THAMES VENTURES VCT 2 PLC

ANNUAL REPORT AND ACCOUNTS

31 MARCH 2023

Foresight
FOR A SMARTER FUTURE

Downing

Shareholder Information

Financial Calendar

12 September 2023	**Annual General Meeting**
29 September 2023	**Payment of final dividend**
December 2023	**Announcement of Half-Yearly financial results**

Selling shares

The Company's shares can be bought and sold in the same way as any other company listed on the London Stock Exchange, using a stockbroker. Disposing of shares may have tax implications, so Shareholders are urged to contact their independent financial adviser before making a decision.

The Company has stated that it will, from time to time, consider making market purchases of its own shares, in accordance with the policy set out in the Chairman's Statement. At present, the Company only operates a share buyback policy in respect of its Ventures, Healthcare and AIM Shares, as the other classes are in the process of returning funds to Shareholders through dividends. If you are considering selling your shares or wish to buy shares in the secondary market, you can contact the Company's Corporate Broker, Panmure Gordon (UK) Limited ("Panmure") who can provide guidance on the likely timing of buyback and other details.

Panmure can be contacted as follows:

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

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

Dividends

Dividends will be paid by the registrar on behalf of the Company. Shareholders who wish to have dividends paid directly into their bank account, rather than by cheque to their registered address, can complete a mandate form for this purpose or do this via the Investor Hub at thames-ventures-vcts.cityhub.uk.com. Queries relating to dividends, shareholdings, and requests for mandate forms should be directed to the Company's registrar, whose details can be found on the Company Information page.

Notification of change of address

Communications with Shareholders are mailed to the registered address held on the share register. In the event of a change of address or other amendments this should be notified to the Company's registrar or via the Investor Hub.

Share scam warning

We are aware that a number of shareholders of VCTs continue to receive unsolicited telephone calls from a company purporting to be acting on behalf of a client who is looking to acquire their VCT shares at an attractive price. We believe these calls to be part of a "Boiler Room Scam". **Shareholders are warned to be very suspicious if they receive any similar type of telephone call. The FCA has published information about such scams at www.fca.org.uk/scamsmart**

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

Other information for Shareholders

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

www.foresightgroup.eu/products/thames-ventures-vct-2-plc

If you have any queries regarding your Shareholding in Thames Ventures 2 VCT plc, please contact the registrar.

Contents

Company Information

Registered number	6789187
Directors	Sir Aubrey Brocklebank Bt. (Chairman) Chris Allner Steven Clarke Andrew Mackintosh
Secretary and registered office	Grant Whitehouse 6th Floor, St. Magnus House 3 Lower Thames Street London EC3R 6HD
Investment Manager **(excluding the Healthcare share class)**	Foresight Group LLP The Shard 32 London Bridge Street London SE1 9SG www.foresightgroup.eu
Administration Manager and Investment Manager of the Healthcare Share class	Downing LLP 6th Floor, St. Magnus House 3 Lower Thames Street London EC3R 6HD www.downing.co.uk
Auditor	BDO LLP 55 Baker Street London W1U 7EU
VCT status advisers	Philip Hare & Associates LLP Hamilton House 1 Temple Avenue, Temple London EC4Y 0HA
Registrar	The City Partnership (UK) Limited The Mending Rooms Park Valley Mills Meltham Road Huddersfield HD4 7BH 01484 240 910 registrars@city.uk.com Investor Hub: thames-ventures-vcts.cityhub.uk.com
Corporate broker	Panmure Gordon (UK) Limited Chris Lloyd — 0207 886 2716 — chris.lloyd@panmure.com Paul Nolan — 0207 886 2717 — paul.nolan@panmure.com
Bankers	Royal Bank of Scotland plc Liverpool CSC, Stephenson Way Wavertree, Liverpool, L13, 1HE

Financial Highlights

	31 March 2023 Pence	31 March 2022 Pence
Ventures Share pool		
Net Asset Value ("NAV") per Ventures Share	**59.4**	68.20
Cumulative distributions	**8.0**	5.25
Total Return[2] per Ventures Share	**67.4**	73.45
Healthcare Share pool		
Net Asset Value ("NAV") per Healthcare Share	**61.60**	84.40
Cumulative distributions	**8.75**	5.25
Total Return[2] per Healthcare Share	**70.35**	89.65
AIM Share pool		
Net Asset Value ("NAV") per AIM Share	**101.1**	99.9
Cumulative distributions	**-**	-
Total Return[2] per AIM Share	**101.1**	99.9
DSO D Share pool		
Net Asset Value ("NAV") per DSO D Share	**2.6**	2.6
Cumulative distributions	**102.0**	102.0
Adjustment for Performance Incentive estimate	**-**	-
Total Return[2] per DSO D Share	**104.6** [1]	104.6
DP67 Share pool		
Net Asset Value ("NAV") per DP67 Share	**24.8**	26.8
Cumulative distributions (since original launch)	**67.8**	67.8
Total Return[2] per DP67 Share	**92.6**	94.6

[1] Based on Total Return to Shareholders at 31 March 2023, no Performance Incentive is expected to become due to management.
[2] Alternative Performance Measure (see page 49).

A full explanation of the Performance Incentive arrangements for each share pool is given on pages 59 and 102.

Investment Objectives

The Company's principal objectives are to:

- invest in a portfolio of venture capital investments and liquidity investments;
- provide a full exit for Planned Exit Shareholders within approximately six years at no discount to NAV;
- maintain VCT status; and
- target an annual dividend of at least 4% of the respective Ventures and Healthcare NAVs, from the summer of 2021 onwards.

The detailed investment policy adopted to achieve the investment objectives is set out in the Strategic Report on page 48.

Directors

Sir Aubrey Brocklebank Bt. (appointed 21 July 2015) (Chairman) qualified as a chartered accountant prior to working for Guinness Mahon from 1981 to 1986, initially in its corporate finance department before helping to establish a specialist development capital department. From 1986 to 1990 he was a director of Venture Founders Limited, managing a £12 million venture capital fund and subsequently managed the Avon Enterprise Fund Limited. Sir Aubrey assumed his first role within the VCT industry in 1997 and has since gone on to become one of the most experienced VCT directors. Sir Aubrey maintains a wide range of business interests and has been a director of six AIM listed companies. He is currently also a non-executive director of Edge Performance VCT plc.

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

Steven Clarke (appointed 8 September 2021) has 30 years' experience of investing in technology and data businesses including 21 years as a private equity investor with 3i, August Equity and ICG. Steven now supports founders through fundraising, international growth and exit as an investing non-executive director usually alongside a growth equity fund. Steven is also chair of the investment committee for Bethnal Green Ventures, a Tech for Good impact investor.

Andrew Mackintosh (appointed 8 September 2021) has had a distinguished career in industry and investment as a former CEO of FTSE 250 company, Oxford Instruments, before later leading the creation of the Royal Society Enterprise Fund, a pioneering initiative in bringing together scientific expertise and early-stage investment. He was a board member of the Intellectual Property Office and a trustee of the Design Council. He is also chairman of UKI2S, a government-backed venture capital fund supporting companies from the UK's scientific research base.

Andrew has a longstanding interest in enhancing the commercialisation and wider economic impact of UK research and is the author of a report ('The Mackintosh Report') commissioned by HM Treasury and published in April 2021.

All the Directors are non-executive and, with the exception of Chris Allner (who is a partner of one of the Investment Managers, Downing LLP), are independent of the Investment Manager.

Chairman's Statement

Introduction

I report on what has been an eventful year for your Company, with the main Investment Manager changing from Downing LLP to Foresight Group LLP following the sale of Downing's non-healthcare ventures division to Foresight in a transaction that completed on 4 July 2022.

The structure of the transaction has ensured a good level of continuity with the core investment team members moving to Foresight and Downing continuing to provide investment management services for the Healthcare share pool, quoted and non-ventures investments, as well as administration services for a handover period.

The Company changed its name to Thames Ventures VCT 2 plc on 2 September 2022 following the change of main Investment Manager.

Evergreen Share pool review

Ventures Share pool

The Ventures Share portfolio developed over the year, with £5.1 million invested in 12 VCT-qualifying companies, five of which were new additions to the portfolio.

The Ventures Share NAV at the year-end was 59.4p, representing a decrease of 6.1p per share or 8.9% over the year. This is after adding back the dividend of 2.75p per share, which was paid on 30 September 2022.

There has been a general decline in the portfolio investment valuations across the year, in line with sector trends for lower revenue and earnings multiples, due to economic concerns. Net unrealised losses for the period were £2.4 million.

There were four full exits during the year, plus a partial exit from one investment where part of the proceeds were rolled over into the acquirer. This produced net realised gains over cost of £1.2 million.

A more detailed review of the Ventures Share pool is included in the Investment Manager's Report on pages 8 to 19.

Healthcare Share pool

The Healthcare Share pool had a limited level of activity over the year with one new investment and two follow-ons made. There was also one full exit and some deferred consideration collected on an earlier investment.

The Healthcare Share NAV at the year-end was 61.6p, representing a decrease of 19.3p per share or 21.5% in NAV over the year after adjusting for the Healthcare dividend of 3.50p per share, which was paid on 30 September 2022.

The most significant movements in the portfolio were a full provision of £1.8 million which was made against Adaptix Limited, as well as falls in the share prices of a small number of AIM-quoted stocks (Arecor falling by £1.2 million, GENinCode by £573,000 and Destiny Pharma by £98,000), which accounted for the majority of the £4.1 million of net unrealised losses for the period. The Healthcare Share pool remains heavily exposed to the relatively volatile AIM market, with more that 30% of the pool's value accounted for by two AIM-quoted investments.

A more detailed review of the Healthcare Share pool is included in the Investment Manager's Report on pages 20 to 31.

AIM Share pool

The AIM Share Pool launched in 2022 and is a small pool with net assets of £2.7 million. Conditions for VCT AIM investing since the launch have been weak, with a very limited number of VCT eligible AIM flotations and fundraisings.

Consequently, no AIM investments have been made to date, although funds have been placed in a money market fund and an equity income fund pending improved conditions for AIM investing.

The AIM Share NAV stood at 101.1p at the year end, representing an increase of 1.2p per share or 1.2% in NAV over the year.

The Board will continue to consider how beneficial the different share pools are for Shareholders. Any proposals by the Board will be put to Shareholders in due course.

Planned Exit Share pool review
The Company continues to hold two planned exit share pools which hold a small number of investments from which exits are sought in order to return funds to shareholders and wind up those share classes.

DSO D Share pool
The DSO D Share portfolio held two remaining investments as at 31 March 2023.

The two remaining investments are in a pub company Pearce and Saunders Limited and a related business, which have both sold their main assets. Attempts are being made to wind up both companies and extract the small amount of remaining value from them.

The DSO D Share NAV stood at 2.6p at the year end, showing no movement over the year. The Total Return to DSO Shareholders remains 104.6p per share, as reported at 31 March 2022, compared to the cost for Shareholders who invested in the original DSO D Share offer of 100.0p, or 70.0p per share net of income tax relief.

A more detailed review of the DSO D Share pool is included in the Investment Manager's Report on pages 35 to 39.

DP67 Share pool
The remaining value in the DP67 Share portfolio is in two investments which are both in the hospitality sector.

As at 31 March 2023, the DP67 Share NAV stood at 24.8p and Total Return stood at 92.6p per share, a decrease of 2.0p per share, equivalent to 2.1% in Total Return terms since 31 March 2022.

We are expecting final proceeds from Gatewales Limited in the near future. Cadbury House Holdings Limited owns a leisure and hotel facility in Bristol. The property is being marketed for sale although the current market is weak and the Investment Manager is keen to avoid a sale at undervalue.

A more detailed review of the DP67 Share pool is included in the Investment Manager's Report on pages 40 to 44.

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

Further detail on the Investment Manager's approach to responsible investment, including the key principles and their screening approach, can be found on pages 45 to 47.

Fundraising
As noted in the half yearly report, a new offer for subscription was launched in September 2022. The offer has raised £1.6 million to date between the Ventures and Healthcare Share classes and is scheduled to close on 31 July 2023.

Fundraising was impacted by the various changes to the Company during the year and the Board is reviewing with the Investment Manager plans for renewed focus and momentum in the current year.

With a lower level of funds than expected raised, supporting the existing portfolio will be prioritised with the main impact being reduced potential for new investments, albeit in a market in which fundraising volumes are significantly reduced.

Dividends
Thames Ventures 2 has a target of seeking to pay annual dividends for the Ventures and Healthcare share classes of at least 4% of the respective NAVs per annum.

The Board is now reviewing, with the new Manager, how the Company can best achieve its objectives for Shareholders, including future fundraising plans. While this review is being undertaken, the Board believes it is prudent to be cautious with the Company's uninvested funds until the plans of the future become clearer. For this reason, the proposed final dividends for the Ventures and Healthcare share classes are being reduced from their normal levels at this time. The Board will, however, give consideration to declaring further dividends once this review is complete.

Chairman's Statement (continued)

Dividends (continued)

The Board is proposing to pay final dividends of 1.25p per Ventures Share and 1.25p per Healthcare Share on 29 September 2023, to Shareholders on the register as at 1 September 2023. The proposed dividends are subject to Shareholder approval at the forthcoming AGM. Following the payment of the proposed dividends, the Company will have paid cumulative dividends of 9.25p per Ventures Share and 10.0p per Healthcare Share.

Further dividends in respect of the Company's Planned Exit Share pools will be paid once further realisations have taken place. No dividends are expected to be paid by the AIM Share class in its initial years.

Share buybacks

The Company usually operates a policy of buying back its own shares that become available in the market, subject to regulatory and liquidity factors. The Board review these on a regular basis and will make appropriate adjustments as it sees fit. Any such purchases are undertaken at a price approximately equal to NAV (i.e. at a nil discount).

As mentioned above, while the Board is reviewing plans for the future of the Company. While this review is undertaken, for a period, the Board does not expect to undertake share buybacks in the Ventures, Healthcare and AIM Share pools. This review will allow a clear strategy for the allocation of the Company's cash resources to be drawn up. The Board does, however, expect share buybacks to resume in due course.

As the focus for the two remaining Planned Exit Share pools is on returning funds to Shareholders via distributions, the Company will not undertake any further buybacks in respect of those share classes.

Panmure Gordon continues to act as the Company's corporate broker, operating the share buyback process and ensuring that the quoted spread on the Company's shares remains at a reasonable level. If you wish to sell or buy shares in the Company, the contact details of Panmure Gordon can be found on the Shareholder Information page.

During the year ended 31 March 2023, the Company repurchased 3,014,102 Ventures Shares at an average price of 66.9p per Share and 1,007,037 Healthcare Shares at an average price of 72.8p per Share.

Annual General Meeting ("AGM")

The Company invites Shareholders to attend this year's AGM in person once more. The AGM is planned to take place at the offices of Foresight Group LLP, The Shard, 32 London Bridge Street, London, SE1 9SG at 3:30 p.m. on 12 September 2023.

Shareholders wishing to attend the AGM are requested to please notify Downing LLP via email, to tv2agm@downing.co.uk, in case there are changes to arrangements which need to be communicated at short notice.

Three items of special business are proposed at the AGM as follows:

- one resolution in respect of the authority to buy back shares as noted above; and
- two resolutions in respect of authority to allot shares and disapply pre-emption rights to give the Company flexibility in respect of further fundraising plans.

This year Shareholders will be able submit proxy votes electronically. The details required for voting will be sent to each shareholder. The deadline for proxy votes to be received is 3:30 p.m. on 8 September 2023.

Outlook

Although the main share classes have seen their portfolios fall in value over the year, these movements are not out of line with general market conditions for young growth businesses. Increasing interest rates, inflation and fears of recession have knocked investor confidence about growth prospects and valuation metrics.

The Board is cognisant that it takes time to nurture and realise value from potential outperformer companies whereas economic turmoil pushes weaker companies into difficulty. By reviewing the Managers' portfolios and discussing proposed actions, the Board is generally satisfied that the Ventures and Healthcare portfolios have sufficient weight of stronger investments to generate growth in return for Shareholders in future.

The Board is committed to the Company's strategy of nurturing young growth businesses through the stages of their development with the Managers providing full support to the companies that have the potential to deliver the targeted returns. The Board and the Managers have agreed suitable strategies for the available cash funds, with appropriate allocation between existing portfolio companies meriting further support, limited investment in new companies as well as meeting other demands on cash.

In respect of the planned exit share classes, the Board is encouraging the Manager to pursue transactions that will bring both share classes to a close this year.

As mentioned above, the Board is now reviewing possible options for the future of the Company, seeking to identity a way to execute the Company's strategy which will best serve Shareholders' interests. I will, of course, report any significant developments to this end to Shareholders as soon as practicable.

Sir Aubrey Brocklebank Bt.
Chairman

31 July 2023

Ventures Share Pool

Share Pool Summary

Financial highlights	31 March 2023 Pence	31 March 2022 Pence
Net Asset Value per Ventures Share	**59.40**	68.20
Cumulative distributions	**8.00**	5.25
Total Return per Ventures Share	**67.40**	73.45

Forthcoming Dividend

A proposed final dividend of 1.25p per Ventures Share will be paid on 29 September 2023, to Shareholders on the register at 1 September 2023.

Dividend history

Period end	Date paid	Pence per share
2020 Interim	25 September 2020	**2.50**
2021 Interim	24 September 2021	**2.75**
2022 Interim	30 September 2022	**2.75**
		8.00

Share prices

The Company's share prices can be found on various financial websites with the following TIDM/EPIC codes:

	Ventures Shares
TIDM/EPIC codes	TV2V
Latest share price (31 July 2023)	66.0p per share

Performance Incentive arrangements

Members of the management team have committed to subscribe for a number of Ventures Shares equal to 20% of the total number of Ventures Shares in issue. The members of the management team have agreed to waive any dividends on these Shares until the performance hurdles are met.

For the year ended 31 March 2023, the hurdle is met when Total Return (based on audited year end results) is in excess of £1.09 per Ventures Share. For subsequent years, the Total Return hurdle increases by 3p per annum such that for the year ended 31 March 2024 the Total Return hurdle will be £1.12, for the year ended 31 March 2025 the hurdle will be £1.15, etc. If the hurdle is met in any year, then members of the management team will receive 20% of the dividends paid. The Total Return at 31 March 2023 was 67.4p and therefore no provision for a performance incentive fee is necessary.

Investment Manager's Report - Ventures Share Pool

i. Overview

Introduction

We present a review of the investment portfolio and activity for the Ventures Share pool for the year ended 31 March 2023.

This Investment Manager's Report is split into three sections comprising this overview, a review of the Venture Capital Portfolio and a report on the portfolio of Liquidity Investments.

Net Asset Value and results

As at 31 March 2023, the NAV of a Ventures Share stood at 59.4p, a decrease of 6.1p (8.9%) for the year after adding back the Ventures dividend of 2.75p per share, which was paid on 30 September 2022.

The return on ordinary activities for the Ventures Share pool for the year was a loss of £3.2 million (2022: gain of £1.8 million), comprising a revenue loss of £494,000 (2022: loss of £491,000) and a capital loss of £2.7 million (2022: gain of £2.3 million).

It is disappointing to report the Total Return to Shareholders as at 31 March 2023 of 67.4p which continues to be considered an underperformance against our expectations for the Ventures Share pool.

A final dividend of 1.25p per share is proposed to be paid on 29 September 2023, to Shareholders on the register at 1 September 2023.

Portfolio Overview

As at 31 March 2023, the Ventures Share pool held a portfolio of 36 Venture Capital investments and one Liquidity investment, with a combined value of £27.8 million.

Following the impact of the pandemic, there have continued to be challenges for businesses in the UK and internationally, caused by the impact of the economic downturn with rising rates of inflation and interest.

The investment team continue to work closely with portfolio companies to provide guidance and, where appropriate, additional funding in support of potential value growth. The stronger companies in the portfolio have proven capable of delivering good performances and positive updates which is encouraging.

The valuation movements during the period are discussed in more detail in the following sections of this Investment Manager's Report.

Portfolio Performance

Overall, several larger valuation uplifts in the Venture Capital Portfolio were outweighed by a number of valuation decreases during the period, resulting in a net valuation decrease of £2.4 million across the portfolio. The carrying value of the Liquidity Investment portfolio has been adjusted to reflect quoted prices as at 31 March 2023. This resulted in a valuation decrease of £174,000 for the period. Of the two Liquidity Investments brought forward, one was exited during the period, details of which are provided in the disposal table on page 13.

ii. Ventures Portfolio

Investment activity

During the period, a total of £5.1 million was invested in 12 businesses, five of which are new VCT Qualifying investments.

New Ventures investments

A total of £3.0 million was invested into new VCT Qualifying investments during the year. A description of each of these five companies is shown below.

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

Maestro Media Limited (£340,000) has developed a talent-led, e-learning media platform of multichannel e-commerce technology. This is a subscription-based platform which has secured a licence to use the BBC brand and has partnered with a number of recognised celebrities across various industries to deliver engaging content.

Investment Manager's Report - Ventures Share Pool (continued)

ii. Venture Capital Portfolio (continued)

New Ventures investments (continued)

Vivacity Labs Limited (£493,000) provides traffic management software to optimise traffic flow by avoiding congestion and improve safety within cities and traffic junctions.

Audioscenic Limited (£200,000) is a spin-out from the University of Southampton's Institute of Sound and Vibrational Research and has developed a software-based solution that unlocks the full potential of 3D audio.

Glisser Limited (£200,000) has built a platform that supports virtual and hybrid events.

Follow-on Ventures investments

A total of £2.1 million was invested as follow-on capital into existing businesses in the Venture Capital Portfolio, most notably:

FVRVS Limited (trading as Fundamental VR) (£537,000) has developed a platform, Fundamental Surgery, which is the market leading medical education platform delivering multimodal simulation and education across tethered and all-in-one VR, mixed reality and mobile, harnessing the very latest AI techniques.

Masters of Pie Limited (£219,000) developed Radical, a software solution that enables remote sharing and collaboration on large data sets.

Rated People Limited (£200,000) is an online marketplace connecting homeowners with local tradespeople.

Hackajob Limited (£1.0 million) is an online recruitment platform for employers seeking developers and engineers.

There were four full exits during the year from the Venture Capital portfolio. Total proceeds of £5.3 million were generated, producing a gain over cost of £1.1 million, although representing a loss over holding value of £131,000.

E-Fundamentals Group Limited, a B2B developer of a Software as a Service (SaaS) analytics platform allowing ecommerce companies to accurately assess the performance of their products, generated proceeds of £3.7 million, realising a profit over cost of £2.2 million however a loss over the opening value of £137,000.

Firefly Learning Limited, an edtech e-learning platform which allows teachers, students and parents to share lesson plans and review homework, was sold during the period, generating proceeds of £1.0 million. The opening value of this investment was held at cost therefore there was an immaterial loss realised against both cost and value of £32,000.

Streethub Limited (trading as Trouva), an online marketplace for a curated range of homeware and lifestyle products, was sold during the period, generating proceeds of £242,000. The value of this investment was written down in 2022 as a result of the business trading significantly behind budget therefore a gain over value of £100,000 was realised. It should be noted, however, that this was a disappointing overall loss against the original cost of £1.1 million.

Fenkle Street LLP, a non-qualifying investment, was created to fund the purchase of a property in central Newcastle and carry out its subsequent refurbishment under the Business Premises Renovation Allowance (BPRA) scheme. This sale generated proceeds of £343,000, realising a gain over cost of £42,000 however a loss over the opening value of £62,000.

Deferred consideration of £114,000 was also received in relation to the exit of **ADC Biotechnology Limited**, which occurred in the year ended 31 March 2021.

Portfolio valuation

During the period, the Venture Capital portfolio of the Ventures Share pool recognised an unrealised loss in value of £2.4 million, including unrealised foreign exchange gains of £286,000. Whilst there have been a number of positive developments within the Venture Capital portfolio, this was offset by the reduction in value of several companies, predominantly due to underperformance in a challenging macroeconomic environment. Of the £2.4 million total unrealised loss, the most significant movements are noted below.

The largest gain in value was in Cornelis Networks, Inc, who delivers purpose-built high-performance fabrics for High Performance Computing (HPC), High Performance Data Analytics (HPDA) and Artificial Intelligence (AI). During the period, the company was uplifted by £1.5 million, including the impact of foreign exchange. This revaluation is the result of a calibration to the price set by a funding round during the year.

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

Ayar Labs Inc, the developer of components for high performance computing and data centre applications, was uplifted by £314,000, including the impact of foreign exchange. This revaluation is the result of a calibration to the price set by a funding round during the year.

Bulbshare Limited, a company that enables brands to build communities from their existing customers, has performed well during the year with revenues continuing to grow, resulting in a valuation uplift of £178,000 as at the year end.

Disappointingly, there were a number of unrealised losses recognised during the period. Some of these came from the more vulnerable businesses within the portfolio, however there were some material losses recognised to account for funding and liquidity risks faced by some of the larger portfolio companies. The greatest unrealised loss in the period was from Cambridge Touch Technologies, a company developing pressure sensitive multi touch technology. The investment suffered an unrealised fair value loss of £764,000 as a result of the challenging macroeconomic environment and weaker access to funding.

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

Hackajob Limited, a marketplace for technical hires, was revalued downwards by £358,000 to calibrate to the price of last funding round.

Trinny London Limited, a cosmetics and skincare brand, was revalued downwards by £306,000 due to reduced confidence in consumer spending.

Carbice Corporation Inc. This company has developed a suite of products based on its carbon material called Carbice Carbon which is primarily used as thermal management solutions to enable greater thermal conductivity. The valuation was reduced by £233,000, including the impact of foreign exchange, as a result of the challenging macroeconomic environment and access to funding.

There were three investments that were written down to nil during the year. These were Glisser Limited, Hummingbird Technologies Limited and Channel Mum Limited, resulting in a combined unrealised loss over original cost of £1.7 million and a loss over carrying value of £761,000.

The remaining investments in the Venture Capital Portfolio were adjusted in value by a total net loss of £1.4 million as at 31 March 2023, including the impact of foreign exchange.

Liquidity Investments

The carrying value of the remaining Liquidity Investment has been adjusted to reflect its quoted price as at 31 March 2023. This resulted in a total reduction of £174,000 for the year.

