Gresham House Renewable Energy VCT1 plc

Annual Report and Accounts for the year ended 30 September 2024

Gresham House
Specialist investment

The total generation capacity of renewable energy projects co-owned by Gresham House Renewable Energy VCT1 plc (VCT and together the VCTs) and Gresham House Renewable Energy VCT2 plc (VCT2) during the financial year was 20.3MWp of solar and 1.0MWp of wind. The renewable energy assets in the portfolio of the VCT and VCT2 generated 18,993MWh of electricity over the financial year, sufficient to meet the annual electricity consumption of c. 7,035 homes[1]. The Investment Adviser estimates that the carbon dioxide savings achieved by generating this output from renewable energy sources versus gas-fired power stations, are equivalent to 8,300 tonnes[2] of carbon dioxide emissions saved.

Overview

Governance

Financial Statements

Investment Objectives

Gresham House Renewable Energy VCT1 plc is a Venture Capital Trust established under the legislation introduced in the Finance Act 1995. Following the adoption of the new Investment Policy from 13 July 2021 (the New Investment Policy), the VCT's principal objective is to manage the VCT with the intention of realising the sale or monetisation otherwise of all remaining assets in the portfolio in a prudent manner consistent with the principles of good investment management and with a view to returning value to Shareholders in an orderly manner, whilst protecting the tax position of Shareholders, hereafter being defined as Managed Wind Down.

The VCT will pursue its investment objective by effecting an orderly realisation of its assets in a manner that seeks to achieve a balance between maximising the value received from those assets and making timely returns of capital to Shareholders. This process might include sales of individual assets or running of the portfolio in accordance with the existing terms of the assets, or a combination of both.

The detailed investment policy adopted to achieve the investment objectives is set out in the VCT's Strategic Report of the Annual Report on pages 18 to 30.

For more information visit
https://greshamhouse.com/real-assets

1 Assuming an "all non-renewable fuels" emissions statistic of 437tCO_2/GWh of electricity supplied, BEIS statistics July 2024, Digest of UK Energy Statistics, Table 5.14 ("Estimated carbon dioxide emissions from electricity supplied"). "Carbon avoided" calculated using Renewable UK methodology: Carbon reduction is calculated by multiplying the total amount of electricity generated by solar and wind per year by the number of tonnes of carbon which fossil fuels would have produced to generate the same amount of electricity.

2 Assuming an average annual electricity usage per household of 2.7MWh, as quoted by OFGEM May 2023. "Homes powered" calculated using Renewable UK methodology: MWh divided by average annual domestic electricity consumption. Household power consumption dropped in 2023 due to high power prices.

Shareholder Information

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

	Ordinary Shares	'A' Shares
TIDM/EPIC codes	GV10	GV1A
Latest share price (21 January 2025)	35.0p per share	5.05p per share

Selling shares
The Board has decided that the VCT will not be buying shares for the foreseeable future as highlighted in the Interim Results, as the VCT wishes to conserve such cash as it generates for the Managed Wind Down of the VCT and the payment of dividends.

Financial calendar

18 March 2025	Annual General Meeting
June 2025	Announcement of half yearly financial results

Dividends
Dividends will be paid by the registrar on behalf of the VCT. Shareholders who wish to have dividends paid directly into their bank account, rather than by cheque to their registered address, and did not complete these details on their original application form can, if they have a UK bank account, sign up for this service on Signal Shares (by clicking on 'your dividend options' and following the on screen instructions) or by contacting the Customer Support Centre. Signal Shares is a secure online site where you can manage your shareholding quickly and easily.

MUFG Corporate Markets (formerly called Link Group) Customer Support Centre can be contacted:

- by phone on UK – 0371 664 0300 (Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open between 09:00 - 17:30, Monday to Friday excluding public holidays in England and Wales).
- By email – vcts@cm.mpms.mufg.com
- By post - MUFG Corporate Markets, Central Square, 29 Wellington Street, Leeds, LS1 4DL

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 amendment this should be notified to the VCT's registrar, MUFG Corporate Markets (formerly called Link Group), under the signature of the registered holder.

Other information for Shareholders
Up-to-date VCT information (including financial statements, share prices and dividend history) is available on the Investment Adviser's website at:

https://greshamhouse.com/real-assets

If you have any queries regarding your shareholding in Gresham House Renewable Energy VCT1 plc, please contact the registrar on the above number or email.

Financial Highlights*

38.7p

Net asset value per Ordinary Share (pence)
(as at 30 September 2024)

0.1p

Net asset value per 'A' Share (pence)
(as at 30 September 2024)

83.1p

Cumulative Dividends paid (pence)
(as at 30 September 2024)

121.9p

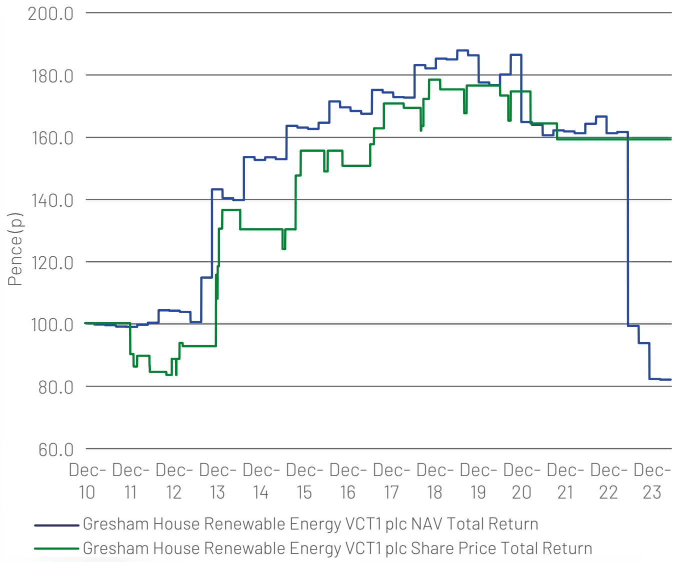
NAV Total return per Ordinary Share and 'A' Share (pence)
(as at 30 September 2024)

* The above financial highlights are considered to be Alternative Performance Measures, further details on how these are calculated have been included in the Strategic Report under the Key Performance Indicators section.

