resolution 10

Resolution 10 will sanction, in a limited manner, the disapplication of pre-emption rights in respect of the allotment of equity securities (i) with an aggregate nominal amount of up to £600,000 pursuant to offer(s) for subscription, (ii) with an aggregate nominal amount of up to 10% of the issued share capital pursuant to the dividend reinvestment scheme operated by the Company at a subscription price per share which may be less than the Net Asset Value per share, as may be prescribed by the scheme terms, (iii) with an aggregate nominal amount of up to £100,000 pursuant to performance incentive arrangements with Foresight Group LLP and relevant individuals of the Foresight Group LLP investment team at a subscription price which may be less than the Net Asset Value per share and (iv) with an aggregate nominal amount of up to 10% of the issued share capital from time to time for general purposes, in each case where the proceeds of such issue may be used in whole or part to purchase the Company's shares. The authority conferred by Resolution 10 is in substitution for all existing authorities and will expire (unless renewed, varied or revoked by the Company in a general meeting) at the conclusion of the Annual General Meeting to be held in 2025 or, if earlier, on the date falling 15 months after the passing of the resolution, save that the Company shall be entitled to make offers or agreements before the expiry of such authority which would or might require equity securities to be allotted after such expiry and Directors shall be entitled to allot equity securities pursuant to any such offers or agreements as if the authority conferred hereby had not expired.

Resolution 11

It is proposed by Resolution 11 that the Company be authorised to make market purchases of the Company's own shares. Under this authority the Directors may purchase up to 41,054,020 shares (representing approximately 14.99% of the Company's shares in issue at the date of this Annual Report) or, if lower, such number of shares (rounded down to the nearest whole share) as shall equal 14.99% of the issued share capital at the date the resolution is passed. When buying shares, the Company cannot pay a price per share which is more than 105% of the average of the middle market quotation for a share taken from the London Stock Exchange daily official list on the five business days immediately before the day on which shares are purchased or, if greater, the amount stipulated by Article 5(6) of the Market Abuse Regulation (EU) 596/2014 (as such Regulation forms part of UK law and as amended).

The authority conferred by Resolution 11 is in substitution for all existing authorities and will expire (unless renewed, varied or revoked by the Company in a general meeting) at the conclusion of the Annual General Meeting to be held in 2025 or, if earlier, on the date falling 15 months after the passing of the resolution, save that the Company may purchase its shares after such date in pursuance of a contract or contracts made prior to the expiration of this authority. Front-end VCT income tax relief is only obtainable by an investor who makes an investment in new shares issued by the Company. This means that investors may be willing to pay more for new shares issued by the Company than they would pay to buy shares from an existing shareholder. Therefore, in the interest of shareholders who may wish to sell shares from time to time, the Company proposes to renew the authority to buy-in shares, as it enables the Board to provide a degree of liquidity in the Company's shares.

Directors' Report continued

Annual General Meeting continued

Resolution 11 continued

Whilst, generally, the Company does not expect that shareholders will want to sell their shares within five years of subscribing for them because this would lead to a loss of tax relief, the Directors anticipate that from time to time a shareholder may need to sell shares within this period. In making purchases the Company will deal only with member firms of the London Stock Exchange and at a discount to the then prevailing Net Asset Value per share of the Company's shares to ensure that existing shareholders' interests are protected.

Resolution 12

Resolution 12 seeks the authority from shareholders (as required under the Companies Act 2006) to reduce the share premium account of the Company by £102,801,044 and the redemption reserve by £679,847.

Cancelling share premium and redemption reserve allows a company to create a special reserve that can be used to write or set off losses, facilitate distributions and buybacks and for other corporate purposes. The Company has previously cancelled share premium and redemption reserves for these purposes and has, over time, utilised the special reserves created from these cancellations.

The issue of shares pursuant to recent fundraisings has resulted in the creation of further share premium. In addition, the repurchase of shares over time pursuant to the buyback policy has created additional redemption reserves. The Board proposes to reduce the share premium account and redemption reserve to create further special reserves. Subject to Resolution 12 being passed, application will then need to be made by the Company to court to formally confirm the proposed reductions.

Prior to confirming the reduction of the share premium account and redemption reserve, the court will need to be satisfied that the reduction will not prejudice the interests of the Company's creditors. The Company will take such steps as are necessary to satisfy the court in this regard. The reductions of the share premium account and redemption reserve will take effect once the court order confirming the reductions has been registered by the Registrar of Companies.

Any amounts cancelled relating to share premium which were created by the issue of shares in the three years beginning at the end of the accounting period of the Company in which the relevant shares were issued will be regarded under VCT legislation as restricted capital. Any such amounts will not, therefore, be capable of being used to make, directly or indirectly, payments to shareholders until such time as the applicable three year period referred to above has expired.

This report has been approved for issue by the Board.

Foresight Group LLP

Company Secretary

26 April 2024

Corporate Governance



The Board of Foresight Enterprise VCT plc has considered the Principles and Provisions of the AIC Code of Corporate Governance (the “AIC Code”).

Michael Gray
Chair

The AIC Code addresses the Principles and Provisions set out in the UK Corporate Governance Code (the “AIC Code”) issued by the Financial Reporting Council, as well as setting out additional Provisions on issues that are of specific relevance to the Company.

The Board considers that reporting against the Principles and Provisions of the AIC Code, which has been endorsed by the Financial Reporting Council, provides more relevant information to Shareholders.

The Company has complied with the Principles and Provisions of the AIC Code.

The AIC Code is available on the AIC website (www.theaic.co.uk). It includes an explanation of how the AIC Code adapts the Principles and Provisions set out in the AIC Code to make them relevant for investment companies.

Unless noted as an exception below, the requirements of the AIC Code were complied with throughout the year ended 31 December 2023.

The Board

The Board comprises five Directors, all of whom are non-executive and independent in accordance with AIC guidelines and Listing Rules. The Board actively encourages Directors to hold shares in the Company, ensuring that their personal interests are aligned with the interests of Shareholders. The Board does not feel that such holdings call into question Directors' independence. The Chair has served on the Board for less than nine years from the date of his appointment in February 2017. The Board therefore considers the Chair independent in character and judgement and his re-election is sought every year. The Nomination Committee meets annually to discuss the appropriateness of the Board appointments and considers there to be no circumstances which are likely to impair the Chair's independence.

Kavita Patel is a partner at Shakespeare Martineau which provides legal and VCT status advice to the Company. Although Kavita was historically responsible for the services provided by Shakespeare Martineau to the Company, she ceased this role prior to being appointed and is no longer providing advice to the Company in this capacity. As a result, the Board does not consider her to have any conflicts of interest and regards her to be an independent director.

The Directors have significant relevant experience of similar investment funds to VCTs, regulatory organisations, corporate governance of listed companies, the private equity sector and investing in small companies.

Division of responsibilities

The Board is responsible to Shareholders for the proper management of the Company and meets at least quarterly and on an ad hoc basis as required. It has formally adopted a schedule of matters that are required to be brought to it for decision, thus ensuring that it maintains full and effective control over appropriate strategic, financial, operational and compliance issues. A management agreement between the Company and the Manager sets out the matters over which the Manager has authority, including monitoring and managing the existing investment portfolio and the limits above which Board approval must be sought. All other matters are reserved for the approval of the Board of Directors. The Manager, in the absence of explicit instruction from the Board, is empowered to exercise discretion in the use of the Company's voting rights.

Individual Directors may, at the expense of the Company, seek independent professional advice on any matter that concerns them in the furtherance of their duties.

Corporate Governance continued

Division of responsibilities continued

The Board has access to the officers of the Company Secretary who also attend Board meetings. Representatives of the Manager attend all formal Board meetings although the Directors may on occasion meet without representatives of the Manager being present. Informal meetings with the Manager are also held between Board meetings as required. Attendance by Directors at Board and Committee meetings is detailed in the table on the following page.

The Company Secretary provides full information on the Company's assets, liabilities and other relevant information to the Board in advance of each Board meeting.

In addition to the meetings below, six further meetings were held in relation to the publication of corporate documents, fundraising, share issues, investments and Company strategy.

	Board	Audit	Nomination	Management Engagement & Remuneration
Raymond Abbott	4/4	2/2	1/1	1/1
Gaynor Coley	4/4	2/2	1/1	1/1
Michael Gray	4/4	2/2	1/1	1/1
Ian Harris (appointed 1 December 2023)	0/1	—	—	—
Simon Jamieson (retired 8 June 2023)	2/2	1/1	1/1	1/1
Kavita Patel (appointed 1 September 2023)	1/1	—	—	—

In light of the responsibilities retained by the Board and its committees and of the responsibilities delegated to the Manager, Shakespeare Martineau LLP and other service providers, the Company has not appointed a chief executive officer or a senior independent non-executive director as recommended by the AIC Code. The provisions of the AIC Code which relate to the division of responsibilities between a chair and a chief executive officer are, accordingly, not applicable to the Company.

Board committees

The Board has adopted formal terms of reference, which are available to view by writing to the Company Secretary at the registered office, for three standing committees which make recommendations to the Board in specific areas.

The Audit Committee comprises Gaynor Coley (Chair), Raymond Abbott, Kavita Patel and Ian Harris, all of whom are considered to have sufficient recent and relevant financial experience to discharge the role, and meets at least twice a year to consider, amongst other things, the following:

- Review the valuation of unquoted investments
- Monitor the integrity of the Annual and Half-Yearly Reports of the Company and recommend the accounts to the Board for approval
- Review the Company's internal control and risk management systems
- Make recommendations to the Board in relation to the appointment of the external auditor
- Review and monitor the external auditor's independence
- Implement and review the Company's policy on the engagement of the external auditor to supply non-audit services

In the prior year, the Shareholders reappointed Deloitte LLP as the Company's auditor as proposed by the Board.

The Audit Committee has performed an assessment of the audit process and the Auditor's Report in the Audit Committee Report. The Directors have decided to recommend the reappointment of Deloitte LLP as auditor and a resolution concerning this will be proposed at the Annual General Meeting. Blick Rothenberg Limited provides the Company's taxation services. The Company's Chair, Michael Gray, is no longer a member of the Audit Committee following FRC best practice.

The Management Engagement & Remuneration Committee comprises Kavita Patel (Chair), Raymond Abbott, Gaynor Coley, Michael Gray and Ian Harris and meets at least annually to consider the levels of remuneration of the Directors. More details can be found in the Directors' Remuneration Report. The Management Engagement & Remuneration Committee also reviews the appointment and terms of engagement of the Manager. The Board has decided that the entire Board of Directors should fulfil the role of the Management Engagement & Remuneration Committee due to its size.

The Nomination Committee comprises Kavita Patel (Chair), Raymond Abbott, Gaynor Coley, Michael Gray and Ian Harris and meets at least annually to consider the composition and balance of skills, knowledge and experience of the Board and to make nominations to the Board in the event of a vacancy. The Board has decided that the entire Board of Directors should fulfil the role of the Nomination Committee due to its size.

Corporate Governance continued

Board committees continued

The Board believes that, as a whole, it has an appropriate balance of skills, experience and knowledge. The Board believes that diversity of experience and approach, including gender diversity, amongst Board members is important and it is the Company's policy to give careful consideration to issues of Board balance and diversity when making new appointments. The Board currently comprises three male Directors and two female Directors. There is no formal diversity policy in place, however the Board is conscious of the need for diversity and will consider both male and female candidates from all ethnic backgrounds when making new appointments. The Nomination Committee makes recommendations to the Board on the Company's succession plans and also considers the resolutions for the re-election of Directors.

Board evaluation

The Board undertakes a formal annual evaluation of its own performance and that of its committees, as recommended by the AIC Code. Initially, the evaluation takes the form of a questionnaire for the Chair and individual Directors. The Chair then discusses the results with the Board (and its committees) and following completion of this stage of the evaluation, the Chair will take appropriate action to address any issues arising from the process.

Additionally, the Board intends for an external evaluation of its own performance and that of its committees to take place in 2025, which has been pushed back as a result of the recent Board changes so as to allow for a reasonable period of time before the evaluation.

Internal control

The Directors have overall responsibility for the Company's system of internal control and for reviewing its effectiveness.

The internal controls system is designed to manage rather than eliminate the risks of failure to achieve the Company's business objectives. The system is designed to meet the particular needs of the Company and the risks to which it is exposed and by its nature can provide reasonable, but not absolute, assurance against misstatement or loss.

The Manager has an established system of financial control, including internal financial controls, to ensure that proper accounting records are maintained and that financial information for use within the business and for reporting to Shareholders is accurate and reliable and that the Company's assets are safeguarded.

The Manager was appointed as Company Secretary in 2017 with responsibilities relating to the administration of the non-financial systems of internal control. All Directors have access to the advice and services of the officers of the Company Secretary, who is responsible to the Board for ensuring that Board procedures and applicable rules and regulations are complied with.

Pursuant to the terms of its appointment, the Manager invests the Company's assets and has physical custody of documents of title relating to equity investments.

There is a continuous process for identifying, evaluating and managing the significant risks faced by the Company, that has been in place for the year under review and up to the date of approval of the Annual Report and Accounts, and this process is regularly reviewed by the Board and accords with the guidance. The process is based principally on the Manager's existing risk-based approach to internal control whereby a risk register is created that identifies the key functions carried out by the Manager and other service providers, the individual activities undertaken within those functions, the risks associated with each activity and the controls employed to counter those risks. A residual risk rating is then applied.