Foresight Group LLP

31 July 2023

Review of Investments – Ventures Share Pool

The following investments were held at 31 March 2023:

Portfolio of investments	Cost £'000	**Valuation £'000**	Valuation movement in period £'000	% of portfolio
Ventures investments				
Cornelis Networks, Inc.	1,402	2,874	1,504	9.2%
Virtual Class Limited (Third Space Learning)	1,053	2,199	383	7.1%
Ayar Labs, Inc.	764	1,840	314	5.9%
Rated People Limited	1,582	1,821	(274)	5.8%
CommerceIQ Limited	1,749	1,731	(18)	5.6%
Imagen Limited	1,000	1,703	(60)	5.5%
Hackajob Limited	1,284	1,665	(358)	5.3%
Ecstase Limited (t/a ADAY)	1,000	1,000	(257)	3.2%
Trinny London Limited	219	934	(306)	3.0%
Upp Technologies Group Limited (previously Volo Commerce)	1,136	923	(213)	3.0%
Masters of Pie Limited	886	876	(10)	2.8%
Arecor Therapeutics plc^	418	822	(319)	2.6%
Parsable, Inc.	766	753	42	2.4%
Limitless Technology Limited	757	703	(217)	2.3%
FVRVS Limited (t/a Fundamental VR)	787	678	(218)	2.2%
Cambridge Touch Technologies Limited	959	605	(764)	1.9%
Congenica Limited	734	605	(141)	1.9%
Vivacity Labs Limited	493	490	(3)	1.6%
Maverick Pubs (Holdings) Limited	1,000	444	(6)	1.4%
Bulbshare Limited	249	427	178	1.4%
BBC Maestro Limited	340	419	79	1.3%
Carbice Corporation	656	406	(233)	1.3%
MIP Discovery Limited	300	300	-	1.0%
FundingXchange Limited	1,050	276	(510)	0.9%
Distributed Limited	275	275	-	0.9%
Audioscenic Limited	200	200	-	0.6%
Destiny Pharma plc^	500	88	(65)	0.3%
Lignia Wood Company Limited	1,778	-	-	-
Empiribox Holdings Limited	1,563	-	-	-
Live Better With Limited	1,211	-	-	-
Ormsborough Limited	900	-	-	-
Channel Mum Limited	757	-	(311)	-
Hummingbird Technologies Limited	750	-	(250)	-
Lineten Limited	400	-	-	-
Glisser Limited	200	-	(200)	-
London City Shopping Centre Limited*	30	-	-	-
	29,148	**25,057**	(2,233)	80.4%
Liquidity investments				
Downing Strategic Micro-Cap Investment Trust plc*^	4,269	**2,701**	(174)	8.7%
	33,417	**27,758**	(2,407)	89.1%
Cash at bank and in hand		3,430		10.9%
Total investments		31,188		100.0%

*non-qualifying investment
^listed and traded on the London Stock Exchange

All Ventures investments are incorporated in England and Wales, except Ayar Labs, Inc. Cornelis Networks, Inc. and Parsable, Inc. which are incorporated in USA.

Review of Investments – Ventures Share Pool (continued)

Investment movements for the year ended 31 March 2023

Additions	Cost £'000
Ventures investments	
CommerceIQ Limited	1,749
Hackajob Limited	1,000
FVRVS Limited (t/a Fundamental VR)	537
Vivacity Labs Limited	493
BBC Maestro Limited	340
Masters of Pie Limited	219
Glisser Limited	200
Audioscenic Limited	200
Rated People Limited	200
Streethub Limited (t/a Trouva)	71
Upp Technologies Group Limited (previously Volo Commerce)	59
Channel Mum Limited	20
	5,088

Disposals	Cost £'000	Valuation at 01/04/22 £'000	Proceeds £'000	(Loss)/ gain vs. cost £'000	Realised gain/(loss) £'000
Ventures investments					
Streethub Limited (t/a Trouva)	1,350	142	242	(1,108)	100
E-Fundamentals (Group) Limited	1,508	3,847	3,710	2,202	(137)
Firefly Learning	1,047	1,047	1,015	(32)	(32)
Fenkle Street LLP*	301	405	343	42	(62)
ADC - deferred proceeds	-	-	114	114	114
Loan note conversions					
Hackajob Limited	500	500	500	-	-
FVRVS Limited (t/a Fundamental VR)	125	125	125	-	-
Liquidity investments					
MI Downing UK Micro-Cap Growth Fund B Accum*	123	116	139	16	23
	4,954	6,182	6,188	1,234	6

*non-qualifying investment

Review of Investments – Ventures Share Pool (continued)

Further details of the ten largest Ventures investments held by the Ventures Share pool:

Cornelis Networks, Inc.
www.cornelisnetworks.com

Cost at 31/03/23:	£1,402,000	Valuation at 31/03/23:	£2,874,000
Cost at 31/03/22:	£1,402,000	Valuation at 31/03/22:	£1,370,000
Date of first investment:	Sep-20	Valuation method:	Calibration to price of recent investment
Investment comprises:			
Equity:	£1,402,000	% of total shares in issue/total voting rights	2.8%

Summary financial information not publicly available.

Cornelis Networks is a provider of purpose-built interconnects focused on high performance computing (HPC), high performance data analytics (HPDA), and artificial intelligence (AI). Cornelis Networks is an independent company spun out from Intel's Omni-Path Architecture Business. Omni-Path Architecture enables quicker processing and output with minimal lag and power consumption – a critical element with the increasing data requirements in next-gen technology.

Virtual Class Limited
(Third Space Learning)
www.thirdspacelearning.com

Cost at 31/03/23:	£1,053,000	Valuation at 31/03/23:	£2,199,000
Cost at 31/03/22:	£1,053,000	Valuation at 31/03/22:	£1,816,000
Date of first investment:	Apr-18	Valuation method:	Multiple
Investment comprises:			
Equity:	£1,053,000	% of total shares in issue	4.5%
		% of total voting rights	7.8%

Summary financial information from statutory accounts to 31 July:

	2022	2021
Net assets:	£1.4m	£1.8m

Third Space Learning has developed an online educational platform that provides mathematics tuition to pupils studying for their exams, offering online 1-to-1 maths intervention and high-quality resources that help develop the building blocks to success in maths.

Ayar labs, Inc.
www.ayarlabs.com

Cost at 31/03/23:	£764,000	Valuation at 31/03/23:	£1,840,000
Cost at 31/03/22:	£764,000	Valuation at 31/03/22:	£1,526,000
Date of first investment:	Aug-20	Valuation method:	Calibration to price of recent investment
Investment comprises:			
Equity:	£764,000	% of total shares in issue/total voting rights	5.0%

Summary financial information not publicly available.

Ayar Labs is developing a solution to overcome the power/performance scaling challenges of semiconductors as well as the interconnect bandwidth bottleneck between those devices, through the use of its Optical I/O technology.

Review of Investments – Ventures Share Pool (continued)

Further details of the ten largest Ventures investments held by the Ventures Share pool:

Rated People Limited
www.ratedpeople.com

Cost at 31/03/23:	£1,582,000	Valuation at 31/03/23:	£1,821,000
Cost at 31/03/22:	£1,382,000	Valuation at 31/03/22:	£1,895,000
Date of first investment:	Nov-18	Valuation method:	Discounted cash flow - investment
Investment comprises:			
Equity:	£1,382,000	% of total shares in issue	1.2%
Convertible loan stock:	£200,000	% of total voting rights	3.0%

Summary financial information from statutory accounts to 31 December:

	2021	2020
Turnover:	£11.0m	£11.6m
Loss before tax:	(£1.0m)	*£nil*
Net liabilities:	(£4.8m)	(£4.3m)

Rated People is an online home services marketplace that aims to connect homeowners with high quality local tradespeople. The company offers access to more than 50,000 tradespeople, representing over 30 trades, and covering the whole of the UK.

CommerceIQ Limited
www.commerceiq.ai

Cost at 31/03/23:	£1,749,000	Valuation at 31/03/23:	£1,731,000
Cost at 31/03/22:	n/a	Valuation at 31/03/22:	n/a
Date of first investment:	Jul-22	Valuation method:	Calibration to price of recent investment
Investment comprises:			
Equity:	£1,749,000	% of total shares in issue/total voting rights	0.2%

Summary financial information not publicly available.

CommerceIQ supports brands on retail ecommerce channels such as Amazon. Its unified platform applies machine learning and automation across marketing, supply chain, and sales operations to help brands gain market share profitably. The holding in CommerceIQ was received as part of a disposal transaction for E Fundamentals Limited.

Imagen Limited
www.imagen.io

Cost at 31/03/23:	£1,000,000	Valuation at 31/03/23:	£1,703,000
Cost at 31/03/22:	£1,000,000	Valuation at 31/03/22:	£1,763,000
Date of first investment:	Dec-18	Valuation method:	Multiple
Investment comprises:			
Equity:	£1,000,000	% of total shares in issue/total voting rights	4.9%

Summary financial information from statutory accounts to 31 May:

	2022	2021
Net liabilities:	(£4.6m)	(£1.9m)

Imagen is a SaaS video management platform which holds both current and archive footage for major sporting organisations and news outlets, including Premier League, World Tennis Association and the BBC. The platform helps sports, media and enterprise businesses to manage their expanding video and content libraries on its cloud-based technology.

Review of Investments – Ventures Share Pool (continued)

Further details of the ten largest Ventures investments held by the Ventures Share pool:

Hackajob Limited www.hackajob.co	Cost at 31/03/23:	£1,284,000	Valuation at 31/03/23:	£1,665,000
	Cost at 31/03/22:	£784,000	Valuation at 31/03/22:	£1,523,000
	Date of first investment:	Oct-18	Valuation method:	Calibration to price of recent investment
	Investment comprises:			
	Equity:	£784,000	% of total shares in issue/total voting rights	3.3%
	Convertible loan stock:	£500,000		

Summary financial information from statutory accounts to 31 October:

	2021	2020
Net liabilities:	(£2.6m)	(£1.2m)

Hackajob provides an online, automated recruitment platform for software engineers that leverages software, rather than people, to source, screen and hire candidates.

Ecstase Limited (t/a ADAY) www.thisisaday.com	Cost at 31/03/23:	£1,000,000	Valuation at 31/03/23:	£1,000,000
	Cost at 31/03/22:	£1,000,000	Valuation at 31/03/22:	£1,257,000
	Date of first investment:	Nov-19	Valuation method:	Calibration to price of recent investment
	Investment comprises:			
	Equity:	£1,000,000	% of total shares in issue/total voting rights	4.2%

Summary financial information from statutory accounts to 30 June:

	2021	2020
Net assets:	£8.6m	£9.0m

ADAY is an e-commerce clothing brand creating versatile, seasonless garments using fabrics and factories with a low environmental footprint. Founded in 2015, the company creates and sells direct to consumer multi-functional clothes for professional women using 'technical' fabrics more commonly used for sports attire, and where possible, incorporating the latest innovation in sustainable materials and sustainable manufacturing.

Review of Investments – Ventures Share Pool (continued)

Further details of the ten largest Ventures investments held by the Ventures Share pool:

Trinny London
www.trinnylondon.com

Cost at 31/03/23:	£219,000	Valuation at 31/03/23:	£934,000
Cost at 31/03/22:	£219,000	Valuation at 31/03/22:	£1,240,000
Date of first investment:	Jul-20	Valuation method:	Discounted cash flow - business
Investment comprises:			
Equity:	£219,000	% of total shares in issue/total voting rights	0.5%

Summary financial information from statutory accounts to 31 March:

	2022	2021
Turnover:	£50.6m	£44.2m
(Loss)/profit before tax:	(£0.8m)	£3.4m
Net assets:	£7.2m	£7.1m

Trinny Woodall founded Trinny London in 2017, developing a portable, versatile range of makeup, with colours to suit every woman.

Upp Technologies Group Limited (previously Volo Commerce)
www.upp.ai

Cost at 31/03/23:	£1,136,000	Valuation at 31/03/23:	£923,000
Cost at 31/03/22:	£1,077,000	Valuation at 31/03/22:	£1,077,000
Date of first investment:	Aug-17	Valuation method:	Discounted cash flow - business
Investment comprises:			
Equity:	£1,077,000	% of total shares in issue	3.7%
Loan stock:	£59,000	% of total voting rights	5.4%

Summary financial information from statutory accounts to 31 December:

	2022	2021
Net assets:	£4.7m	£3.5m

Upp Technologies has developed an AI and machine learning platform automating and optimising on-line advertising spend, principally enabling brands and retailers to connect Google's Ads data with their product performance data.

Note: net asset, turnover and pre-tax profit figures are stated where this information is publicly available. The proportion of the total shares in issue/total voting rights are stated on an individual Share pool basis.

Review of Investments – Ventures Share Pool (continued)

Summary of loan interest income and interest on advances

Loan interest and interest on advances receivable in the year	**£'000**
Fenkle Street LLP	**32**
Rated People Limited	**7**
Fundamental VR Limited	**2**
	41

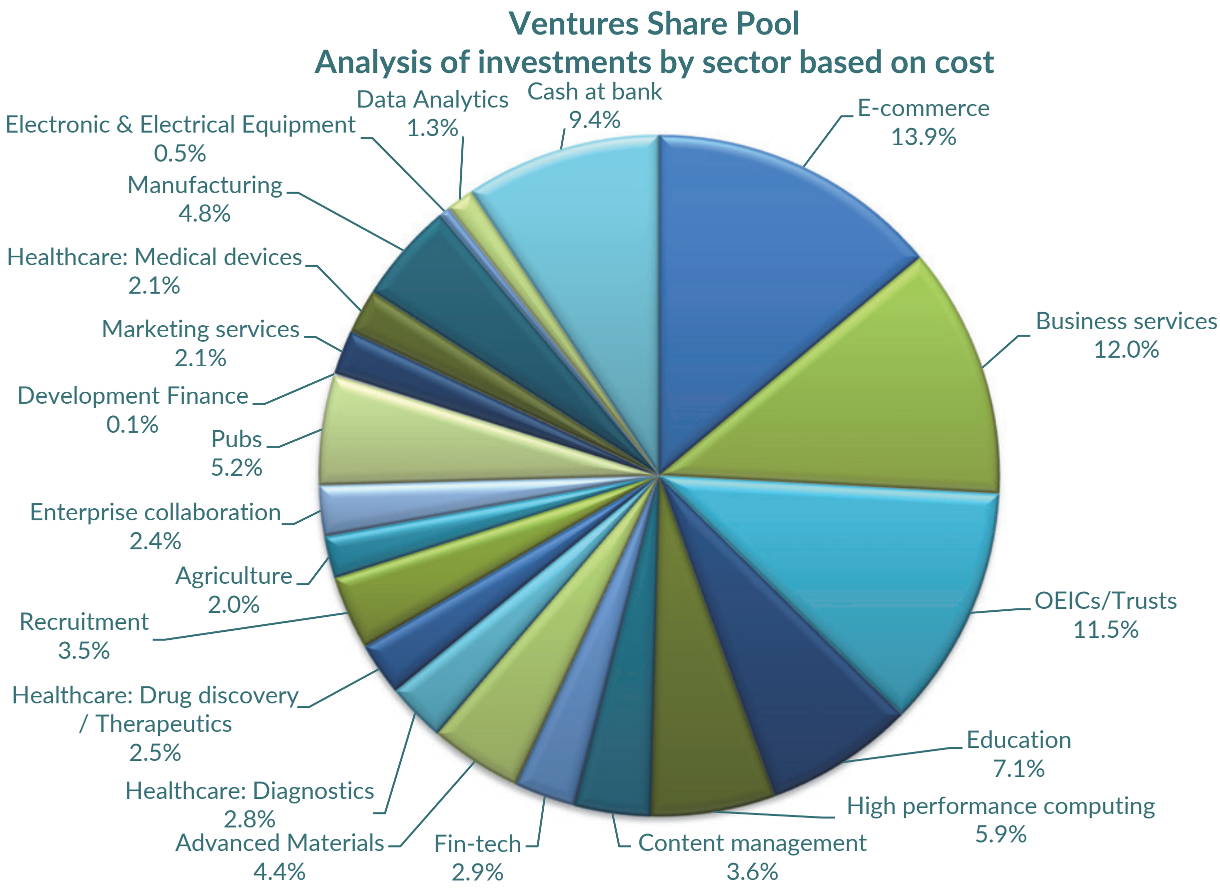
Analysis of investments by type

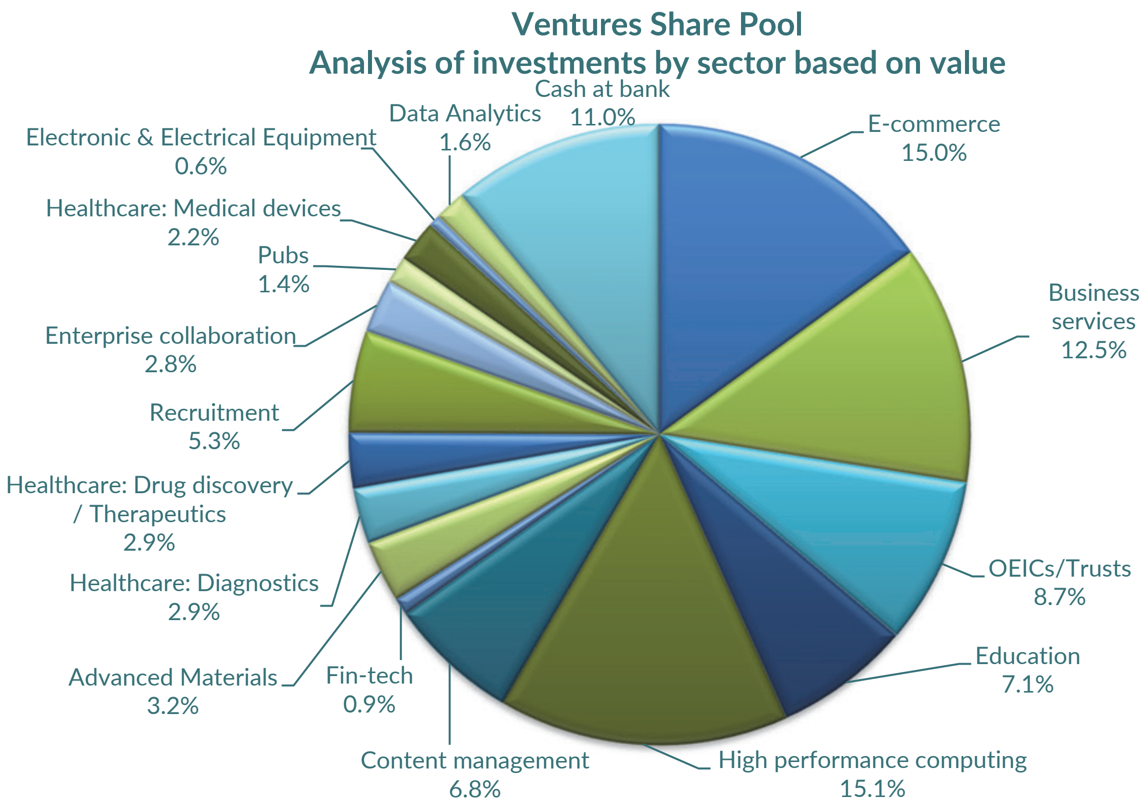
The allocation of the Ventures Share funds compared to the target split is summarised as follows:

	Actual portfolio split at 31 March 2023	Target portfolio split at 31 March 2023
VCT Qualifying Investments		
Qualifying loans	**2%**	25%
Qualifying equity	**77%**	60%
Total	**79%**	85%
Non-Qualifying Investments		
Liquidity investments and Non-Qualifying loans	**12%**	5%
Total	**12%**	90%
Cash	**9%**	10%
	100%	100%

The split of the Ventures Share pool investment portfolio by commercial sector (by cost and by value at 31 March 2023) are shown on the next page.

Review of Investments – Ventures Share Pool (continued)





Healthcare Share Pool

Share Pool Summary

Financial highlights	**31 March 2023 Pence**	31 March 2022 Pence
Net Asset Value per Healthcare Share	**61.60**	84.40
Cumulative distributions	**8.75**	5.25
Total Return per Healthcare Share	**70.35**	89.65

Forthcoming Dividend

A proposed final dividend of 1.25p per Healthcare Share will be paid on 29 September 2023, to Shareholders on the register at 1 September 2023.

Dividend history

Period end	**Date paid**	**Pence per share**
2020 Interim	25 September 2020	**2.50**
2021 Interim	24 September 2021	**2.75**
2022 Interim	30 September 2022	**3.50**
		8.75

Share prices

The Company's share prices can be found on various financial websites with the following TIDM/EPIC codes:

	Healthcare Shares
TIDM/EPIC codes	TV2H
Latest share price (31 July 2023)	67.5p per share

Performance Incentive arrangements

Members of the management team have committed to subscribe for a number of Healthcare Shares equal to 20% of the total number of Healthcare Shares in issue. The members of the management team have agreed to waive any dividends on these Shares until the performance hurdles are met.

For the year ended 31 March 2023, the hurdle is met when Total Return (based on audited year end results) is in excess of £1.09 per Healthcare Share. For subsequent years, the Total Return hurdle increases by 3p per annum such that for the year ended 31 March 2024 the Total Return hurdle will be £1.12, for the year ended 31 March 2025 the hurdle will be £1.15, etc. If the hurdle is met in any year, then members of the management team will receive 20% of the dividends paid. The current Total Return is 76.7p and therefore no provision for a performance incentive fee is necessary.

Investment Manager's Report- Healthcare Share Pool

i. Overview

Introduction

We present a review of the investment portfolio and activity for the Healthcare Share pool over the year ended 31 March 2023.

This Investment Manager's Report is split into three sections comprising this overview, a review of the Healthcare Portfolio and a report on the portfolio of Liquidity Investments.

Net Asset Value and results

As at 31 March 2023, the NAV of a Healthcare share stood at 61.6p, a decrease of 19.3p (21.5%) over the year after adding back the Healthcare dividend, of 3.50p per share, which was paid on 30 September 2022.

The loss on ordinary activities for the Healthcare Share pool for the year was £4.3 million (2022: return of £3.7 million), being a revenue loss of £272,000 (2022: £314,000) and a capital loss of £4.0 million (2022: £4.0 million gain).

The Total Return to Shareholders as at 31 March 2023, of 70.35p, continues to be considered an underperformance against our expectations for the Healthcare Share pool.

A proposed final dividend of 1.25p per share will be paid on 29 September 2023, to Shareholders on the register at 1 September 2023.

Portfolio Overview

As at 31 March 2023, the Healthcare Share pool held a portfolio of 15 Healthcare investments and one Liquidity investment, with a combined value of £12.4 million.

However, there are a number of risks which have continued through the year, including continued impact of growth of inflation and interest rates. We will continue to monitor the situation alongside our investee companies in order to minimise the risk exposure as much as possible and to provide guidance and support as necessary. The valuation movements during the period are discussed in more detail in the following sections of this Investment Manager's Report.

Portfolio Performance

There were several valuation movements in the Venture Capital Portfolio during the year, resulting in a net unrealised loss of £4.1 million, as at 31 March 2023.

The carrying value of the one Liquidity Investment, Downing Strategic Micro-Cap Investment Trust plc, has been adjusted to reflect its quoted price as at 31 March 2023, resulting in a valuation decrease of £30,000 for the year.

ii. Healthcare Portfolio

Investment activity

During the year, a total of £1.6 million was invested in three businesses, one of which was a new VCT Qualifying investment.

New Healthcare investments

Qkine Limited (£303,000) is a manufacturer of animal-free, highly bioactive and innovative proteins and growth factors for life science applications. The products help to tackle fundamental biological and scale-up challenges for the fast-growing stem cell, organoid, regenerative medicine, and cellular agriculture sectors.

Follow-on Healthcare investments

A further £824,000 was invested in **FVRVS Limited** (trading as Fundamental VR) which provides surgery simulation software for enterprise clients and hospitals. A further £427,000 was invested in **Invizius Limited** which is developing novel primers with the aim of reducing adverse inflammatory responses.

Portfolio valuation

During the period, the Healthcare portfolio of the Share pool decreased in value by a total of £4.1 million.

Portfolio valuation (continued)

Arecor, which is listed on AIM, has reduced in value by £1.2 million. We continue to believe that the company has a bright future as its star asset AT247 reads out its Phase 1 in Q4-23 in addition to its early-stage assets progressing through the clinic. Arecor also has partnered on-market assets which are expected to yield positive news flow through to 2025.

A full provision of £1.8 million was made against the investment in **Adaptix Limited,** when, after the period end, it became clear the company would not be able to complete its planned funding round and the business would need to urgently evaluate its options.

The valuation of **FVRVS Limited** (trading as Fundamental VR) decreased by £373,000 in order to calibrate to the most recent funding round.

The valuation of **Congenica Limited** has been written down by £350,000 as at 31 March 2023 to reflect trading performance tracking behind the business plan. Remedial actions have since been taken, including appointment of a new CEO who has been focused on commercials: partnering with notable organisations and improving revenues significantly. His go-to-market strategy with channel partners and government programs is beginning to deliver, which gives us more confidence of potential value being realised.

Destiny Pharma plc, which is listed on AIM, was reduced in value by £98,000. The company completed a much-awaited first out-licensing deal with Sebela Pharmaceuticals during the year and is now seeking partners for its other drug programmes. The Sebela deal provides a long-term path to value creation.

DiA Imaging Analysis has agreed an offer for acquisition from a large med-tech company in the space, with final completion of this transaction anticipated in Q2-23. The valuation has been increased by £135,000 to reflect the closing share price for the transaction subject to final working capital adjustments, which are anticipated to be de minimis.

GENinCode plc ("GENinCode") which is listed on AIM, was reduced in value by £573,000. The business has continued to underperform against its targets; it is yet to make meaningful progress in the US and the European growth has not gained momentum. The business recently acquired Abcodia for no upfront cost, but we are yet to see the benefits of this acquisition. We continue to wait for meaningful US regulatory and market access progress.

The valuations of **Invizius Limited** and **Qkine Limited** have been increased by £71,000 and £76,000 respectively in order to calibrate to the most recent funding rounds.

Open Bionics Limited is an award-winning designer, manufacturer and supplier of bionic limbs. The company uses 3D printing and scanning technology to produce custom-made prosthetics at a lower manufacturing cost relative to existing technologies. The valuation has increased by £49,000 to reflect the position in the cap table and the shareholders participating preference terms.

There were no other valuation movements in the Venture Capital portfolio.

iii. Liquidity Investments

The value of the Healthcare Share pool's holding in **Downing Strategic Micro-Cap Investment Trust plc** ("DSM") decreased in value by £30,000 during the period. As at 31 March 2023, DSM's mid-market share price traded at a discount to NAV of 18.1%, representing potential unrealised value in the company's share price.

MI Downing Micro-Cap Growth Fund ("DMCG") was exited during the year for a modest profit over cost of £4,000.

The Healthcare Share class, and its underlying portfolio of companies, is exposed to these sector factors and as a result we are focusing our attention for the coming 12 months on ensuring that our portfolio companies are adequately financed to enable them to continue to grow.

Investment Manager's Report- Healthcare Share Pool (continued)

Outlook

Macroeconomic factors continue to impact the financial markets with a knock-on impact on the venture capital funding environment as many venture funds choose to focus on supporting their existing portfolios rather than looking to add new positions.

We may start to add new positions towards the end of the year if conditions turn more favourable.

Despite the sector headwinds, many of the companies in the portfolio are starting to make real commercial progress and are becoming attractive targets, as evidenced by the recent agreement to sell DiA to a large medtech corporate following the year end.