VCT1 Share Price Total Return

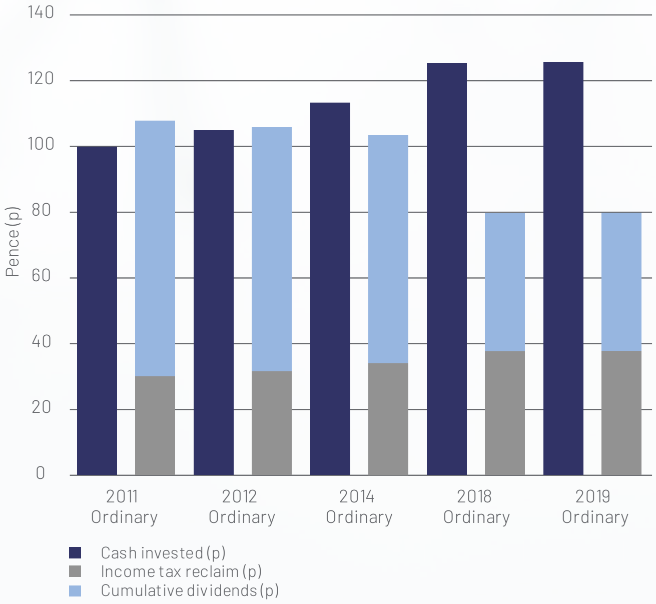
Total Return with dividends reinvested

The graph below represents the VCT's performance over the reporting periods since the VCT's Ordinary Shares and 'A' Shares were first listed on the London Stock Exchange, and shows share price total return (share price plus cumulative dividends paid) and net asset value total return (net asset value plus cumulative dividends paid) on a dividends reinvested basis, as per the AIC method.



Cash Returned to Shareholders by date of investment

The chart below shows the cash returned to shareholders based on the subscription price and the income tax reclaimed on subscription.



Directors

Gill Nott (Chairman) spent the majority of the first 27 years of her career working in the energy sector. In 1994 she became CEO of ProShare.

Due to her work in the retail savings sector, she spent six years on the Board of the Financial Services Authority from 1998 to 2004.

Gill has held a portfolio of Non-Executive positions, including roles with a number of VCTs and other closed-end funds, over the last 15 years.

She was also a board member of the AIC from 2004 until 2014.

She is currently chairman of PremierMiton Global Renewables Trust plc, PMGR Securities 2025 plc and US Solar Fund plc.

David Hunter qualified as a chartered accountant with PWC before joining 3i, the FTSE100 listed private equity group where he became Managing Director of Investment Management responsible for the entire UK portfolio of assets.

David is also a board member at Better Society Capital where he chairs the Audit Committee.

In the not-for-profit area, David is Treasurer of Motability Foundation – the charity & endowment which oversees the disabled car scheme.

Past Non-Executive roles in the investment area have included chairing UCL Business, membership of Bridges Ventures' Investment Committee and chairman of the Audit Committee of one of the Baronsmead family of listed investment companies

Giles Clark has worked on solar projects across Europe since 2006 and on UK projects since 2010. In 2006, he co-founded SunRay Renewable Energy, where he was CFO, developing large utility scale solar projects across Southern Europe.

SunRay had built a pipeline of 1.4GWp of projects by the time it was acquired by SunPower Corporation for $277mn in 2010. From 2013 to 2016 Giles was a founding shareholder and chairman of Solstice Renewables which developed and sold 100 MWp of ground mounted solar farms in the UK.

From 2013 to 2017, Giles was the founder and CEO of Primrose Solar which acquired and built 253MW of ground mounted solar farms in the UK. The completed projects were sold in 2016 to Bluefield, Greencoat and Equitix.

Giles is also a Director of Altano Energy SLU and of AlSi Consulting Limited. Giles was appointed as Director of National Energy Holdings Limited in December 2023. Giles has a BA in PPE from Oxford and an MBA from the London Business School.

All Directors are Non-Executive and all Directors are independent of the Investment Adviser.

Investment Adviser

In December 2023, Gresham House plc was acquired by Searchlight Capital Partners L.P. Following the acquisition, Gresham House plc delisted from the London Stock Exchange on 20 December 2023, to become a privately owned company. The acquisition has had a minimal impact on the Company and business is continuing as usual. For further information please visit the website link: https://greshamhouse.com/about/.

Gresham House Asset Management Limited (GHAM or Gresham House) is the Investment Adviser to the VCT and Gresham House Renewable Energy VCT2 plc. GHAM is owned by Gresham House Limited, a specialist investment manager providing funds, direct investments, and tailored investment solutions, including co-investment across a range of highly differentiated alternative investment strategies. GHAM's expertise includes strategic public equity and private assets, forestry, renewable energy, housing, and infrastructure.

Chairman's Statement

Gill Nott
Chairman

I am pleased to present the Annual Report of Gresham House Renewable Energy VCT1 plc (VCT) for the year ended 30 September 2024.

Following the results of the continuation vote in July 2021, and therefore the decision to enter a Managed Wind Down (see Investment Objectives on the inside front cover), the Board together with the Investment Adviser has continued, throughout the year under review, to work towards realising the Company's portfolio of assets.

Following the sale of two ground mounted solar sites and approximately 1,600 commercial and residential solar installations to Downing Renewables & Infrastructure Trust plc in April 2023, the Board has continued to seek an acquirer for the remaining solar assets in the portfolio (Apollo assets), and a small portfolio of micro wind assets (the Transaction). The Board appointed Jones Lang LaSalle (JLL) in late 2023 to assist with this phase of the Managed Wind Down process. The assets continue to be managed by the Investment Adviser with the focus on delivering the best possible yield whilst minimising costs ahead of the sale process. The Investment Adviser has also been diligently supporting the Boards of the VCTs and JLL in progressing the ongoing sale process.