The Board is provided with reports highlighting all changes to the risk ratings and confirming the action that has been, or is being, taken. This process covers consideration of the key business, operational, compliance and financial risks facing the Company and includes consideration of the risks associated with the Company's arrangements with the Manager, Shakespeare Martineau LLP and other service providers.

The Audit Committee has carried out a review of the effectiveness of the system of internal control, together with a review of the operational and compliance controls and risk management, as it operated during the year, and reported its conclusions to the Board (which was satisfied with the outcome of the review).

Corporate Governance continued

Internal control continued

Such review procedures have been in place throughout the full financial year and up to the date of approval of the accounts, and the Board is satisfied with their effectiveness. These procedures are designed to manage, rather than eliminate, risk and, by their nature, can only provide reasonable, but not absolute, assurance against material misstatement or loss. The Board monitors the investment performance of the Company against its objectives at each Board meeting.

The Board also reviews the Company's activities since the last Board meeting to ensure that the Manager adheres to the agreed investment policy and approved investment guidelines and, if necessary, approves changes to such policy and guidelines.

The Board has reviewed the need for an internal audit function. It has decided that the systems and procedures employed by the Manager, the Audit Committee and other third-party advisers provide sufficient assurance that a sound system of internal control, which safeguards Shareholders' investments and the Company's assets, is maintained. In addition, the Company's financial statements are audited by external auditors. The Board has therefore concluded that it is not necessary to establish an internal audit function at present, but this policy will be kept under review.

UK Stewardship Code

While the Manager supports the aims and objectives of the FRC's Stewardship Code, it is not currently a signatory. It is, however, working to ensure alignment with the Stewardship Code, and will periodically review its position regarding becoming a signatory in future. A statement to that effect is noted on the Manager's website and can be found at: www.foresightgroup.eu/stewardship.

Relations with Shareholders

The Company communicates with Shareholders and solicits their views where it considers it is appropriate to do so. The Manager hosts regular investor forums for Shareholders and publishes quarterly factsheets, as well as information on new investments, on the Company's website.

Individual Shareholders are welcomed to the Annual General Meeting, where they have the opportunity to ask questions of the Directors, including the Chair, as well as the Chairs of the Audit, Nomination and Management Engagement & Remuneration Committees. There is also an open invitation for Shareholders to meet the Manager. For more information on the Directors' relations with Shareholders please refer to the Section 172(1) statement in the Strategic Report on pages 41 and 42.

Michael Gray

Chair

26 April 2024

Audit Committee Report



Gaynor Coley
Chair of the Audit Committee

The Audit Committee has identified and considered the following key areas of risk in relation to the business activities and financial statements of the Company:

- Valuation of unquoted investments
- Existence of unquoted investments
- Venture Capital Trust status

These issues were discussed with the Manager and the auditor at the conclusion of the audit of the financial statements, as explained below:

Valuation of unquoted investments

The Directors have met quarterly to assess the appropriateness of the estimates and judgements made by the Manager, and approve, the investment valuations. As a VCT, the Company's investments are predominantly in unquoted securities, which can be difficult to value and require the application of skill, knowledge and judgement by the Board and Audit Committee. During the valuation process the Manager follows the valuation methodologies for unlisted investments as set out in the IPEV Valuation Guidelines and appropriate industry valuation benchmarks. These valuation policies are set out in note 1 of the accounts. These were then further checked by the auditor and reviewed and challenged by the Audit Committee. The Manager confirmed to the Audit Committee that the investment valuations had been calculated consistently with prior years and in accordance with published industry guidelines, taking account of the latest available information about investee companies and current market data.

Existence of unquoted investments

For all investments made, both share certificates and loan stock documentation are held by the Manager in the Company's own name and regular reconciliations are carried out by the Manager to ensure that valid documents of title are held.

Venture Capital Trust status

Maintaining VCT status and adhering to the tax rules of Section 274 of ITA 2007 is critical to both the Company and its Shareholders for them to retain their VCT tax benefits.

The Manager confirmed to the Audit Committee that the conditions for maintaining the Company's status as an approved VCT had been met throughout the year. The Manager seeks legal advice in advance for all qualifying investments and reviews the Company's qualifying status in advance of realisations being made and throughout the year. The Audit Committee is in regular contact with the Manager and any potential issues with VCT status would be discussed at or between formal meetings. In addition, an external third-party review of VCT status is conducted by Shakespeare Martineau LLP on a quarterly basis and this is reported to both the Board, Audit Committee and the Manager.

Audit Committee Report continued

Auditor's assessment

The Manager and auditor confirmed to the Audit Committee that they were not aware of any material misstatements. Having reviewed the reports received from the Manager and auditor, the Audit Committee is satisfied that the key areas of risk and judgement have been addressed appropriately in the financial statements and that the significant assumptions used in determining the value of assets and liabilities have been properly appraised and are sufficiently robust. The Audit Committee considers that Deloitte LLP has carried out its duties as auditor in a diligent and professional manner. During the year, the Audit Committee assessed the effectiveness of the current external audit process by assessing and discussing specific audit documentation presented to it in accordance with guidance issued by the Auditing Practices Board. The audit partner is rotated every five years, ensuring that objectivity and independence is not impaired.

The current audit partner, Chris Hunter, assumed responsibility for the audit in 2019. Deloitte LLP was appointed as auditor in November 2019, with its first audit for the year ended 31 March 2020. Chris will be rotating off after the completion of this audit. No tender for the audit of the Company has been undertaken since this date and the Audit Committee does not intend to put the audit out to tender during the current financial year. As part of its review of the continuing appointment of the auditor, the Audit Committee considers the need to put the audit out to tender, its fees and independence from the Manager along with any matters raised during each audit. Deloitte LLP is not engaged for non-audit services.

The Audit Committee considered the performance of the auditor during the year and agreed that Deloitte LLP continued to provide a good level of service and maintained a good knowledge of the VCT market, making sure audit quality continued to be maintained.

The Audit Committee met in April 2023 to review the Annual Report and Accounts for the year ended 31 December 2022 and the Company's risk register, in September 2023 to review the Half-Yearly Report, the audit plan for the year ended 31 December 2023 and the Company's risk register. The Audit Committee also met in April 2024 to review the Annual Report and Accounts for the year ended 31 December 2023.

Gaynor Coley

Chair of the Audit Committee

26 April 2024

Directors' Remuneration Report



Kavita Patel

Chair of the Management Engagement & Remuneration Committee

Introduction

The Board has prepared this report in accordance with the requirements of Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008. An ordinary resolution to approve this report will be put to the members at the forthcoming Annual General Meeting.

The law requires the Company's auditor, Deloitte LLP, to audit certain areas of the disclosures provided. Where disclosures have been audited, they are indicated as such. The auditor's opinion is included in the Independent Auditor's Report.

Annual Statement from the Chair of the Management Engagement & Remuneration Committee

The Board, which is profiled on pages 52 and 53, consists solely of Non-Executive Directors and considers at least annually the level of the Directors' fees.

During the year, as agreed by the Committee and as set out in the Directors' Remuneration Report for the financial year ended 31 December 2022, which received Shareholder approval at the Annual General Meeting on 8 June 2023, the base fees of Directors were increased by 2.5%, effective 1 July 2023.

In April 2024, the Committee concluded, following a review of the level of Directors' fees, there would, subject to the approval by Shareholders of this report at the Annual General Meeting to be held on 11 June 2024, be an increase of 4.0% to the base fee of Directors effective 1 July 2024.

Consideration by the Directors of matters relating to Directors' remuneration

The Management Engagement & Remuneration Committee comprises five Directors: Kavita Patel (Chair), Raymond Abbott, Gaynor Coley, Michael Gray and Ian Harris.

The Management Engagement & Remuneration Committee meets at least annually to consider the levels of remuneration of the Directors, specifically reflecting the time commitment and responsibilities of the role.

The Management Engagement & Remuneration Committee also undertakes external comparisons and reviews to ensure that the levels of remuneration paid are broadly in line with industry standards and members have access to independent advice where they consider it appropriate. During the year neither the Board nor the Management Engagement & Remuneration Committee has been provided with external advice or services by any person, but has received industry comparison information from the Manager and industry research carried out by third parties in respect of Directors' remuneration.

The remuneration policy set by the Board is described on the following page. Individual remuneration packages are determined by the Management Engagement & Remuneration Committee within the framework of this policy.

Directors are not involved in deciding their own individual remuneration.

Directors' Remuneration Report continued

Remuneration policy

The Board's policy is that the remuneration of Non-Executive Directors should reflect time spent and the responsibilities borne by the Directors for the Company's affairs and should be sufficient to enable candidates of high calibre to be recruited. The levels of Directors' fees paid by the Company for the year ended 31 December 2023 were agreed during the year.

It is considered appropriate that no aspect of Directors' remuneration should be performance related in light of the Directors' non-executive status, and Directors are not eligible for bonuses or other benefits. The Company's policy is to pay the Directors monthly in arrears, to the Directors personally (or to a third party if requested by any Director, although no such request has been made). None of the Directors have a service contract but, under letters of appointment dated 1 December 2023 for Ian Harris, 1 September 2023 for Kavita Patel, 22 June 2017 for Raymond Abbott, 10 September 2020 for Gaynor Coley, and 14 February 2017 for Michael Gray, they may resign at any time, by giving notice in writing to the Board or by mutual consent. No compensation is payable to Directors on leaving office.

The above remuneration policy was last approved by Shareholders at the Annual General Meeting on 8 June 2023 and it is the intention of the Board that the above remuneration policy will, subject to Shareholder approval, come into effect immediately following the Annual General Meeting of the Company on 11 June 2024.

Shareholders' views in respect of Directors' remuneration may be communicated at the Company's Annual General Meeting and are taken into account in formulating the Directors' remuneration policy. At the last Annual General Meeting, 95.5% of Shareholders voted for the resolution approving the Directors' Remuneration Report, showing significant Shareholder support.

Please refer to page 69 for the Directors' remuneration tables.

Retirement by rotation

All Directors retire and may offer themselves for re-election every year.

Details of individual emoluments and compensation

The emoluments in respect of qualifying services of each person who served as a Director during the year are shown on page 69. No Director has waived or agreed to waive any emoluments from the Company in either the current or previous year.

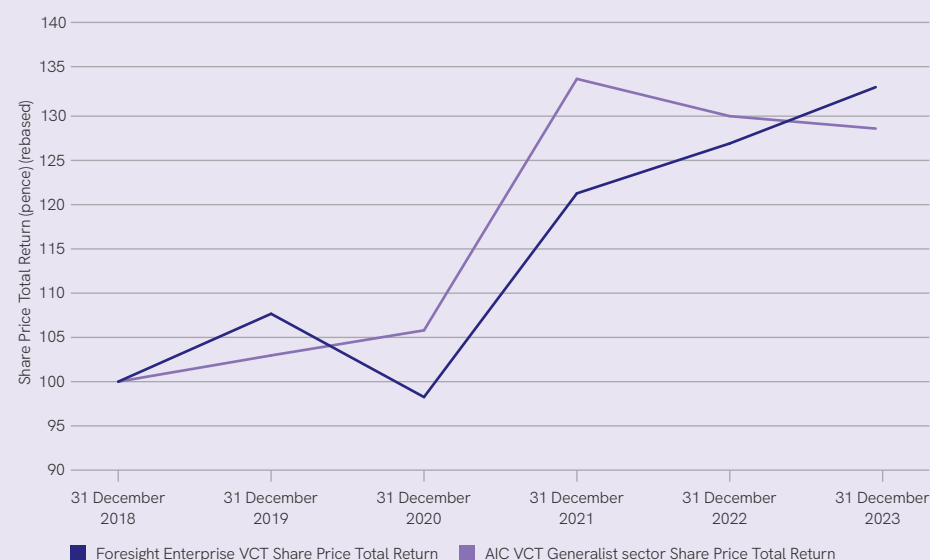
No other remuneration was paid or payable by the Company during the current or previous year, nor were any expenses claimed by or paid to them other than for expenses incurred wholly, necessarily and exclusively in furtherance of their duties as Directors of the Company.

Directors' liability insurance is held by the Company in respect of the Directors.

Share Price Total Return

The graph below charts the total Shareholder return to 31 December 2023, on the hypothetical value of £100 invested on 1 January 2019. The return is compared to the total Shareholder return on a notional investment of £100 in the AIC VCT Generalist sector.

Share Price Total Return (pence)



Directors' Remuneration Report continued

Directors

The Directors who held office during the year or up to the date of signing the Annual Report and their interests in the issued shares of 1p each of the Company were as follows:

	31 December 2023 Shares	31 December 2022 Shares
Raymond Abbott ¹	60,818	60,818
Gaynor Coley	—	—
Michael Gray	28,448	28,448
Ian Harris	15,267	—
Kavita Patel ²	38,645	—
Simon Jamieson (retired 8 June 2023)	—	34,841
Total	143,178	124,107

1. Includes 10,744 shares held by Raymond Abbott's wife and 32,237 shares held through an interactive investor account.

2. Includes 8,239 shares held by Kavita Patel's mother.

All the Directors' share interests shown above were held beneficially.