Downing LLP – Healthcare Ventures Team
31 July 2023

Review of Investments – Healthcare Share Pool

The following investments were held at 31 March 2023:

Portfolio of investments	Cost £'000	**Valuation £'000**	Valuation movement in period £'000	% of portfolio
Healthcare investments				
Arecor Therapeutics plc^	1,533	3,015	(1,171)	22.8%
Open Bionics Limited	1,000	1,428	49	10.8%
FVRVS Limited (t/a Fundamental VR)	1,324	1,169	(373)	8.8%
GENinCode plc^	1,202	1,051	(573)	8.0%
Invizius Limited	927	998	71	7.6%
Congenica Limited	1,184	865	(350)	6.5%
Tidalsense Limited	800	800	-	6.1%
Closed Loop Medicine Limited	650	650	-	4.9%
DiA Imaging Analysis Limited	415	564	135	4.3%
The Electrospinning Company Limited	478	544	-	4.1%
Qkine Limited	303	379	76	2.9%
MIP Discovery Limited	300	300	-	2.3%
Destiny Pharma plc^	750	131	(98)	1.0%
Live Better With Limited	1,106	-	-	-
Adaptix Limited	1,056	-	(1,843)	-
	13,028	11,894	(4,077)	90.1%
Liquidity Investments				
Downing Strategic Micro-Cap Investment Trust plc*^	729	461	(30)	3.5%
	13,757	**12,355**	(4,107)	93.6%
Cash at bank and in hand		**860**		6.4%
Total investments		**13,215**		100.0%

*non-qualifying investment
^listed and traded on the London Stock Exchange

Review of Investments – Healthcare Share Pool (continued)

Investment movements for the year ended 31 March 2023

Additions	Cost £'000
Healthcare investments	
FVRVS Limited (t/a Fundamental VR)	824
Invizius Limited	427
Qkine Limited	303
	1,554

Disposals	Cost £'000	Valuation at 01/04/22 £'000	Proceeds £'000	Gain vs. cost £'000	Realised gain £'000
Healthcare investments					
Future Health Works Limited (t/a MyRecovery)	528	750	798	270	48
FVRVS Limited (t/a Fundamental VR)	250	250	250		
ADC - deferred proceeds	-	-	195	195	195
Liquidity investments					
MI Downing UK Micro-Cap Growth Fund B Accum*	40	37	44	4	7
	818	1,037	1,287	469	250

*non-qualifying investment

Review of Investments – Healthcare Share Pool (continued)

Further details of the ten largest Healthcare investments held by the Healthcare Share pool:

Arecor Therapeutics plc
www.arecor.com

Cost at 31/03/23:	£1,533,000	Valuation at 31/03/23:	£3,015,000
Cost at 31/03/22:	£1,533,000	Valuation at 31/03/22:	£4,186,000
Date of first investment:	Sep-18	Valuation method:	Quoted
Investment comprises:			
Equity	£1,533,000	% of total shares in issue/total voting rights	5.0%

Summary financial information from statutory accounts to 31 December:

	2021	2020
Net assets:	£23.9m	£0.9m

Arecor is a leader in developing superior biopharmaceuticals through the application of its innovative formulation technology platform. The company also provides the use of its platform as a service to drug development customers.

On 3 June 2023, Arecor admitted its shares to trading on AIM and raised a further £20 million via a new placing. The proceeds will be used to facilitate the development of its internal proprietary diabetes and specialty hospital products.

Open Bionics Limited
www.openbionics.com

Cost at 31/03/23:	£1,000,000	Valuation at 31/03/23:	£1,428,000
Cost at 31/03/22:	£1,000,000	Valuation at 31/03/22:	£1,379,000
Date of first investment:	Dec-18	Valuation method:	Calibration to price of recent investment
Investment comprises:			
Equity:	£1,000,000	% of total shares in issue/total voting rights	6.4%

Summary financial information from statutory accounts to 31 December:

	2021	2020
Net assets:	£0.8m	£2.1m

Open Bionics is a Bristol-based engineering start-up that designs and manufactures affordable bionic prosthetic hands by using 3D scanning and printing. Founded in 2014, their current focus is on becoming the market leader for bionic hands, before entering new higher-growth prosthetic/orthotic markets.

FVRVS Limited (t/a Fundamental VR)
www.FundamentalVR.com

Cost at 31/03/23:	£1,324,000	Valuation at 31/03/23:	£1,169,000
Cost at 31/03/22:	£750,000	Valuation at 31/03/22:	£968,000
Date of first investment:	Oct-19	Valuation method:	Calibration to price of recent investment
Investment comprises:			
Equity:	£1,324,000	% of total shares in issue/total voting rights	6.2%

Summary financial information from statutory accounts to 31 December:

	2021	2020
Net (liabilities)/assets:	(£0.1m)	£1.3m

Fundamental VR supply virtual reality enabled surgery simulation software into hospitals, medical schools and pharmaceutical companies. The software has proprietary in-built haptics functionality (i.e. touch sensations closely mimicking real life textures) and connects seamlessly into off-the-shelf hardware that many hospitals already have on site.

Review of Investments – Healthcare Share Pool (continued)

Further details of the ten largest Healthcare investments held by the Healthcare Share pool:

GENinCode plc
www.genincode.com

Cost at 31/03/23:	£1,202,000	Valuation at 31/03/23:	£1,051,000
Cost at 31/03/22:	£1,202,000	Valuation at 31/03/22:	£1,624,000
Date of first investment:	Jul-20	Valuation method:	Quoted
Investment comprises:			
Equity:	£1,202,000	% of total shares in issue/total voting rights	6.6%

Summary financial information from group statutory accounts to 31 December:

	2021	2020
Turnover:	£1.2m	£1.0m
Loss before tax:	(£4.1m)	(£1.1m)
Net assets/(liabilities):	£15.2m	£2.4m

GENinCode products combine genetic and clinical data to risk assess patients and provide healthcare practitioners with advanced clinical information to evaluate and predict the onset of cardiovascular disease. GENinCode predictive technology provides patients and physicians with globally leading preventative care and treatment strategies. On 22 July 2021 GENinCode Limited admitted its shares to trading on AIM.

Invizius Limited
www.invizius.com

Cost at 31/03/23:	£927,000	Valuation at 31/03/23:	£998,000
Cost at 31/03/22:	£750,000	Valuation at 31/03/22:	£968,000
Date of first investment:	Mar-21	Valuation method:	Calibration to price of recent investment
Investment comprises:			
Equity:	£927,000	% of total shares in issue/total voting rights	6.0%

Summary financial information from statutory accounts to 31 December:

	2021	2020
Net assets:	£4.4m	£1.4m

Invizius is a developer of new coating technologies for dialysers to minimise the side effects of dialysis and help improve patient outcomes. The business is still at the R&D Stage.

Congenica Limited
www.congencia.com

Cost at 31/03/23:	£1,184,000	Valuation at 31/03/23:	£865,000
Cost at 31/03/22:	£1,184,000	Valuation at 31/03/22:	£1,215,000
Date of first investment:	Oct-19	Valuation method:	Calibration to price of recent investment
Investment comprises:			
Equity	£1,184,000	% of total shares in issue/total voting rights	2.0%

Summary financial information from group statutory accounts to 31 December:

	2022	2021
Turnover:	£4.2m	£1.2m
Loss before tax:	(£14.7m)	(£14.9m)
Net assets:	£10.6m	£23.0m

Congenica has developed a genomics-based diagnostic decision support platform which helps doctors identify rare diseases in patients. The platform analyses DNA sequence data to suggest a diagnosis, speed up the time to diagnosis, and support clinical trials and drug development. Congenica has partnered with leading institutions and customers in the UK, US, China and Europe to better serve different patient populations and, as a result, is revenue generating.

Review of Investments – Healthcare Share Pool (continued)

Further details of the ten largest Healthcare investments held by the Healthcare Share pool:

Tidalsense Limited (formerly Cambridge Respiratory Innovations Limited)
www.tidalsense.com

Cost at 31/03/23:	£800,000	Valuation at 31/03/23:	£800,000
Cost at 31/03/22:	£800,000	Valuation at 31/03/22:	£800,000
Date of first investment:	Nov-20	Valuation method:	Calibration to price of recent investment
Investment comprises:			
Equity:	£800,000	% of total shares in issue/total voting rights	1.4%

Summary financial information from statutory accounts to 31 December:

	2021	2020
Net liabilities:	£2.8m	£1.7m

Tidalsense is a leading medtech company that creates ground‐breaking respiratory technologies. In December 2021 it received funding from BGF and Downing Ventures to fast-track research and development of its award‐winning N‐Tidal device to help medical professionals diagnose and monitor respiratory conditions. The N‐Tidal device is a first‐in‐kind, connected, handheld capnometer incorporating unique patented sensor technology, that can accurately measure carbon dioxide levels in exhaled breath during normal breathing. The data is transmitted wirelessly using mobile networks and is analysed using CRI's intelligent cloud‐based analytics software. This information can be used to provide novel insights into lung health.

Closed Loop Medicine Limited
www.closedloopmedicine.com

Cost at 31/03/23:	£650,000	Valuation at 31/03/23:	£650,000
Cost at 31/03/22:	£650,000	Valuation at 31/03/22:	£650,000
Date of first investment:	Oct-21	Valuation method:	Calibration to price of recent investment
Investment comprises:			
Equity:	£650,000	% of total shares in issue/total voting rights	2.3%

Summary financial information from statutory accounts to 31 December:

	2021	2020
Net assets:	£12.6m	£0.7m

Closed Loop Medicine has developed an integrated healthcare technology intended to improve patient outcomes and health system performance by combining drugs/medicines with its digital platform for greater precision in treatment that is personalised to the individual.

DiA Imaging Analysis Limited
www.dia-analysis.com

Cost at 31/03/23:	£415,000	Valuation at 31/03/23:	£564,000
Cost at 31/03/22:	£415,000	Valuation at 31/03/22:	£429,000
Date of first investment:	Nov 18	Valuation method:	Calibration to price of recent investment
Investment comprises:			
Equity:	£415,000	% of total shares in issue/total voting rights	1.5%

Summary financial information not publicly available.

DiA develops and sells AI ultrasound imaging analysis solutions with the aim of assisting current operators and reducing the experience and technical know-how required for future operators. Its products facilitate the trend towards point of care diagnostics.

Review of Investments – Healthcare Share Pool (continued)

Further details of the ten largest Healthcare investments held by the Healthcare Share pool:

The Electrospinning Company Limited	Cost at 31/03/23:	£478,000	Valuation at 31/03/23:	£544,000
www.electrospinning.co.uk	Cost at 31/03/22:	£478,000	Valuation at 31/03/22:	£544,000
	Date of first investment:	Apr-19	Valuation method:	Calibration to price of recent investment
	Investment comprises:			
	Equity:	£478,000	% of total shares in issue/total voting rights	4.7%

Summary financial information from statutory accounts to 30 June:

	2022	2021
Net assets:	£3.2m	£4.7m

The Electrospinning Company is a supplier and manufacturer of clinical-grade biomaterials. A biomaterial is a biological or synthetic substance that can be introduced into body tissue as part of an implanted medical device or used to replace an organ or bodily function for a wide range of medical use cases. These biomaterials act as synthetic scaffolds for implantation within the body tissue to promote and facilitate tissue repair, typically post-trauma or surgery.

Note: net asset, turnover and pre-tax profit figures are stated where this information is publicly available. The proportion of the total shares in issue/total voting rights are stated on an individual share pool basis.

Review of Investments – Healthcare Share Pool (continued)

Summary of loan interest income and interest on advances

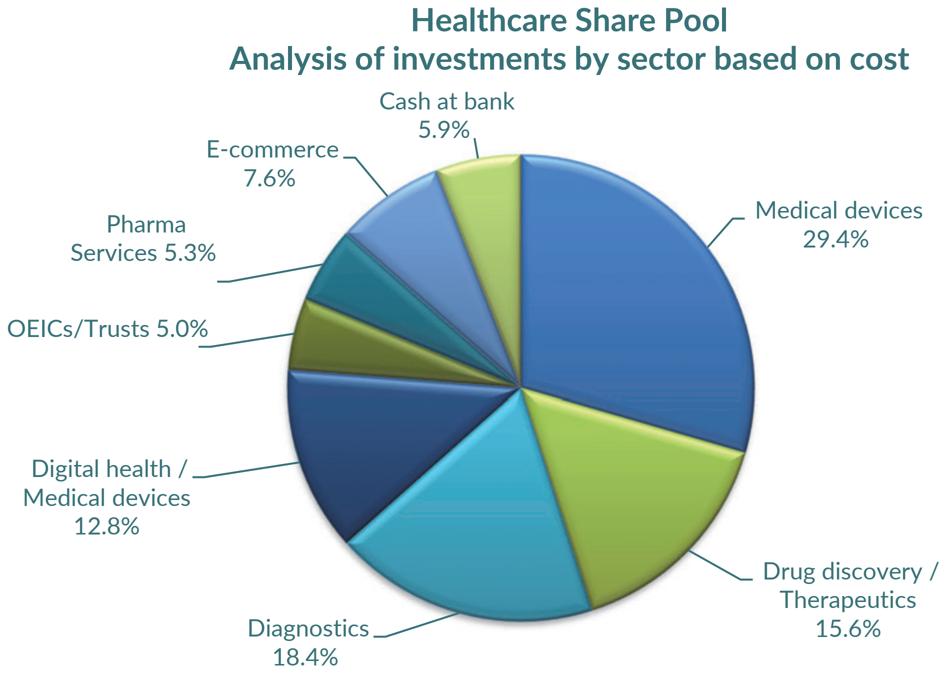
Loan interest and interest on advances receivable in the year	**£'000**
Fundamental VR Limited	**4**
	4

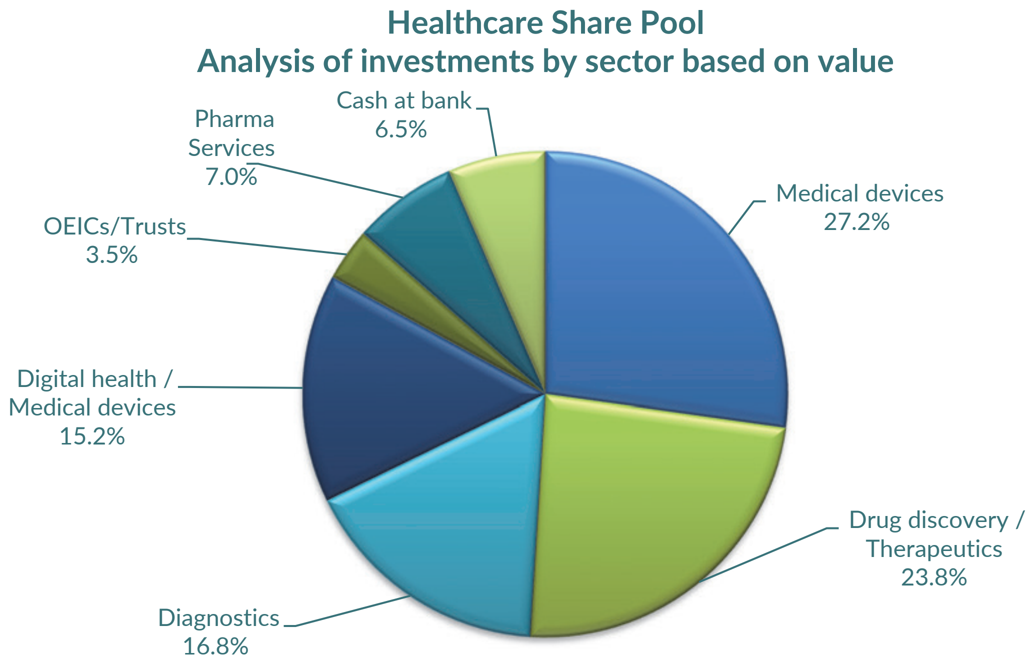
Analysis of investments by type

The allocation of the Healthcare Share funds by cost compared to the target split is summarised as follows:

	Actual portfolio split at 31 March 2023	Target portfolio split at 31 March 2023
VCT Qualifying Investments		
Qualifying loans	**-**	25%
Qualifying shares	**89%**	60%
Total	**89%**	85%
Non-Qualifying Investments		
Liquidity investments	**5%**	5%
Total	**94%**	90%
Cash	**6%**	10%
	100%	100%

Review of Investments – Healthcare Share Pool (continued)





Review of Investments – AIM Share Pool

Share Pool Summary

Financial highlights	**31 March 2023 Pence**	31 March 2022 Pence
Net Asset Value per AIM Share	**101.1**	99.9
Cumulative distributions	**-**	-
Total Return per AIM Share	**101.1**	99.9

Dividend history

No dividends paid to date. Dividends are unlikely to be paid in respect of the AIM Share Class in its initial years.

Share prices

The Company's share prices can be found on various financial websites with the following TIDM/EPIC codes:

	AIM Shares
TIDM/EPIC codes	TV2A
Latest share price (31 July 2023)	100.5p per share

Performance Incentive arrangements

There are no performance incentive arrangements in place in respect of the AIM Share class.

Investment Manager's Report- AIM Share Pool

Introduction

The fundraising for the AIM Share Class was launched in August 2021 at a time when markets were performing well, as the economy started to rebound from the release of the constraints of the pandemic. At that time, we were seeing a steady flow of potentially attractive IPOs on AIM which were eligible for investment by VCTs.

The world has changed dramatically since then with the Ukraine conflict, recessionary fears, continued high inflation and increasing interest rates combining to shake investor confidence, resulting in an extended period when there were no suitable investment opportunities for the share class.

In view of the lack of AIM-IPOs we invested a proportion of the funds raised in a cash fund and equity income fund looking to produce some returns from the uninvested funds.

Net Asset Value and results

As at 31 March 2023, the NAV of an AIM share stood at 101.1p, an increase of 1.2p (1.2%) over the year.

Outlook

Despite the frustrations of not being able to invest the share pool's funds as planned, it is pleasing to be able to report a positive return when, over the same period, the AIM market in general has suffered substantial losses.

With the challenge of investing the share pool's funds and the fact that the pool is very small in size, we are discussing plans for the future of the pool with the Board and seeking to find a strategy which is in Shareholders' best interests.

Downing Fund Managers

31 July 2023

Review of Investments – AIM Share Pool

The following investments were held at 31 March 2023:

Portfolio of investments	Cost £'000	**Valuation £'000**	Valuation movement in period £'000	% of portfolio
Liquidity Investments				
BlackRock Cash Fund Class D Accumulating*	1,157	1,172	15	42.7%
Vanguard FTSE U.K. Equity Income Index Fund GBP Acc*	643	721	78	26.3%
	1,800	1,893	93	69.0%
Cash at bank and in hand		850		31.0%
Total investments		**2,743**		100.0%

*non-qualifying investment

DSO D Share Pool

Share Pool Summary

Financial highlights	**31 March 2023 Pence**	31 March 2022 Pence
Net Asset Value per DSO D Share	**2.6**	2.6
Cumulative distributions	**102.0**	102.0
Adjustment for Performance Incentive estimate	**-**	-
Total Return per DSO D Share	**104.6**	104.6

Dividend history

Period end	**Date paid**	**Pence per share**
2012 Final	27 September 2012	**2.5**
2013 Interim	25 January 2013	**2.5**
2013 Final	13 September 2013	**2.5**
2014 Interim	24 January 2014	**2.5**
2014 Final	30 September 2014	**2.5**
2015 Interim	30 January 2015	**2.5**
2015 Second interim	30 September 2015	**2.5**
2016 Interim	23 December 2015	**2.5**
2016 Final	30 September 2016	**2.5**
2017 Interim	6 January 2017	**2.5**
2017 Final	29 September 2017	**2.5**
2018 Special	2 November 2017	**25.0**
2018 Interim	13 August 2018	**24.0**
2021 Special	29 November 2019	**18.0**
2022 Special	28 January 2022	**7.5**
		102.0

Share prices

The Company's share prices can be found on various financial websites with the following TIDM/EPIC codes:

	DSO D Shares
TIDM/EPIC codes	DO1D
Latest share price (31 July 2023)	3.25p per share

Structure of shareholdings

The Company's DSO D Share offer for subscription was open between 31 August 2011 and 17 August 2012. For every £1 invested, Shareholders received one DSO D Share.

Performance Incentive arrangements

When cumulative dividends to DSO D Shareholders exceed 100.0p and the IRR on the Shareholders' investment exceeds 7% per annum, a Performance Incentive becomes payable to the management team. The fee is calculated at 3% on the first 100.0p of Shareholder proceeds, plus 20% of the excess above 100.0p. The fee is capped at a maximum of 7.0p per DSO D Share. Should the remaining investments be exited at their carrying value, it is estimated that no Performance Incentive is payable as, although the proceeds hurdle will have been exceeded, the compound return hurdle will not have been met.

Investment Manager's Report - DSO D Share Pool

Introduction
The DSO D Share pool now has two investments left which we need to exit allow the share pool to wind up. This process is unfortunately taking some time to complete.

Net Asset Value and results
The Net Asset Value ("NAV") per DSO D Share at 31 March 2023 stood at 2.6p, showing no movement over the year. A performance incentive fee is not expected to become payable and so a deduction for this is not applicable. However, should the performance incentive fee hurdles ultimately be met, a fee could become due.

Total Return stands at 104.6p per share compared to initial cost to Shareholders, net of income tax relief, of 70.0p per share. We consider this to be satisfactory performance when compared to the initial NAV of 100p.

The loss on ordinary activities after taxation for the year was £8,000 (2022: £3,000), comprising a revenue profit of £20,000 (2022: loss of £16,000) and a capital loss of £28,000 (2022: gain of £13,000).

Investments
As at 31 March 2023, the DSO D Share pool held two investments with a total value of £16,000.

Portfolio valuation
During the year, the carrying value of the portfolio of investments held by the DSO D Share pool was reduced by £27,000.

Pearce and Saunders Limited and Pearce and Saunders DevCo Limited are the only remaining investments in the portfolio. The final pub was sold some time ago and an Insolvency Practitioner is being appointed to distribute funds via a liquidation. The valuation has been reduced by £27,000 as at 31 March 2023 to reflect expected value of future distributions.

Outlook
We are hopeful that the formal process now being undertaken to wind up the remaining companies will allow this process to complete in the near future. Once this is done, a final distribution will be made to DSO D Shareholders.

Foresight Group LLP

31 July 2023

Review of Investments - DSO D Share Pool

The following investments were held at 31 March 2023:

Portfolio of investments	Cost £'000	**Valuation £'000**	Valuation movement in year £'000	% of Portfolio
Pearce and Saunders DevCo Limited*	19	**16**	-	8.3%
Pearce and Saunders Limited	255	**-**	(27)	-
	274	**16**	(27)	8.3%
Cash at bank and in hand		**176**		91.7%
Total investments		**192**		100.0%

* non-qualifying investment

All investments are incorporated in England and Wales.

Review of Investments – DSO D Share Pool (continued)

Further details of the investments held by the DSO D Share pool:

Pearce & Saunders DevCo Limited

Cost at 31/03/23:	£19,000	Valuation at 31/03/23:	£16,000
Cost at 31/03/22:	£19,000	Valuation at 31/03/22:	£16,000
Date of first investment:	Jun-15	Valuation method:	Net assets
Investment comprises:			
Equity:	£19,000	% of total shares in issue	8.4%
		% of total voting rights	3.5%

Summary financial information from statutory accounts to 31 August:

	2021	2020
Net assets:	£0.2m	£0.2m

Pearce & Saunders DevCo Limited was established for the purpose of acquiring and developing a piece of land adjacent to The Eltham GPO, a Downing-backed public house managed by Antic London and owned by Pearce & Saunders Limited.

Pearce & Saunders Limited

Cost at 31/03/23:	£255,000	Valuation at 31/03/23:	*Nil*
Cost at 31/03/22:	£255,000	Valuation at 31/03/22:	£27,000
Date of first investment:	Apr-14	Valuation method:	Net assets
Investment comprises:			
Equity:	£216,000	% of total shares in issue	8.4%
Loan notes	£39,000	% of total voting rights	3.5%

Summary financial information from statutory accounts to 30 June:

	2021	2020
Net assets:	£0.2m	£1.2m

Pearce and Saunders Limited is a freehold pub company that is managed by the Antic London team and was funded by the Downing VCTs. It was incorporated to acquire the freehold pubs of three South East London sites. All three pubs have been sold and we are now awaiting a final tax sign off from HMRC before making distributions.

Note: net asset, turnover and pre-tax profit figures are stated where this information is publicly available.

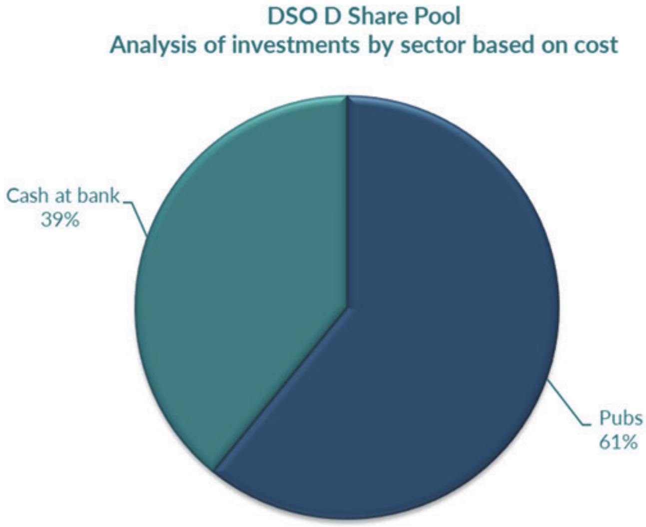
Review of Investments – DSO D Share Pool (continued)

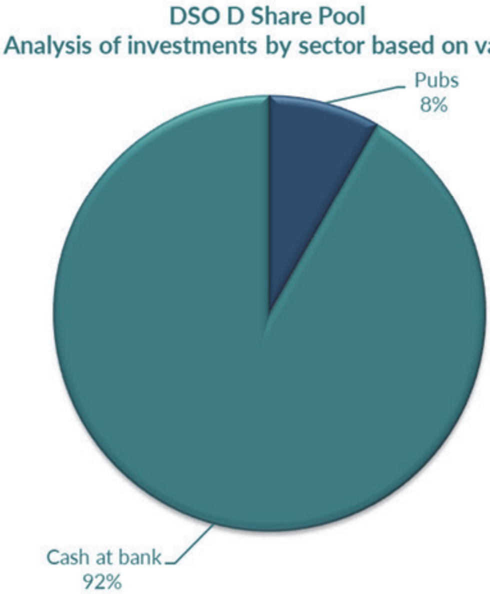
Summary of loan interest income and interest on advances

	£'000
Loan interest and interest on advances receivable in the year	
Pearce & Saunders Limited	**24**
	24

Portfolio by commercial sector

The split of the DSO D Share pool investment portfolio by commercial sector (by cost and by value at 31 March 2023) is as follows:





DP67 Share Pool

Share Pool Summary

Financial highlights	**31 March 2023 Pence**	31 March 2022 Pence
Net Asset Value per DP67 Share	**24.8**	26.8
Cumulative distributions	**67.8**	67.8
Total Return per DP67 Share	**92.6**	94.6

Dividend history

Period end	**Date paid**	**Pence per share**
Pre-merger dividends		**21.8**
2016 Interim	23 December 2015	**2.0**
2016 Final	30 September 2016	**2.0**
2017 Interim	6 January 2017	**2.0**
2017 Final	29 September 2017	**2.0**
2018 Special	16 March 2018	**20.0**
2021 Special	29 November 2019	**18.0**
		67.8

Share prices

The Company's share prices can be found on various financial websites with the following TIDM/EPIC codes:

	DP67 Shares
TIDM/EPIC codes	D467
Latest share price (31 July 2023)	14.0p per share

Structure of shareholdings

The original Share offers under Downing Planned Exit VCT 6 plc and Downing Planned Exit VCT 7 plc launched in July 2007 and were followed by a Share Realisation and Reinvestment Programme ("SRRP") in 2013, under which many investors committed for a further five years. For every £1 invested, Shareholders received one Downing Planned Exit VCT 6 Share or one Downing Planned Exit VCT 7 Share. Each Share was converted to a Thames Ventures 2 DP67 Share as part of the merger in July 2015.