A number of non-binding offers had been received for the Apollo assets by the date of signing of the half-yearly report for the six months ended 31 March 2024 at the end of June 2024. JLL, the Boards of both VCTs and the Investment Adviser have continued to engage with the bidders to clarify certain aspects of the offers in the second half of the financial year.

As of writing, good progress is being made towards the conclusion of the transaction but until the sale completes, there is no certainty. The VCT Boards current view is that the Transaction has a reasonable prospect of completion by the late spring of this year. The technical performance of the Apollo portfolio remains positive following maintenance and repowering works carried out. However, given the age of the portfolio, further technical maintenance has been necessary during the second half-year which has impacted generation. Total revenue was also affected by poor irradiation, resulting in a shortfall for the whole portfolio of 4.5%, 4.1% for the solar assets, to budget in the six month period ended 30 September 2024.

In determining a fair value for the Company's portfolio of assets, the Board has considered market conditions and the valuation metrics applied by other similar listed renewable energy funds when setting the Company's Net Asset Value (NAV). In respect of the financial year ended 30 September 2024, a firm offer for the Company's assets was received which is at a price that the Board believes reflects the best outcome achievable for shareholders. The Company's NAV has therefore been set at a level consistent with that transaction, albeit excluding associated sale costs (as required by accounting standards), due to the continuing poor market conditions for realising this type of mature solar asset.

At the year end, the Company's NAV per 'pair' of shares (one Ordinary Share and one 'A' Share) was 38.8p compared to 55.7p at 30 September 2023. This reduction is due to the payment of dividends totalling 7.5p per Ordinary Share mainly generated out of the proceeds from the partial sale in April 2023, and also the current challenging market conditions being considered following the ongoing sale process.

Investment portfolio

At the year end, the VCT held a portfolio of ten investments, which were valued at £14.2mn. There have been no follow-on acquisitions. No investments were disposed of during the financial year, but a loan repayment of £129,000 was made. One of the non-renewable investments, having entered administration in May 2023, was dissolved mid-September 2024.

The portfolio is analysed (by value) between the different types of assets as follows:

Ground mounted solar	92.7%
Small wind	7.3%
Non-renewable assets	0.0%

As referred to previously, there has been an ongoing issue in relation to the connection of the South Marston solar farm to the grid. This arose from the decision of the off taker (Honda) to cease business at the site and to sell the site to a third party. It is taking considerable time and effort to resolve the issue.

Whilst the new owner of the site, Panattoni, a developer and provider of logistic facilities, is cooperating to improve the way South Marston connects to the grid, it is however a complex and protracted process to amend the various agreements and gain lender consent. The final solution involves a new connection to an independent Distribution Network Operator (iDNO) which is almost agreed and once this is implemented, the issue will be resolved. iDNOs are similar to DNOs in that they also own, operate and maintain electricity infrastructure. The networks they adopt are typically new installed assets, such as connections to new developments, which will connect back onto the DNO's network. Unlike DNOs, iDNOs do not have a specific geographic area. Agreeing this is one of the key objectives for the Investment Adviser in the coming weeks and is necessary before any Transaction can be completed.

In order to maintain VCT status, the Company needs to ensure that it maintains certain percentages of qualifying investments within its portfolio. The Board anticipates that the Company will fall below these required percentages by September 2025. Therefore, to avoid a breach of VCT status, the Board has been advised that the Company need to enter a members' voluntary liquidation before September 2025 which would involve delisting the Company's shares. If the assets are sold early in 2025, the Board may decide to enter voluntary liquidation before the required date.

Venture Capital investments
The VCT holds one investment that is not in renewable energy. The company, bio-bean Limited, went into administration in April 2023 and is in the process of liquidation. No recovery of any value is expected. The other venture capital investment, Rezatec Limited, went into administration in May 2023 and was dissolved on 10 September 2024 without any recovery. The value of both VCT's venture capital investments was marked down to £nil at 31 March 2023.

Further detail on the investment portfolio is provided in the Investment Adviser's Report.

Net asset value and results
At 30 September 2024, the NAV per Ordinary Share stood at 38.7p and the NAV per 'A' Share stood at 0.1p, producing a combined total of 38.8p per 'pair' of shares. The movement in the NAV per share during the financial year is detailed in the table below:

	Pence per 'pair' of shares
NAV as at 1 October 2023	**55.7**
Less dividend payments during the year	(7.5)
Realised losses on assets still held	(7.2)
Valuation decrease on assets still held	(6.1)
Income less expenses	3.8
NAV as at 30 September 2024	**38.8**

The NAV Total Return (NAV plus cumulative dividends) has decreased by 17.0% in the last financial year and at the year end stands at 121.9p excluding the initial 30% VCT tax relief, compared to the cost to investors in the initial fundraising of £1.00 or 70.0p net of income tax relief.

The loss on ordinary activities after taxation for the year was £2.4mn (2023: £4.6mn loss), comprising a revenue profit of £1.2mn (2023: £391,000) and a capital loss of £3.6mn (2023: capital loss of £5.0mn) as shown in the Income Statement.

Dividends
On 21 December 2023, total dividends of 7.5p per Ordinary Share were paid to Shareholders, comprising of income generation from the portfolio and part also related to the distribution of the remaining proceeds arising from the part sale of assets in April 2023. At 30 September 2024, dividends of 83.1p per 'pair' of shares had been paid (2023: 75.6p).

On 2 December 2024, it was announced that the Company would not pay a dividend in 2024. The board intends to declare and pay a dividend as soon as practically possible following the sale of the remaining portfolio of assets.

2024 Annual General Meeting (AGM)
The VCT's thirteenth AGM was held on 19 March 2024 at 11:30 a.m. All resolutions were passed by way of a poll.

2025 Annual General Meeting (AGM)
The VCT's fourteenth AGM will be held at 18th Floor, The Scalpel, 52 Lime Street, London EC3M 7AF on 18 March 2025 at 3:30 p.m.