Between 31 December 2023 and the date of this report, Ms Coley was allotted 15,267 shares on 3 January 2024 and Mr Harris was allotted 1,261 shares on 19 January 2024.

In accordance with the UK Corporate Governance Code and the Board's policy, Ms Coley and Mr Gray retire annually and, being eligible, offer themselves for re-election. Ms Patel and Mr Harris offer themselves for election, having been appointed on 1 September 2023 and 1 December 2023 respectively. Mr Abbott will retire after the AGM on 11 June 2024. Biographical notes on the Directors are given on pages 52 and 53.

The Board believes that Ms Coley's, Mr Gray's, Mr Harris's and Ms Patel's skills, experience and knowledge continue to complement each other and benefit the Company and recommends their election and re-election to the Board. None of the Directors has a contract of service with the Company.

Directors' Remuneration Report continued

Audited information

The information below has been audited. See the Independent Auditor's Report on page 73 to 79.

	Directors' fees year ended 31 December 2023 (£)	Directors' taxable benefits ¹ year ended 31 December 2023 (£)	Total remuneration year ended 31 December 2023 (£)	Total remuneration year ended 31 December 2022 (£)
Raymond Abbott	35,025	1,628	36,653	33,925
Gaynor Coley	31,700	3,072	34,772	33,729
Michael Gray	27,225	823	28,048	27,120
Ian Harris (appointed 1 December 2023)	2,192	—	2,192	—
Kavita Patel (appointed 1 September 2023)	8,767	—	8,767	—
Simon Jamieson (retired 8 June 2023)	11,279	—	11,279	25,150
Total	116,188	5,523	121,711	119,924

1. Relates to expenses incurred for attending meetings at the Company's principal place of business.

The Directors are not eligible for pension benefits, share options or long-term incentive schemes. Directors' fees are reviewed annually, and fees were last increased on 1 July 2023 after consideration of fees paid to other VCT directors and available independent research.

Votes cast For and Against the Directors' Remuneration Report for the year ended 31 December 2022:

Shares and percentage of votes cast For	Shares and percentage of votes cast Against	Number of votes withheld
95.5%	4.5%	
7,938,848 votes	378,069 votes	1,015,832 votes

Directors' Remuneration Report continued

Audited information continued

In accordance with Companies Act 2006 legislation, the table below sets out the relative importance of spend on pay when compared to distributions to Shareholders in the form of dividends and share buybacks.

	Year ended 31 December 2023	Year ended 31 December 2022
Dividends	£7,692,000	£14,983,000
Share buybacks	£6,480,000	£1,471,000
Total Shareholder distributions	£14,172,000	£16,454,000
Directors' fees excluding employer's National Insurance contributions	£116,188	£116,150
Directors' fees % of Shareholder distributions	0.8%	0.7%

Approval of report

An ordinary resolution for the approval of this Directors' Remuneration Report will be put to Shareholders at the forthcoming Annual General Meeting.

This Directors' Remuneration Report was approved by the Board on 26 April 2024 and is signed on its behalf by Kavita Patel (Director).

On behalf of the Board

Kavita Patel

Chair of the Management Engagement & Remuneration Committee

26 April 2024

Statement of Directors' Responsibilities

Statement of Directors' responsibilities in respect of the Annual Report and Accounts

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards including FRS 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland.

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 its profit or loss 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 estimates that are reasonable
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- Assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern
- Use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report, Directors' Report, Directors' Remuneration Report and Corporate Governance Statement that complies with that law and those regulations.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Statement of the Directors in respect of the Annual Report

We confirm that to the best of our knowledge:

- The financial statements, prepared in accordance with the applicable accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company
- The Directors' Report and the Strategic Report include a fair review of the development and performance of the business and the position of the issuer, together with a description of the principal risks and uncertainties that they face

We consider 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 and performance, business model and strategy.

On behalf of the Board

Michael Gray

Chair

26 April 2024

Financial Statements

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Independent Auditor's Report

To the members of Foresight Enterprise VCT plc

Report on the audit of the financial statements

1. Opinion

In our opinion the financial statements of Foresight Enterprise VCT PLC (the "Company"):

- give a true and fair view of the state of the Company's affairs as at 31 December 2023 and of its return for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the Income Statement;
- the Balance Sheet;
- the Reconciliation of Movements in Shareholders' Funds;
- the Cash Flow Statement; and
- the related notes 1 to 20.

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).

2. 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 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 Financial Reporting Council's (the 'FRC's') Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We confirm that we have not provided any non-audit services prohibited by the FRC's Ethical Standard to the Company.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3. Summary of our audit approach

Key audit matters

The key audit matter that we identified in the current year was the valuation of unquoted investments.

Within this report, key audit matters are identified as follows:

- ⚠ Newly identified
- ⬆ Increased level of risk
- ↔ Similar level of risk
- ⬇ Decreased level of risk

Materiality

The materiality that we used in the current year was £3.37m, which was determined on the basis of 2% of the Net Asset Value ("NAV") of the Company at year end.

Scoping

Audit work to respond to the risks of material misstatement was performed directly by the engagement team.

Significant changes in our approach

There were no significant changes to our audit approach in the current year.

4. Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the Directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included:

- Considering as part of our risk assessment the nature of the Company, its business model and related risks including where relevant the impact of the evolving economic landscape, the requirements of the applicable financial reporting framework and the system of internal control;
- Challenging the underlying data and key assumptions through assessing the forecasted cash flows and the impact of external market forces, and evaluating the Directors' plans for future actions in relation to their going concern assessment; and
- Assessing the relevant disclosures about whether the Directors considered it appropriate to adopt the going concern basis of accounting in preparing the financial statements.

Independent Auditor's Report continued

To the members of Foresight Enterprise VCT plc

4. Conclusions relating to going concern continued

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 12 months from when the financial statements are authorised for issue.

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

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

5. Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

5.1. Valuation of unquoted investments ⓘ

Key audit matter description

The Company holds unquoted investments of £119.59m representing 70.1% of the entity's net assets (2022: £111.97m, 80.9%).

The valuation of the investments held by the Company, due to materiality in the context of the financial statements as a whole, is considered to be one of the areas which has the greatest effect on our overall audit strategy and allocation of resources in planning and completing our audit. The unquoted investments are valued in line with the International Private Equity and Venture Capital Valuation ("IPEV") Guidelines and carry a higher degree of judgement. We have identified current economic conditions as being a factor potentially impacting the valuation of certain investments. Specifically, factors such as supply chain, energy prices and the volatile inflationary environment may result in increased risk over the valuation of certain investments. Therefore, we have pinpointed the key audit matter to the valuation of unquoted investments which have been particularly impacted by one or more of these factors. Other factors considered in our scoping of investments was the size and change in value of investment compared to prior year, the trends in company performance over past years and the complexity of the valuation method.

Refer to note 1b to the financial statements for the accounting policy on unquoted investments and details of the investments are disclosed in note 8 to the financial statements. Critical accounting judgements and key sources of estimation uncertainty is disclosed in note 1l. The valuation of investment risk is included within the Audit Committee report on page 64 and 65.

Independent Auditor's Report continued

To the members of Foresight Enterprise VCT plc

5.1. Valuation of unquoted investments continued

How the scope of our audit responded to the key audit matter

We have performed the following testing procedures to address the key audit matter:

- Obtained an understanding and tested the relevant controls in place over the valuation of unquoted investments;
- Assessed the valuation methodology applied for compliance with the IPEV Guidelines and assessed the assumptions adopted, enquired and challenged the assumptions where appropriate;
- Tested the judgemental inputs around maintainable Revenue/EBITDA against management accounts;
- Performed back testing of management estimates against latest financial information and historical performance where available, to assess and evaluate the appropriateness of the assumption on those inputs;
- Evaluated any adjustments made in relation to the impact of inflation and other market risks on the performance of the investee companies, scrutinising cash position and forecasts as relevant;
- Assessed the suitability and accuracy of the multiple from a basket of comparable transactions/quoted companies;
- Tested unquoted investee company data (e.g. financial information and capital structures) to supporting documentation; and
- Assessed whether any critical judgement or sources of estimation uncertainty are applied and appropriately disclosed.

Key observations

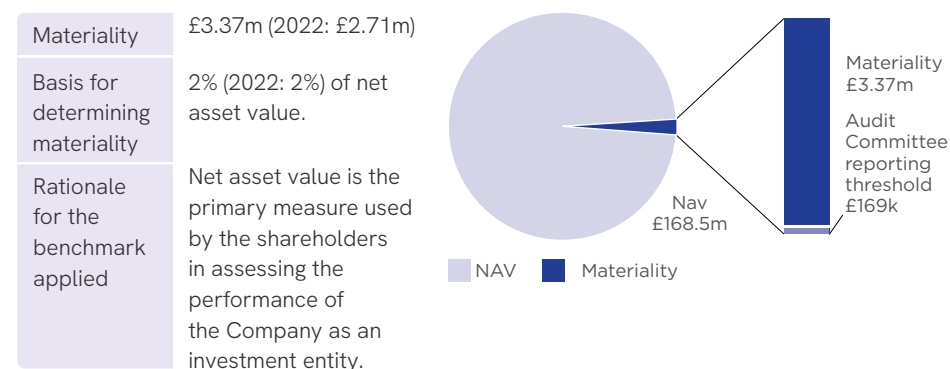
Based on our testing, we concluded that the valuation of the unquoted investments is reasonable.

6. Our application of materiality

6.1. Materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

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



6.2. Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole. Performance materiality was set at 70% of materiality for the 2023 audit (2022: 70%). In determining performance materiality, we considered the quality of the Company's overall control environment and management's willingness to correct errors identified in previous audits.

6.3. Error reporting threshold

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £169k (2022: £135k), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

Independent Auditor's Report continued

To the members of Foresight Enterprise VCT plc

7. An overview of the scope of our audit

7.1. Scoping

Our audit was scoped by obtaining an understanding of the entity and its environment, including internal control, and assessing the risks of material misstatement. Audit work to respond to the risks of material misstatement was performed directly by the audit engagement team.

7.2. Our consideration of the control environment

The investment management and accounting and reporting operations were undertaken by the Manager, the safeguarding of assets resides with the Manager. We have obtained an understanding of the Manager's systems of internal control and reviewed the Manager's controls report. Similar to prior year, we adopted a controls reliance strategy over the valuation of unquoted investments. This consisted of testing the relevant controls over the review, challenge and approval of the unquoted investment valuation.

7.3 Our consideration of climate-related risks

As part of our risk assessment, we have considered the potential impact of climate change on the Company's business and its financial statements. We obtained an understanding of the process for identifying climate-related risks, the processes and controls in place, as well as the determination of any mitigating actions.

The Company continues to develop its assessment of the potential impact of environmental, social and governance ("ESG") related risks, including climate change. As outlined in the Strategic Report on page 47, the Board considers climate change to be an emerging risk within the business.

Details of the Board's climate change considerations are provided in the Climate Change Statement in the Responsible Investment section on page 45. We have assessed whether the risks identified by the entity are consistent with our understanding of the business and read the disclosures in the Annual Report to consider whether they are materially consistent with note 11 of the financial statements and our knowledge obtained in the audit.

8. Other information

The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information contained within the Annual Report.

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.

9. Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Independent Auditor's Report continued

To the members of Foresight Enterprise VCT plc

10. 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.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's Report.

11. Extent to which the audit was considered 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.

11.1. Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment and business performance including the design of the Company's remuneration policies, key drivers for Directors' remuneration, bonus levels and performance targets;
- results of our enquiries of management and the Audit Committee about their own identification and assessment of the risks of irregularities including those that are specific to the Company's sector;

- any matters we identified having obtained and reviewed the Company's documentation of their policies and procedures relating to:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
 - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
- the matters discussed among the audit engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the valuation of unquoted investments. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory framework that the Company operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the UK Companies Act, Financial Conduct Authority ("FCA") and Listing Rules.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the Company's ability to operate or to avoid a material penalty. These included the Company's compliance with VCT regulations.

Independent Auditor's Report continued

To the members of Foresight Enterprise VCT plc

11. Extent to which the audit was considered capable of detecting irregularities, including fraud continued

11.2. Audit response to risks identified

As a result of performing the above, we identified the valuation of unquoted investments as a key audit matter related to the potential risk of fraud. The key audit matters section of our report explains the matter in more detail and also describes the specific procedures we performed in response to that key audit matter.

In addition to the above, our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management and the Audit Committee concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance, and reviewing correspondence with HMRC and the FCA; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

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

Report on other legal and regulatory requirements

12. Opinions on other matters prescribed by the Companies Act 2006

In our opinion the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report or the Directors' Report.

13. Corporate Governance Statement

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

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

- the Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 57;
- the Directors' explanation as to its assessment of the Company's prospects, the period this assessment covers and why the period is appropriate set out on page 50;
- the Directors' statement on fair, balanced and understandable set out on page 71;
- the Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on pages 47 to 49;
- the section of the Annual Report that describes the review of effectiveness of risk management and internal control systems set out on pages 62 and 63; and
- the section describing the work of the Audit Committee set out on pages 64 and 65.

Independent Auditor's Report continued

To the members of Foresight Enterprise VCT plc

14. Matters on which we are required to report by exception

14.1. Adequacy of explanations received and accounting records

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have nothing to report in respect of these matters.