Performance Incentive arrangements

The are no Performance Incentive arrangements in place in respect of this Share pool.

Investment Manager's Report - DP67 Share Pool

Introduction

The process of seeking to realise the remaining investments for optimal proceeds and returning funds to DP67 Shareholders continues.

Net Asset Value and results

The Net Asset Value ("NAV") per DP67 Share at 31 March 2023 stood at 24.8p, a decrease of 2.0p or 2.1% in Total Return terms during the year. Total Return stands at 92.6p per DP67 Share, compared to initial cost to Shareholders, net of income tax relief, of 70.0p per share. Compared to the initial NAV of 100p, we consider the Total Return to be an underperformance against the original expectations for the DP67 Share pool.

The loss on ordinary activities after taxation for the year was £221,000 (2022: gain of £934,000), comprising a revenue loss of £92,000 (2022: gain of £1.2 million) and a capital loss of £129,000 (2022: £247,000).

Investments

As at 31 March 2023, the DP67 Share pool held a portfolio of two investments of value, with that value totalling £1.1 million.

Portfolio activity

There was one realisation during the year ended 31 March 2023. £644,000 was received in respect of Fenkle Street LLP, which represents a healthy gain over cost of £239,000.

Portfolio valuation

The DP67 portfolio showed no movement in value during the year ended 31 March 2023.

Following a distribution from the underlying business which sold its hotel asset, in which Gatewales Limited holds an interest, it is estimated that the DP67 share pool will shortly receive £344,000. However, a significant provision against loan interest due from Gatewales Limited has had to be made during the period as the overall proceeds are expected to fall below previous estimates.

Attempts by Cadbury House Holdings to sell its conference centre and hotel property have been ongoing for some months now. During the year, no offers have been received that match the target valuation and therefore, the decision was made to continue to market the property until a buyer is found with an offer at an appropriate price. The DP67 Share pool's holding remains held at the same value as reported at the end of last year and loan interest continues to be recognised in full, providing the share pool with £193,000 of income during the year.

Outlook

The challenge now is to achieve an exit from Cadbury House Holdings Limited at an acceptable valuation. The market for this type of assets is weak currently but we believe it is in the best interests of shareholders not to sell at undervalue even if this means the final exit takes longer. Further dividends will be paid once the final realisations have taken place.

Foresight Group LLP
31 July 2023

Review of Investments – DP67 Share Pool

The following investments were held at 31 March 2023:

Portfolio of investments	Cost £'000	**Valuation £'000**	Valuation movement in year £'000	% of portfolio
Cadbury House Holdings Limited	1,409	**791**	-	41.6%
Gatewales Limited*	343	**344**	-	18.1%
Yamuna Renewables Limited	400	**-**	-	0.0%
London City Shopping Centre Limited**	99	**-**	-	0.0%
	2,251	**1,135**	-	59.7%
Cash at bank and in hand		**766**		40.3%
Total investments		**1,901**		100.0%

* partially qualifying investment
** non-qualifying investment

All investments are incorporated in England and Wales.

Disposals	Cost £'000	Valuation at 01/04/22 £'000	Proceeds £'000	Gain vs. cost £'000	Realised gain £'000
Fenkle Street LLP*	405	759	644	239	(115)
	405	759	644	239	(115)

*non-qualifying investment

Review of Investments – DP67 Share Pool (continued)

Further details of the investments held by the DP67 Share pool:

Cadbury House Holdings Limited

Cost at 31/03/23:	£1,409,000	Valuation at 31/03/23:	£791,000
Cost at 31/03/22:	£1,409,000	Valuation at 31/03/22:	£791,000
Date of first investment:	Oct-06	Valuation method:	Net assets
Investment comprises:			
Equity:	£882,000	% of total shares in issue/total voting rights:	27.5%
Loan notes:	£527,000	% of loan notes held:	27.5%

Summary financial information from statutory accounts to 30 September:

	2021	2020
Turnover:	£4.9m	£10.4m
Loss before taxation:	(£1.1m)	(£2.7m)
Net assets:	£3.6m	£4.7m

Cadbury House Holdings Limited owns and operates a health club, restaurant and conference centre at Cadbury House, near Bristol. The restaurant trades as a Marco Pierre-White Steakhouse Bar and Grill.

Gatewales Limited

Cost at 31/03/23:	£343,000	Valuation at 31/03/23:	344,000
Cost at 31/03/22:	£343,000	Valuation at 31/03/22:	£344,000
Date of first investment:	Mar-07	Valuation method:	Net assets
Investment comprises:			
Loan notes:	£343,000	% of loan notes held:	84.9%

Summary financial information from statutory accounts to 31 March:

	2022	2021
Net liabilities:	(£10.3m)	(£8.2m)

Gatewales Limited is a member of Fenkle Street LLP, which undertook a refurbishment contract on a hotel in Newcastle during 2011 and 2012. Payment for this contract depends on the performance of the hotel and is being paid over a period of time as the bank debt is reduced.

Note: net asset, turnover and pre-tax profit figures are stated where this information is publicly available.

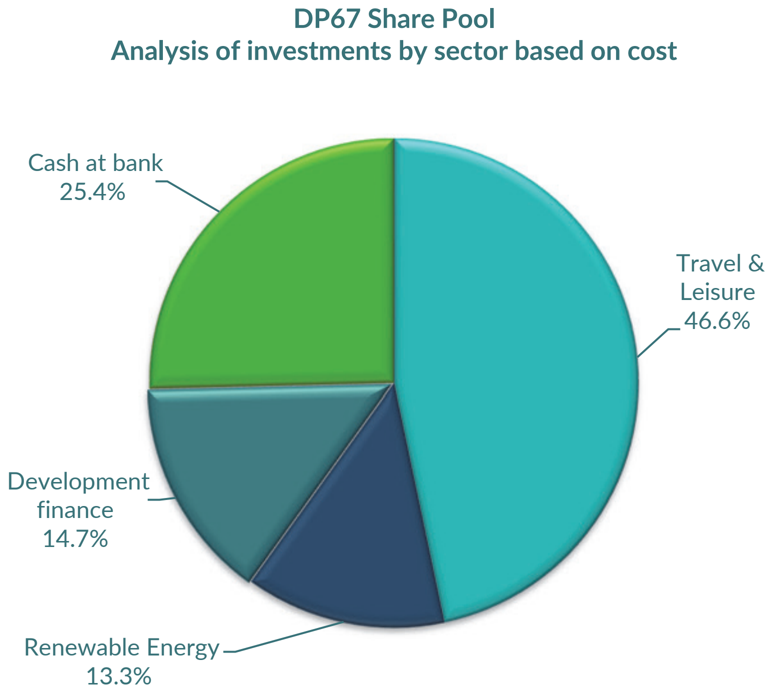
Review of Investments – DP67 Share Pool (continued)

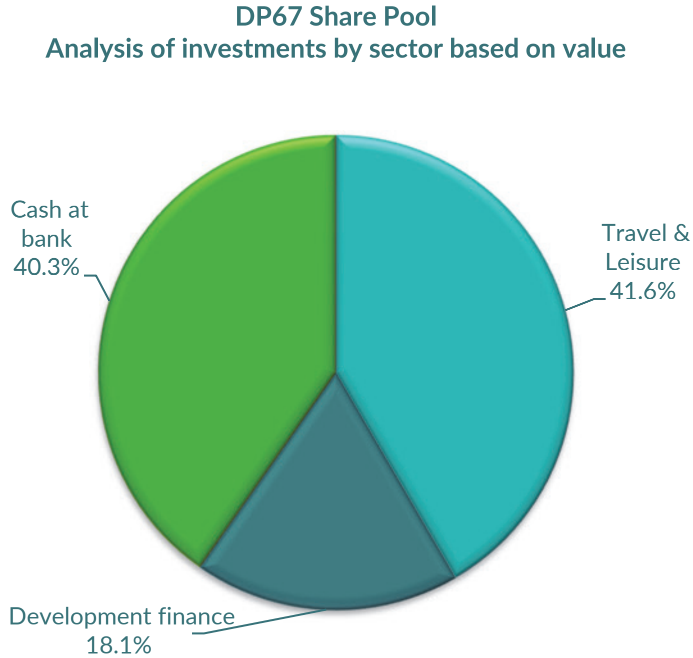
Summary of loan interest income and interest on advances

Loan interest and interest on advances receivable in the year	**£'000**
Cadbury House Holdings Limited	**193**
Fenkle Street LLP	**6**
Gatewales Limited	**(8)**
	191

Portfolio by commercial sector

The split of the DP67 Share pool investment portfolio by commercial sector (by cost and by value at 31 March 2023) is as follows:





Approach to Responsible Investment

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

ESG values form an integral part of the principal Investment Manager, Foresight Group's, day-to-day decision making, with all new investments made subject to ESG due diligence and ongoing ESG monitoring. Downing LLP, the Healthcare Share Pool manager, operates on a broadly similar basis.

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

Overall, 40 individual key performance indicators are considered under the five Principles. Foresight 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?

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, Foresight 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 Foresight 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.

Approach to Responsible Investment (continued)

UN SDGs (continued)

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

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

Credentials

Foresight 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. Foresight 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

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

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

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

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

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

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

Approach to Responsible Investment (continued)

Climate Change Statement (continued)

The FCA reporting requirements consistent with the Task Force on Climate-related Financial Disclosures ("TCFD") commencing from 1 January 2021 do not currently apply to the Company. They will, however, be kept under review and the Board and Foresight will take note of any recommended changes. Foresight 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.

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. Foresight's policies in respect of all the above issues can be found on its website: www.foresightgroup.eu.

Diversity

Foresight has an equal opportunities policy and, as at 31 March 2023, employed 225 men (2022: 165) and 150 women (2022: 103).

The VCT Board currently comprises four male Directors, all of which are of white British ethnicity. The Board does not yet meet the targets set out in the Listing Rules, for 40% of the individuals on its board of directors to be women; at least one of the senior positions on its board of directors is held by a woman; and at least one individual on its board of directors is from a minority ethnic background. 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 in future.

Global greenhouse gas emissions

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

Strategic Report

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

Principal objectives and strategy

The Company's principal investment objective is to provide Shareholders with an attractive level of tax-free capital gains and income generated from a portfolio of investments in a range of different sectors.

The Company's strategy for achieving its principal investment objective is to:

- invest in a portfolio of investments across a range of differing sectors, primarily in the UK and EU; and
- comply with the VCT regulations to enable Shareholders to retain the initial income tax relief and ongoing tax reliefs.

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

Business review and developments

Ventures Share pool

The Ventures Share pool began the year with £31.3 million of investments and ended the year with £27.8 million spread across a portfolio of 36 Ventures investments and one liquidity investment.

The Share pool began the year with cash resources of £4.3 million and ended the year with cash resources of £3.4 million, after paying dividends totalling £1.5 million.

The loss on ordinary activities after taxation for the year was £3.2 million, comprising a revenue loss of £494,000 and a capital loss of £2.7 million.

Healthcare Share pool

The Healthcare Share pool began the year with £15.9 million of investments and ended the year with £12.4 million spread across a portfolio of 15 Healthcare investments and one liquidity investment.

The Share pool began the year with cash resources of £2.5 million and ended the year with cash resources of £860,000, after paying dividends of £789,000.

The loss on ordinary activities after taxation for the year was £4.3 million, comprising a revenue loss of £272,000 and a capital loss of £4.0 million.

AIM Share pool

The AIM Share class launched in the previous year, with the first shares allotted in January 2022. During the year, two liquidity investments were made. The gain on ordinary activities for the year was £36,000, comprising a revenue loss of £39,000 and a capital gain of £75,000.

DSO D Share pool

The DSO D Share pool began the year with £43,000 of investments and ended the year with £16,000 spread across a portfolio of two investments.

The loss on ordinary activities after taxation for the year was £8,000, comprising revenue gain of £20,000 and a capital loss of £28,000.

DP67 Share pool

The DP67 Share pool began the year with £1.9 million of investments and ended the year with £1.1 million, spread across a portfolio of four investments.

The loss on ordinary activities after taxation for the year was £221,000, comprising a revenue loss of £92,000 and a capital loss of £129,000.

The Company's business and developments during the year are reviewed further within the Chairman's Statement, Investment Manager's reports and the Review of Investments for each Share pool.

Key performance indicators

At each Board meeting, the Directors consider a number of performance measures to assess the Company's success in meeting its objectives. The Board believes the Company's key performance indicators are Net Asset Value, dividends per share (see Financial Highlights on page 2) and Total Return (NAV plus cumulative dividends paid to date). Further consideration of the above key performance indicators is included in the Investment Manager's Reports under Net Asset Value and results.

The performance of the VCT's Share pools, measured by historic Share Price Total Return, is shown in the graphs on pages 65 to 67.

Net Asset Value per share and Total Return are defined as Alternative Performance Measures as they are not defined or specified by FRS 102. The Board considers these two measures to be the primary indicators of future and historical performance.

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

Principal risks and uncertainties

The Board have carried out a robust assessment of the emerging and principal risks facing the Company, including those that would threaten its business model, future performance, solvency, or liquidity. The Board has ensured that there are policies in place for managing each of these risks. The principal financial risks faced by the Company, which include interest rate, investment price, credit and liquidity risks, are summarised within note 15 to the financial statements. Note 15 also includes an analysis of the sensitivity of the NAV to changes in investment valuations.

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

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

Investment performance
(similar level of risk)

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

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

Principal risks and uncertainties (continued)

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

The Board receives quarterly reports from the Investment and Administration Manager, and places reliance on them to provide updates in the intervening periods. These policies have remained unchanged since the beginning of the financial year.

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

In order to further mitigate this risk, the Board monitors regulatory and legislative developments. The Company also has a strong compliance culture and systems in place to ensure that the Company complies with all of its regulatory requirements.

Further detail on VCT Status is provided on page 57.

Operational
(similar level of risk)
The Company relies on the Investment Manager, Administration Manager and other third parties to fulfil many of its operational requirements and duties. A provision of inferior services by one or more of these parties could lead to inadequate systems and controls or inefficient management of the Company, its assets and its reporting requirements.

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

Economic, political and other external factors
(similar level of risk)
Fluctuations in the stock market due to the Ukrainian conflict, economic recession, continued high inflation or monetary policy could affect the valuations of quoted investments, even if such companies are performing to plan. With respect to the Liquidity investments, the impact of this is mitigated by the active management and diversification of the underling portfolios.

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

The emerging risks faced by the Company are outlined on the following pages.

Principal risks and uncertainties (continued)

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

Strategic Report (continued)

Principal risks and uncertainties (continued)

Viability statement

In accordance with Corporate Governance best practice, the Directors have carried out a robust assessment of the emerging and principal risks of the Company over a longer period than the 12 months required by the 'Going Concern' provision. The Board has conducted this review for the period covering the expected remaining life of each of the Planned Exit Share pools, and the minimum expected holding period in respect of the three Evergreen Share pools, encompassing all Ventures, Healthcare and AIM Shareholders. The longer of these two time horizons is six years from the balance sheet date.

The six-year review considers the principal risks facing the Company, which are summarised on page 49 and within note 15, as well as the Company's cash flows, dividend cover and VCT monitoring compliance over the period. This includes the impact of the coronavirus pandemic and any other risks which may adversely impact its business model, future performance, solvency or liquidity. The six-year review makes assumptions about the normal level of capital recycling likely to occur, which include the following: -

- Dividends are paid in accordance with the 4% of NAV targets for the evergreen Share Pools;
- Planned Exit Share pool distributions are paid out as realisations take place from the portfolios; and
- New and follow on investments are made as further capital is raised or existing investments are exited, whilst considering availability of cash for expenses, which are estimated based on the results to 31 March 2023.

The Board has considered the Company's cash flow projections and found these to be realistic and reasonable. This includes forecasting the potential impact of coronavirus on the Company's cash flows.

The Directors believe that the Company is well placed to manage its business risks successfully. Based on the results, the Board believes that, taking into account the Company's current position, and subject to the principal risks faced by the business, the Company will be able to continue in operation and meet its liabilities as they fall due for the period under review.

Business model

The Company operates as a Venture Capital Trust to ensure that its Shareholders can benefit from the tax reliefs available.

The business of the Company is to act as an investment company, investing in a portfolio which meets the conditions set out within its Investment Policy, as shown below.

Investment policy

Asset allocation

It is intended that at least 80% of each of the Evergreen share pools' funds are invested in VCT Qualifying Investments, within three years of the close of the relevant Offer. The remainder of the funds will be held in Non-Qualifying investments, as described below.

For the Planned Exit share pools, the Manager is working on plans to exit from the remaining investments, such that funds can be returned to Shareholders.

Venture Capital investments

New Venture Capital investments will normally comprise investments in businesses that are less than seven years old and require funding to support the growth of the business. Investments may be in a range of sectors which are allowable under the VCT Regulations.

The Company will focus on development and expansion funding for unquoted businesses and will not usually undertake very early stage or start-up investments.

Specific share pools may have a Ventures focus or may focus on certain sectors according to the strategy of that specific share pool.

Venture Capital Investments made in 2015 and earlier were made under previous VCT Regulations and focused on investments in UK businesses that own substantial assets (over which a charge could be taken by the Company) or have predictable revenue streams from financially sound customers.

Non-Qualifying Investments

The funds not deployed in VCT Qualifying investments will be invested in Non-Qualifying investments, as allowed by the VCT Regulations. These will typically be cash deposits and investments in quoted securities, investment trusts or OEICS.

Investment policy (continued)

Non-Qualifying Investments

Liquidity investments are made with the aim of producing capital appreciation or income. The intended profit arising from the disposal or maturity of liquidity investments typically gives rise to capital gains, which are tax-free for the Company and can be distributed tax-free to Shareholders.

Risk Diversification

The Directors control the overall risk of the Company. The Investment Manager ensures that the Company has exposure to a diversified range of VCT Qualifying investments from different sectors and adheres to the holding limit that no investment in a company may represent more than 15% by value of the Company's total investments at the time of investment.

Changes to the VCT Regulations in recent years have sought to strengthen the availability of capital for innovative growth businesses in the UK. This inherently increases the risk profile of the new investments made by the Evergreen share pools, which stand in contrast to those in which the Company's Planned Exit share pools have historically invested. However, whilst new investments will generally be in businesses which are not asset-backed, and are therefore higher risk, these new investments will have the potential to offer greater rewards. The principal risks faced by the Company are considered in more detail on pages 49 to 52.

Pursuant to the introduction of the 80% VCT Qualification test on 1 April 2022, the target allocation of the Company's funds is summarised as follows:

VCT Qualifying Investments	85%
Non-Qualifying Investments	15%
	100%

The qualification test is measured on the Company as a whole and not on any individual share class.

As two of the five active share pools are in an exit stage, ongoing adherence to the VCT Qualification test has come to rest on the combined VCT Qualification status of the Ventures and Healthcare Share pools. As such, when building the Ventures, Healthcare and AIM Share pools, the Manager is working towards a long term VCT Qualification target of 85% for these pools, as outlined in the respective Reviews of Investments.

Listing rules

In accordance with the listing rules:

(i) the Company may not invest more than 10% in aggregate, of the value of total assets of the Company at the time an investment is made in other listed closed-ended investment funds, except listed closed-ended investment funds which have published investment policies which permit them to invest no more than 15% of their total assets in other closed-ended investment funds;

(ii) the Company must not conduct any trading activity which is significant in the context of the Company; and

(iii) the Company must, at all times, invest and manage its assets in a way which is consistent with its objective of spreading investment risk and in accordance with its published investment policy set out in this document.

Venture Capital Trust Regulations

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

An analysis of the compliance with the applicable VCT regulations for the year ended 31 March 2023 is set out on page 57.

Statement on section 172

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

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

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

In addition to this, the Board has a responsible governance culture and has due regard for broader matters, so far as they apply including the expectations of its regulators. Specifically, the Board engages with the Investment Manager at every Board meeting, where it will review the financial and operational performance, as well as legal and regulatory compliance. The Board also reviews its relationships with other service providers at least annually, as well as other areas over the course of the financial year including the Company's key risks; stakeholder-related matters; diversity and inclusivity; environmental matters; and corporate responsibility and governance.

The Investment and Administration Manager engages with Shareholders by producing half-yearly reports and reporting back to the Board. The Board also usually encourages Shareholders to attend the AGM and welcomes any other communications from Shareholders. Its main stakeholders therefore comprise the Shareholders, the Investment Manager, other service providers and investee companies.

The principal decisions made or approved by the Directors during the year are set out below. In taking these decisions, the Directors considered their duties under section 172 of the Act. Principal decisions have been defined as those that have a material impact to the Company and its key stakeholders.

Dividend declarations

For the Ventures and Healthcare Share classes, the Directors target an annual dividend of at least 4% of net assets per annum, subject to sufficient distributable reserves and capital resources. The AIM share class will not pay any dividends in its initial years. The Board closely monitors the level of dividends and proposes to pay a final dividend of 1.25p per Ventures Share and 1.25p per Healthcare Share, equivalent to 2.1% and 2.0% respectively based on the net asset values at 31 March 2023.

Strategic Report (continued)

Statement on section 172 (continued)

Launch of offers for subscription

An offer for subscription was launched in September 2022, which is now scheduled to close on 31 July 2023. To date, the offer has raised £0.3 million in the Ventures Share class and £1.3 million in the Healthcare Share class. The additional funds raised will allow the Manager to expand the portfolios and provide support where necessary to the existing investee companies.

Communication with Shareholders

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

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

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

Borrowings

Under its Articles, the Company has the ability to borrow a maximum amount equal to 15% of the aggregate amount paid on any shares issued by the Company (together with any share premium thereon), currently equal to approximately £7.8 million.

Although the Board does not intend to borrow, it has the flexibility to do so. In particular, because the Board intends to minimise cash balances, the Company may borrow on a short-term basis for cash flow purposes.

Global greenhouse gas emissions

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

Environmental, social, and human rights policy

The Company seeks to conduct its affairs responsibly. Where appropriate, the Board and the Manager take environmental, social and human rights factors into consideration when making investment decisions. Further details on the Investment Manager's approach to responsible investment can be found on pages 45 to 47.

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

Directors and senior management

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

Events after the end of the reporting period

Important events affecting the Company since 31 March 2023 have been disclosed in the Chairman's Statement and in note 20 to the financial statements.

Future prospects

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

By order of the Board

Grant Whitehouse
Secretary of Thames Ventures 2 VCT plc
Company number: 06789187
Registered office:
6th Floor, St. Magnus House
3 Lower Thames Street
London, EC3R 6HD

31 July 2023

Report of The Directors

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

Share capital

At the year end, the Company had in issue 66,852,564 Ventures Shares (including Management Shares), 27,544,877 Healthcare Shares (including Management Shares), 2,695,803 AIM Shares, 7,867,247 DSO D Shares and 11,192,136 DP67 Shares.

Every Shareholder is entitled to receive notice of, to attend, speak and vote at any general meeting. Shareholders who are present in person or by proxy can vote on a show of hands and will have one vote each. On a poll, every Shareholder present in person or by proxy is entitled to the number of votes per share as set out in the table below:

Class of share	Number of votes per share
DSO D Share	232
DP67 Share	375
Ventures Share	860
Healthcare Share	860
AIM Share	1,146

If the Net Asset Value of the Share class moves by more than 25%, the number of votes per share shall correspondingly increase or decrease, as set out in the Articles of the Company.

The Company operates a policy, subject to certain restrictions, of buying Ventures, Healthcare and AIM Shares that become available in the market at a price equal to the latest published NAV (i.e. at a nil discount). As the planned exit pools are in an exit phase, the Company does not intend to buy back shares of any other class.

During the year the Company repurchased 3,014,102 Ventures Shares at an average price of 66.9p and 1,007,037 Healthcare Shares at an average price of 72.8p. These shares were subsequently cancelled.

At the AGM that took place on 27 September 2022, the Company was authorised to make market purchases of its shares up to a limit of 1,172,220 DSO D Shares, 1,667,628 DP67 Shares, 8,329,785 Ventures Shares, 3,404,390 Healthcare Shares and 401,675 AIM Shares, which represented approximately 14.9% of the issued DSO D Share capital, DP67 Share capital, Ventures Share capital, Healthcare Share capital and AIM Share capital, as at the date of the AGM.

At the current date, authority remains for 1,172,220 DSO D Shares, 1,667,628 DP67 Shares, 5,315,683 Ventures Shares, 2,397,353 Healthcare Shares and 401,675 AIM Shares. A resolution to renew this authority will be put to Shareholders at the AGM taking place on 12 September 2023.

The minimum price which may be paid for a DSO D Share, a DP67 Share, a Ventures Share, Healthcare Share or an AIM Share is 0.1p, exclusive of all expenses, and the maximum price which may be paid for a DSO D Share, a DP67 Share, a Ventures Share, a Healthcare Share or an AIM Share is an amount, exclusive of all expenses, equal to 105% of the average of the middle market quotations.

Results and dividends

(Loss)/return for the year:	£'000	Pence per share
DSO D Share	(8)	(0.1p)
DP67 Share	(221)	(2.0p)
Ventures Share	(3,173)	(6.5p)
Healthcare Share	(4,290)	(21.4p)
AIM Share	36	3.9p

Dividends paid during the current period:	£'000	Pence per share
Ventures Share	1,516	2.75p
Healthcare Share	789	3.50p
Final dividends proposed to be paid 29 Sept 2023		
Ventures Share	665	1.25p
Healthcare Share	294	1.25p

As the Planned Exit share pools are in an exit phase, further dividends will be declared as and when realisations are completed.

Report of The Directors (continued)

Directors

In accordance with the Company's Director tenure policy and corporate governance best practice, Directors are subject to annual re-election.

All Directors were re-elected at the previous AGM.

Sir Aubrey Brocklebank, Andrew Mackintosh, Steven Clarke and Chris Allner will each retire and offer themselves for re-election at the forthcoming AGM. Each has continued to make a valuable contribution during the year and is expected to continue to drive the Company's long-term success.

Sir Aubrey Brocklebank entered into a letter of appointment in July 2016. Steven Clarke, Andrew Mackintosh and Chris Allner entered into a latter of appointment dated 8 September 2021. The appointments are terminable on three months' notice by either side. Each Director is required to devote such time to the affairs of the Company as the Board reasonably requires.

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

VCT status

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

Compliance with the main VCT regulations (as described in the Investment policy) as at 31 March 2023, and for the year then ended, is summarised as follows:

1.	80% of its investments held in qualifying companies;	94.5%
2.	At least 70% of the Company's qualifying investments are held in "eligible shares" for funds raised on or after 6 April 2011;	98.9%
3.	At least 10% of each investment in a qualifying company is held in eligible shares;	Complied
4.	At least 30% of the of the proceeds of shares issued after 1 April 2019 must be invested in VCT Qualifying companies within 12 months of the next year end;	Complied
5.	No investment constitutes more than 15% of the Company's portfolio;	Complied
6.	Income for the year is derived wholly or mainly from shares and securities; and	100.0%
7.	The Company distributes sufficient revenue dividends to ensure that not more than 15% of the income from shares and securities in any one year is retained.	Complied

Investment management and administration fees

With effect from 4 July 2022, Foresight Group LLP ("Foresight") was appointed as Investment Manager to the Company following agreement by the Company's former Investment Manager, Downing LLP, to sell its non-healthcare ventures division to Foresight, with Downing continuing to provide investment management services for the Healthcare share pool.