Share Buybacks
As noted in previous Reports, the Board has decided that the VCT will not be buying in shares for the foreseeable future.

Outlook
It is disappointing that despite diligent efforts by the Board, supported by the Investment Adviser, it has not been possible to progress the sale of the Company's remaining assets as quickly as Shareholders may have expected, due to extremely challenging market conditions. Issues with certain assets (notably South Marston) which needed resolving have not helped. However, it is pleasing now to be able to report significant progress as detailed above. The Board continues to ensure that every effort is being made to maximise Shareholder returns.

In the meantime, the strong cash flows generated by the remaining portfolio are generating returns for the Company. Despite this, costs throughout the remaining portfolio continue to rise and, with only the Investment Adviser's fees linked to the NAV, the Company's costs largely remain at the pre-sale of assets level. So, the right course of action remains to find an appropriate and willing purchaser who can achieve economies of scale with the assets the Company is seeking to sell.

Once again, I would like to thank Shareholders for their patience and continued interest and support.

Gill Nott
Chairman
29 January 2025

Investment Adviser's Report

Portfolio Highlights

Gresham House Renewable Energy VCT1 plc (VCT) remains invested in the renewable energy projects that the VCT and Gresham House Renewable Energy VCT2 plc (VCT2) have co-owned for a period of between ten to thirteen years, depending on the asset. The total generation capacity of assets co-owned by the VCT is 21.3MWp, made up of 20.3MWp from six ground mounted solar FIT projects and 1MWp of micro-wind projects spread across approximately 200 sites. At 30 September 2024, the VCT also owned one venture capital investment which is in the process of liquidation with no recovery expected.

Work is currently underway to sell the remainder of the VCT's assets, with JLL as the Corporate Finance Adviser who launched a new sale process at the beginning of the financial year.

The Investment Adviser continues to manage the assets and deliver the best possible yield from them, whilst also supporting the Boards of the VCTs and JLL in advancing the sale process.

The Investment Adviser has undertaken a valuation exercise (as of the full year to 30 September 2024) for the purpose of determining the Net Asset Value (NAV) and has provided the Directors with several valuation scenarios based on a range of key assumptions. It is the VCT Directors who have the responsibility of valuing these assets based on input from the Investment Adviser. The valuation presented in this Annual Report reflects the Directors' view of the fair market value of the assets as indicated by the offer received as part of the ongoing sales process whilst at the same time cognisant of the Investment Adviser's rolled forward financial model. Whilst the model incorporates potential future revenues and costs, as well as key assumptions that determine future operational and financial performance, it does not reflect the limited market appetite for this type of mature solar assets. The Board issued an RNS on 2 December 2024 in which it stated that the net sale proceeds may be 20-25% lower than the last stated NAV in March 2024.

During the year the total revenue from renewable energy generation was £12.2mn (2023: £14.7mn) and of this, £9.5mn was from government incentives and inflation-linked contracts. The total revenue was 4.9% behind budget due to a combination of factors including lower than budgeted irradiation, lower fixed power prices during the 12 month period and output due to some technical issues.

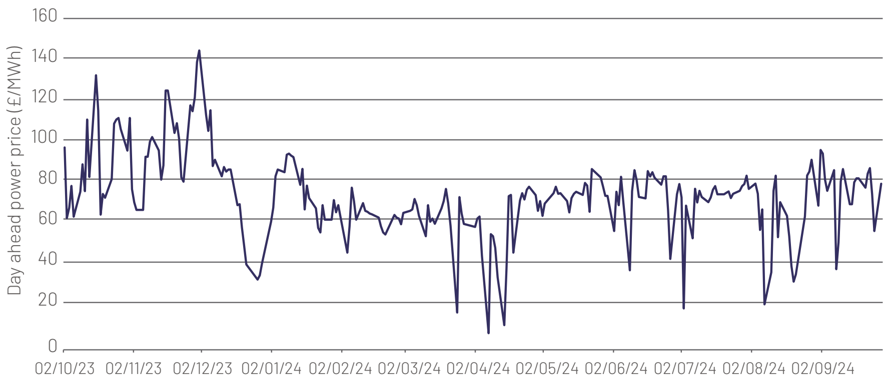
The vast majority of the assets held by the VCT produces solar power. The solar portfolio is older than over 90% of the total installed solar capacity in the UK, but positively this means that the VCT's solar assets benefit from higher government- backed incentives than most other solar installations.

The downside of the age of the VCT's solar assets is the additional maintenance required to keep them operating effectively. Maintenance programmes to repair or replace certain components across the three worse performing assets have been successful in improving performance. Performance generally remains fair, although Kingston Farm and Lake Farm have suffered from faults due to deterioration of some of their solar panels, for which warranty claims are in progress, with one of the manufacturers having offered compensation. Additionally, the inverters at Wychwood and Parsonage are starting to fail. A replacement programme is in progress at Wychwood, the larger of the two sites, after which its old inverters (that currently still work) will then be used as spares for Parsonage.

In terms of output, solar irradiation was 6% below budget during the year. The poor weather (low irradiance) across the year significantly impacted the solar assets' output. This, combined with some technical issues (described in more detail later) resulted in 8% lower generation than budget. These issues are being addressed through warranty claims and replacement works.

→ power prices continued to be volatile during the year 2023/24. Although they have dropped substantially following the spike that resulted largely from Russia's invasion of Ukraine in 2022, prices remain at elevated levels compared to the long-term average before the conflict. The most recent independent long-term power price curve forecast was higher than the last quarter's curve.

Mitie Power Prices – 1 October 2023 to 30 September 2024



As fixed price power contracts for the solar sites have expired and been renewed, only one site, Lake Farm, remained on a high price (£380/MWh), although this also ended in December 2024. Fixed prices at the remaining sites are between £65/MWh and £105/MWh which continues to be above the historic long-term norm of £50-60/MWh, which bodes well for the future cash flows.