14.2. Directors' remuneration

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of Directors' remuneration have not been made or the part of the Directors' Remuneration Report to be audited is not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

15. Other matters which we are required to address

15.1. Auditor tenure

Following the recommendation of the Audit Committee, we were appointed by the Board of Directors on 30 August 2019 to audit the financial statements for the year ended 31 March 2019 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is five years, covering the years ended 31 March 2019 to 31 December 2023.

15.2. Consistency of the Audit Report with the additional report to the Audit Committee

Our audit opinion is consistent with the additional report to the Audit Committee we are required to provide in accordance with ISAs (UK).

16. 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.

Chris Hunter CA (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

Aberdeen, United Kingdom

26 April 2024

Income Statement

For the year ended 31 December 2023

	Notes	Year ended 31 December 2023			Year ended 31 December 2022		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Realised gains on investments	8	—	5,366	5,366	—	17,493	17,493
Investment holding gains/(losses)	8	—	6,405	6,405	—	(8,465)	(8,465)
Income	2	2,683	—	2,683	871	—	871
Investment management fees	3	(759)	(3,845)	(4,604)	(681)	(2,323)	(3,004)
Other expenses	4	(790)	—	(790)	(673)	—	(673)
Return/(loss) on ordinary activities before taxation		1,134	7,926	9,060	(483)	6,705	6,222
Taxation	5	(225)	225	—	—	—	—
Return/(loss) on ordinary activities after taxation		909	8,151	9,060	(483)	6,705	6,222
Return/(loss) per share	7	0.4p	3.5p	3.9p	(0.2)p	3.3p	3.1p

The total columns of this statement are the profit and loss account of the Company and the revenue and capital columns represent supplementary information.

All revenue and capital items in the above Income Statement are derived from continuing operations. No operations were acquired or discontinued in the year.

The Company has no recognised gains or losses other than those shown above, therefore no separate statement of total comprehensive income has been presented.

The Company has only one class of business and one reportable segment, the results of which are set out in the Income Statement and Balance Sheet.

There are no potentially dilutive capital instruments in issue and, therefore, no diluted earnings per share figures are relevant. The basic and diluted earnings per share are, therefore, identical.

The notes on pages 86 to 103 form part of these financial statements.

Reconciliation of Movements in Shareholders' Funds

Year ended 31 December 2023	Notes	Called-up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Distributable reserve ¹ £'000	Capital reserve ¹ £'000	Revaluation reserve £'000	Total £'000
As at 1 January 2023		2,133	68,203	573	57,309	(32,793)	43,025	138,450
Share issues in the year ²	11	540	36,127	—	—	—	—	36,667
Expenses in relation to share issues ³		—	(1,529)	—	—	—	—	(1,529)
Repurchase of shares	11	(106)	—	106	(6,480)	—	—	(6,480)
Realised gains on disposal of investments	8	—	—	—	—	5,366	—	5,366
Investment holding losses	8	—	—	—	—	—	6,405	6,405
Dividends paid	6	—	—	—	(7,692)	—	—	(7,692)
Management fees charged to capital		—	—	—	—	(3,845)	—	(3,845)
Revenue return for the year before taxation		—	—	—	1,134	—	—	1,134
Taxation for the year		—	—	—	(225)	225	—	—
As at 31 December 2023		2,567	102,801	679	44,046	(31,047)	49,430	168,476

1. Reserve is available for distribution; total distributable reserves at 31 December 2023 total £12,999,000 (2022: £24,516,000).

2. Includes the dividend reinvestment scheme.

3. Expenses in relation to share issues includes trail commission for prior years' fundraising.

The notes on pages 86 to 103 form part of these financial statements.

Reconciliation of Movements in Shareholders' Funds continued

Year ended 31 December 2022	Notes	Called-up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Distributable reserve ¹ £'000	Capital reserve ¹ £'000	Revaluation reserve £'000	Total £'000
As at 1 January 2022		1,928	52,996	549	74,246	(47,963)	51,490	133,246
Share issues in the year ²	11	229	15,681	—	—	—	—	15,910
Expenses in relation to share issues ³		—	(474)	—	—	—	—	(474)
Repurchase of shares	11	(24)	—	24	(1,471)	—	—	(1,471)
Realised gains on disposal of investments	8	—	—	—	—	17,493	—	17,493
Investment holding losses	8	—	—	—	—	—	(8,465)	(8,465)
Dividends paid	6	—	—	—	(14,983)	—	—	(14,983)
Management fees charged to capital		—	—	—	—	(2,323)	—	(2,323)
Revenue loss for the year		—	—	—	(483)	—	—	(483)
As at 31 December 2022		2,133	68,203	573	57,309	(32,793)	43,025	138,450

1. Reserve is available for distribution; total distributable reserves at 31 December 2023 total £12,999,000 (2022: £24,516,000).

2. Includes the dividend reinvestment scheme.

3. Expenses in relation to share issues includes trail commission for prior years' fundraising.

The notes on pages 86 to 103 form part of these financial statements.

Balance Sheet

At 31 December 2023

Registered number: 03506579

	Notes	As at 31 December 2023 £'000	As at 31 December 2022 £'000
Fixed assets			
Investments held at fair value through profit or loss	8	119,587	111,966
Current assets			
Debtors	9	2,726	2,152
Cash and cash equivalents		47,843	24,814
		50,569	26,966
Creditors			
Amounts falling due within one year	10	(1,680)	(482)
Net current assets		48,889	26,484
Net assets		168,476	138,450
Capital and reserves			
Called-up share capital	11	2,567	2,133
Share premium account		102,801	68,203
Capital redemption reserve		679	573
Distributable reserve		44,046	57,309
Capital reserve		(31,047)	(32,793)
Revaluation reserve		49,430	43,025
Equity Shareholders' funds		168,476	138,450
Net Asset Value per share	12	65.6p	64.9p

The financial statements were approved by the Board of Directors and authorised for issue on 26 April 2024 and were signed on its behalf by:

Michael Gray

Chair

The notes on pages 86 to 103 form part of these financial statements.

Cash Flow Statement

For the year ended 31 December 2023

	Notes	Year ended 31 December 2023 £'000	Year ended 31 December 2022 £'000
Cash flow from operating activities			
Loan interest received from investments	2	1,238	653
Dividends received from investments	2	175	38
Other income received from investments	2	71	—
Deposit and similar interest received	2	1,190	202
Investment management fees paid	3	(3,029)	(2,766)
Performance incentive fee paid	13	(734)	—
Secretarial fees paid	4	(197)	(178)
Other cash payments	4	(549)	(433)
Net cash outflow from operating activities		(1,835)	(2,484)
Cash flow from investing activities			
Purchase of investments	8	(17,652)	(9,987)
Proceeds on sale of investments	8	20,572	20,951
Proceeds on deferred consideration	8	669	234
Net cash inflow from investing activities		3,589	11,198

The notes on pages 86 to 103 form part of these financial statements.

Cash Flow Statement continued

For the year ended 31 December 2023

	Notes	Year ended 31 December 2023 £'000	Year ended 31 December 2022 £'000
Cash flow from financing activities			
Proceeds of fundraising		34,910	13,987
Expenses of fundraising		(474)	(361)
Repurchase of own shares		(6,504)	(1,467)
Equity dividends paid	6	(6,657)	(13,172)
Net cash inflow/(outflow) from financing activities		21,275	(1,013)
Net inflow of cash for the year		23,029	7,701
Reconciliation of net cash flow to movement in net funds			
Increase in cash and cash equivalents for the year		23,029	7,701
Net cash and cash equivalents at start of year		24,814	17,113
Net cash and cash equivalents at end of year		47,843	24,814

Analysis of changes in net debt

	At 1 January 2023 £'000	Cash flow £'000	At 31 December 2023 £'000
Cash and cash equivalents	24,814	23,029	47,843

The notes on pages 86 to 103 form part of these financial statements.

Notes to the Accounts

For the year ended 31 December 2023

1 Accounting policies

Foresight Enterprise VCT plc is a public limited company incorporated in England and Wales and its registered office is at The Shard, 32 London Bridge Street, London, United Kingdom, SE1 9SG.

The Company has been approved as a Venture Capital Trust by HMRC under Section 259 of the Income Taxes Act 2007. The shares of the Company were first admitted to the Official List of the UK Listing Authority and trading on the London Stock Exchange on 3 February 1998.

The Company's principal activity is to provide private investors with regular dividends and capital growth from a portfolio of investments in fast-growing unquoted companies in the UK.

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

a) Basis of accounting

The financial statements have been prepared under the Companies Act 2006, and in accordance with United Kingdom Generally Accepted Accounting Practice ("UK GAAP") including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Statement of Recommended Practice ("SORP"): Financial Statements of Investment Trust Companies and Venture Capital Trusts issued in November 2014 and updated in October 2019 and July 2022.

The financial statements have been prepared under the historical cost convention as modified by the revaluation of investments.

The Company presents its Income Statement in a three-column format to give Shareholders additional detail of the performance of the Company split between items of a revenue or capital nature.

As permitted by FRS 102, paragraph 14.4, investments are held as part of an investment portfolio, and their value to the Company is through their marketable value as part of a portfolio of investments, rather than as a medium through which the Company carries out its business. Therefore, the investments are not considered to be associated undertakings.

Where the Company's interest in an investment is greater than 50% of the investee company's total equity, specific clauses are included in the investee company's articles of association to prevent the Company from exercising control. Therefore, these investments are not considered to be subsidiary undertakings. The Company is exempt from preparing consolidated accounts under the investment entities exemption as permitted by FRS 102.

Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position, are set out in the Strategic Report.

The financial position of the Company, its cash flows, liquidity position and borrowing facilities are referred to in the Chair's Statement, Strategic Report and Notes to the Accounts. In addition, the Annual Report and Accounts include the Company's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposures to credit risk and liquidity risk.

The Company has sufficient financial resources together with investments and income generated therefrom across a variety of industries and sectors.

Cash flow projections have been reviewed and show that the Company has sufficient funds to meet both its contracted expenditure and its discretionary cash outflows in the form of share buybacks and dividends. The Company has no external loan finance in place and therefore is not exposed to any gearing covenants, although its underlying investments may have external loan finance.

The Directors have considered the impact of the difficult economic outlook, inflationary pressures, energy prices and geo-political tensions during their assessment of going concern and have reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, being at least 12 months from the date of approval of these financial statements. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Notes to the Accounts continued

For the year ended 31 December 2023

1 Accounting policies continued

b) Assets held at fair value through profit or loss – investments

All investments held by the Company are classified as “fair value through profit or loss”. The Board values investments in accordance with the International Private Equity and Venture Capital (“IPEV”) Valuation Guidelines, as updated in December 2022, including COVID-19 guidance in March 2020. This classification is followed as the Company’s business is to invest in financial assets with a view to profiting from the total return in the form of capital growth and income.

Purchases and sales of unlisted investments are recognised when the contract for acquisition or sale becomes unconditional.

Unquoted investments are stated at fair value by the Board in accordance with the following rules, which are consistent with the IPEV Valuation Guidelines. When valuing an unquoted investment at fair value the following factors will be considered:

- (i) Where a value is indicated by a recent material arms-length transaction by an independent third party in the shares of a company, this value will be used
- (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 historic, current or forecast earnings before interest, tax, depreciation and amortisation (“EBITDA”) (the ratio used being based on a comparable sector but the resulting value being adjusted to reflect points of difference identified by the Manager compared to the sector including, inter alia, illiquidity); or
 - b) Where a company’s under-performance against plan indicates a diminution in the value of the investment, a write down against cost is made, as appropriate. Where the value of an investment has fallen permanently below cost, the loss is treated as a permanent write down and as a realised loss, even though the investment is still held. The Board assesses the portfolio for such investments and, after agreement with the Manager, will agree the values that represent the extent to which a realised loss should be recognised. This is based upon an assessment of observable evidence of that investment’s prospects, to determine whether there is potential for the investment to recover in value

(iii) Premiums on loan stock investments are accrued at fair value when the Company receives the right to the premium and when considered recoverable

(iv) Where an earnings multiple or cost less impairment basis is not appropriate and overriding factors apply, discounted cash flow, a net asset valuation, a price of a recent or the last funding round, venture capital method or industry-specific valuation benchmarks may be applied. An example of an industry-specific valuation benchmark would be the application of a multiple to that company’s historic, current or forecast revenue (the multiple being based on a comparable sector but with the resulting value being adjusted to reflect points of difference including, inter alia, illiquidity). The venture capital method (“VC method”) of valuation calculates and discounts the present value of the expected exit proceeds from an investment, taking account of both time and risk

(v) In estimating the fair value of the investments held, the Manager has considered the conflict in the Middle East, the Russian invasion of Ukraine, inflationary pressures and the difficult economic outlook which may impact the fair value of the investments and the sectors in which they operate. The conflict in the Middle East and the Russian invasion of Ukraine have had a significant impact in many sectors across the globe. The Manager has applied assumptions based on a best estimate of likely outcome for each individual investment and applied discounts where it is considered necessary

c) Income

Dividends receivable on unquoted equity shares are brought into account when the Company’s rights to receive payment are established and there is no reasonable doubt that payment will be received. Other income such as interest is included on an accruals basis. Loan interest income is calculated using the effective interest method and recognised on an accruals basis.

d) Expenses

All expenses (inclusive of VAT) are accounted for on an accruals basis. Expenses are charged through the revenue column of the Income Statement, with the exception that 75% of the fees payable to the Manager for management fees are allocated against the capital column of the Income Statement. The basis of the allocation of management fees is expected to reflect the revenue and capital split of long-term returns in the portfolio.