Foresight is paid a fee equivalent to 1.5% of the DSO D Share net assets per annum, 1.35% of DP67 Share net assets per annum, 2.0% of Ventures Share net assets per annum, and 1.75% of AIM Share net assets per annum.

The management of the Healthcare Share pool remains with the company's previous investment manager, Downing LLP. Downing is paid a fee equivalent to 2.5% of the Healthcare Share net assets per annum.

Under the Administration Management agreement Foresight provide administration services to the Company for a fee calculated as follows: (i) a basic fee of £47,550; (ii) A fee of 0.1% of NAV per annum on funds in excess of £10 million; (iii) £5,000 per additional Share pool, excluding the DSOD share pool.

The agreement may be terminated by either side giving not less than 12 months' notice in writing.

During the year, a total of £1.1 million (2022: £1.2 million payable to Downing LLP) was payable to Foresight and Downing for investment management and administration fees.

Foresight and Downing also receive arrangement and monitoring (non-executive directorship) fees from the investee companies. Arrangement and monitoring fees paid to the Investment Managers from Thames Ventures VCT 2 portfolio companies were as below:

	Arrangement fees £'000	**Monitoring fees £'000**
	Year ended 31 March 2023	
Foresight	13	60
Downing	11	67
	24	127
	Year ended 31 March 2022	
Downing	58	697

These fees also relate to investments made into these companies by other funds managed by Foresight and Downing and so are only partly attributable to Thames Ventures 2 investments.

The annual running costs of the Company, for the year, are also subject to a cap of 3.0% of net assets of the Company for all Share pools, with the exception of the DP67 and Healthcare Share pools, which are subject to caps of 2.9% and 3.5%, respectively. Any excess costs over each of the relevant caps are met by the Investment Manager through a reduction in fees.

The Ongoing Charges value for the Company as a whole for the year (calculated in accordance with the AIC guidance) was 2.2% (2022: 2.9%).

Performance Incentives

DSO D Share pool

The DSO D Shares enable a payment, by way of a fee, of the Performance Incentive to the management team.

No Performance Incentive will be payable until Shareholders:

i) receive proceeds, by way of dividends/ distributions/share buybacks ("Total Proceeds"), of at least 100.0p per £1 invested; and
ii) achieve a tax-free compound return of at least 7% per annum (after allowing for income tax relief on investment).

Subject to these conditions ("the Hurdles") being met, the Performance Incentive will be 3.0p per DSO D Share plus 20% above 100.0p per DSO D Share, of the funds available for distribution to DSO D Shareholders.

The Performance Incentive will only be paid to the extent that the Hurdles continue to be met and will be subject to a maximum amount, over the life of the Company, equivalent to 7.0p per DSO D Share (based on the number of DSO D Shares in issue at the close of the Offers). After the Hurdles have been met, the Performance Incentive will be deducted from the Total Return figure.

It is currently estimated that no performance fee will be payable as the compound return hurdle is unlikely to be met.

Ventures and Healthcare Share pools

A Performance Incentive scheme is in place in respect of the Ventures and Healthcare Management Shares, which will represent 20% of the total number of Ventures and Healthcare Shares in issue. As part of the arrangement, in order to prevent dilution to the Shareholders of the Ventures and Healthcare Shares, the management team will waive their voting rights granted by these Management Shares at any general meeting of the Company and income or capital distributions otherwise payable on these Management Shares will be waived unless the Total Return hurdle is met.

For the year ended 31 March 2023, the hurdle is met when Total Return (based on audited year end results) is in excess of £1.09 per share. For subsequent years, the Total Return hurdle increases by 3.0p per annum, such that for the year ended 31 March 2024 the Total Return hurdle will be £1.12, and for the year ended 31 March 2025 the hurdle will be £1.15.

AIM Share Pool

There is no performance incentive scheme in place for the AIM Share pool.

Further details of the Performance Incentive arrangements are set out on page 102.

Ongoing promoter fee (trail fee)

The Company has an agreement to pay an ongoing promoter fee (trail fee) annually to the Investment Manager in connection with applicable funds raised under the Company's previous offers for subscription, out of which there is an obligation to pay a trail commission to intermediaries. The trail fee is calculated at between 0.25% and 0.5% of the Net Asset Value of those offer shares in respect of which adviser commission is payable at each period end.

Going Concern

The Directors confirm that they are satisfied that the Company has adequate resources to continue in business for at least the next 12 months, as further detailed in the Corporate Governance Statement report on page 71.

Substantial interests

As at 31 March 2023, and the date of this report, the Company had not been notified of any beneficial interest exceeding 3% of the issued share capital.

Auditor

A resolution proposing the reappointment of BDO LLP as the Company's Auditor will be submitted at the Annual General Meeting.

Annual General Meeting

The AGM will be held at the offices of Foresight Group LLP, The Shard, 32 London Bridge Street, London, SE1 9SG at 3:30 p.m. on 12 September 2023. Full details of this are included in the Notice of the Annual General Meeting, which can be found at the back of this document.

Directors' responsibilities

The Directors are responsible for preparing the Report of the Directors, the Directors' Remuneration Report and the financial statements in accordance with applicable law and regulations. The Directors are also responsible for ensuring that the Annual Report includes information required by the Listing Rules of the Financial Conduct Authority.

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

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

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business;
- prepare a directors' report, a strategic report and directors' remuneration report which comply with the requirements of the Companies Act 2006; and
- carry out a robust assessment of the principal risks facing the Company, as set out in the Strategic Report on page 52.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions, to disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

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

Directors' statement pursuant to the Disclosure Guidance and Transparency Rules

Each of the Directors, whose names and functions are listed on page 3, confirms that, to the best of each person's knowledge:

- the financial statements, which have been prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company; and
- the management report included within the Report of the Directors, Strategic report, Chairman's Statement, Investment Manager's Report, and Review of Investments includes a fair review of the development and performance of the business and the position of the company, together with a robust assessment of the principal risks and uncertainties that it faces.

Directors' responsibilities (continued)

Website publication

The directors are responsible for ensuring the Annual Report and the financial statements are made available on a website. Financial statements are published on the website of the Investment Manager (www.foresightgroup.eu) in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions.

The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Corporate Governance

The Company's compliance with, and departures from, the AIC Code of Corporate Governance (www.theaic.co.uk) is shown on page 72.

Responsible Investing

The day-to-day management of the Company's investments is delegated to the Investment Manager, Foresight Group LLP ("Foresight"). Foresight's report on its approach to responsible investment is included on pages 45 to 47.

Streamlined Energy and Carbon Reporting ('SECR')

As the company has no employees and primarily conducts its business at the London office of the Investment and Administration Manager, Foresight Group LLP, the company is not directly responsible for the consumption of electricity and gas in the UK, nor is the company directly responsible for greenhouse gas emissions related to transport in the UK. As the company did not consume more than 40,000 kWh of energy during the year ended 31 March 2023, it has nothing to report under the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018.

Global greenhouse gas emissions

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

Insurance cover

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

Other matters

Information in respect of financial instruments, principal risks, future prospects, dividends and subsequent events, which were previously disclosed within the Directors Report, has been disclosed within the Strategic Report on pages 48 to 55.

Statement as to disclosure of information to Auditors

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

By order of the Board

Grant Whitehouse
Secretary of Thames Ventures 2 VCT plc
Company number: 06789187
Registered office:
6th Floor, St. Magnus House
3 Lower Thames Street
London, EC3R 6HD

31 July 2023

Directors' Remuneration Report

The Board has prepared this report in accordance with the requirements of Sections 420 to 422 of the Companies Act 2006. A resolution to approve this report will be put to the Shareholders at the AGM to be held on 12 September 2023.

Under the requirements of Section 497, the Company's Auditor is required to audit certain disclosures contained within the report. These disclosures have been highlighted and the audit opinion thereon is contained within the Auditor's Report on pages 73 to 79.

Statement by the Chairman of the Remuneration Committee

The Remuneration Committee comprises Sir Aubrey Brocklebank, Andrew Mackintosh, Steven Clarke and Chris Allner. The current fee structure has been in effect since 1 April 2022.

The committee reviews the fee structure as and when required, to ensure that the levels in place are commensurate with the size of the Company and the time commitments required of each of the Directors.

Directors' remuneration policy

Below is the Company's current remuneration policy, which was last put to a Shareholder vote at the AGM in 2020. In accordance with regulations, Shareholders must vote on the remuneration policy every three years or sooner if the Company wants to make changes to the policy. The policy will next be put to Shareholders at the AGM in 2023.

Directors' remuneration is calculated in accordance with the Company's Articles of Association as follows:

- The Directors shall be paid out of the funds of the Company, by way of fees for their services, an aggregate sum not exceeding £150,000 per annum. The Directors shall also receive by, way of additional fees, such further sums (if any) as the Company, in General Meeting, may from time to time determine. Such fees shall be divided among the Directors in such proportion and manner as they may determine and, in default of the determination, equally.
- The Directors shall be entitled to be repaid all reasonable travelling, hotel and other expenses incurred by them respectively in or about the performance of their duties as Directors. This includes any expenses incurred in attending meetings of the Board, Committees of the Board or General Meetings. If, in the opinion of the Directors, it is desirable that any of their number should make any special journeys or perform any special services on behalf of the Company or its business, the Director or Directors may be paid reasonable additional remuneration and expenses as the Directors may from time to time determine.

No payment for loss of office will be made to a current or former Director except in exceptional circumstances, and the Directors will consider any such position on an ad-hoc basis.

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

The Directors' Remuneration policy is available for inspection in the Annual Reports, which can be found on the website of the Investment Manager or the Administrator.

Service contracts

Each of the Directors has entered into a consultancy agreement for the fixed term of three years from the date of their appointment and thereafter on a three-month rolling notice.

Directors' Remuneration Report (continued)

Directors' remuneration (audited)

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

	Current annual fee (excl. VAT) £'000	2023 fee £'000	% Change in gross fee[1]	2022 fee £'000	% Change in gross fee[2]	2021 fee £'000	% Change in gross fee[3]
Sir Aubrey Brocklebank	30	30	50%	20	-	20	-
Andrew Mackintosh	24	24	20%	12	-	-	-
Steven Clarke	24	24	20%	12	-	-	-
Chris Allner^	20	15	-	-	-	-	-
Lord Flight*	-	15	25%	20	-	20	-
Russell Catley**	-	-	-	8	-	18	-
VAT on the above	-	2	-	3	-	3	-
	98	110		75		61	

[1] between the years ending 31 March 2023 and 31 March 2022

[2] between the years ending 31 March 2022 and 31 March 2021

[3] between the years ending 31 March 2021 and 31 March 2020

**Resigned 27 September 2022*

***Resigned 8 September 2021*

^ Under the transfer of the investment management agreement to Foresight, from 1 July 2022 Chris Allner is being paid an annual fee of £20,000 which is rechargeable to Downing LLP for two years.

The current fee structure was last reviewed in the year ended 31 March 2022, with the current fees effective from 1 April 2022.

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

Statement of voting at AGM

Shareholders' views in respect of Directors' remuneration communicated at the Company's AGM are taken into account in formulating the Directors' remuneration policy.

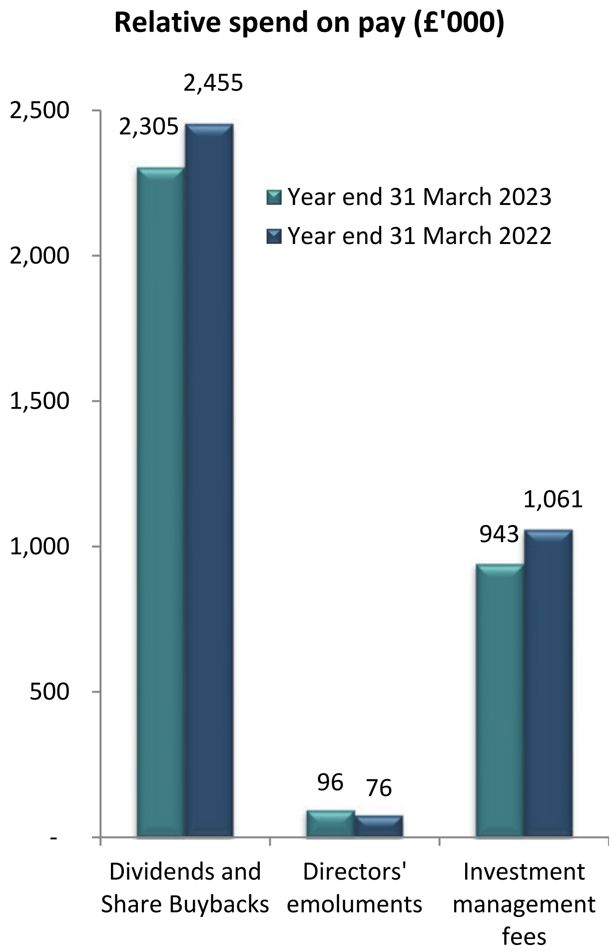
At the last AGM on 27 September 2022, the votes in respect of the resolution to approve the Directors' Remuneration Report were as follows:

In favour	90.9%
Against	9.1%

At the 2021 AGM, when the remuneration policy was last put to a Shareholder vote, 93.2% voted for the resolution and 6.8% against, showing significant Shareholder support.

Relative importance of spend on pay

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



N.B. £20,000 of the Directors' emoluments is reimbursed by Downing LLP

Directors share interest (audited)

The Directors of the Company during the year and their beneficial interests (including connected persons) in the issued shares of the Company at 31 March 2023, and at the date of this report, are as follows:

No. of shares at 31/03/23 (audited)

Share class	Sir Aubrey Brocklebank	Steven Clarke	Chris Allner	Andrew Mackintosh
DSO D	-	-	-	-
DP67	-	-	-	-
Ventures	32,679	-	8,000	-
Healthcare	5,000	-	2,000	-
AIM	-	-	-	-

No. of shares at 31/03/22 (audited)

Share class	Sir Aubrey Brocklebank	Steven Clarke	Chris Allner	Andrew Mackintosh
DSO D	-	-	-	-
DP67	-	-	-	-
Ventures	32,679	-	8,000	-
Healthcare	5,000	-	2,000	-
AIM	-	-	-	-

There is no requirement for Directors to own shares in the company.

Performance graphs

The charts on the following pages represent the performance of the DSO D, DP67, Ventures, Healthcare and AIM Share pools over the period since the shares were first listed on the London Stock Exchange and compare the Total Return of the Company (Net Asset Value plus dividends) to a rebased FTSE AIM All Share Index, including dividends reinvested. The index has been rebased to 100.0p at the launch date of each respective pool.

As there is no publicly available VCT index, we have selected the FTSE AIM All Share Index as a comparison as it is a publicly available broad equity index which focuses on smaller companies and is more relevant than most other publicly available indices.

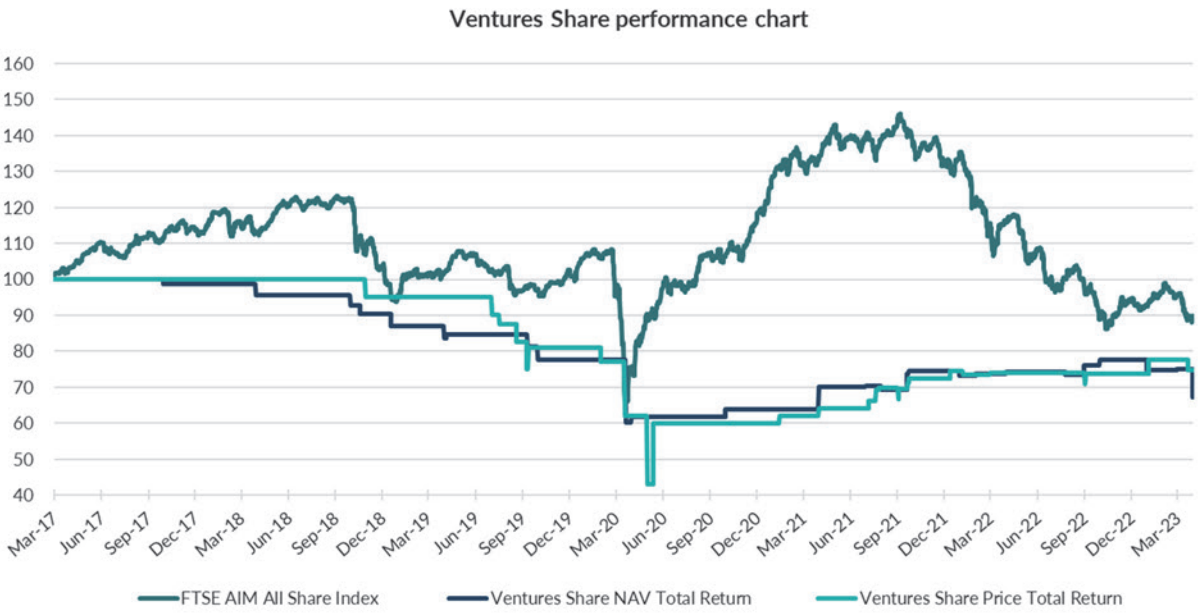
By order of the Board

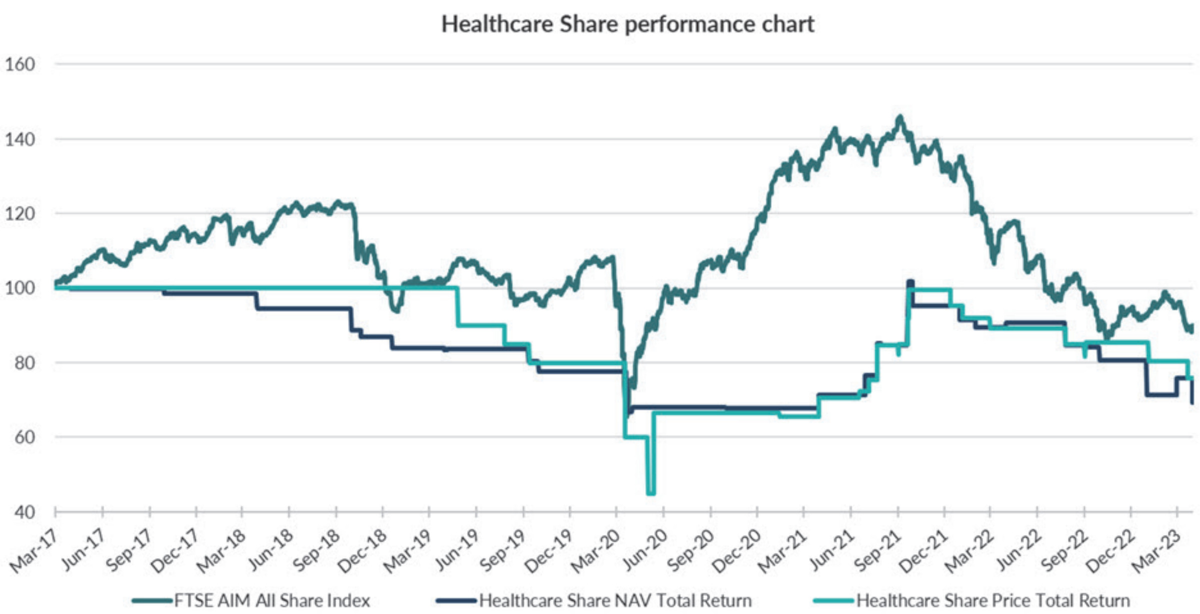
Grant Whitehouse
Company Secretary
6th Floor, St. Magnus House
3 Lower Thames Street
London, EC3R 6HD

31 July 2023

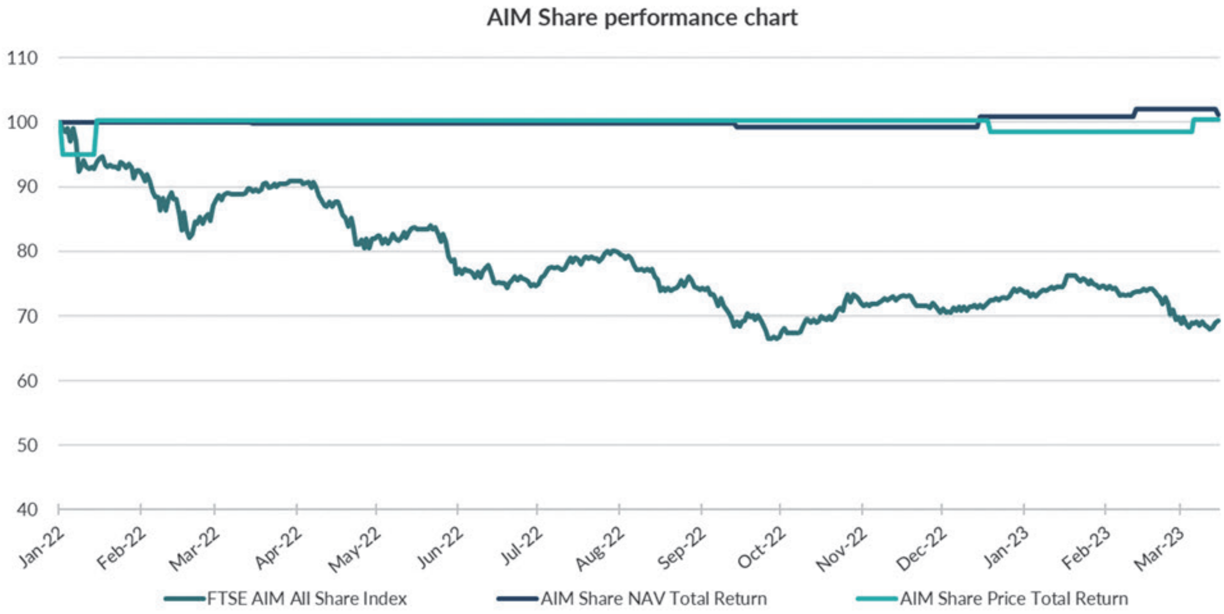
Directors' Remuneration Report (continued)

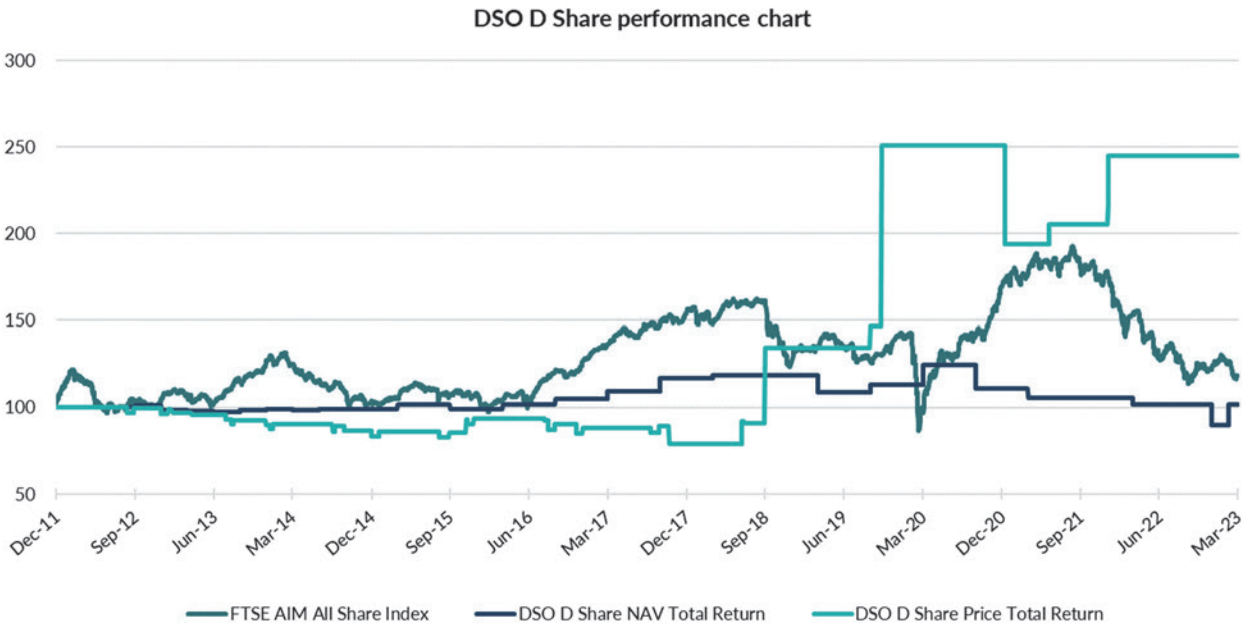
Performance graphs (continued)



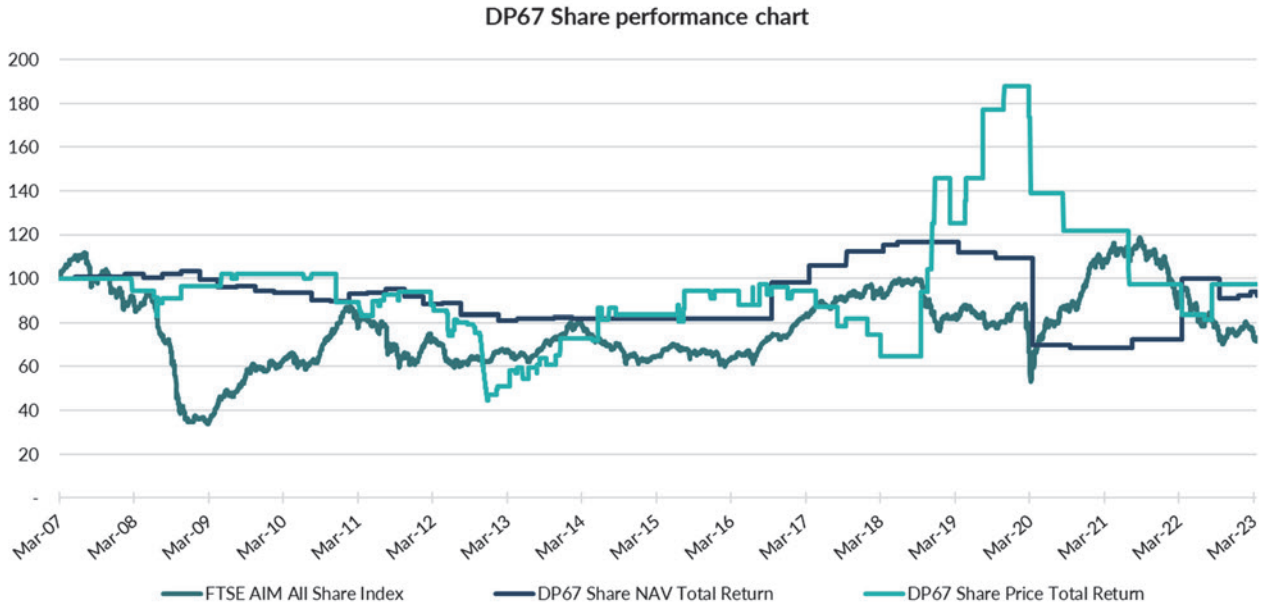


Performance graphs (continued)





Performance graphs (continued)



Note: It is a requirement to show the above charts including Share Price Total Return with dividends reinvested at the prevailing share price at the time of the dividend. This method can give a distorted result for the Planned Exit Share pools, as they are in the process of returning funds to Shareholders.