Fixing power prices under the PPAs provides a good degree of security over future revenues, subject to output being on budget. Where prices have been on the higher end of the scale, the Investment Adviser took the opportunity to fix for longer, 2-year terms. Conversely, when the prices have been lower, they were only fixed for a year.

→ with a high degree of the portfolio's revenue being inflation linked, higher and more sustained inflation increases the revenues from the assets. The impact of high inflation on revenues is offset partially by the operating costs and the debt also being inflation-linked. During the period, inflation reduced significantly to more normal levels, to 1.7% at 30 September 2024, and is expected to remain at these more normal levels.

→ interest rates have decreased slightly during the period as the Bank of England (BoE) cut interest rates to try and stimulate growth given inflation had reduced substantially. Base Rates have decreased during the financial year from 5.25% to 5.0% on 1 August 2024 and post period to 4.75% on 7 November 2024. This makes debt less expensive.

Portfolio Composition

Portfolio Composition by Asset Type and Impact on VCT1 Net Asset Value (NAV)

		30 September 2024		30 September 2023	
Asset Type	**kWp**	**VCT1 Value ('000)**	**% of Portfolio value**	**VCT1 Value ('000)**	**% of Portfolio value**
Ground mounted solar (FiT)*	20,292	£13,165	92.7%	£15,395	86.9%
Wind assets (FiT)*	995	£1,033	7.3%	£2,318	13.1%
Venture Capital investments	N.A.	£0	0%	£0	0.0%
TOTAL	**21,287**	**£14,198**	**100.0%**	**£17,713**	**100.0%**

* Feed in Tariff (FiT)

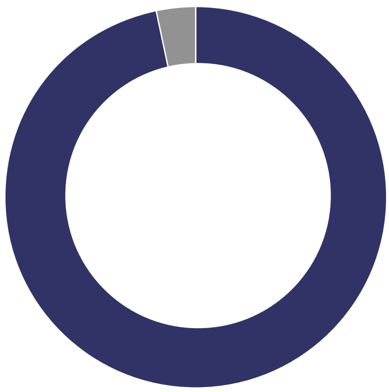
** The investment values above are gross and include loans owed by the VCT to the investment portfolio companies of £4.4mn at 30 September 2024 (2023: £3.7mn) as reflected in the net assets on the VCT's balance sheet.

The above table shows the details of the assets held as at 30 September 2024 and the assets held as at the prior year end 30 September 2023. The renewable energy assets in the portfolio (wind and solar) of the VCT and VCT2, generated 18,993MWhs of electricity over the financial year, sufficient to meet the annual electricity consumption of c.7,035 homes. The Investment Adviser estimates that the carbon dioxide savings achieved by generating this output from renewable energy sources versus gas-fired power stations, are equivalent to 8,300 tonnes of carbon dioxide emissions saved.

Portfolio Summary

Portfolio revenues for the full year 1 October 2023 to 30 September 2024

Renewable Energy VCT Portfolio – Revenue



The performance against budget is shown below:

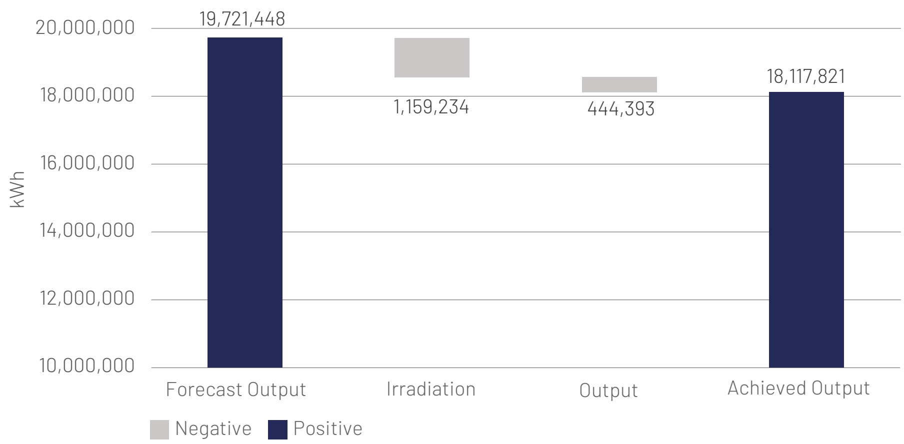
Asset type	1 October 2023 – 30 September 2024 Budgeted revenue (£)	Actual revenue (£)	Revenue performance (%)	1 October 2022 – 30 September 2023 Budgeted revenue (£)	Actual revenue (£)	Revenue performance (%)
Ground mounted solar (FiT)	12,409,444	11,849,241	95.5%	13,868,813	13,018,388	93.9%
Wind assets (FiT)	470,495	394,132	83.8%	417,653	303,517	72.7%
TOTAL	**12,879,939**	**12,243,373**	**95.1%**	**14,286,466**	**13,321,905**	**93.3%**

The revenue is affected by:

- renewable energy resources (solar irradiation or wind speed);
- the performance of the assets in converting the sun and wind into revenue; and
- the revenue paid per unit of energy generated and sold.

The ground mounted solar farms benefitted from attractive power prices and lower but still above BoE long-term inflation-linked increases to subsidies (5.5% as of 1 April 2024), but technical problems and poor climatic conditions reduced output which offset these increases, such that actual revenue was below budget. The chart below provides a breakdown for the ground mounted solar assets only as these provide c.97% of the revenue:

Ground mounted solar portfolio output analysis 1 October 2023 to 30 September 2024:



Renewable energy resources
During the year the assets suffered from lower solar irradiance than budgeted, with solar irradiation being 6% behind for the year which significantly impacted overall performance.

The replacement of faulty or failing equipment, (panels, inverters, transformers) that previously caused the reduction in output, plus the successful warranty claims against Jinko Solar (who supplied Beechgrove and South Marston) continue to bear fruit with improved performance. However, Kingston and Lake Farm are suffering from their solar panels degrading, so the Investment Adviser is pursuing a warranty claim against the solar panel manufacturers (Canadian Solar and Trina). Both manufacturers are engaging with the process and the gathering of evidence to support the claims is in progress, in particular Canadian Solar who have made an offer of compensation for their deteriorating solar panels. The inverters at Wychwood and Parsonage are starting to fail, so the Investment Adviser following approval by the Board has initiated a full replacement program at Wychwood. Once all its inverters have been replaced, those that still work will be used as spares for Parsonage as both sites use the same technology.