Notes to the Accounts continued

For the year ended 31 December 2023

1 Accounting policies continued

e) Share-based payments

The Manager is entitled to a performance incentive fee equal to 15% of dividends paid to Shareholders, subject to the total return (Net Asset Value plus cumulative dividends paid per share) exceeding a High Watermark, both immediately before and after the performance incentive fee is paid.

The performance incentive fee may be satisfied by either a cash payment or the issue of shares (or by a combination of both) ultimately at the Board's discretion, and therefore falls within the definition of a share-based payment under FRS 102.26. However, the Board considers that the incentive fee arrangement should be accounted for as a cash-settled transaction; with the option of settling in shares in the event of any cash flow restrictions.

The fair value of the amount payable to the Manager is recognised as an expense, with a corresponding increase in liabilities (or equity if the share-based payment is settled by the issue of shares) over the year in which the Manager becomes unconditionally entitled to payment or when the Board considers it likely such payment will become due over the medium term.

The liability (or equity) is remeasured at each balance sheet date and at settlement date. Any changes in the fair value of the liability (or equity) are recognised as a performance incentive fee in the Income Statement.

f) Basic financial instruments

Trade and other debtors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost less any impairment losses. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

Trade and other creditors

Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

Investments in preference and Ordinary Shares

Investments in preference and Ordinary Shares are measured initially at transaction price less attributable transaction costs. Subsequent to initial recognition, investments that can be measured reliably are measured at fair value with changes recognised in profit or loss. Other investments are measured at cost less impairment through profit or loss.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances, call deposits, money market funds and fixed-term funds.

g) Other financial instruments

Other financial instruments not meeting the definition of basic financial instruments include non-current investments and are recognised initially at fair value. Subsequent to initial recognition, other financial instruments are measured at fair value with changes recognised through profit or loss except investments in equity instruments that are not publicly traded and whose fair value cannot otherwise be measured reliably shall be measured at cost less impairment.

h) Taxation

Any tax relief obtained in respect of management fees allocated to capital is reflected in the capital column of the Income Statement 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.

i) Deferred taxation

Provision is made for corporation tax at the current rates on the excess of taxable income over allowable expenses. A provision is made on all material timing differences arising from the different treatment of items for accounting and tax purposes. A deferred tax asset is recognised only to the extent that there will be taxable profits in the future against which the asset can be offset. It is considered too uncertain that this will occur and, therefore, no deferred tax asset has been recognised.

Notes to the Accounts continued

For the year ended 31 December 2023

1 Accounting policies continued

j) Reserves

The capital and revenue reserves are made up of the following elements:

i. Capital reserve

The following are accounted for in this reserve:

- Gains and losses on realisation of investments, including the reversal of prior year revaluation reserves
- Permanent diminution in value of investments
- 75% of management fee expense, together with the related tax effect to this reserve in accordance with the policies
- Income and costs for the year (capital items)

ii. Revaluation reserve (unrealised capital reserve)

Increases and decreases in the valuation of investments held at the year end are accounted for in this reserve, except to the extent that any diminution is deemed permanent.

iii. Distributable reserve

The following are accounted for in this reserve:

- Repurchase of shares
- Cancellation of share premium
- Dividends paid
- Income and costs for the year (revenue items)

In accordance with stating all investments at fair value through profit and loss, all such movements through both the revaluation and capital reserves are shown within the Income Statement for the year.

k) Investment recognition and derecognition

Investments are recognised at the trade date, being the date that the risks and rewards of ownership are transferred to the Company. Upon initial recognition, investments are held at the fair value of the consideration payable. Transaction costs in respect of acquisitions made are recognised directly in the Income Statement. Investments are derecognised when the risks and rewards of ownership are deemed to have transferred to a third party. Upon realisation, the gain or loss on disposal is recognised in the Income Statement.

l) Critical accounting judgement and key sources of estimation uncertainty

The preparation of the financial statements requires the Board to make judgements and estimates that affect the application of policies and reported amounts of assets, liabilities, income and expenses. In the Board's opinion, there was no critical accounting judgement applied. The Board considers that the only area where the Board and the Manager make critical estimates and assumptions that may have a significant effect on the financial statements relates to the fair valuation of unquoted investments. Trading results of investee companies may differ from the estimates made. The underlying assumptions are reviewed and approved on each valuation date.

The Board considers that the fair value of investments not quoted in an active market involves critical estimates and assumptions because they are determined by the Manager, using valuation methods and techniques generally recognised as standard within the industry. Valuations use observable data to the extent practicable. However, they also rely on significant unobservable inputs about the maintainable earnings; comparable multiples and discounts. Furthermore, changes in these inputs and assumptions could affect the reported fair value of unquoted investments. The determination of what constitutes "observable" requires significant judgement by the Manager. The Manager considers observable data to be market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market. Both the Audit Committee and the auditor review the Manager's valuations in detail. Sensitivity analysis is performed on the portfolio as a whole and for more detail on this please refer to note 15.

The Board notes that the Manager also makes estimates relating to the share-based payment expense and liability but does not consider this to have a significant effect on the financial statements.

The Board and the Manager have assessed the impact of climate-related risks on the financial statements, and do not consider there to be a material impact on the judgements and estimates from the physical and transition climate-related risks.

Notes to the Accounts continued

For the year ended 31 December 2023

2 Income

	Year ended 31 December 2023 £'000	Year ended 31 December 2022 £'000
Loan stock interest	1,247	631
Deposit and similar interest received	1,190	202
Dividends receivable	175	38
Other income	71	—
	2,683	871

3 Investment management fees

	Year ended 31 December 2023 £'000	Year ended 31 December 2022 £'000
Investment management fees charged to the revenue account	759	681
Investment management fees charged to the capital account ¹	3,845	2,323
	4,604	3,004

1. Included within investment management fees is an amount of £1,569,000 (2022: £280,000) relating to performance incentive fees charged to the capital account.

The Manager advises the Company on investments under an agreement dated 30 July 2004.

The Manager receives an annual investment management fee, paid quarterly in advance, of an amount equal to 2% of net assets of the Company. If the normal ongoing expenses of the Company exceed 2.35% of the Company's annual net assets, the excess is borne by the Manager through a reduction in its fees. The excess at 31 December 2023 was £nil (2022: £nil).

This agreement may be terminated by either party giving to the other not less than 12 months' notice.

Details of the performance incentive fees are given in note 13.

Notes to the Accounts continued

For the year ended 31 December 2023

4 Other expenses

	Year ended 31 December 2023 £'000	Year ended 31 December 2022 £'000
Accounting and secretarial services (excluding VAT)	197	178
Directors' remuneration including employer's National Insurance contributions	120	121
Auditor's remuneration (excluding VAT) ¹	58	53
Other	415	321
	790	673

1. The auditor's remuneration relates to the audit of the financial statements. There were no non-audit fees paid to the Company's auditor during the year (2022: £nil).

The Manager is responsible for external costs such as legal and accounting fees incurred on transactions that do not proceed to completion ("abort expenses"). In line with common practice, the Manager retains the right to charge arrangement and syndication fees and Directors' or monitoring fees to companies in which the Company invests.

The Manager is the Company Secretary and received annual fees, paid quarterly in advance, for administration services provided of £197,000 (2022: £178,000). The annual administration fee is adjusted annually in line with the UK Retail Prices Index.

The normal annual running costs of the Company are capped at an amount equal to 2.35% of the net assets of the Company as at the end of each financial year, with any excess being borne by the Manager.

The Company did not have employees in the current or prior year.

5 Tax on ordinary activities

	Year ended 31 December 2023			Year ended 31 December 2022		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Current tax						
Corporation tax	(225)	225	—	—	—	—
Total current tax	(225)	225	—	—	—	—
Deferred tax	—	—	—	—	—	—
Total tax	(225)	225	—	—	—	—

Notes to the Accounts continued

For the year ended 31 December 2023

5 Tax on ordinary activities continued

Factors affecting the total tax charge for the year:

The tax assessed for the year is lower (2022: lower) than the standard rate of corporation tax in the UK of 25.0% (2022: 19%).

The differences are explained below:

	Year ended 31 December 2023 £'000	Year ended 31 December 2022 £'000
Return on ordinary activities before taxation	9,060	6,222
Corporation tax at 23.5% (2022: 19%)	2,129	1,182
Effect of:		
Realised capital gains not allowable	(1,261)	(3,324)
Unrealised capital (gains)/losses not taxable	(1,505)	1,608
Unutilised management expenses	678	541
Dividend income not taxable	(41)	(7)
Total tax charge for the year	—	—

As a qualifying VCT the Company is exempt from tax on capital gains; therefore, no provision for deferred tax has been recognised in respect of any capital gains or losses arising on the revaluation or disposal of investments.

A deferred tax asset is recognised only to the extent that there will be taxable profits in the future against which the asset can be offset. It is considered too uncertain that this will occur and, therefore, no deferred tax asset has been recognised for surplus management expenses. At year end, there is an unrecognised deferred tax asset of approximately £6,345,000 (2022: £5,623,000).

6 Dividends

	Year ended 31 December 2023 £'000	Year ended 31 December 2022 £'000
Dividends – paid in the year	7,692	14,983

Of the total dividends paid in the year, £1,035,000 (2022: £1,811,000) was reinvested under the Company's dividend reinvestment scheme. Total dividends are offset by the receipt of historic unclaimed dividends from the Registrar, which remained unclaimed for at least 12 years and hence automatically forfeited pursuant to the Articles of Association, totalling £nil in the year (2022: £41,000).

As at 31 December 2023, reserves available for dividend distribution total £12,999,000 (2022: £24,516,000) comprising the capital and distributable reserves.

In accordance with Section 259 of the Income Tax Act 2007, a VCT may not retain more than 15% of its qualifying income in any one accounting year. The payment of the dividends noted above satisfies this requirement.

Notes to the Accounts continued

For the year ended 31 December 2023

7 Return per share

	Year ended 31 December 2023 £'000	Year ended 31 December 2022 £'000
Total return after taxation	9,060	6,222
Total return per share (note a)	3.9p	3.1p
Revenue return/(loss) from ordinary activities after taxation	909	(483)
Revenue return/(loss) per share (note b)	0.4p	(0.2)p
Capital return from ordinary activities after taxation	8,151	6,705
Capital return per share (note c)	3.5p	3.3p
Weighted average number of shares in issue in the year (note d)	230,692,970	198,639,819

Notes:

- Total return per share is total return after taxation divided by the weighted average number of shares in issue during the year.
- Revenue return/(loss) per share is revenue return/(loss) after taxation divided by the weighted average number of shares in issue during the year.
- Capital return per share is capital return after taxation divided by the weighted average number of shares in issue during the year.
- The weighted average number of shares is calculated by taking the number of shares issued and bought back during the year, multiplying each by the percentage of the year for which that share number applies and then totalling with the number of shares in issue at the beginning of the year.

8 Investments held at fair value through profit or loss

	31 December 2023 £'000	31 December 2022 £'000
Unquoted investments	119,587	111,966
		£'000
Book cost at 1 January 2023		69,921
Investment holding gains		42,045
Valuation at 1 January 2023		111,966
Movements in the year:		
Purchases at cost		18,652
Disposal proceeds ¹		(20,572)
Realised gains ²		4,697
Investment holding gains ³		4,844
Valuation at 31 December 2023	119,587	
Book cost at 31 December 2023	72,698	
Investment holding gains	46,889	
Valuation at 31 December 2023	119,587	

- The Company received £20,572,000 (2022: £20,951,000) from the disposal of investments during the year. The book cost of these investments when they were purchased was £15,875,000 (2022: £3,692,000). These investments have been revalued over time and until they were sold, any unrealised gains or losses were included in the fair value of the investments.
- Realised gains in the Income Statement include deferred consideration receipts from Accrosoft Limited (£6,000), Datapath Group Limited (£583,000), and completion proceeds received from Datapath Group Limited (£78,000) and Protean Software Limited (£2,000).
- Investment holding gains in the Income Statement include the deferred consideration debtor increase of £1,561,000. The debtor movement reflects the recognition of amounts receivable from Datapath Group Limited (£1,750,000), offset by a receipt from Accrosoft Limited (£6,000). The Codeplay Software Limited debtor increased due to its foreign exchange movement (£46,000), and provisions have been made against balances potentially due from Mologic Ltd (£105,000), Ixaris Systems Limited (£89,000) and FFX Group Limited (£36,000).

Notes to the Accounts continued

For the year ended 31 December 2023

9 Debtors

	31 December 2023 £'000	31 December 2022 £'000
Accrued interest	33	25
Prepayments	63	60
Deferred consideration	2,541	980
Other debtors	89	1,087
	2,726	2,152

10 Creditors: amounts falling due within one year

	31 December 2023 £'000	31 December 2022 £'000
Trade creditors	—	19
Accruals	565	141
Other creditors	—	42
Provision for performance incentive payment	1,115	280
	1,680	482

11 Called-up share capital

	31 December 2023 £'000	31 December 2022 £'000
Allotted, called-up and fully paid: 256,728,468 shares of 1p each (2022: 213,316,422)	2,567	2,133

Share issues and share buybacks

During the year 52,350,433 shares and 1,637,805 shares were issued pursuant to an offer for subscription and the dividend reinvestment scheme respectively. Shares were issued at issue prices ranging from 63.2p to 71.5p per share.