Corporate Governance Statement

The Board has considered the principles and recommendations of the AIC Code of Corporate Governance ("AIC Code"), being the principles of good governance and the code of best practice, as set out in the annex to the Listing Rules of the UK Listing Authority. The AIC Code addresses all principles and provisions set out in the UK Corporate Governance Code, as well as setting out additional principles and recommendations on issues that are of specific relevance to the Company.

The Board considers that reporting against the principles and recommendations of the AIC Code, will provide better information to Shareholders.

The Board

The Company has a Board comprising four non-executive Directors. The Chairman is Sir Aubrey Brocklebank. Biographical details of all Board members are shown on page 3.

The Board has assessed the independence of each of the Directors, all of which are considered to be independent, with the exception of Chris Allner (who is a partner of one of the Investment Managers, Downing LLP), in accordance with the provisions and recommendations set out in the AIC Code.

Full Board meetings take place quarterly and additional meetings are held as required, to address specific issues, including considering recommendations from the Investment Managers, making all decisions concerning the acquisition or disposal of investments, and reviewing periodically the terms of engagement of all third-party advisers (including the Investment and Administration Manager). The Board has a formal schedule of matters specifically reserved for its decision.

As the Company has a small Board of non-executive Directors, all Directors sit on each Committee. The Chairman of the Audit Committee is Andrew Mackintosh, and the Chairman of the Nomination and Remuneration Committees is Sir Aubrey Brocklebank. The Audit Committee normally meets twice yearly, and the Remuneration and Nomination Committees meet as required. All Committees have defined terms of reference and duties.

The Board has also established procedures whereby, Directors wishing to do so in the furtherance of their duties, may take independent professional advice at the Company's expense.

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

The Board has authority to make market purchases of the Company's own shares. This authority for up to 14.9% of the Company's issued share capital was granted at the AGM on 8 September 2022. A resolution will be put to Shareholders to renew this authority at the forthcoming AGM.

The capital structure of the Company is disclosed on page 56.

Audit Committee

The Company has an Audit Committee comprising Andrew Mackintosh (Chairman), Sir Aubrey Brocklebank, Steven Clarke and Chris Allner. This Committee has defined terms of reference and duties.

Sir Aubrey Brocklebank was considered independent on appointment as Chairman of the Company in January 2019 and is therefore also a member of the Audit Committee.

The Audit Committee is responsible for:

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

Corporate Governance Statement (continued)

Audit Committee (continued)

Financial Reporting

The Committee is responsible for reviewing and agreeing the Half-Yearly and Annual Reports (including those figures presented within) before they are presented to the Board for final approval.

In particular, the Committee reviews, challenges (where appropriate) and agrees the basis for the carrying value of the unquoted investments, as prepared by the Investment Manager, for presentation within the Half-Yearly and Annual Reports.

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

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

Internal audit and control

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

Whistleblowing procedures

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

External auditor

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

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

Under the Competition and Markets Authority regulations, there is a requirement that an audit tender process be carried out every ten years and mandatory rotation at least every twenty years. The last audit tender took place in respect of the year ended 31 March 2020 and therefore mandatory tender will be required in respect of the year ended 31 March 2030. Following assurances received from the Manager at completion of the audit for the year ended 31 March 2023, and taking discussions held with the engagement Partner at BDO LLP into consideration, the Committee has recommended they be re-appointed at the forthcoming AGM.

Non-audit services

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

As part of its annual review procedures, the Committee has obtained sufficient assurance from their own evaluation, the audit feedback documentation and from correspondence and discussions with the engagement partner of BDO LLP.

Corporate Governance Statement (continued)

Conflicts of interest

A conflict of interest may arise where assets are transferred between Share pools, or from one Foresight fund to another. The Board ensures that any such transaction is at "arm's length" and will obtain independent valuations where necessary.

Board and Committee meetings

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

	Board meetings attended (4 held)	**Nomination Committee meetings attended** (1 held)	**Audit Committee meetings attended** (2 held)
Sir Aubrey Brocklebank	4	1	2
Andrew Mackintosh	4	1	2
Steven Clarke	4	1	2
Chris Allner	4	1	2
Lord Flight*	1	-	-

*Resigned 27 September 2022, after the first meeting of the year. All meetings attended pre-resignation.

Remuneration Committee

The Committee meets as and when required to review the levels of Directors' remuneration. Details of the specific levels of remuneration to each Director, including the movement in Directors' remuneration are set out in the Directors' Remuneration Report on page 63.

Nomination Committee

The Nomination Committee's primary function is to make recommendations to the Board on all new appointments and also to advise generally on issues relating to Board composition and balance. The Committee meets as and when appropriate.

Diversity Policy

The Board is committed to ensuring that the Company is run in the most effective manner. It seeks to have a Board with a diverse set of skills and experience that is well placed to oversee and challenge the Investment Managers.

When considering a new appointment, the Committee's key responsibility is to ensure that Shareholders are safeguarded by appointing the most appropriate person for the position, (irrespective of gender, race, age) giving due regard to past and present experience in the sectors in which the Company invests. The Company therefore does not have a specific diversity policy in place.

The current directors are all male and of white British ethnicity. For the reasons set out above, the Board acknowledges that it does not yet meet the Listing Rules target of having at least 40% of the Board comprising female members; at least one senior position on its board of directors held by a woman; and having at least one member with an ethnic minority background. The Board will be mindful of this in any future recruitment plans.

Director tenure policy

Given the size of the Company and the complexity of the VCT regulations, the Board does not impose a limit in respect of the tenure of the Company's non-executive Directors.

Relations with Shareholders

Shareholders have the opportunity to meet the Board at the AGM. The Board is also happy to respond to any written queries made by Shareholders during the course of the year, or to meet with Shareholders if so requested.

In addition to the formal business of the AGM, representatives of the Investment Manager and the Board are available to answer any questions a Shareholder may have.

Separate resolutions are proposed at the AGM on each substantially separate issue. The Administration Manager collates proxy votes and the results (together with the proxy forms) are forwarded to the Company Secretary immediately prior to the AGM. In order to comply with the AIC Code, proxy votes are announced at the AGM, following each vote on a show of hands, except in the event of a poll being called. The notice of the next AGM and proxy form can be found at the end of these financial statements.

The terms of reference of the Committees and the conditions of appointment of non-executive Directors are available to Shareholders on request.

Corporate Governance Statement (continued)

Financial reporting

The Directors' responsibilities for preparing the financial statements are set out in the Report of the Directors on pages 60 to 61, and a statement by the Auditor about their reporting responsibilities is set out in the Independent Auditor's report on page 77.

Risk management and internal control

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

The Board reviews a Risk Register on an annual basis. The main aspects of internal control in relation to financial reporting by the Board were as follows:

- Review of quarterly reports from the Investment Manager on the portfolio of investments held, including additions and disposals;
- Quarterly reviews by the Board of the Company's investments, other assets and liabilities, revenue and expenditure and detailed review of unquoted investment valuations;
- Quarterly reviews by the Board of compliance with the Venture Capital Trust regulations to retain status, including a review of half-yearly reports from Philip Hare & Associates LLP;
- A separate review of the Annual Report and Half-Yearly report by the Audit Committee prior to Board approval; and
- A review by the Board of all financial information prior to publication.

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

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

Anti-bribery policy

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

Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Chairman's Statement on page 4, the Investment Manager's Reports on pages 9, 21, 33, 36, and 41, the Strategic Report on page 48 and the Report of the Directors on page 56. The financial position of the Company, its cash flows, liquidity position and borrowing facilities are shown in the Balance Sheet on page 84, Cash Flow Statement on page 89 and the Strategic Report on page 48. A viability statement is set out on page 52 considering the longer term prospects of the company in light of principle risks and facing the Company. In addition, note 15 to the financial statements includes the Company's objectives, policies and processes for managing its capital and financial risk management objectives, details of its financial instruments, and its exposures to credit risk and liquidity risk.

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

Going concern (continued)

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

The Board considers the net impact to be at a manageable level, with no impact on the going concern of the Company.

The Company has considerable financial resources and holds a diversified portfolio of investments. As a consequence, the Directors believe that the Company is well placed to manage its business risks effectively.

The Directors confirm that they are satisfied that the Company has adequate resources to continue in business for a period of at least twelve months from the date of approval of the financial statements.

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

Share capital

The company has five classes of share capital: DSO D Shares, DP67 Shares, Ventures Shares, Healthcare Shares and AIM Shares. The rights and obligations attached to those shares, including the power of the Company to buy back shares are set out in the Report of the Directors on page 56 and details of any significant shareholdings in the Directors' Remuneration Report on page 64.

Compliance statement

The Listing Rules require the Board to report on compliance with the provisions of the UK Corporate Governance Code throughout the accounting period. The Financial Reporting Council (FRC) confirmed that member companies who report against the AIC Code will be meeting their obligations in relation to the UK Corporate Governance Code and paragraph 9.8.6 of the Listing Rules.

With the exception of the limited items outlined below, the Company has complied, throughout the accounting year ended 31 March 2023, with the Provisions set out in the AIC Code of Corporate Governance:

- The Company has no major Shareholders, so Shareholders are not given the opportunity to meet any new non-executive Directors at a specific meeting other than the Annual General Meeting. (5.2.3);
- The Board does not monitor the level of share price discount or premium in respect of the DSO D Shares or DP67 Shares, as Share buybacks are not in operation in respect of these Share classes. As noted on page 6, the Company has a general policy of buying in Ventures, Healthcare and AIM Shares which become available in the market at a nil discount to NAV. The Board continues to monitor the discount or premium in respect of the Ventures, Healthcare and AIM Shares and has delegated the day-to-day management of this to Panmure Gordon. (6.2.15);
- Due to the size of the Board and the nature of the Company's business, a formal and rigorous performance evaluation of the Board, its Committees, the individual Directors and the Chairman has not been undertaken. Specific performance issues are dealt with as they arise. (7.2.22, 8.2.29, 9.2.37).

By order of the Board

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

31 July 2023

Independent Auditor's Report to the Members of Thames Ventures 2 VCT Plc

Independent auditor's report to the members of Thames Ventures VCT 2 plc

Opinion on the financial statements
In our opinion the financial statements:

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

We have audited the financial statements of Thames Ventures VCT 2 plc (the 'Company') for the year ended 31 March 2023 which comprise the Income Statement; Statement of Changes in Equity; Balance Sheet; Cash Flow Statement; and Notes to the accounts, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

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

Independence
Following the recommendation of the audit committee, we were appointed by the Board of Directors for the audit of the financial statements for the year ended 31 March 2010. The period of total uninterrupted engagement including retenders and reappointments is 14 years, covering the years ended 31 March 2010 to 31 March 2023. We remain independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services prohibited by that standard were not provided to the Company.

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

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

Independent Auditor's Report to the Members of Thames Ventures 2 VCT Plc (continued)

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

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

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

Overview

		2023	2022
Key audit matters	Valuation of unquoted investments	X	X
Materiality	*Company financial statements as a whole* £0.884m (2022: £1.065m) based on 1.75% (2022: 1.75%) of Net assets.		

An overview of the scope of our audit

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

Key audit matters

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

Key audit matter		How the scope of our audit addressed the key audit matter
Valuation of unquoted investments Refer to the notes 2 and 10 within the audited Financial Statements	The unquoted investments consist of both equity and loan note investments. We consider the valuation of unquoted investments to be the most significant audit area as there is a high level of estimation uncertainty involved in determining the unquoted investment valuations.	Our sample for the testing of unquoted investments was stratified according to risk considering, inter alia, the value of individual investments, the nature of the investment, the extent of the fair value movement and the subjectivity of the valuation technique. For all Investments in our sample we: Challenged whether the valuation methodology was the most appropriate in the circumstances under the International Private Equity and Venture Capital Valuation ("IPEV") Guidelines and the applicable accounting standards. We have recalculated the value attributable to the Company, having regard to the application of enterprise value across the capital structures of the investee companies.

Independent Auditor's Report to the Members of Thames Ventures 2 VCT Plc (continued)

Key audit matters (continued)

Key audit matter		How the scope of our audit addressed the key audit matter
Valuation of unquoted investments (continued)	There is an inherent risk of management override arising from the unquoted investment valuations being prepared by the Investment Manager, who is remunerated based on the value of the net assets of the fund, as shown in note 3. For these reasons we considered the valuation of unquoted investments to be a key audit matter.	For investments sampled that were valued using less subjective valuation techniques (cost and price of recent investment reviewed for changes in fair value) we: • Verified the cost or price of recent investment to supporting documentation; • Considered whether the investment was an arm's length transaction through reviewing the parties involved in the transaction and checking whether or not they were already investors of the investee Company; • Considered whether there were any indications that the cost or price of recent investment was no longer representative of fair value considering, inter alia, the current performance of the investee company and the milestones and assumptions set out in the investment proposal; and • Considered whether the price of recent investment is supported by alternative valuation techniques. For investments sampled that were valued using more subjective techniques (earnings multiples and revenue multiples forecasts) we: • Challenged and corroborated the inputs to the valuation with reference to management information of investee companies, market data and our own understanding and assessed the impact of the estimation uncertainty concerning these assumptions and the disclosure of these uncertainties in the financial statements; • Reviewed the historical financial statements and any recent management information available to support assumptions about maintainable revenues, earnings or cash flows used in the valuations; • Considered the revenue or earnings multiples applied and the discounts applied by reference to observable listed company market data; and • Challenged the consistency and appropriateness of adjustments made to such market data in establishing the revenue, cash flow or earnings multiple applied in arriving at the valuations adopted by considering the individual performance of investee companies against plan and relative to the peer group, the market and sector in which the investee company operates and other factors as appropriate. For a sample of loan note investments held at fair value included above, we: • Vouched security held to loan agreement • Considered the assumption that fair value is not significantly different to cost by challenging the assumption that there is no significant movement in the market interest rate since acquisition and considering the "unit of account" concept Where appropriate, we performed a sensitivity analysis by developing our own point estimate where we considered that alternative input assumptions could reasonably have been applied and we considered the overall impact of such sensitivities on the portfolio of investments in determining whether the valuations as a whole are reasonable and free from bias. Key observations: Based on the procedures performed we consider the investment valuations to be appropriate considering the level of estimation uncertainty.

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

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

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

	Company financial statements	
	2023	**2022**
Materiality	£0.884m	£1.065m
Basis for determining materiality	1.5% of Net assets	1.75% of Net assets
Rationale for the benchmark applied	In setting materiality, we have had regard to the nature and disposition of the investment portfolio. Given that the VCT's portfolio is comprised of unquoted investments which would typically have a wider spread of reasonable alternative possible valuations, we have applied a percentage of 1.5% of net assets.	In setting materiality, we have had regard to the nature and disposition of the investment portfolio. Given that the VCT's portfolio is comprised of unquoted investments which would typically have a wider spread of reasonable alternative possible valuations, we have applied a percentage of 1.75% of net assets.
Performance materiality	£0.664m	£0.799m
Basis for determining performance materiality	75% of materiality	75% of materiality
Rationale for the percentage applied for performance materiality	The level of performance materiality applied was set after having considered a number of factors including the expected total value of known and likely misstatements and the level of transactions in the year.	The level of performance materiality applied was set after having considered a number of factors including the expected total value of known and likely misstatements and the level of transactions in the year.

Lower testing threshold
We determined that for Revenue return before tax, a misstatement of less than materiality for the financial statements, could influence users of the financial statements as it is a measure of the Company's performance of income generated from its investments after expenses. As a result, we determined a lower testing threshold for those items impacting revenue return of £163,000 (2022: £146,000) based on 10% of expenditure (2022: 10% of expenditure).

Reporting threshold
We agreed with the Audit Committee that we would report to them all individual audit differences in excess of £18,000 (2022: £53,000). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

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

We have nothing to report in this regard.

Independent Auditor's Report to the Members of Thames Ventures 2 VCT Plc (continued)

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

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

Going concern and longer-term viability	• The Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 45; and • The Directors' explanation as to their assessment of the Company's prospects, the period this assessment covers and why the period is appropriate set out on page 29.
Other Code provisions	• Directors' statement on fair, balanced and understandable set out on page 37; • Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 26; • The section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 45; and • The section describing the work of the audit committee set out on page 42

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

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

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

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

Independent Auditor's Report to the Members of Thames Ventures 2 VCT Plc (continued)

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

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

Non-compliance with laws and regulations
Based on:

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

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

Our procedures in respect of the above included:

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

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

Our risk assessment procedures included:

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

Independent Auditor's Report to the Members of Thames Ventures 2 VCT Plc (continued)

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

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

Our procedures in respect of the above included:

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

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

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

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

Use of our report

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

Vanessa Bradley (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London
United Kingdom
31 July 2023

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

Audited Income Statement
for the year ended 31 March 2023

		Year ended 31 March 2023			Year ended 31 March 2022		
		Revenue	**Capital**	**Total**	Revenue	Capital	Total
	Note	**£'000**	**£'000**	**£'000**	£'000	£'000	£'000
Income	**2**	284	-	284	1,296	-	1,296
(Loss)/gain on investments	**9**	-	(6,307)	(6,307)	-	6,599	6,599
Total gain/(loss) from investments		284	(6,307)	(6,023)	1,296	6,599	7,895
Investment management fees	**3**	(472)	(472)	(944)	(531)	(531)	(1,062)
Other expenses	**4**	(689)	-	(689)	(409)	-	(409)
(Loss)/return on ordinary activities before tax		(877)	(6,779)	(7,656)	356	6,068	6,424
Tax on total comprehensive income and ordinary activities	**6**	**-**	**-**	**-**	-	-	-
(Loss)/return attributable to equity Shareholders, being total comprehensive income for the year		(877)	(6,779)	(7,656)	356	6,068	6,424
Basic and diluted return per share:							
Ventures Share	**8**	**(1.0p)**	**(5.5p)**	**(6.5p)**	(1.0p)	4.8p	3.8p
Healthcare Share	**8**	**(1.4p)**	**(20.0p)**	**(21.4p)**	(1.6p)	19.9p	18.3p
AIM Share	**8**	**(4.3p)**	**8.2p**	**3.9p**	(1.5p)	(0.9p)	(2.4p)
DSO D Share	**8**	**0.3p**	**(0.4p)**	**(0.1p)**	(0.2p)	0.2p	0.0p
DP67 Share	**8**	**(0.8p)**	**(1.2p)**	**(2.0p)**	10.5p	(2.2p)	8.3p

The total column within the Income Statement represents the Statement of Total Comprehensive Income of the Company prepared in accordance with Financial Reporting Standard 102 ("FRS 102"). The supplementary revenue return and capital return columns are prepared in accordance with the Statement of Recommended Practice issued in July 2022 by the Association of Investment Companies ("AIC SORP").

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

Income Statement

Analysed by Share pool – unaudited and non-statutory

for the year ended 31 March 2023

Split as:

	Year ended 31 March 2023			Year ended 31 March 2022		
	Revenue	**Capital**	**Total**	Revenue	Capital	Total
Ventures Share pool	**£'000**	**£'000**	**£'000**	£'000	£'000	£'000
Income	64		64	58	-	58
Net (loss)/gain on investments	-	(2,401)	(2,401)	-	2,641	2,641
Total gain/(loss) from investments	64	(2,401)	(2,337)	58	2,641	2,699
Investment management fees	(278)	(278)	(556)	(314)	(314)	(628)
Other expenses	(280)	-	(280)	(235)	-	(235)
(Loss)/return on ordinary activities before tax	(494)	(2,679)	(3,173)	(491)	2,327	1,836
Tax on total comprehensive income and ordinary activities	-	-	-	-	-	-
(Loss)/return attributable to equity Shareholders, being total comprehensive income for the year	(494)	(2,679)	(3,173)	(491)	2,327	1,836

	Year ended 31 March 2023			Year ended 31 March 2022		
	Revenue	**Capital**	**Total**	Revenue	Capital	Total
Healthcare Share pool	**£'000**	**£'000**	**£'000**	£'000	£'000	£'000
Income	4	-	4	21	-	21
Net (loss)/gain on investments	-	(3,857)	(3,857)	-	4,172	4,172
Total (loss)/gain from investments	4	(3,857)	(3,853)	21	4,172	4,193
Investment management fees	(161)	(161)	(322)	(195)	(195)	(390)
Other expenses	(115)	-	(115)	(140)	-	(140)
(Loss)/return on ordinary activities before tax	(272)	(4,018)	(4,290)	(314)	3,977	3,663
Tax on total comprehensive income and ordinary activities	-	-	-	-	-	-
(Loss)/return attributable to equity Shareholders, being total comprehensive income for the year	(272)	(4,018)	(4,290)	(314)	3,977	3,663

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

Income Statement (continued)

Analysed by Share pool – unaudited and non-statutory

for the year ended 31 March 2023

AIM Share pool	**Year ended 31 March 2023** Revenue £'000	Capital £'000	Total £'000	Year ended 31 March 2022 Revenue £'000	Capital £'000	Total £'000
Income	-	-	-	-	-	-
Net gain on investments	-	93	93	-	-	-
Total gain from investments	-	93	93	-	-	-
Investment management fees	(18)	(18)	(36)	(2)	(2)	(4)
Other expenses	(21)	-	(21)	(2)	-	(2)
(Loss)/gain on ordinary activities before tax	(39)	75	36	(4)	(2)	(6)
Tax on total comprehensive income and ordinary activities	-	-	-	-	-	-
(Loss)/gain attributable to equity Shareholders, being total comprehensive income for the year	(39)	75	36	(4)	(2)	(6)

DSO D Share pool	**Year ended 31 March 2023** Revenue £'000	Capital £'000	Total £'000	Year ended 31 March 2022 Revenue £'000	Capital £'000	Total £'000
Income	24	-	24	-	-	-
(Loss)/gain on investments	-	(27)	(27)	-	19	19
Total gain/(loss) from investments	24	(27)	(3)	-	19	19
Investment management fees	(1)	(1)	(2)	(6)	(6)	(12)
Other expenses	(3)	-	(3)	(10)	-	(10)
Return/(loss) on ordinary activities before tax	20	(28)	(8)	(16)	13	(3)
Tax on total comprehensive income and ordinary activities	-	-	-	-	-	-
Return/(loss) attributable to equity Shareholders, being total comprehensive income for the year	20	(28)	(8)	(16)	13	(3)

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

Income Statement (continued)

Analysed by Share pool – unaudited and non-statutory

for the year ended 31 March 2023

	Year ended 31 March 2023			Year ended 31 March 2022		
	Revenue	**Capital**	**Total**	Revenue	Capital	Total
DP67 Share pool	**£'000**	**£'000**	**£'000**	£'000	£'000	£'000
Income	192	-	192	1,217	-	1,217
Net loss on investments	-	(115)	(115)	-	(233)	(233)
Total gain/(loss) from investments	192	(115)	77	1,217	(233)	984
Investment management fees	(14)	(14)	(28)	(14)	(14)	(28)
Other expenses	(270)	-	(270)	(22)	-	(22)
(Loss)/return on ordinary activities before tax	(92)	(129)	(221)	1,181	(247)	934
Tax on total comprehensive income and ordinary activities	-	-	-	-	-	-
(Loss)/return attributable to equity Shareholders, being total comprehensive income for the year	(92)	(129)	(221)	1,181	(247)	934

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

Audited Balance Sheet
as at 31 March 2023

	Note	2023 £'000	2022 £'000
Fixed assets			
Investments	**9**	**43,157**	49,141
Current assets			
Debtors	**10**	**2,510**	4,317
Cash at bank and in hand		**6,082**	8,384
		8,592	12,701
Creditors: amounts falling due within one year	**11**	**(1,214)**	(965)
Net current assets		**7,378**	11,736
Net assets		**50,535**	60,877
Capital and reserves			
Called up Share capital	**12**	**117**	113
Capital redemption reserve	**13**	**4**	58
Special reserve	**13**	**50,483**	24,063
Share premium account	**13**	**-**	29,284
Funds held in respect of shares not yet allotted	**13**	**-**	7
Revaluation reserve	**13**	**93**	6,995
Capital reserve – realised	**13**	**4,127**	3,769
Revenue reserve	**13**	**(4,289)**	(3,412)
Total equity Shareholders' funds	**14**	**50,535**	60,877
Basic and diluted Net Asset Value per share:			
Ventures Share	**14**	**59.4p**	68.2p
Healthcare Share	**14**	**61.6p**	84.4p
AIM Share	**14**	**101.1p**	99.9p
DSO D Share	**14**	**2.6p**	2.6p
DP67 Share	**14**	**24.8p**	26.8p

The financial statements on pages 80 to 112 were approved and authorised for issue by the Board of Directors on 31 July 2023 and were signed on its behalf by:

Sir Aubrey Brocklebank Bt.
Chairman

Company number: 06789187

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

Balance Sheet

Analysed by Share pool – unaudited and non-statutory

as at 31 March 2023

Split as:

Ventures Share pool	Note	2023 £'000	2022 £'000
Fixed assets			
Investments		**27,758**	31,259
Current assets			
Debtors		**925**	1,801
Cash at bank and in hand		**3,430**	4,321
		4,355	6,122
Creditors: amounts falling due within one year		**(730)**	(490)
Net current assets		**3,625**	5,632
Net assets		**31,383**	36,891
Capital and reserves			
Called up share capital	12	**67**	65
Capital redemption reserve		**3**	58
Special reserve		**32,039**	16,290
Share premium account		**-**	18,657
Funds held in respect of shares not yet allotted		**-**	2
Revaluation reserve		**1,170**	3,458
Capital reserve – realised		**1,665**	1,428
Revenue reserve		**(3,561)**	(3,067)
Total equity Shareholders' funds		**31,383**	36,891

Healthcare Share pool	Note	2023 £'000	2022 £'000
Fixed assets			
Investments		**12,355**	15,945
Current assets			
Debtors		**455**	633
Cash at bank and in hand		**860**	2,483
		1,315	3,116
Creditors: amounts falling due within one year		**(221)**	(310)
Net current assets		**1,094**	2,806
Net assets		**13,449**	18,751
Capital and reserves			
Called up share capital	12	**28**	27
Capital redemption reserve		**1**	-
Special reserve		**15,395**	7,752
Share premium account		**-**	8,594
Funds held in respect of shares not yet allotted		**-**	5
Revaluation reserve		**(295)**	4,031
Capital reserve – realised		**177**	(73)
Revenue reserve		**(1,857)**	(1,585)
Total equity Shareholders' funds		**13,449**	18,751

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

Balance Sheet (continued)

Analysed by Share pool – unaudited and non-statutory

as at 31 March 2023

AIM Share pool	**Note**	**2023 £'000**	2022 £'000
Fixed assets			
Investments		**1,893**	-
Current assets			
Debtors		**2**	604
Cash at bank and in hand		**850**	1,446
		852	2,050
Creditors: amounts falling due within one year		**(19)**	(21)
Net current assets		**833**	2,029
Net assets		**2,726**	2,029
Capital and reserves			
Called up share capital	**12**	**3**	2
Special reserve		**2,673**	(2)
Share premium account		**-**	2,033
Funds held in respect of shares not yet allotted		**-**	-
Revaluation reserve		**93**	-
Capital reserve – realised		**-**	-
Revenue reserve		**(43)**	(4)
Total equity Shareholders' funds		**2,726**	2,029

DSO D Share pool	**Note**	**2023 £'000**	2022 £'000
Fixed assets			
Investments		**16**	43
Current assets			
Debtors		**21**	61
Cash at bank and in hand		**176**	124
		197	185
Creditors: amounts falling due within one year		**(13)**	(20)
Net current assets		**184**	165
Net assets		**200**	208
Capital and reserves			
Called up share capital	**12**	**8**	8
Special reserve		**422**	423
Revaluation reserve		**(258)**	(231)
Capital reserve – realised		**22**	22
Revenue reserve		**6**	(14)
Total equity Shareholders' funds		**200**	208

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

Balance Sheet (continued)

Analysed by Share pool – unaudited and non-statutory

as at 31 March 2023

		2023	2022
DP67 Share pool	**Note**	**£'000**	£'000
Fixed assets			
Investments		**1,135**	1,894
Current assets			
Debtors		**1,107**	1,218
Cash at bank and in hand		**766**	10
		1,873	1,228
Creditors: amounts falling due within one year		**(231)**	(124)
Net current assets		**1,642**	1,104
Net assets		**2,777**	2,998
Capital and reserves			
Called up share capital	**12**	**11**	11
Special reserve		**(46)**	(400)
Revaluation reserve		**(617)**	(263)
Capital reserve – realised		**2,263**	2,392
Revenue reserve		**1,166**	1,258
Total equity Shareholders' funds		**2,777**	2,998

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

Statement of Changes in Equity
for the year ended 31 March 2023

	Called up Share capital	Capital Redemption reserve	Special reserve	Share premium account	Funds held in respect of shares not yet allotted	Revaluation Reserve (note 9)	Capital reserve -realised	Revenue reserve	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 31 March 2021	102	58	29,417	20,010	241	(1,143)	3,132	(3,768)	48,049
Total comprehensive income	-	-	-	-	-	6,335	(267)	356	6,424
Transfer between reserves*	-	-	(5,159)	-	-	1,803	3,356	-	-
Unallotted shares	-	-	-	-	(234)	-	-	-	(234)
Transactions with owners									
Dividend paid	-	-	-	-	-	-	(2,452)	-	(2,452)
Purchase of own shares	-	-	(195)	-	-	-	-	-	(195)
Issue of shares	11	-	-	9,501	-	-	-	-	9,512
Share issue costs	-	-	-	(227)	-	-	-	-	(227)
At 31 March 2022	113	58	24,063	29,284	7	6,995	3,769	(3,412)	60,877
Total comprehensive income	-	-	-	-	-	(6,448)	(331)	(877)	(7,656)
Transfer between reserves*	-	-	(2,540)	-	-	(454)	2,994	-	-
Unallotted shares	-	-	-	-	(7)	-	-	-	(7)
Transactions with owners									
Dividend paid	-	-	-	-	-	-	(2,305)	-	(2,305)
Cancellation of share premium	-	(58)	31,785	(31,727)	-	-	-	-	-
Purchase of own shares	(4)	4	(2,825)	-	-	-	-	-	(2,825)
Issue of shares	8	-	-	2,500	-	-	-	-	2,508
Share issue costs	-	-	-	(57)	-	-	-	-	(57)
At 31 March 2023	117	4	50,483	-	-	93	4,127	(4,289)	50,535

* A transfer of £454,000 (2022: £1,803,000) representing previously recognised realised gains and losses on disposal of investments during the period has been made between the Revaluation Reserve and the Capital reserve - realised. A transfer of £2,540,000 (2022: £5,159,000) representing the total of: realised losses on the disposal of investments, cumulative realised losses on permanent fair value change, capital expenses and capital dividends in the period, has been made between the Capital Reserve - realised and the Special reserve.