Technical performance
The table below shows the technical performance for each of the groups of assets during this and prior financial year:

Asset Type	1 October 2023 – 30 September 2024 Budgeted output (kWh)	Actual output (kWh)	Technical performance (%)*	1 October 2022 – 30 September 2023 Actual output (kWh)
Ground mounted solar (FiT)	19,721,448	18,117,821	91.9%	19,417,739
Wind assets (FiT)	1,045,301	875,646	83.8%	759,642
TOTAL	**20,766,749**	**18,993,467**	**91.5%**	**20,177,381**

* Technical performance is a measure of the percentage of actual output over budgeted output.

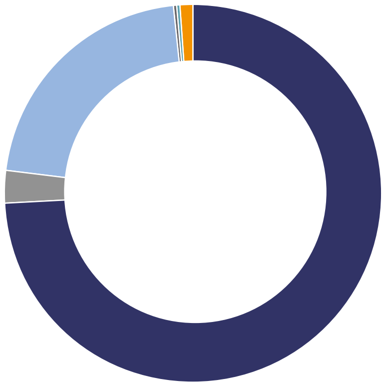
Micro wind performance:
The micro wind portfolio performed around 16% lower than budget but was an improvement on the financial year ended 30 September 2023. Micro wind accounts for only 4.8% of the portfolio in terms of capacity and even less in terms of revenue. The entire portfolio is comprised of approximately two hundred R9000 wind turbines, which have the support of an experienced O&M contractor with access to spare parts and maintenance crews.

South Marston update
South Marston has historically sold all its power to the Honda production plant adjacent to the solar site at Swindon. Honda closed down this facility in July 2021 when production stopped and now Honda has sold the site to a commercial real estate developer called Panattoni. The Investment Adviser is working with Panattoni and various advisers to ensure that the export of power from the solar farm is maintained, plus ensure the existing contractual arrangements and protections are preserved with the new owners.

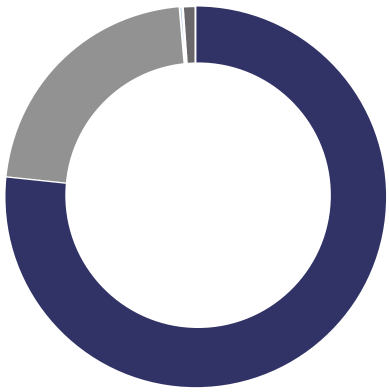
Panattoni is keen to make the solar power available to its future tenants when they move into the facility. Panattoni will construct on the site and has maintained in its planning application all the existing infrastructure including the substation through which South Marston connects to the grid. Both Honda and Panattoni have been supportive of South Marston during this period of uncertainty, agreeing to new switching arrangements to allow South Marston to export directly to the electricity network, whilst there is no demand at the old Honda site as it is closed. Ultimately Panattoni are looking to implement an iDNO solution such that each of their new tenants and South Marston Renewables Ltd as generator with have their own metering and connection arrangements. This is positive for the project as it separates the connection arrangements thus simplifying them and avoids SMRL's reliance on Panattoni in the future.

The Investment Adviser continues to work with all parties to improve South Marston's contractual rights which will be needed to satisfy any potential buyer of the VCT's assets and expects to sign an amended Cable Easement agreement and a new connection agreement with the iDNO (amongst others) which gives South Marston certain new and improved rights.

Revenue split for the year 2023/24



Ground mounted FiT solar portfolio, revenue split for the year 2023/24



Of total revenues generated from solar assets in the year, c. 77% was earned from government backed incentives for generating renewable electricity.

The high proportion of income that is fixed by the FiT scheme is RPI linked and not exposed to wholesale power prices and is a significant driver of value in this portfolio. This enables the portfolio to be insulated from any significant reductions in the wholesale price of electricity whilst allowing it to benefit from increases such as those experienced in 2022.

Total revenues (power price and subsidies) per MWh generated by the solar assets were £654/MWh for the year ended 30 September 2024.

Operating costs
The majority of the cost base is fixed and or contracted under long term agreements and includes rent, business rates, and regular O&M costs. Many of these costs have also risen in line with inflation.

The main variable cost item each year is the repair and maintenance cost. Repair and maintenance expenditure involving solar panels, the key component of a solar project, is covered by cash held in the maintenance reserve account as part of the debt facility. The maintenance reserve account has been used for maintenance programmes to repair or replace certain components across three performing assets. At the end of the financial year a reserve totalling £448k was in place for the remaining ground mounted solar assets.

Venture Capital investments
bio-bean went into administration in April 2023 and is in the process of liquidation. No recovery of any value is expected. Rezatec also went into administration, in May 2023, and was dissolved on 10 September 2024 without any recovery. The value of the two VCT's venture capital investments was marked down to £nil at 31 March 2023.

Outlook

The Investment Adviser's continued focus is to ensure that the assets operate at or above budget whilst it supports the Directors' efforts to maximise exit value for Shareholders.

The Investment Adviser is working alongside JLL to facilitate the due diligence process currently underway with the buyer. The buyer's technical adviser has visited all the site and conducted site assessments. These visits went well. The VCT Boards current view is that the Transaction has a reasonable prospect of completion by the late spring of this year.

Addressing the contractual status of the grid connection arrangement at South Marston with the new landowners remains a key priority.

The historical repairs and warranty claims of the underperforming assets that were completed have been successful and have provided greater visibility and reliability of revenues. Addressing the issues with the deteriorating solar panels at Kingston Farm and Lake Farm and replacing the failing inverters at Wychwood and Parsonage will bring further improvements to output and monitoring.