This share issue was under the VCT provisions that commenced on 6 April 2006, namely: 30% upfront income tax relief which can be retained by qualifying investors if the shares are held for the minimum five-year holding period.

As part of the Company's buyback programme, during the year, 10,576,192 shares were purchased for cancellation at a cost of £6,480,000.

	Shares No.
Share capital at 1 January 2023	213,316,422
Shares allotted	52,350,433
Dividend reinvestment	1,637,805
Share buybacks	(10,576,192)
Share capital at 31 December 2023	256,728,468

Notes to the Accounts continued

For the year ended 31 December 2023

12 Net Asset Value per share

The Net Asset Value per share is based on net assets at the end of the year and on the number of shares in issue at that date.

	31 December 2023	31 December 2022
Net assets	£168,476,000	£138,450,000
No. of shares at year end	256,728,468	213,316,422
Net Asset Value per share	65.6p	64.9p

13 Share-based payments

The Manager is entitled to a performance incentive fee, designated a share-based payment due to its nature, equal to 15% of dividends paid to Shareholders, subject to the total return (Net Asset Value plus cumulative dividends paid per share on or after 11 January 2011) exceeding 100p ("High Watermark"), both immediately before and after the performance incentive fee is paid.

After each distribution is made to Shareholders where a performance incentive is paid, the High Watermark required to be achieved by the Company to trigger a further performance incentive fee will be amended to take account of the dividend paid.

A £734,000 performance incentive fee was paid during the year (2022: £nil) following the 30 June 2023 dividend. The High Watermark as at 31 March 2023 was at 108.5p. The total return as at 31 March 2023 was 110.6p.

As a result of performance incentive fee payments made in the current and previous years, the High Watermark as at 31 December 2023 was 110.3p (2022: 108.5p). The total return as at 31 December 2023 was 113.1p (2022: 109.3p).

At 31 December 2023, the Company has accrued an amount of £1,115,000 in relation to future performance incentive fees as it is considered likely such payment will become due over the medium term (2022: £280,000).

The terms and conditions of the grant are as follows:

Grant date: Date that the total return is greater than the High Watermark.

Vesting conditions: Expected total return is greater than the High Watermark both before and after the performance incentive fee. Vesting period: 24 February 2012-31 December 2025.

Method of settlement accounting: Cash (with the option of settling in shares at the sole discretion of the Board).

The expected volatility is based on the historical performance and dividends of the Company, adjusted for any expected changes to future performance and dividends of the Company.

The vesting period applied is three years from the balance sheet date as the Directors do not consider that the future performance of the Company and the future dividends to be paid by the Company can be accurately estimated beyond that date.

The Directors have prepared a calculation incorporating estimated future dividends over the vesting period and expect a performance incentive fee to become payable during the vesting period. Therefore, a liability of £1,115,000 has been recognised as at 31 December 2023 (2022: £280,000).

14 Contingent assets and liabilities

The Company had no contingent assets or contingent liabilities at 31 December 2023 (2022: £nil).

Notes to the Accounts continued

For the year ended 31 December 2023

15 Financial instrument risk management

The Company's financial instruments comprise:

- Equity shares, debt securities and fixed interest securities that are held in accordance with the Company's investment objective as set out in the Directors' Report
- Cash, liquid resources, short-term debtors and creditors that arise directly from the Company's operations

Classification of financial instruments

The Company held the following categories of financial instruments as at 31 December 2023:

	31 December 2023 £'000	31 December 2022 £'000
Investment portfolio	119,587	111,966
Cash and cash equivalents	47,843	24,814
Total	167,430	136,780

The investment portfolio consists of unquoted investments. Unquoted investments consist of equity in and loans to investee companies and are valued at fair value through profit or loss.

The main financial risks arising from the Company's financial instruments are market price risk, interest rate risk, credit risk and liquidity risk. The Board regularly reviews and agrees policies for managing each of these risks which are summarised below.

Market price risk

Market price risk arises from uncertainty about the future prices of financial instruments held in accordance with the Company's investment objectives. It represents the potential loss that the Company might suffer through holding investments in the face of adverse market movements. The Board manages market price risk through the application of venture capital disciplines and investment structuring delegated to the Manager.

The investments in equity and loan stocks of unquoted companies are rarely traded, and as such, the prices are more difficult to determine than those of more widely traded securities. In addition, the ability of the Company to realise the investments at their carrying value will at times not be possible if there are no willing purchasers. The ability of the Company to purchase or sell investments is also constrained by the requirements set down for VCTs. The potential maximum exposure to market price risk, being the value of the investment portfolio as at 31 December 2023, was £119,587,000 (2022: £111,966,000). Market price risk sensitivity analysis can be found on pages 98 and 99.

Interest rate risk

The fair value of the Company's fixed rate securities and the net revenue generated from the Company's floating rate securities may be affected by interest rate movements. Investments are often in early-stage businesses, which are relatively high-risk investments sensitive to interest rate fluctuations. Due to the short time to maturity of some of the Company's fixed rate investments, it may not be possible to reinvest in assets which provide the same rates as those currently held. When making investments of an equity and debt nature, consideration is given during the structuring process to the potential implications of interest rate risk and the resulting investment is structured accordingly. The maximum exposure to interest rate risk was £61,136,000, being the total value of the loan stock investments and cash as at 31 December 2023 (2022: £37,463,000). Floating rate investments relate to the interest-bearing deposit accounts and money market funds which earn interest related to the prevailing Bank of England base rate. As at 31 December 2023, if the interest rate increased or decreased by 10 basis points the interest earned would increase or decrease by £47,843.

Notes to the Accounts continued

For the year ended 31 December 2023

15 Financial instrument risk management continued

Interest rate risk continued

	Total portfolio		Weighted average interest rate		Weighted average time for which rate is fixed	
	31 December 2023 £'000	31 December 2022 £'000	31 December 2023 %	31 December 2022 %	31 December 2023 Days	31 December 2022 Days
Loan stock – exposed to fixed interest rate risk	13,013	12,649	8.8	9.9	478	352
Loan stock – exposed to variable interest rate risk	280	—	12.0	—	—	—
Cash	47,843	24,814	4.9	2.7	—	—
Total exposed to interest rate risk	61,136	37,463				

Credit risk

Credit risk is the risk of failure by counterparties to deliver securities or cash to which the Company is entitled. The Company has exposure to credit risk in respect of the loan stock investments it has made in investee companies, most of which have no security attached to them, and where they do, such security ranks beneath any bank debt that an investee company may owe. The Board manages credit risk in respect of cash and cash equivalents by ensuring there is a spread of cash balances such that none exceed 15% of the Company's total investment assets by VCT value. These cash and cash equivalents are investment grade funds, and so credit risk is considered to be low. The Manager receives management accounts from portfolio companies, and members of the Manager's investment management team often sit on the boards of unquoted portfolio companies; this enables the close identification, monitoring and management of investment-specific credit risk. The maximum exposure to credit risk at 31 December 2023 was £63,799,000 (2022: £39,555,000) based on cash and cash equivalents and other receivables (amounts due on investments, dividends and interest). As at 31 December 2023, the Company's assets are held in its own name in certificated form and therefore custodian default risk is negligible.

An analysis of the Company's asset exposed to credit risk is provided in the table below:

	31 December 2023 £'000	31 December 2022 £'000
Loan stock investments	13,293	12,649
Deferred consideration	2,541	980
Other debtors	122	1,112
Cash and cash equivalents	47,843	24,814
Total	63,799	39,555

Notes to the Accounts continued

For the year ended 31 December 2023

15 Financial instrument risk management continued

Liquidity risk

The investments in equity and fixed interest stocks of unquoted companies that the Company holds are not traded and they are not readily realisable. The Company may not be able to realise the investments at their carrying value if there are no willing purchasers. The Company's ability to sell investments may also be constrained by the qualification requirements set down for VCTs. The maturity profile of the Company's loan stock investments disclosed below indicates that these assets are also not readily realisable until dates up to five years from the year end.

To counter these risks to the Company's liquidity, the Manager maintains sufficient cash and money market funds to meet running costs and other commitments. The Company typically invests its surplus funds in high-quality money market and fixed-term funds which are all accessible within seven days, in line with VCT rules.

	31 December 2023 £'000	31 December 2022 £'000
Maturity analysis:		
- in one year or less	55,435	33,028
- in more than one year but no more than two years	1,894	1,484
- in more than two years but no more than three years	800	1,894
- in more than three years but no more than four years	257	800
- in more than four years but no more than five years	2,750	257
Total	61,136	37,463

Sensitivity analysis

Equity price sensitivity

The Board believes the Company's investments are mainly exposed to equity price risk, as the Company holds 100% of its investments in the form of sterling-denominated investments in small companies.

All of the investments made in unquoted companies, irrespective of the instruments the Company holds (whether shares or loan stock), carry a full equity risk, even though some of the loan stocks may be secured on assets (as they will be behind any prior ranking bank debt in the investee company).

The Board considers that even the loan stocks are "quasi-equity" in nature, as the value of the loan stocks is determined by reference to the enterprise value of the investee company. Such value is considered to be sensitive to changes in quoted share prices, in so far as such changes eventually affect the enterprise value of unquoted companies. The table below shows the impact on profit and net assets if there were to be a 15% (2022: 15%) movement in overall share prices, which might in part be caused by changes in interest rate levels, but it is not considered practical to evaluate separately the impact of changes in interest rates upon the value of the Company's portfolio of investments in unquoted companies.

The sensitivity analysis below assumes that each of these sub-categories of investments (shares and loan stocks) held by the Company produces an overall movement of 15%, and that the portfolio of investments held by the Company is perfectly correlated to this overall movement in share prices. This percentage reflects a number of factors, including the performance of the underlying investee companies as well as the wider market uncertainties associated with the difficult economic outlook, inflationary pressures, energy prices, Brexit, the spread of COVID-19 and Russia's invasion of Ukraine. However, Shareholders should note that this level of correlation would not be the case in reality. Movements may occur in the value of both quoted and unquoted companies and result from changes in the market or alternatively as a result of assumptions made when valuing the portfolio or a combination of the two.

Notes to the Accounts continued

For the year ended 31 December 2023

15 Financial instrument risk management continued

Sensitivity analysis continued

Equity price sensitivity continued

	31 December 2023 Return and net assets	31 December 2022 Return and net assets
If overall share prices fell by 15% (2022: 15%), with all other variables held constant – decrease (£'000)	(17,938)	(16,795)
Decrease in Net Asset Value per share (in pence)	(6.99)p	(7.87)p
	31 December 2023 Return and net assets	31 December 2022 Return and net assets
If overall share prices rise by 15% (2022: 15%), with all other variables held constant – increase (£'000)	17,938	16,795
Increase in Net Asset Value per share (in pence)	6.99p	7.87p

The impact of a change of 15% has been selected as this is considered reasonable given the current level of volatility observed both on a historical basis and market expectations for future movement. The range in equity prices is considered reasonable given the historic changes that have been observed.

Interest rate sensitivity

Although the Company holds investments in loan stocks that pay interest, the Board does not believe that the value of these instruments is interest rate sensitive. This is because most of the interest is fixed, so not at risk of interest rate movements (2022: no interest rate risk).

Fair value hierarchy

The following table shows financial instruments recognised at fair value, analysed between those whose fair value is based on:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1)
- Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (Level 2)
- Inputs for the instrument that are not based on observable market data (unobservable inputs) (Level 3)

As at 31 December 2023	Level 1 £'000	Level 2 £'000	Level 3 £'000	Level 4 £'000
Unquoted investments	—	—	119,587	119,587
Financial assets	—	—	119,587	119,587
As at 31 December 2022	Level 1 £'000	Level 2 £'000	Level 3 £'000	Level 4 £'000
Unquoted investments	—	—	111,966	111,966
Financial assets	—	—	111,966	111,966

Transfers

During the year there were no transfers between Levels 1, 2 or 3.

Notes to the Accounts continued

For the year ended 31 December 2023

16 Management of capital

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, so that it can provide an adequate return to Shareholders.

In accordance with VCT requirements, the Company must have at least 80% of its total assets (as measured under VCT rules) in qualifying holdings (these being investments in a relatively high-risk asset class of small UK companies meeting VCT requirements). Effective 6 April 2018, where new funds are raised, the Company must invest 30% of such funds in qualifying holdings within 12 months following the end of the accounting year in which that capital was subscribed, with the balance being invested within approximately three years of that capital being subscribed. The Company accordingly has limited scope to manage its capital structure in light of changes in economic conditions and the risk characteristics of the underlying assets. Subject to this overall constraint upon changing the capital structure, the Company may adjust the amount of dividends paid to Shareholders, issue new shares, or sell assets if so required to maintain a level of liquidity to remain a going concern.

Although, as the investment policy implies, the Board may consider borrowing, there are no current plans to do so. It regards the net assets of the Company as the Company's capital, as the level of liabilities is small and the management of them is not directly related to managing the return to Shareholders. There has been no change in this approach from the previous year.

17 Related party transactions

No Director has an interest in any material contract to which the Company is a party other than their appointment and remuneration as Directors. Please refer to page 69 for the Directors' remuneration tables.