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

Cash Flow Statement
for the year ended 31 March 2023

	Unaudited non-statutory analysis					Audited
	Ventures Share pool	Healthcare Share pool	AIM Share Pool	DSO D Share pool	DP67 Share pool	**Company**
	£'000	£'000	£'000	£'000	£'000	**£'000**
Cash flows from operating activities						
(Loss)/return on ordinary activities before taxation	(3,173)	(4,290)	36	(8)	(221)	(7,656)
Losses/(gains) on investments (**note 9**)	2,401	3,857	(93)	27	115	6,307
(Decrease)/increase in creditors	240	(89)	(2)	(7)	107	249
Decrease in debtors	876	178	602	40	111	1,807
Net cash inflow/(outflow) from operating activities	344	(344)	543	52	112	707
Cash flow from investing activities						
Purchase of investments (**note 9**)	(5,088)	(1,554)	(1,800)	-	-	(8,442)
Proceeds from disposal of investments (**note 9**)	6,188	1,287	-	-	644	8,119
Net cash inflow/(outflow) from investing activities	1,100	(267)	(1,800)	-	644	(323)
Net cash inflow/(outflow) before financing	1,444	(611)	(1,257)	52	756	384
Cash flows from financing activities						
Repurchase of shares	(2,066)	(759)	-	-	-	(2,825)
Issue of share capital	1,277	553	678	-	-	2,508
Cost of issue of share capital	(28)	(12)	(17)			(57)
Funds held in respect of shares not yet allotted	(2)	(5)	-	-	-	(7)
Equity dividends paid (**note 7**)	(1,516)	(789)	-	-	-	(2,305)
Net cash (outflow)/inflow from financing activities	(2,335)	(1,012)	661	-	-	(2,686)
Net change in cash	(891)	(1,623)	(596)	52	756	(2,302)
Cash and cash equivalents at start of the year	4,321	2,483	1,446	124	10	8,384
Cash and cash equivalents at end of the year	3,430	860	850	176	766	6,082
Cash and cash equivalents comprise						
Cash at bank and in hand	3,430	860	850	176	766	6,082
Total cash and cash equivalents	3,430	860	850	176	766	6,082

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

Cash Flow Statement
for the year ended 31 March 2022

	Unaudited non-statutory analysis					Audited
	Ventures Share pool	Healthcare Share pool	AIM Share Pool	DSO D Share pool	DP67 Share pool	Company
	£'000	£'000	£'000	£'000	£'000	**£'000**
Cash flows from operating activities						
(Loss)/return on ordinary activities before taxation	1,836	3,663	(6)	(3)	934	6,424
(Gains)/losses on investments	(2,641)	(4,172)	-	(19)	233	(6,599)
Increase in creditors	253	211	21	3	50	538
Increase in debtors	(1,337)	(379)	(604)	(32)	(1,217)	(3,569)
Net cash outflow from operating activities	(1,889)	(677)	(589)	(51)	-	(3,206)
Cash flow from investing activities						
Purchase of investments (**note 9**)	(2,070)	(4,764)	-	-	-	(6,834)
Proceeds from disposal of investments (**note 9**)	2,085	2,529	-	421	-	5,035
Net cash inflow/(outflow) from investing activities	15	(2,235)	-	421	-	(1,799)
Net cash inflow/(outflow) before financing	(1,874)	(2,912)	(589)	370	-	(5,005)
Cash flows from financing activities						
Repurchase of shares	(58)	(137)	-	-	-	(195)
Issue of share capital	4,775	2,658	2,079	-	-	9,512
Cost of issue of share capital	(122)	(61)	(44)	-	-	(227)
Funds held in respect of shares not yet allotted	(220)	(14)	-	-	-	(234)
Equity dividends paid (**note 7**)	(1,321)	(542)	-	(590)	-	(2,453)
Net cash (outflow)/inflow from financing activities	3,054	1,904	2,035	(590)	-	6,403
Net change in cash	1,180	(1,008)	1,446	(220)	-	1,398
Cash and cash equivalents at start of the year	3,141	3,491	-	344	10	6,986
Cash and cash equivalents at end of the year	4,321	2,483	1,446	124	10	8,384
Cash and cash equivalents comprise						
Cash at bank and in hand	4,321	2,483	1,446	124	10	8,384
Total cash and cash equivalents	4,321	2,483	1,446	124	10	8,384

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

Notes to the Accounts
for the year ended 31 March 2023

1. Accounting policies

Basis of accounting

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

The financial statements are presented in pounds sterling and rounded to thousands. The Company's functional and presentational currency is pounds sterling.

Going concern

The Directors have made an assessment of the company's ability to continue as a going concern and are satisfied that the company has the resources to continue in business for the foreseeable future, being a period of 12 months from the date these Financial Statements were approved. Furthermore, the Directors are not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern, having taken into account the liquidity of the Company's investment portfolio and the Company's financial position in respect of its cash flows and investment commitments. Therefore, the Financial Statements have been prepared on the going concern basis.

Presentation of Income Statement

In order to better reflect the activities of a Venture Capital Trust, and in accordance with the SORP, supplementary information which analyses the Income Statement between items of a revenue and capital nature has been presented alongside the Income Statement. The revenue return is the measure the Directors believe appropriate in assessing the Company's compliance with certain requirements set out in Part 6 of the Income Tax Act 2007.

Reportable segments

The Company has one reportable segment as the sole activity of the Company is to operate as a VCT and all of the Company's resources are allocated to this activity.

Investments

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

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

Liquidity investments are measured using bid prices.

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

1. Accounting policies (continued)

Investments (continued)

For unquoted investments, fair value is established by using the IPEV guidelines. The valuation methodologies for unquoted entities used by the IPEV to ascertain the fair value of an investment are as follows:

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

The methodology applied takes account of the nature, facts and circumstances of the individual investment and uses reasonable data, market inputs, assumptions and estimates in order to ascertain fair value. The valuation of investments is detailed in Note 9.

Gains and losses arising from changes in fair value are included in the Income Statement for the year as a capital item and transaction costs on acquisition or disposal of the investment are expensed. Where an investee company has gone into receivership, liquidation or administration (where there is little likelihood of recovery), the loss on the investment, although not physically disposed of, is treated as being realised.

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

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

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

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

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

1. Accounting policies (continued)

Judgements in applying accounting policies and key sources of estimation uncertainty

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

Of the Company's assets measured at fair value, it is possible to determine their fair values within a reasonable range of estimates.

A price sensitivity analysis of the unquoted investments is provided in note 15, under Investment price risk.

Income

Dividend income from investments is recognised when the Shareholders' rights to receive payment have been established, normally the ex-dividend date.

Interest income is accrued on a time apportioned basis, by reference to the principal sum outstanding and at the effective rate applicable, and only where there is reasonable certainty of collection in the foreseeable future.

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

Arrangement fee rebates received from the Investment Manager are treated as capital income following the date of investment.

Where previously accrued income is considered unrecoverable, a corresponding bad debt expense is recognised.

Expenses

All expenses are accounted for on an accruals basis, and are stated inclusive of any VAT charged. In respect of the analysis between revenue and capital items presented within the Income Statement, all expenses have been presented as revenue items except as follows:

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

Expenses and liabilities not specific to a share class are generally allocated pro rata to the Net Asset Values of each share class.

1. Accounting policies (continued)

Taxation

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

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

Deferred taxation, which is not discounted, is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise, based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the accounts.

Other debtors and other creditors

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

Issue costs

Issue costs in relation to the shares issued for each share class have been deducted from the share premium account, special reserve or revenue reserve, as applicable, for the relevant share class.

Performance Incentive

Amounts payable in respect of Performance Incentive arrangements are recorded at such time that an obligation has been established. An explanation of each of the Performance Incentive arrangements is given in Note 12. In respect of the DSO D Share, pool, should a Performance Incentive become payable it will be recorded as an expense item through the Income Statement. Performance Incentives in respect of all other Share classes are paid by way of dividends and will therefore be recognised in accordance with the dividend accounting policy. There is no Performance Incentive in place for the AIM Share class.

Dividends

Dividends payable are recognised as distributions in the financial statements when the Company's liability to make payment has been established, typically once declared by the Board or approved by Shareholders at the AGM.

Funds held in respect of shares not yet allotted

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

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

2. Income

	2023	2022
	£'000	£'000
Income from investments		
Loan interest	**269**	1,255
Dividend income	**15**	41
	284	1,296

3. Investment management fees

The management fee, which is charged to the Company, is based on an annual amount of 1.50% of the DSO D Share pool net assets, 1.35% of the DP67 Share pool net assets, 2.00% of the Ventures Share pool net assets, 2.50% of the Healthcare Share pool net assets and 1.75% of the AIM Share pool net assets. The Manager also provides administration services for a fee calculated as follows: (i) a basic fee of £47,550; (ii) A fee of 0.1% of net assets per annum on funds in excess of £10 million; (iii) £5,000 per additional share pool, excluding the DSO D share pool. Fees in relation to these services are shown within note 4.

	2023	2022
	£'000	£'000
Investment management fees	**944**	1,062

4. Other expenses

	2023	2022
	£'000	£'000
Administration services	**125**	98
Trail fee	**21**	24
Directors' remuneration	**96**	75
Auditor's remuneration for audit	**60**	48
Registrars	**22**	48
London Stock Exchange	**11**	10
FCA	**8**	8
Printing and Postage	**19**	19
Bad debt expense	**258**	2
Insurance	**15**	22
Recruitment	**-**	24
Other	**54**	31
	689	409

The annual running costs of the Company are subject to a cap of 3.0% of net assets of the Company for all Share pools, with the exception of the DP67 and Healthcare Share pools, which are subject to caps of 2.9% and 3.5% respectively. For the year ended 31 March 2023 the expenses for the D Share pool were 2.4% of net assets, for the DP67 pool 2.0% of net assets, for the Ventures pool 2.2% of net assets, for the Healthcare pool 2.5% of net assets and for the AIM pool 2.1% of net assets.

5. Directors' remuneration

Details of remuneration are given in the audited part of the Directors' Remuneration Report on page 62. Key management is comprised of the Directors of the Company.

The Company had no employees (other than Directors) during the year. Costs in respect of the Directors are shown in note 4 above. No other emoluments or pension contributions were paid by the Company to, or on behalf of, any Director. There were no amounts outstanding at the year end.

6. Taxation

		2023	2022
		£'000	£'000
(a)	**Tax charge for the year**		
	UK corporation tax at 19% (2022: 19%)	**-**	-
	Deferred tax movement	**-**	-
	Charge for the year	**-**	-
(b)	**Factors affecting tax charge for the year**		
	(Loss)/return on ordinary activities before taxation	**(7,656)**	6,424
	Tax charge calculated on return on ordinary activities before taxation at the applicable rate of 19% (2022: 19%)	**(1,454)**	1,221
	Effects of:		
	Expenses disallowed for tax purposes	**3**	-
	Losses/(gains) on investments	**1,198**	(1,254)
	UK dividend income	**(3)**	(8)
	LLP profits receivable during the year	**(4)**	(4)
	Losses carried forward	**260**	45
	Tax on total comprehensive income and ordinary activities	**-**	-

Excess management expenses, which are available to be carried forward and offset against future taxable income, amounted to £6.0 million (2022: £4.6 million). The associated deferred tax asset of £1.5 million has not been recognised due to the fact that it is unlikely that the excess management fees will be offset against future taxable profits in the foreseeable future.

7. Dividends

	2023	2022		**2023**			2022	
	Pence per share		**Revenue £'000**	**Capital £'000**	**Total £'000**	Revenue £'000	Capital £'000	Total £'000
Dividends paid								
Ventures Shares								
2021 Final	**-**	2.75	**-**	**-**	**-**	-	1,322	1,322
2022 Final	**2.75**	-	**-**	**1,516**	**1,516**	-	-	-
	2.75	2.75	**-**	**1,516**	**1,516**	-	1,322	1,322

7. Dividends (continued)

	2023	2022		2023			2022	
	Pence per share		**Revenue £'000**	**Capital £'000**	**Total £'000**	Revenue £'000	Capital £'000	Total £'000
Healthcare Shares								
2021 Final	**-**	2.75	**-**	**-**	**-**	-	541	541
2022 Final	**3.50**	-	**-**	**789**	**789**	-	-	-
	3.50	2.75	**-**	**789**	**789**	-	541	541
DSO D Shares								
2021 Special	**-**	7.50	**-**	**-**	**-**	-	590	590
	-	7.50	**-**	**-**	**-**	-	590	590
Total				**2,305**	**2,305**		2,453	2,453
Dividends proposed								
Ventures Shares								
2023 Final	**1.25**	-	**-**	**661**	**661**	-	-	-
Healthcare Shares								
2023 Final	**1.25**	-	**-**	**273**	**273**	-	-	-

8. Basic and diluted return per share

	Weighted Average number of shares in issue*	Revenue return/ (loss) £'000	Capital (loss)/ gain £'000	Total Comprehensive (loss)/ income £'000	Basic and diluted (loss)/ return per share Pence
Return per share is calculated on the following:					
Year ended 31 March 2023					
Ventures Shares	48,923,338	**(494)**	**(2,679)**	**(3,173)**	**(6.5p)**
Healthcare Shares	20,046,893	**(272)**	**(4,018)**	**(4,290)**	**(21.4p)**
AIM Shares	916,744	**(39)**	**75**	**36**	**3.9p**
DSO D Shares	7,867,247	**20**	**(28)**	**(8)**	**(0.1p)**
DP67 Shares	11,192,136	**(92)**	**(129)**	**(221)**	**(2.0p)**
Year ended 31 March 2022					
Ventures Shares	48,629,971	(491)	2,327	1,836	3.8p
Healthcare Shares	20,007,047	(314)	3,977	3,663	18.3p
AIM Shares	283,425	(4)	(2)	(6)	(2.3p)
DSO D Shares	7,867,247	(16)	13	(3)	0.0p
DP67 Shares	11,192,136	1,181	(247)	934	8.3p

**Excluding 13,976,149 (2022: 11,216,391) Ventures Management Shares and 5,712,064 (2022: 4,605,472) Healthcare Management Shares as there is an agreement in place with the Company that the right to distributions on the Management Shares is waived until certain the performance hurdles are met, as described on pages 8 and 20. At no point will voting rights attaching to the Management Shares be exercised.*

As the Company has not issued any convertible securities or share options, there is no dilutive effect on the return per DSO D Share, DP67 Share, Ventures Share, Healthcare Share or AIM Share. The return per share disclosed therefore represents both the basic and diluted return per share for all classes of share.

9. Fixed assets – investments

	Liquidity investments £'000	Quoted VC investments £'000	Unquoted VC investments £'000	Total £'000
Opening cost at 1 April 2022	5,161	4,403	40,146	49,710
Unrealised valuation (losses)/gains at 1 April 2022	(1,642)	2,930	5,802	7,090
Unrealised foreign exchange losses at 1 April 2022	-	-	(95)	(95)
Realised losses arising on permanent fair value change at 1 April 2022	-	-	(7,564)	(7,564)
Opening fair value at 1 April 2022	3,519	7,333	38,289	49,141
Movements in the year:				
Purchased at cost	1,800	-	6,642	8,442
Disposals - proceeds	(183)	-	(7,936)	(8,119)
- realised gains on disposals	30	-	111	141
Unrealised foreign exchange gains	-	-	321	321
Unrealised valuation losses in the Income Statement	(111)	(2,226)	(4,432)	(6,769)
Closing value at 31 March 2023	5,055	5,107	32,995	43,157
Closing cost at 31 March 2023	6,798	4,403	40,774	51,975
Unrealised valuation (losses)/gains at 31 March 2023	(1,743)	704	906	(133)
Unrealised foreign exchange gains at 31 March 2023	-	-	226	226
Realised losses arising on permanent fair value change at 31 March 2023	-	-	(8,911)	(8,911)
Closing value at 31 March 2023	5,055	5,107	32,995	43,157

No costs incidental to the acquisitions of investments were incurred during the year.

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

Level 1 Reflects financial instruments quoted in an active market;
Level 2 Reflects financial instruments that have prices that are observable either directly or indirectly; and
Level 3 Reflects financial instruments that use valuation techniques which are not based on observable market data (unquoted equity investments and loan note investments).

	Level 1 £'000	**Level 2 £'000**	**Level 3 £'000**	**2023 £'000**	Level 1 £'000	Level 2 £'000	Level 3 £'000	2022 £'000
Liquidity investments	**5,055**	**-**	**-**	**5,055**	3,519	-	-	3,519
Quoted equity	**5,107**	**-**	**-**	**5,107**	7,333	-	-	7,333
Unquoted loan notes	**-**	**-**	**2,013**	**2,013**	-	-	3,250	3,250
Unquoted equity	**-**	**-**	**30,982**	**30,982**	-	-	35,039	35,039
	10,162	**-**	**32,995**	**43,157**	10,852	-	38,289	49,141

9. Fixed assets investments (continued)

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

	Unquoted equity £'000	Unquoted loan notes £'000	**Total £'000**
Balance at 1 April 2022	35,039	3,250	**38,289**
Movements in the Income Statement:			
Unrealised valuation (losses)/gains in the income statement	(4,473)	41	**(4,432)**
Unrealised foreign exchange gains	321	-	**321**
Realised gains/(losses) in the income statement	219	(108)	**111**
Purchases at cost	5,643	999	**6,642**
Sales proceeds	(5,767)	(2,169)	**(7,936)**
Balance at 31 March 2023	30,982	2,013	**32,995**

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

The Board and the Investment Manager believe that the valuations as at 31 March 2023 reflect the most appropriate assumptions at that date, giving due regard to all information available from each investee company. Valuations are subject to fluctuations in market conditions and the sensitivity of the Company to such changes is shown within note 15.

Significant interests

Details of shareholdings in portfolio companies where the Company's holding, as at 31 March 2023, represents greater than 20% of the nominal value of any share class. The figures shown below represent the financial position and performance as of the latest available financial statements. The Company does not have significant influence over any of its portfolio companies.

Company	**Registered office**	**Share class**	**Number**	**Proportion of class held**	**Capital and reserves**	**(Loss)/ profit for the year**
Cadbury House Holdings Limited	EC3R 6HD	Ordinary	678,522	28%	£3.6m	(£1.1m)
Channel Mum Limited	RG1 1PL	D1 Ordinary	57,022	26.3%	£0.2m	*
Cornelis Networks Inc	EC4M 8AL	Series A-3 Preferred	1,800,000	28.1%	*	*
Empiribox Holdings Limited	BL1 4QR	C Ordinary	2,515,592	40.9%	£1.7m	*
		D Ordinary	1,377,144	41.5%		
		E Ordinary	9,032,082	24.9%		
Rated People Limited	EC2A 4HJ	C Ordinary	30,171	21.4%	(£4.1m)	(£2.3m)
Virtual Class Limited	E1 8EW	B Ordinary	3,282	50.0%	£1.4m	*
		C2 Ordinary	3,428	22.1%		

* Information not publicly available.

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

9. Fixed assets investments (continued)

The following summary shows the valuation of investments made by other funds managed or advised by the Investment Manager, alongside the aggregated valuations for all Share pools within Thames Ventures 2 VCT plc. All amounts shown are stated as at 31 March 2023.

	Total investment across all Thames Ventures 2 VCT plc Share pools £'000	Total investment across other Foresight/ Downing funds* £'000
Arecor Therapeutics plc^	3,837	498
Downing Strategic Micro-Cap Investment Trust plc	3,162	3,740
Cornelis Networks, Inc.	2,874	9,647
Virtual Class Limited (Third Space Learning)	2,199	3,158
FVRVS Limited (t/a Fundamental VR)	1,846	2,158
Ayar Labs, Inc.	1,840	5,519
Rated People Limited	1,821	3,287
CommerceIQ, Inc.	1,731	2,371
Imagen Limited	1,703	3,406
Hackajob Limited	1,665	5,915
Congenica Limited	1,470	-
Open Bionics Limited	1,428	479
BlackRock Cash D Acc	1,172	-
GENinCode plc^	1,051	-
Ecstase Limited (t/a ADAY)	1,000	2,878
Invizius Limited	998	223
Trinny London Limited	934	11,800
Upp Technologies Group Limited (previously Volo Commerce)	923	923
Masters of Pie Limited	876	3,876
Cambridge Respiratory Innovations Limited	800	1,024
Cadbury House Holdings Limited	791	2,162
Parsable, Inc.	753	2,876
Vanguard FTSE U.K. Equity Income Index Fund GBP Acc	721	-
Limitless Technology Limited	703	1,545
Closed Loop Medicine Limited	650	516
Cambridge Touch Technologies Limited	605	2,670
MIP Discovery Limited	600	881
DiA Imaging Analysis Limited	564	937
The Electrospinning Company Limited	544	200
Vivacity Labs Limited	490	5,911
Maverick Pubs (Holdings) Limited	444	-
Bulbshare Limited	427	3,739
Maestro Media Limited	419	7,414
Carbice Corporation	406	2,519
Qkine Limited	379	371
Gatewales Limited	344	-
FundingXchange Limited	276	1,644
Distributed Limited	275	2,225
Destiny Pharma plc^	219	-
Audioscenic Limited	200	5,000
Pearce and Saunders DevCo Limited	16	70
Adaptix Limited	-	-
Channel Mum Limited	-	-
Empiribox Holdings Limited	-	-
Glisser Limited	-	-
Hummingbird Technologies Limited	-	-
Lignia Wood Company Limited	-	-
Lineten Limited	-	-
Live Better With Limited	-	-
London City Shopping Centre Limited	-	-
Ormsborough Limited	-	-
	43,156	101,582

* Includes the value of investments made by all other self-managed and discretionary managed funds to which Foresight Group LLP and Downing LLP acted as Investment Manager or Adviser as at 31 March 2023.

10. Debtors

	2023	2022
	£'000	£'000
Prepayments and accrued income	1,140	1,275
Other debtors	1,370	3,042
	2,510	4,317

11. Creditors: amounts falling due within one year

	2023	2022
	£'000	£'000
Taxation and social security	6	5
Other creditors	1,066	808
Accruals and deferred income	142	152
	1,214	965

12. Called up share capital

	2023	2022
	£'000	£'000
Allotted, called up and fully paid:		
66,852,564 (2022: 65,328,545) Ventures Shares of 0.1p each	67	65
27,544,877 (2022: 26,811,908) Healthcare Shares of 0.1p each	28	27
2,695,803 (2022: 2,034,990) AIM Shares of 0.1p each	3	2
7,867,247 (2022: 7,867,247) DSO D Shares of 0.1p each	8	8
11,192,136 (2022: 11,192,136) DP67 Shares of 0.1p each	11	11
	117	113

The Company's capital is managed in accordance with its investment policy, as shown in the Strategic Report, in pursuit of its principal investment objective, as stated on page 48. There have been no significant changes in the objectives, policies or processes for managing capital from the previous period.

The Company has the authority to buy back shares, as described in the Directors' Report.

During the year ended 31 March 2023, the Company issued 1,851,706 Ventures Shares of 0.1p each at an average price of 69.22p per Ordinary Share, 656,708 Healthcare Shares of 0.1p each at an average price of 85.06p per Ordinary Share and 660,813 AIM Shares of 0.1p each at an average price of 102.31p per Ordinary Share. 2,759,758 Ventures Management Shares and 1,106,592 Healthcare Management Shares were issued during the year.

During the year ended 31 March 2023, the Company repurchased 3,014,102 Ventures Shares at an average price of 66.75p per Share and 1,007,037 Healthcare Shares at an average price of 72.75p per Share.

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

12. Called up share capital (continued)

Ventures and Healthcare Share pools

A Performance Incentive scheme is in place in respect of the Ventures and Healthcare Management Shares, which will represent 20% of the total number of Ventures and Healthcare Shares in issue. As part of the arrangement, in order to prevent dilution to the Shareholders of the Ventures and Healthcare Shares, the management team will waive their voting rights granted by these Management Shares at any general meeting of the Company and income or capital distributions otherwise payable on these Management Shares will be waived unless the relevant share class has achieved the relevant Total Return hurdle (based on audited results) at each year end date.