The Investment Adviser remains vigilant for spotting any signs of degradation early so that the impact on availability can be managed and reduced.

All ground mounted solar assets had fixed price PPAs during the financial year, which gave some certainty to revenue. The Investment Adviser is pleased to have secured new fixed price PPAs for one to two years to further de-risk near term future cash flows from these assets.

The combined effect of inflation and power prices locked in at good levels should translate into attractive, stable revenue and cash flow.

Gresham House Asset Management Limited

29 January 2025

Review of Investments

Portfolio of investments

The following investments were held at 30 September 2024:

Qualifying and part-qualifying investments	Operating sites	Sector	Cost £'000	Valuation £'000	Valuation movement in year £'000	% of portfolio
Lunar 2 Limited[1, 4]	South Marston, Beechgrove	Ground solar	1,330	11,612	511	81.8%
Lunar 1 Limited[1, 4]	Kingston Farm, Lake Farm	Ground solar	124	653	(1,272)	4.6%
HRE Willow Limited[3]	HRE Willow	Small wind	875	482	(140)	3.4%
New Energy Era Limited[4]	Wychwood Solar Farm	Ground solar	884	474	(845)	3.3%
Vicarage Solar Limited[4]	Parsonage Farm	Ground solar	871	426	(623)	3.0%
Tumblewind Limited[3]	Tumblewind	Small wind	850	214	(966)	1.5%
Minsmere Power Limited[3]	Minsmere	Small wind	975	197	(81)	1.4%
Small Wind Generation Limited[3]	Small Wind Generation	Small wind	975	140	31	1.0%
bio-bean Limited[2]	Cambridgeshire	Clean energy	695	–	–	0.0%
Lunar 3 Limited[1, 4]		Ground solar	1	–	–	0.0%
Total investments			7,580	14,198	(3,385)	100.0%
Cash at bank and in hand				1		0.0%
Total investments including cash				**14,199**		**100.0%**

1 Partially qualifying investment

2 bio-bean Limited was permanently impaired as at 31 March 2023. bio-bean's liquidation is ongoing.

3 £1.8mn of the valuation movement has been recognised as a realised loss at financial year ended 30 September 2024.

4 The individual portfolio company valuations are based on the estimated realisation proceeds from the ongoing sales process allocated by MWh per solar investment and number of turbines per wind investment. Lunar 2 Limited has increased in value relative to the other solar investments as it holds a higher beneficial interest in other solar companies within the group structure resulting in a higher allocated proportion of the estimated realisation proceeds.

All venture capital investments are incorporated in England and Wales.

Gresham House Renewable Energy VCT2 plc, of which Gresham House is the Investment Adviser, holds the same investments as above.

Investment movements for the year ended 30 September 2024

Disposals

Qualifying and partially qualifying investments	Cost at 30 September 2023 £'000	Valuation at 30 September 2023 £'000	Redemption of loan notes in year £'000	Profit vs costs in year £'000	Realised gain/(loss) in year £'000
Tumblewind Limited	129	129	129	–	–
Rezatec Limited* – Dissolved on 10 September 2024*	1,000	–	–	–	–

* The investment was permanently impaired as at 31 March 2023.

The basis of valuation for the largest investments is set out below on pages 12 to 16.

Further details of the remaining investments (by value):

Lunar 2 Limited

Lunar 2 Limited is a holding company of FiT remunerated ground mounted solar farms of 5MW (Wiltshire), 4MW (near Hawkchurch) and 0.6MW (Ilminster, Somerset).

Cost at 30/09/24:	£1,330,000
Cost at 30/09/23:	£1,330,000
Date of first investment:	December 2013
Valuation at 30/09/24:	£11,612,000
Valuation at 30/09/23:	£11,101,000
Valuation method:	Estimated realisation proceeds
Investment comprises:	
Ordinary shares:	£1,330,000
Proportion of equity held:	50%
Summary financial information from statutory accounts (non-consolidated):	**31 March 2024**
Turnover:	*
Operating profit/(loss):	*
Net assets:	£2,447,000

* Lunar 2 Limited non-consolidated P&L is not publicly available.

Lunar 1 Limited

Lunar 1 Limited is a holding company of FiT remunerated ground mounted solar farms of two 5MW (Wiltshire) and one 0.7MW (Oxfordshire).

Cost at 30/09/24:	£125,000
Cost at 30/09/23:	£125,000
Date of first investment:	December 2013
Valuation at 30/09/24:	£653,000
Valuation at 30/09/23:	£1,925,000
Valuation method:	Estimated realisation proceeds
Investment comprises:	
Ordinary shares:	£125,000
Proportion of equity held:	5%
Summary financial information from statutory accounts:	**31 March 2024**
Turnover:	£nil
Operating loss:	£(11,000)
Net assets:	£728,000

HRE Willow Limited

HRE Willow Limited owns a portfolio of FiT remunerated wind turbines on largely farmer-owned sites located throughout East Anglia. The total capacity of the wind assets owned by HRE Willow Limited is 430kW.

Cost at 30/09/24:	£875,000
Cost at 30/09/23:	£875,000
Date of first investment:	June 2011
Valuation at 30/09/24:	£482,000
Valuation at 30/09/23:	£622,000
Valuation method:	Estimated realisation proceeds
Investment comprises:	
Ordinary shares:	£875,000
Proportion of equity held:	44%
Summary financial information from statutory accounts:	**31 March 2024**
Turnover:	£177,000
Operating profit:	£48,000
Net assets:	£1,286,000

New Energy Era Limited

New Energy Era Limited owns a FiT remunerated solar farm of 0.7MW near Shipton-under- Wychwood, Oxfordshire.

Cost at 30/09/24:	£884,000
Cost at 30/09/23:	£884,000
Date of first investment:	November 2011
Valuation at 30/09/24:	£474,000
Valuation at 30/09/23:	£1,320,000
Valuation method:	Estimated realisation proceeds
Investment comprises:	
Ordinary shares:	£884,000
Proportion of equity held:	45%
Summary financial information from statutory accounts:	**31 March 2024**
Turnover:	£363,000
Operating profit:	£203,000
Net assets:	£2,088,000

Vicarage Solar Limited

Vicarage Solar Limited is the holding company of a FiT remunerated solar farm of 0.7MW near Ilminster, Somerset.