18 Transactions with the Manager

Foresight Group LLP earned fees of £3,035,000 in the year ended 31 December 2023 (2022: £2,724,000). Additionally, a performance fee of £734,000 was paid in the year (2022: £nil), and a liability of £1,115,000 has been recognised as at 31 December 2023 (2022: £280,000).

Foresight Group LLP is the Company Secretary and received accounting and company secretarial services fees of £197,000 during the year (2022: £178,000).

As at 31 December 2023, the amount due to Foresight Group LLP was £8,000 (2022: £nil).

No amounts have been written off in the year in respect of debts due to or from the Manager.

Notes to the Accounts continued

For the year ended 31 December 2023

19 Related undertakings

Under Section 409 of the Companies Act 2006, the Company is required to disclose details of all its related undertakings, which are defined as undertakings where the Company owns 20% or more of the nominal value of any class of shares as at 31 December 2023. These are listed below. The percentage holdings do not necessarily reflect the percentage voting rights in the undertakings as a whole, as they may have two or more classes of shares with differing rights. All holdings are direct.

Please note that where holdings stated are above 50%, this is as a result of (i) holding 50% or more of a particular share class as opposed to the entire share capital, (ii) holding 50% or more of the share capital but with restricted rights, or (iii) is a legacy, historic, permitted non-qualifying holding and, therefore, not in breach of VCT rules.

Investee company name	Latest accounts year end	Profit/(loss) after tax for year £'000	Aggregate capital and reserves £'000	Class and percentage of shares held
ABL Investments Limited	31/12/2022	N/A ¹	(1,581)	A Ordinary 34.9%
Aerospace Tooling Corporation Limited	30/06/2023	155	2,792	A Ordinary 57.1%
Biotherapy Services Limited	31/03/2023	N/A ¹	(1,034)	A Ordinary 47.9%
Callen-Lenz Associates Limited	30/06/2023	1,771	5,262	A Ordinary 50.0%
Clubspark Group Ltd	31/03/2023	N/A ¹	565	A1 Ordinary 40.0% A2 Ordinary 40.0% AA Ordinary 40.0%
Cole Henry PE 2 Limited	31/03/2023	(1)	461	Ordinary 50.0%
Coptech UK Limited	31/12/2022	(2,959)	18,532	B Ordinary 29.8%
Crosstown Dough Ltd	31/01/2023	N/A ¹	2,731	A Ordinary 50.0%
Firefish Software Limited	31/12/2022	N/A ¹	927	A Ordinary 37.5%
Fourth Wall Creative Limited	30/09/2023	N/A ¹	5,028	A Ordinary 40.0%
Hexarad Group Limited	30/06/2023	N/A ¹	2,876	AB Ordinary 50.0% AD Ordinary 35.0%
Homelink Healthcare Limited	31/12/2022	N/A ¹	1,400	A Ordinary 38.7%
Hospital Services Group Limited	30/09/2022	1,773	6,617	A Ordinary 26.5%
I-Mist Group Limited	31/12/2022	N/A ¹	2,987	A Ordinary 35.8%
Itad (2015) Limited	31/01/2023	258	(631)	A Ordinary 31.2%
Kingsclere PE 3 Limited	31/03/2023	(1)	372	Ordinary 50.0%

Notes to the Accounts continued

For the year ended 31 December 2023

19 Related undertakings continued

Investee company name	Latest accounts year end	Profit/(loss) after tax for year £'000	Aggregate capital and reserves £'000	Class and percentage of shares held
Live Group Limited	31/03/2023	N/A ¹	380	A Ordinary 49.8%
Loopr Limited	31/12/2022	N/A ¹	1,126	D Ordinary 38.9% P Ordinary 38.8%
Mizaic Ltd (formerly IMMJ Systems Limited)	31/03/2023	N/A ¹	(5,373)	AB Ordinary 50.0% AD Ordinary 36.4%
Newsflare Limited	31/07/2023	N/A ¹	1,064	B Ordinary 38.2%
NorthWest EHealth Limited	31/12/2022	(894)	3,173	AB Ordinary 50.0%
PH Realisations 2020 Limited	31/12/2018	(1,522)	(3,361)	A Ordinary 50.0%
Positive Response Corporation Ltd	31/03/2023	N/A ¹	269	A Ordinary 50.0%
Red Flag Alert Technology Group Limited	31/03/2023	N/A ¹	(119)	A Ordinary 50.0%
Rovco Limited	31/12/2022	N/A ¹	(8,708)	A Ordinary 24.3%
So-Sure Limited	31/12/2022	N/A ¹	4,236	A Ordinary 37.7%
Specac International Limited	31/03/2023	1,871	7,560	A Ordinary 50.0%
Sprintroom Limited	31/10/2022	86	(274)	A Ordinary 40.0%
Spektrix Limited	31/12/2022	(1,040)	11,977	B Ordinary 30.0%
Steamforged Holdings Limited	31/03/2023	N/A ¹	1,498	A Ordinary 32.0%
Strategic Software Applications Ltd	31/03/2023	N/A ¹	2,890	A Ordinary 50.0%
Ten Health & Fitness Limited	31/12/2022	N/A ¹	(2,366)	A Ordinary 40.0% AA Ordinary 40.0%
Titania Group Limited	30/04/2023	N/A ¹	2,546	A Ordinary 50.0%
TLS Holdco Limited	31/12/2022	796	3,708	A Ordinary 100.0%
viO HealthTech Limited	31/12/2022	N/A ¹	424	C Ordinary 49.8% D Ordinary 27.6%

Notes to the Accounts continued

For the year ended 31 December 2023

19 Related undertakings continued

Investee company name	Latest accounts year end	Profit/(loss) after tax for year £'000	Aggregate capital and reserves £'000	Class and percentage of shares held
Weduc Holdings Limited	31/03/2023	N/A ¹	1,378	A Ordinary 30.0% AA Ordinary 24.1% AB Ordinary 30.0%
Whitchurch PE 1 Limited	31/03/2023	(1)	626	Ordinary 50.0%

1. In accordance with Section 444 of the Companies Act 2006, a statement of income has not been delivered in the financial statements available on Companies House.

20 Post-balance sheet events

The Company announced a £20 million Prospectus offer on 13 October 2023, implemented the use of the £10 million over-allotment facility on 4 December 2023 and made the following issues of Ordinary Shares post year end:

Date	Ordinary Shares	NAV to calculate issue price
3 January 2024	7,279,282	65.5p
24 January 2024	4,671,310	60.2p
15 February 2024	2,025,586	60.6p
15 April 2024	293,262	61.5p
	14,269,440	

The offer was closed to new applications on 30 January 2024 and the final allotment was made on 15 April 2024, having raised gross proceeds of £30.0 million, £28.8 million after expenses.

In advance of the allotment of Ordinary Shares on 15 April 2024, the Board announced that the unaudited NAV as at 12 April 2024 was 61.5p per share. The decrease of 6.2% in NAV since 31 December 2023 was a result of the special dividend of 5.0p paid on 19 January 2024. Additionally, 2,878,148 shares were issued pursuant to the dividend reinvestment scheme on 19 January 2024, at an unaudited NAV per share of 60.5p.

A performance incentive fee of £1,115,000 was paid post-year end, following the special dividend paid in January 2024. Further details can be found in note 13 to the accounts.

Post year end, the Company completed investments into Family Adventures Group Limited (£2.5 million), Lepide Group Holding Company Ltd (£2.0 million), Evolve Dynamics Limited (£2.0 million), Homelink Healthcare Limited (£1.0 million) and Sprintroom Limited (£0.8 million). The Company exited its investment in Specac International Limited, returning £11.2 million.

Notice of Annual General Meeting

11 June 2024

Order of events

1:00pm	Manager presentation
Immediately following the Manager presentation	Formal business of the Annual General Meeting

Notice is hereby given that the Annual General Meeting of Foresight Enterprise VCT plc (“the Company”) will be held on 11 June 2024 at 1:00pm at the offices of Foresight Group LLP, The Shard, 32 London Bridge Street, London SE1 9SG, for the purpose of considering and, if thought fit, passing the following resolutions, of which Resolutions 1 to 9 will be proposed as ordinary resolutions and Resolutions 10 to 12 will be proposed as special resolutions.

Resolution 1

To receive the Report and Accounts for the year ended 31 December 2023.

Resolution 2

To approve the Directors’ Remuneration Report.

Resolution 3

To approve the Directors’ Remuneration Policy.

Resolution 4

To re-elect Gaynor Coley as a Director.

Resolution 5

To re-elect Michael Gray as a Director.

Resolution 6

To elect Ian Harris as a Director.

Resolution 7

To elect Kavita Patel as a Director.

Resolution 8

To reappoint Deloitte LLP as auditor and to authorise the Directors to fix the auditor’s remuneration.

Resolution 9

That, in substitution for all existing authorities, the Directors be and they are generally and unconditionally authorised in accordance with Section 551 of the Companies Act 2006 to exercise all the powers of the Company to allot shares of 1p each in the capital of the Company (“Shares”) and to grant rights to subscribe for, or to convert any security into, Shares (“Rights”), up to an aggregate nominal amount of £1,250,000, provided that this authority shall expire (unless renewed, varied or revoked by the Company in a general meeting) on the conclusion of the Annual General Meeting of the Company to be held in the year 2025, or, if earlier, on the date falling 15 months after the date of the passing of this resolution, save that the Company shall be entitled to make offers or agreements before the expiry of such authority which would or might require Shares to be allotted or Rights to be granted after such expiry and the Directors shall be entitled to allot Shares and grant Rights pursuant to any such offers or agreements as if this authority had not expired.

Resolution 10

That, in substitution for all existing authorities, the Directors be and they are empowered pursuant to Section 570 and Section 573 of the Companies Act 2006 to allot equity securities (within the meaning of Section 560 of that Act) for cash either pursuant to the authority conferred by Resolution 9 above or by way of a sale of treasury shares as if Section 561(1) of that Act did not apply to any such allotment, provided that this power shall be limited to:

- (a) the allotment of equity securities with an aggregate nominal amount of up to, but not exceeding, £600,000 pursuant to offer(s) for subscription;
- (b) the allotment of equity securities with an aggregate nominal amount of up to, but not exceeding, an amount equal to 10% of the issued share capital from time to time pursuant to the dividend reinvestment scheme operated by the Company at a subscription price per Share which may be less than the Net Asset Value per Share, as may be prescribed by the scheme terms;

Notice of Annual General Meeting^{continued}

11 June 2024

Resolution 10^{continued}

- (c) the allotment of equity securities with an aggregate nominal amount of up to, but not exceeding, £100,000 by way of an issue of Shares (which may be at a subscription price per Share which is less than the Net Asset Value per Share) pursuant to performance incentive arrangements with Foresight Group LLP and relevant individuals of the Foresight Group LLP investment team; and
- (d) the allotment (otherwise than pursuant to sub-paragraphs (a) to (c) of this resolution) to any person or persons of equity securities with an aggregate nominal amount of up to, but not exceeding, an amount equal to 10% of the issued share capital from time to time.

In each case where the proceeds may be used in whole or part to purchase shares in the capital of the Company, and shall expire (unless renewed, varied or revoked by the Company in a general meeting) on the conclusion of the Annual General Meeting of the Company to be held in the year 2025, or, if earlier, on the date falling 15 months after the passing of this resolution, save that the Company shall be entitled to make offers or agreements before the expiry of such authority which would or might require equity securities to be allotted after such expiry and the Directors shall be entitled to allot equity securities pursuant to any such offers or agreements as if the authority conferred hereby had not expired.

Resolution 11

That, in substitution for all existing authorities, the Company be empowered to make market purchases (within the meaning of Section 693(4) of the Companies Act 2006) of its own shares on such terms and in such manner as the Directors shall from time to time determine, provided that:

- (a) the aggregate number of Shares to be purchased shall not exceed 41,054,020 or, if lower, such number of Shares (rounded down to the nearest whole Share) as shall equal 14.99% of the Company's Shares in issue at the date of passing of this resolution;
- (b) the minimum price which may be paid for a Share is 1p (the nominal value thereof);
- (c) the maximum price which may be paid for a Share is the higher of (1) an amount equal to 105% of the average of the middle market quotation for a Share taken from the London Stock Exchange official daily list for the five business days immediately preceding the day on which the Shares are purchased, and (2) the amount stipulated by Article 5(6) of the Market Abuse Regulation (EU) 596/2014 (as such Regulation forms part of UK law and as amended);

- (d) the authority conferred by this resolution shall expire (unless renewed, varied or revoked by the Company in a general meeting) on the conclusion of the Annual General Meeting of the Company to be held in the year 2025 or, if earlier, on the date falling 15 months after the passing of this resolution; and
- (e) the Company may make a contract to purchase Shares under the authority conferred by this resolution prior to the expiry of such authority which will or may be executed wholly or partly after the expiration of such authority and may make a purchase of Shares pursuant to such contract.

Resolution 12

That, the share premium account of the Company be reduced by £102,801,044 and the redemption reserve of the Company be reduced by £679,847.