The Performance Incentive arrangements are structured such that the Ventures and Healthcare Management Shares will receive 20% of dividends paid in respect of the Company's Ventures and Healthcare Share pools, only when the Total Return hurdle is met. For the hurdle to be met, the Total Return to Ventures or Healthcare Shareholders must exceed £1.09 per share for the year ended 31 March 2023. For subsequent years, the Total Return hurdle increases by 3.0p per annum such that for the year ended 31 March 2024 the hurdle is £1.12, and for the year ended 31 March 2025 the hurdle is £1.15. The performance incentive arrangements in respect of the Ventures and Healthcare Share pools are assessed on each of the two Share pools individually.

DSO D Share pool

The Performance Incentive in respect of the DSO D Shares is structured as a simple fee when the hurdle is met. A fee is payable when:

(i) Shareholders receive total proceeds of at least 100.0p per DSO D Share (excluding income tax relief); and

(ii) Shareholders achieve a tax-free compound return of at least 7% per annum (after allowing for income tax relief on investment).

If the hurdle is met, the fee will be 3.0p per DSO D Share plus 20% of Shareholder proceeds above 100.0p per D Share. The maximum performance fee is limited to 7.0p per D Share.

As at 31 March 2023, there is not expected to be a performance incentive payable per DSO D Share as the compound return hurdle is not likely to be met.

The Company does not have any externally imposed capital requirements.

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

13. Reserves

	2023	2022
	£'000	£'000
Capital redemption reserve	**4**	58
Special reserve	**50,483**	24,063
Share premium account	**-**	29,284
Revaluation reserve	**93**	6,995
Capital reserve – realised	**4,127**	3,769
Revenue reserve	**(4,289)**	(3,412)
Funds held in respect of shares not yet allotted	**-**	7
	50,418	60,764

Note: called up share capital not included above

The Special reserve, Capital reserve – realised and Revenue reserve are all distributable reserves. The distributable reserves are reduced by unrealised holding losses of £18.1 million (2022: £12.0 million), which are included in the Revaluation reserve.

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

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

Share premium account
This reserve accounts for the difference between the prices at which shares are issued and the nominal value of the shares, less issue costs and transfers to the other distributable reserves.

Revaluation reserve
This reserve represents the cumulative increases and decreases in the valuations of investments held at each year end, against cost.

Capital reserve - realised
The following are disclosed in this reserve:

- gains and losses on the disposal of investments;
- foreign exchange differences of a capital nature;
- expenses, together with the related taxation effect, charged in accordance with the above accounting policies; and
- capital dividends paid to Shareholders.

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

Funds held in respect of shares not yet allotted
This reserve represents the fundraising proceeds which were awaiting allotment as at the Balance Sheet date.

14. Basic and diluted Net Asset Value per share

	Shares in issue		**2023 Net Asset Value**		2022 Net Asset Value	
	2023	2022	**Pence per share**	**£'000**	Pence per share	£'000
Ventures Shares	**66,852,564***	65,328,545*	**59.4**	**31,383**	68.2	36,889
Healthcare Shares	**27,544,877***	26,811,908*	**61.6**	**13,449**	84.4	18,746
AIM Shares	**2,695,803**	2,034,990	**101.1**	**2,726**	99.9	2,029
DSO D Shares	**7,867,247**	7,867,247	**2.6**	**200**	2.6	208
DP67 Shares	**11,192,136**	11,192,136	**24.8**	**2,777**	26.8	2,998
Funds held in respect of shares not yet allotted				**-**		6
Net assets per Balance Sheet				**50,535**		60,876

** includes 13,976,149 (2022: 11,216,391) Management Shares and 5,712,064 (2022: 4,605,472) Healthcare Management Shares, which have not been included in the calculation of Net Asset Value per share as the right to distributions on the Management Shares is waived until certain performance hurdles have been met, as described on pages 8 and 20.*

The Directors allocate the assets and liabilities of the Company between the DSO D Shares, DP67 Shares, Ventures Shares, Healthcare Shares and AIM Shares such that each share class has sufficient net assets to represent its dividend and return of capital rights, as described in note 12.

As the Company has not issued any convertible shares or share options, there is no dilutive effect on the Net Asset Value per DSO D Share, per DP67 Share, per Ventures Share, per Healthcare Share or per AIM Share. The Net Asset Value per share disclosed therefore represents both the basic and diluted Net Asset Value per DSO D Share, per DP67 Share, per Ventures Share, per Healthcare Share and per AIM Share.

15. Financial instruments

The Company's financial instruments comprise investments held at fair value through profit or loss, being equity and loan investments in unquoted companies, Liquidity investments, loans and receivables, being cash deposits and short-term debtors, and financial liabilities, being creditors arising from its operations. The main purpose of these financial instruments is to generate cashflows, revenues and capital appreciation for the Company's operations. The Company has no gearing or other financial liabilities apart from short-term creditors.

The fair value of investments is determined using the detailed accounting policy as shown in Note 1. The composition of the investments is set out in Note 9.

The fair values of cash deposits and short-term debtors and creditors equate to their carrying values.

15. Financial instruments (continued)

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

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

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

The risk management policies used by the Company in respect of the principal financial risks and a review of the financial instruments held at the year-end are provided below:

Market risks

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

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

- Investment price risk;
- Foreign exchange risk; and
- Interest rate risk.

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

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

15. Financial instruments (continued)

Investment price risk

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

Quoted investments

The Company's sensitivity to fluctuations in the prices of its quoted investments is summarised below. A 20% movement in the quoted prices of these assets, which is considered to be a reasonable annual movement given the fluctuations in the FTSE indices, would have the following impact on the company:

	Risk exposure at 31 March 2023	Risk exposure at 31 March 2022
Liquidity investments (£'000)	**5,055**	3,519
Quoted Ventures and Healthcare investments (£'000)	**5,107**	7,333
FTSE 100 Index at the reporting date	**7,632**	7,516

Movement in FTSE 100 Index	**Estimated impact on NAV/Total Return £'000**	**Estimated impact on NAV Pence**	Estimated impact on NAV/Total Return £'000	Estimated impact on NAV Pence
Ventures Shares				
20% increase to 4,332 (2022: 5,142)	**722**	**1.4p**	857	1.6p
20% decrease to 2,888 (2022: 3,428)	**(722)**	**(1.4p)**	(857)	(1.6p)
Healthcare Shares				
20% increase to 5,590 (2022: 7,880)	**932**	**4.3p**	1,313	5.9p
20% decrease to 3,726 (2022: 5,254)	**(932)**	**(4.3p)**	(1,313)	(5.9p)

At 31 March 2023, the unquoted portfolio was valued at £34,377,000 (2022: £38,289,000). A breakdown of the unquoted portfolio by valuation method used is as follows:

	2023 £'000
Calibration to price of recent investment	21,408
Multiples	4,605
Discounted cash flows or earnings (of underlying business)	3,566
Discounted cash flows (from the investment)	2,265
Net assets	1,151
	32,995

15. Financial instruments (continued)

Market risks (continued)

***Investment price risk* (continued)**

As the majority of the Company's unquoted investments are valued using calibration to price of recent investment, a change in market conditions could impact on the valuation of the equity investments held in the unquoted portfolio. As the unquoted investments are across a broad range of sectors and valued using different valuation techniques, it is not possible to create a meaningful analysis by changing one input or discount factor. As unquoted investments are typically structured as partly equity and partly loan notes, investment price risk of the unquoted investments is considered as a whole. The Board has considered the volatility of current market conditions in determining the reasonably possible market movements that should be illustrated with sensitivity analysis. Positive and negative movements of 20% in the carrying value of the unquoted portfolio as a whole are considered to be a reasonable maximum level in a given year and would have the following impact:

Movement in unquoted investment valuations

	31 March 2023			
	+20% movement		**-20% movement**	
Share pool	**Impact on net assets £'000**	**Impact on NAV per share Pence**	**Impact on net assets £'000**	**Impact on NAV per share Pence**
Ventures Shares	**5,644**	**10.7p**	**(5,644)**	**(10.7p)**
Healthcare Shares	**1,529**	**7.0p**	**(1,529)**	**(7.0p)**
DSO D Shares	**3**	**0.0p**	**(3)**	**(0.0p)**
DP67 Shares	**227**	**2.0p**	**(227)**	**(2.0p)**

	31 March 2022			
	+20% movement		-50% movement	
Share pool	Impact on net assets £'000	Impact on NAV per share Pence	Impact on net assets £'000	Impact on NAV per share Pence
Ventures Shares	5,395	10.0p	(13,487)	(24.9p)
Healthcare Shares	1,876	8.4p	(4,689)	(21.1p)
DSO D Shares	9	0.1p	(22)	(0.3p)
DP67 Shares	379	3.4p	(947)	(8.5p)

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

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

15. Financial instruments (continued)

Market risks (continued)

Foreign exchange risk

The Company has exposure to fluctuations in the prevailing market rates of exchange between the US Dollar ("USD") and the British Pound ("GBP"), as a result of holding investments in companies which use USD as their functional and reporting currency. The valuations of such investments are first performed in USD and subsequently converted to the equivalent GBP values at each reporting date. As at 31 March 2023, cumulative unrealised foreign exchange gains of £321,000 (2022: cumulative loss £171,000) had been recognised in the Income Statement, representing the movements in the USD:GBP exchange rates between the date of each relevant investment and the reporting date. The Board continues to review the exposure to fluctuations in foreign currencies but has not sought to mitigate the exposure at this time. The Company does however have relationships with foreign exchange service providers and will seek to reduce the impact of foreign exchange fluctuations on future cash flows as they arise.

Interest rate risk

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

There are three categories in respect of interest, which are attributable to the financial instruments held by the Company as follows:

- “Fixed rate” assets represent investments with predetermined yield targets and comprise certain loan note investments and preference shares;
- “Floating rate” assets predominantly bear interest at rates linked to Bank of England base rate or LIBOR and comprise cash at bank; and
- “No interest rate” assets do not attract interest and comprise equity investments, certain loan note investments, Liquidity investments, loans and receivables (excluding cash at bank) and other financial liabilities.

	Average interest rate	Average period until maturity	**2023 £’000**	2022 £’000
Fixed rate	2.6%	55 days	**2,013**	3,250
Floating rate	nil		**-**	8,384
No interest rate			**49,904**	49,242
			51,917	60,876

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

During the period the Bank of England base rate has increased from 0.75% per annum to 4.25% per annum at the period end (from 0.10% to 0.75% in the prior year). Following the period end, in May 2023, the rate increased further, to 5.00% per annum. Any potential change in the base rate, at the current level, would have an immaterial impact on the net assets and Total Return of the Company.

15. Financial instruments (continued)

Credit risk
Credit risk is the risk that a counterparty to a financial instrument is unable to discharge a commitment to the Company made under that instrument. The Company is exposed to credit risk through its holdings of loan notes in investee companies, cash deposits and debtors. Credit risk relating to holdings of loan notes in investee companies is considered to be part of market risk.

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

	2023	2022
	£'000	£'000
Investments in loan notes	**2,013**	3,250
Cash and cash equivalents	**6,082**	8,384
Interest and other receivables	**2,510**	4,316
	10,605	15,950

The Manager manages credit risk in respect of loan notes with a similar approach as described under investment price risk. The management of credit risk, associated interest, dividends and other receivables is covered within the investment management procedures.

Cash is mainly held with Royal Bank of Scotland plc, an A-rated financial institution. Consequently, the Directors consider that the credit risk associated with cash deposits is low.

There have been limited changes in fair value during the year that are directly attributable to changes in credit risk.

Liquidity risk
Liquidity risk is the risk that the Company encounters difficulties in meeting obligations associated with its financial liabilities. Liquidity risk may also arise from either the inability to sell financial instruments at their fair values when required, or from the inability to generate cash inflows as required.

The Company has a relatively low level of creditors, being £1.2 million (2022: £965,000), all of which are payable within one year. The Company has no borrowings, and accordingly the Board believes that the Company's exposure to liquidity risk is low. Also, the quoted investments held by the Company are considered to be readily realisable. The Company always holds sufficient levels of funds as cash and readily realisable investments in order to meet expenses and other cash outflows as they arise. For these reasons, the Board believes that the Company's exposure to liquidity risk is minimal. The Company's liquidity risk is managed by the Investment Manager in line with guidance agreed with the Board and is reviewed by the Board at regular intervals.

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

15. Financial instruments (continued)

The carrying values of loan note investments held and at fair value through profit or loss as at 31 March 2023, analysed by expected maturity date, are as follows:

As at 31 March 2023	**Passed maturity date £'000**	**Not later than 1 year £'000**	**Between 1 and 2 years £'000**	**Between 2 and 3 years £'000**	**Between 3 and 5 years £'000**	**Total £'000**
Fully performing loans	**-**	**-**	**-**	**-**	**878**	**878**
Past due loans	**1,135**	**-**	**-**	**-**	**-**	**1,135**
	1,135	**-**	**-**	**-**	**878**	**2,013**

As at 31 March 2022	Passed maturity date £'000	Not later than 1 year £'000	Between 1 and 2 years £'000	Between 2 and 3 years £'000	Between 3 and 5 years £'000	Total £'000
Fully performing loans	-	417	-	-	258	675
Past due loans	1,411	1,164	-	-	-	2,575
	1,411	1,581	-	-	258	3,250

As at 31 March 2023, of the loans classified as "past due", £1,135,000 (2022: £1,411,000) relates to the principal of loans where the principal had passed its maturity date. The total of £1,135,000 relates to principal which is between 3 and 5 years past due (2022: £1,411,000 between 1 and 3 years past due). Notwithstanding that the principal remained outstanding passed its maturity date, the Directors did not consider that the loan principal amounts had been impaired.

16. Deferred taxation

	2023 £'000	2022 £'000
At the beginning of the year	**-**	-
Charged to the income statement	**-**	-
At the end of the year	**-**	-

17. Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, in line with its planned exit and evergreen strategies, so that it can continue to provide returns for Shareholders, and to provide an adequate return to the Shareholders by allocating its capital to assets, commensurately with the level of risk.

By its nature, the Company has an amount of capital, at least 80% (as measured under the tax legislation) of which is, and must remain, invested in the relatively high-risk asset class of small UK companies, within three years of that capital being subscribed. The Company accordingly has limited scope to manage its capital structure in the light of changes in economic conditions and the risk characteristics of the underlying assets. Subject to this overall constraint upon changing the capital structure, the Company may adjust the amount of dividends paid to Shareholders, return capital to Shareholders, issue new shares or sell assets, if so required, to maintain a sufficient level of liquidity in order for the Company to remain a going concern.

As the Investment Policy implies, the Board would consider levels of gearing, although 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 period.

18. Contingencies, guarantees and financial commitments

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

19. Controlling party and related party transactions

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

Fees payable during the year to the Directors and their interest in shares of the Company are disclosed within the Directors' Remuneration Report on page 63 and 64. There were no amounts outstanding and due to the Directors as at 31 March 2023 (2022: nil).

Further related party transactions include Investment Management and Administration fees payable to Foresight Group LLP and Downing LLP, as disclosed in notes 3 and 4.

In addition, Downing LLP was also paid promoter fees in connection with the offers for subscription which were open during the year. The total paid to Downing LLP during the year ended 31 March 2023 was £39,000 (2022: £149,000).

The Company also has an agreement to pay an ongoing trail fee annually to the Investment Manager, in connection with applicable proceeds raised under previous offers for subscription, out of which there is an obligation to pay trail commission to intermediaries. The total trail fee payable in respect of the year ended 31 March 2023 was £21,000, all of which was unpaid as at 31 March 2023 (2022; £24,000).

20. Events after the end of the reporting period

In the period between 31 March 2023 and the date of this report, the Company issued the following shares:

- 360,443 Ventures Shares, at an average price of 66.00p per share; and
- 1,722,102 Healthcare Shares, at an average price of 68.27p per share; and

At the date of this report, there were 67,213,007 Ventures Shares, 29,266,979 Healthcare Shares and 2,695,803 AIM Shares in issue, including Management Shares.

Notice of the Annual General Meeting of Thames Ventures 2 VCT plc

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Thames Ventures 2 VCT plc will be held at the offices of Foresight Group LLP, The Shard, 32 London Bridge Street, London, SE1 9SG at 3:30 p.m. on 12 September 2023 for the transaction of the following business:

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

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

2. To approve the Directors' Remuneration Report.

3. To approve the Directors' Remuneration Policy.

4. To approve the payment of final dividends of 1.25p per Ventures Share and 1.25p per Healthcare Share.

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

6. To re-elect as Director, Sir Aubrey Brocklebank, who retires and, being eligible, offers himself for re-election.

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

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

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

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

Ordinary Resolution

10. That, in addition to any existing authority (to the extent unused), the Directors be and are hereby generally and unconditionally authorised in accordance with Section 551 of the Companies Act 2006 (the "Act") to exercise all the powers of the Company to allot shares or to grant rights to subscribe for or to convert any security into shares in the Company up to an aggregate nominal amount of £140,000, being up to £51,000 Ventures Shares (plus Ventures Management Shares of up to £12,750) (representing approximately 120% of the Ventures Share capital in issue at today's date), up to £49,000 Healthcare Shares (plus Healthcare Management Shares of up to £12,250) (representing approximately 260% of the Healthcare Share capital in issue at today's date) and up to £15,000 AIM Shares (representing approximately 556% of the AIM Share capital in issue at today's date), during the period commencing on the passing of this resolution and expiring at the conclusion of the Company's next annual general meeting, or on the expiry of 15 months following the passing of the resolution, whichever is the later (unless previously revoked, varied or extended by the Company in a general meeting), but so that this authority shall allow the Company to make before the expiry of this authority offers or agreements which would or might require shares to be allotted or rights to be granted to subscribe for or to convert any security into shares in the Company after such expiry and all previous authorities given by the Directors in accordance with section 551 of the Act be and are hereby revoked, provided that such revocation shall not have retrospective effect;

Special Resolutions

11. That, in addition to any existing authority (to the extent unused), the Directors be and are hereby empowered, during the period commencing on the passing of this resolution and expiring at the conclusion of the Company's next annual general meeting, or on the expiry of 15 months following the passing of this resolution, whichever is the later (unless previously revoked, varied or extended by the Company in a general meeting), pursuant to section 570 of the Act, to allot equity securities (as defined in Section 560(1) of the Act) for cash pursuant to the authority given in accordance with Section 551 of the Act, pursuant to Resolution 10 above, as if section 561(1) of the Act did not apply to any such allotment but so that this authority shall allow the Company to make offers or agreements before the expiry and the Directors may allot equity securities in pursuance of such offers or agreements as if the powers conferred hereby had not so expired;

Notice of the Annual General Meeting of Thames Ventures 2 VCT plc (continued)

12. That, the Company be and is hereby generally and unconditionally authorised to make market purchases (within the meaning of Section 693(4) of the Companies Act 2006) of DSO D Shares of 0.1p each ("DSO D Shares"), DP67 Shares of 0.1p each ("DP67 Shares"), Ventures Shares of 0.1p each ("Ventures Shares"), Healthcare Shares of 0.1p each ("Healthcare Shares") and AIM Shares of 0.1p each ("AIM Shares") in the capital of the Company provided that:

(i) the maximum number of 1,172,219 DSO D Shares representing approximately 14.9% of the issued DSO D Share capital, 1,667,628 DP67 Shares representing approximately 14.9% of the issued DP67 Share capital, 7,932,291 Ventures Shares representing approximately 14.9% of the issued Ventures Share capital, 3,509,682 Healthcare Shares representing approximately 14.9% of the issued Healthcare Share capital of the Company and 401,674 AIM Shares representing approximately 14.9% of the issued AIM Share capital of the Company;

(ii) the minimum price which may be paid for a DSO D Share, DP67 Share, Ventures Share, Healthcare Share or AIM Share is 0.1p, exclusive of all expenses;

(iii) the maximum price which may be paid for a DSO D Share, DP67 Share, Ventures Share, Healthcare Share or AIM Share is an amount, exclusive of all expenses, equal to 105% of the average of the middle market quotations of the relevant share, as derived from the Daily Official List of the London Stock Exchange, for each of the five business days immediately preceding the day on which the share is contracted to be purchased; and

(iv) the Company may validly make a contract to purchase its own DSO D Shares, DP67 Shares, Ventures Shares, Healthcare Shares or AIM Shares under the authority hereby conferred prior to the expiry of such authority which will or may be executed wholly or partly after the expiry of such authority, and may validly make a purchase of DSO D Shares, DP67 Shares, Ventures Shares, Healthcare Shares or AIM Shares in pursuance of any such contract;

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

Shareholders wishing to attend the AGM are requested to please notify us via email, to tv2agm@downing.co.uk, in case there are changes to arrangements which need to be communicated at short notice.

By order of the Board

Grant Whitehouse
Company Secretary
Registered office:
6th Floor, St. Magnus House
3 Lower Thames Street
London EC3R 6HD

31 July 2023

Notice of the Annual General Meeting of Thames Ventures 2 VCT plc (continued)

Notes

(a) To be valid, a Form of Proxy and the power of attorney or other written authority, if any, under which it is signed or an office or notarially certified copy or a copy certified in accordance with the Powers of Attorney Act 1971 of such power and written authority, must be deposited at the offices of the Company's Registrar, The City Partnership (UK) Limited, The Mending Rooms, Park Valley Mills, Meltham Road, Huddersfield HD4 7BH or submitted electronically at proxy-thamesventures2.cpip.io, in each case not less than 48 hours (excluding weekends and public holidays) before the time appointed for holding the Annual General Meeting or adjourned meeting at which the person named in the Form of Proxy proposes to vote.

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

- by sending a signed hard copy notice clearly stating the intention to revoke the proxy appointment to The City Partnership (UK) Limited, The Mending Rooms, Park Valley Mills, Meltham Road, Huddersfield HD4 7BH. In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice; or
- by sending an e-mail to tv2agm@downing.co.uk.

In either case, the revocation notice must be received by The City Partnership before the Annual General Meeting or the holding of a poll subsequent thereto. If a member attempts to revoke his or her proxy appointment but the revocation is received after the time specified then, subject to Note (c) directly below, the proxy appointment will remain valid.

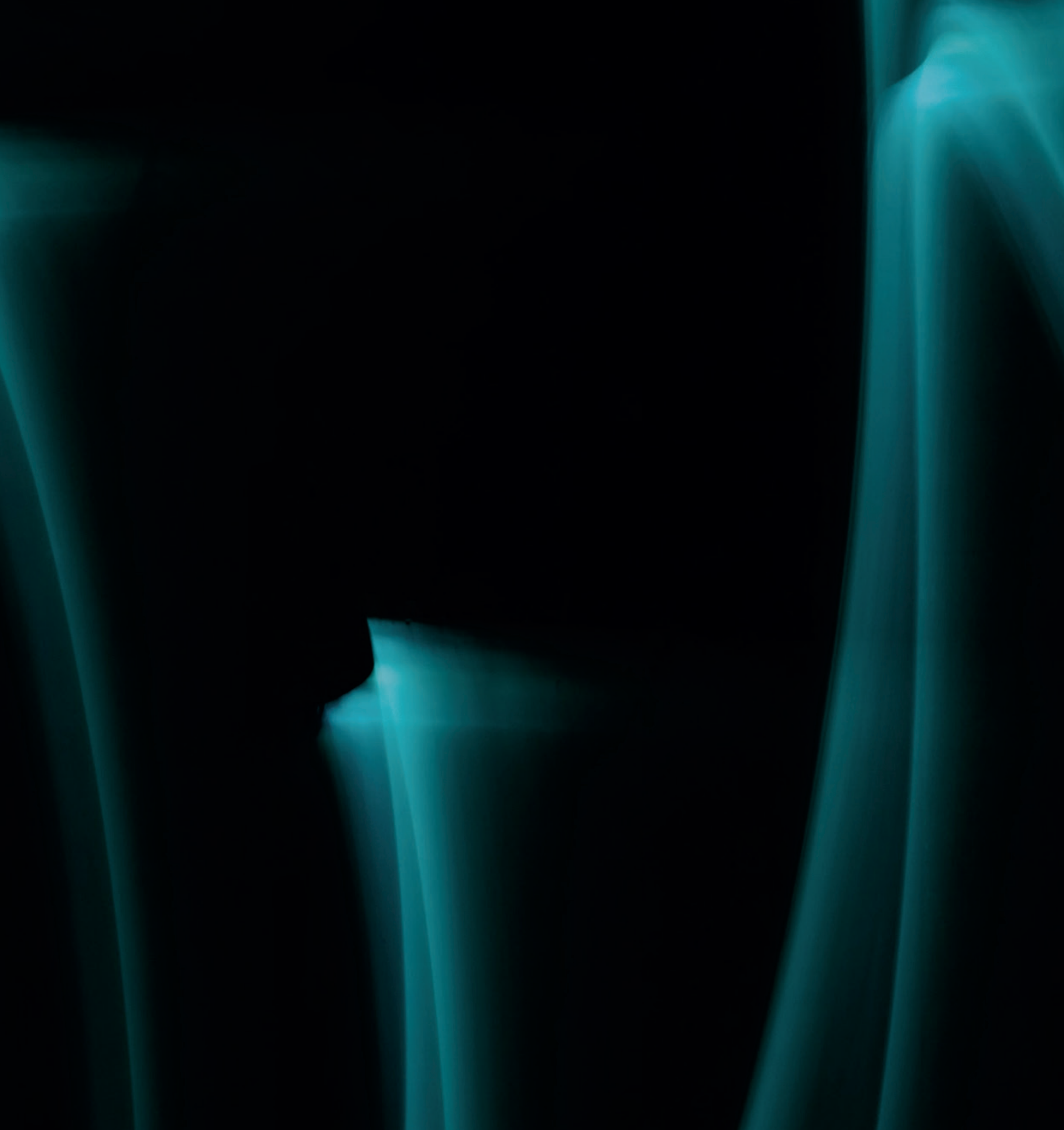
(c) Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company has specified that only those holders of the Company's shares registered on the Register of Members of the Company as at 3:30 p.m. on 8 September 2023 or, in the event that the Annual General Meeting is adjourned, on the Register of Members 48 hours (excluding weekends and public holidays) before the time of any adjourned meeting, shall be entitled to vote at the said Annual General Meeting in respect of such shares registered in their name at the relevant time. Changes to entries on the Register of Members after 3:30 p.m. on 8 September 2023 or, in the event that the Annual General Meeting is adjourned, on the Register of Members less than 48 hours (excluding weekends and public holidays) before the time of any adjourned meeting, shall be disregarded in determining the right of any person to attend and vote at the Annual General Meeting.

(d) As at 9:00 a.m. on 31 July 2023, the Company's issued share capital comprised 7,867,247 DSO D Shares, 11,192,136 DP67 Shares, 67,213,007 Ventures Shares, 29,266,979 Healthcare Shares and 2,695,803 AIM Shares the total number of voting rights in the Company, excluding management shares, was 75,152,567,322. Information on the number of shares and voting rights is included at www.foresightgroup.eu.

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

(f) Except as provided above, members who have general queries about the Annual General Meeting should write to the Chairman at the registered office set out on the previous page.

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



Foresight

FOR A SMARTER FUTURE

Thames Ventures VCT 2 plc
The Shard
32 London Bridge Street
London
SE1 9SG