By order of the Board

Foresight Group LLP

Company Secretary

26 April 2024

The Shard
32 London Bridge Street
London
SE1 9SG

Notes

1. No Director has a service contract with the Company. Directors' appointment letters with the Company will be available for inspection at the registered office of the Company until the time of the meeting and from 15 minutes before the meeting at the location of the meeting, as well as at the meeting.
2. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, entitlement to attend and vote at the meeting and the number of votes which may be cast thereat will be determined by reference to the Register of Members of the Company at the close of business on the day which is two days (excluding non-working days) before the day of the meeting or adjourned meeting. Changes to the Register of Members after that time shall be disregarded in determining the rights of any person to attend and vote at the meeting.
3. A member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend, speak and vote on their behalf. A proxy need not also be a member but must attend the meeting to represent you. Details of how to appoint the Chair of the meeting or another person as your proxy using the form of proxy are set out in the notes on the form of proxy which is enclosed. If you wish your proxy to speak on your behalf at the meeting, you will need to appoint your own choice of proxy (not the Chair) and give your instructions directly to them.
4. 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, (an) additional form(s) of proxy may be obtained by contacting Computershare Investor Services plc on 0370 703 6385. Please indicate in the box next to the proxy holder's name the number of shares in relation to which they are authorised to act as your proxy. Please also indicate by ticking the box provided if the proxy instruction is one of multiple instructions being given. All forms must be signed and returned together in the same envelope.
5. As at 26 April 2024 (being the last business day prior to the publication of this notice), the Company's issued share capital was 273,876,056 Ordinary Shares of 1p each in the capital of the Company, carrying one vote each. Therefore, the total voting rights in the Company as at 26 April 2024 was 273,876,056.
6. Any person to whom this notice is sent who is a person nominated under Section 146 of the Companies Act 2006 to enjoy information rights (a "Nominated Person") may, under an agreement between them and the member by whom they were nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, they may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.
7. The statement of the rights of members in relation to the appointment of proxies in paragraphs 3 and 4 above does not apply to Nominated Persons. The rights described in those paragraphs can only be exercised by members of the Company.
8. Appointment of a proxy will not preclude a member from subsequently attending and voting at the meeting should they subsequently decide to do so. You can only appoint a proxy using the procedures set out in these notes and the notes to the form of proxy.
9. The Register of Directors' Interests will be available for inspection at the meeting. Where the Company holds a virtual meeting, the Register of Directors' Interests will be available for inspection on the Company's website www.foresightenterprisevct.com.
10. Information regarding the meeting, including the information required by Section 311A of the Companies Act 2006, is available from www.foresightenterprisevct.com.
11. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If you either select the "Discretionary" option or if no voting indication is given, your proxy will vote or abstain from voting at their discretion. Your proxy will vote (or abstain from voting) as they think fit in relation to any other matter which is put before the meeting.

Notes continued

12. A form of proxy and reply paid envelope is enclosed. To be valid, it should be lodged with the Company's registrar, Computershare Investor Services plc, The Pavilions, Bridgwater Road, Bristol BS99 6ZY or the proxy must be registered electronically at www.investorcentre.co.uk/eproxy, in each case so as to be received no later than 48 hours (excluding non-working days) before the time appointed for holding the meeting or any adjourned meeting. To vote electronically, you will be asked to provide your Control Number, Shareholder Reference Number and PIN, which are detailed on your proxy form. This is the only acceptable means by which proxy instructions may be submitted electronically.

CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the meeting (and any adjournment of the meeting) by following the procedures described in the CREST Manual (available via www.euroclear.com). CREST personal members or other CREST sponsored members (and those CREST members who have appointed a voting service provider) should refer to their CREST sponsor or voting service provider, who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made by means of CREST to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & International Limited's ("EUI") specifications and must contain the information required for such instructions, as described in the CREST Manual. The message (regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy) must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID 3RA50) by the latest time(s) for receipt of proxy appointments specified above in this note 12. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to a proxy appointed through CREST should be communicated to them by other means.

CREST members (and, where applicable, their CREST sponsors or voting service providers) should note that EUI does not take available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider, to procure that their CREST sponsor or voting service provider takes) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time.

In this connection, CREST members (and, where applicable, their CREST sponsors or voting service providers) are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

13. Under Section 319A of the Companies Act 2006, the Company must answer any question you ask relating to the business being dealt with at the meeting unless answering the question would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information or the answer has already been given on a website in the form of an answer to a question or it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.
14. Pursuant to Chapter 5 of Part 16 of the Companies Act 2006 (Sections 527 to 531), where requested by a member or members meeting the qualification criteria, the Company must publish on its website, a statement setting out any matter that such members propose to raise at the meeting relating to the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the meeting. Where the Company is required to publish such a statement on its website it may not require the members making the request to pay any expenses incurred by the Company in complying with the request, it must forward the statement to the Company's auditor no later than the time the statement is made available on the Company's website and the statement may be dealt with as part of the business of the meeting.

Glossary of Terms

VCT	A Venture Capital Trust as defined in the Income Tax Act 2007.
Net Asset Value or NAV	The Net Asset Value ("NAV") is the amount by which total assets exceed total liabilities, i.e. the difference between what the Company owns and what it owes. It is equal to Shareholders' equity, sometimes referred to as Shareholders' funds.
Net Asset Value per share or NAV per share	Net Asset Value expressed as an amount per share.
NAV Total Return	NAV per share at the end of the year of 65.6p (2022: 64.9p) plus all dividends paid per share since the share consolidation in 2005 being 70.1p (2022: 66.8p). This giving NAV Total Return of 135.7p (2022: 131.7p).
Movement in NAV Total Return	This is the movement in the NAV per share at the start of the year to the NAV per share at the end of the year plus all dividends paid per share in the year. The NAV at the start of the year was 64.9p (2022: 69.1p), dividends paid during the year were 3.3p (2022: 7.3p) with NAV at the end of the year being 65.6p (2022: 64.9p). As such, NAV Total Return at the end of the year was 68.9p (2022: 72.2p). Therefore, the movement in NAV Total Return in the year was 6.2% (2022: 4.5%).
Share Price Total Return	The sum of the current share price of 57.5p (2022: 58.5p) plus all dividends paid per share since the share consolidation in 2005 being 70.1p (2022: 66.8p). This giving a Share Price Total Return of 127.6p (2022: 125.3p).
Discount to NAV	A discount to NAV is the percentage by which the mid-market share price of the Company of 57.5p (2022: 58.5p) is lower than the Net Asset Value per share of 65.6p (2022: 64.9p). This giving a discount to NAV of 12.3% (2022: 9.9%).
Dividends paid in the year	The total dividends paid in the year per share of 3.3p (2022: 7.3p).
Dividend yield	The sum of dividends paid during the year of 3.3p (2022: 7.3p) expressed as a percentage of the mid-market share price at the year-end date of 57.5p (2022: 58.5p). This giving a dividend yield of 5.7% (2022: 12.5%).

Shares bought back in the year	The total number of shares which were bought back in the year, being 10,576,192 (2022: 2,387,781).
Average discount on buybacks	The average of the percentage by which the buyback price is lower than the Net Asset Value per share at the point of the buyback.
Ongoing charges ratio	The sum of expenditure incurred in the ordinary course of business after adding back the performance incentive provision to total expenses in the year being £3.8 million (2022: £3.3 million) expressed as a percentage of the Net Asset Value at the end of the year after adding back special dividends paid during the year to the year end net assets being £168.5 million (2022: £145.5 million).
Qualifying Company	A company satisfying certain conditions under the VCT legislation. The conditions are detailed but include that the company must be unquoted (companies listed on AIM or AQUIS can qualify), have a permanent establishment in the UK, apply the money raised for the purposes of growth and development of a qualifying trade within a certain time period and not be controlled by another company. There are additional restrictions relating to the size and stage of the company to focus investment into earlier-stage businesses, as well as maximum investment limits (certain of such restrictions and limits being more flexible for "knowledge intensive" companies). VCT funds cannot be used by a Qualifying Company to acquire shares in another company or a trade.
Qualifying investment	An investment which consists of shares or securities first issued to the VCT (and held by it ever since) by a Qualifying Company and satisfying certain conditions under the VCT legislation.
Manager	Foresight Group LLP.
Foresight	The Manager and companies and undertakings within the same group.

Financial Conduct Authority

5,000 people contact the Financial Conduct Authority about share fraud each year, with victims losing an average of £20,000.



Beware of share fraud

Fraudsters use persuasive and high-pressure tactics to lure investors into scams.

They may offer to sell shares that turn out to be worthless or non-existent, or to buy shares at an inflated price in return for an upfront payment.

While high profits are promised, if you buy or sell shares in this way you will probably lose your money.

How to avoid share fraud

- Keep in mind that firms authorised by the FCA are unlikely to contact you out of the blue with an offer to buy or sell shares.
- Do not get into a conversation, note the name of the person and firm contacting you and then end the call.
- Check the Financial Services Register from www.fca.org.uk to see if the person and firm contacting you is authorised by the FCA.
- Beware of fraudsters claiming to be from an authorised firm, copying its website or giving you false contact details.
- Use the firm's contact details listed on the Register if you want to call it back.
- Call the FCA on 0800 111 6768 if the firm does not have contact details on the Register or you are told they are out of date.
- Search the list of unauthorised firms to avoid at www.fca.org.uk/scams.
- Consider that if you buy or sell shares from an unauthorised firm you will not have access to the Financial Ombudsman Service or Financial Services Compensation Scheme.
- Think about getting independent financial and professional advice before you hand over any money.
- **Remember:** if it sounds too good to be true, it probably is!

Report a scam

If you are approached by fraudsters please tell the FCA using the share fraud reporting form at www.fca.org.uk/scams, where you can find out more about investment scams.

You can also call the FCA Consumer Helpline on 0800 111 6768.

If you have already paid money to share fraudsters you should contact Action Fraud on 0300 123 2040.

In association with



Shareholder Information

Foresight Enterprise VCT plc is a Venture Capital Trust aiming to provide investors with regular dividends and capital growth from a portfolio of investments in fast-growing unquoted companies in the UK.

For details on the Company's investment policy please refer to the Strategic Report.

foresight.group

Enquiries

The Board and Manager are always keen to hear from investors. If you have any feedback about the service you receive or any queries relating to Foresight Enterprise VCT plc, please contact the Investor Relations team:

020 3667 8181

InvestorRelations@Foresightgroup.eu

www.foresightgroup.eu

Annual and Half-Yearly Reports, as well as quarterly factsheets and information on new investments, can be viewed online.

As part of the Manager's investor communications policy, Shareholders can arrange a mutually convenient time to meet the Manager's investment team. Please contact Investor Relations if you are interested.

Dividends

All cash dividends will be credited to your nominated bank/building society account. Your options are:

- Receive your dividends in sterling via direct credit to a UK domiciled bank account
- Reinvest your dividends for additional shares in the Company through our dividend reinvestment scheme
- Overseas holders can have their dividend payments paid in local currency into their local bank

www.investorcentre.co.uk

Investors can manage their shareholding online using Investor Centre, Computershare's secure website.

Shareholders just require their Shareholder Reference Number ("SRN"), which can be found on any communications previously received from Computershare, to access the following:

Holding enquiry Balances | Values History | Payments | Reinvestments

Payments enquiry Dividends | Other payment types

Address change Change registered address to which all communications are sent

Bank details update Please ensure bank details are up to date in order to receive your dividends

Outstanding payments Reissue payments using our online replacement service

Downloadable forms for Dividend mandates | Stock transfer | Dividend reinvestment | Change of address

Alternatively, you can contact Computershare by phone on 0370 703 6385

Key dates

Annual General Meeting	11 June 2024
Half-Yearly results to 30 June 2024	September 2024
Annual results to 31 December 2024	April 2025

Additional Information

Privacy policy

We respect your privacy and are committed to protecting your personal data. If you would like to find out more about the measures the Manager takes in processing your personal information, please refer to the privacy policy, which can be found at www.foresightgroup.eu/privacy-policy.



Trading shares

The Company's shares are listed on the London Stock Exchange. Share price information is available on the Manager's website and can also be obtained from many financial websites.

The Company's shares can be bought and sold in the same way as any other quoted company on the London Stock Exchange via a stockbroker. The primary market maker for Foresight Enterprise VCT plc is Panmure Gordon & Co.

You can contact Panmure Gordon by phone on 0207 886 2716 or 0207 886 2717

Investment in VCTs should be seen as a long-term investment and Shareholders selling their shares within five years of original subscription may lose any tax reliefs claimed. Investors who are in any doubt about selling their shares should consult their independent financial adviser.

Please contact the Manager if you or your adviser have any questions about this process.

Important information

Foresight Enterprise VCT plc currently conducts its affairs so that its shares can be recommended by IFAs to ordinary retail investors in accordance with the FCA's rules in relation to non-mainstream pooled investment products and intends to continue to do so for the foreseeable future.

The shares are excluded from the FCA's restrictions which apply to non-mainstream pooled investment products because they are shares in a VCT.

Past performance is not necessarily a guide to future performance. Stock markets and currency movements may cause the value of investments and the income from them to fall as well as rise and investors may not get back the amount they originally invested. Where investments are made in unquoted securities and smaller companies, their potential volatility increases the risk to the value of, and the income from, the investment.

Corporate Information

Company number

03506579

Directors

Michael Gray (Chair)

Raymond Abbott

Gaynor Coley

Ian Harris (appointed 1 December 2023)

Kavita Patel (appointed 1 September 2023)

Company Secretary

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and

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