Cost at 30/09/24:	£871,000
Cost at 30/09/23:	£871,000
Date of first investment:	March 2012
Valuation at 30/09/24:	£426,000
Valuation at 30/09/23:	£1,049,000
Valuation method:	Estimated realisation proceeds
Investment comprises:	
Ordinary shares:	£871,000
Proportion of equity held:	45%
Summary financial information from statutory accounts (non-consolidated):	**31 March 2024**
Turnover:	*
Operating profit/(loss):	*
Net assets:	£1,944,000

* This information is not publicly available

Tumblewind Limited

Tumblewind Limited owns a portfolio of FiT remunerated wind turbines on largely farmer owned sites located throughout East Anglia. The total capacity of the wind assets owned by Tumblewind Limited is 180kW. Tumblewind sold Priory Farm Solar Farm Limited, which owns a ROC remunerated solar farm of 3.2MW near Lowestoft, in April 2023.

Cost at 30/09/24:	£850,000
Cost at 30/09/23:	£979,000
Date of first investment:	November 2011
Valuation at 30/09/24:	£214,000
Valuation at 30/09/23:	£1,310,000
Valuation method:	Estimated realisation proceeds
Investment comprises:	
Ordinary shares:	£79
Loan stock:	£60,000
Proportion of equity held:	50%
Proportion of loan stock held:	50%
Summary financial information from statutory accounts:	**31 March 2024**
Turnover:	£66,000
Operating profit:	£21,000
Net assets:	£161,000

Minsmere Power Limited

Minsmere Power Limited owns a portfolio of FiT remunerated wind turbines on largely farmer owned sites located throughout East Anglia. The total capacity of the wind assets owned by Minsmere Power Limited is 230kW.

Cost at 30/09/24:	£975,000
Cost at 30/09/23:	£975,000
Date of first investment:	November 2011
Valuation at 30/09/24:	£197,000
Valuation at 30/09/23:	£278,000
Valuation method:	Estimated realisation proceeds
Investment comprises:	
Ordinary shares:	£400,000
Proportion of equity held:	50%
Summary financial information from statutory accounts:	**31 March 2024**
Turnover:	£91,000
Operating profit:	£34,000
Net assets:	£112,000

Small Wind Generation Limited

Small Wind Generation Limited owns a portfolio of FiT remunerated wind turbines on largely farmer owned sites located throughout East Anglia. The total capacity of the wind assets owned by Small Wind Generation Limited is 190kW.

Cost at 30/09/24:	£168,000
Cost at 30/09/23:	£168,000
Date of first investment:	November 2011
Valuation at 30/09/24:	£140,000
Valuation at 30/09/23:	£109,000
Valuation method:	Estimated realisation proceeds
Investment comprises:	
Ordinary shares:	£1,680,000
Proportion of equity held:	50%
Summary financial information from statutory accounts:	**31 March 2024**
Turnover:	£73,000
Operating loss:	£50,000
Net assets:	£(389,000)

Lunar 3 Limited

Lunar 3 Limited was incorporated at end of 2013 as part of the refinancing of the ground mounted solar assets owned by Lunar 1 Limited and Lunar 2 Limited. Lunar 3 Limited is a dormant company and does not own any assets.

Cost at 30/09/24:	£100
Cost at 30/09/23:	£100
Date of first investment:	December 2013
Valuation at 30/09/24:	£0
Valuation at 30/09/23:	£0
Valuation method:	n/a
Investment comprises:	
Ordinary shares:	£200
Proportion of equity held:	50%
Summary financial information from statutory accounts:	**31 March 2024**
Turnover:	*
Operating profit/(loss):	*
Net assets:	£200

* This information is not publicly available

Explanatory notes

The summary financial information has been sourced from the statutory accounts of the underlying investee companies. The net asset/liability figures presented therefore do not approximate a valuation.

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

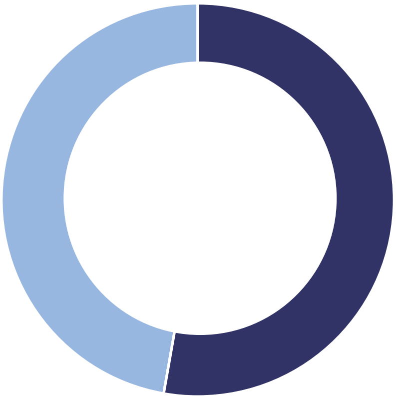
Summary of loan stock interest income

	Year ended 30 September 2024 £'000	Year ended 30 September 2023 £'000
Loan stock interest income in the period		
Tumblewind Limited	7	15
Minsmere Power Limited	11	11
Small Wind Generation Limited	5	11
Total	**23**	**37**

Analysis of investments by commercial sector

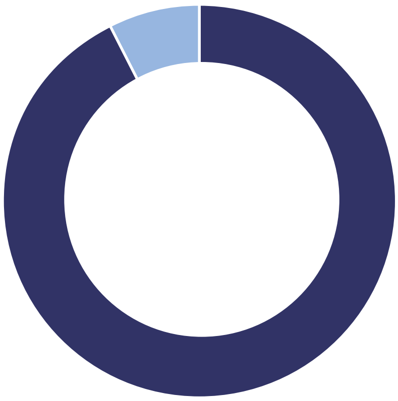
The split of the investment portfolio by sector (by cost and by value at 30 September 2024) is as follows:

Spread of investment by sector (cost)



Ground mounted solar	**53%**
Small wind	**47%**

Spread of investment by sector (value)



Ground mounted solar	**93%**
Small wind	**7%**

Strategic Report

The Directors present the Strategic Report for the year ended 30 September 2024. The Board has prepared this report in accordance with the Companies Act 2006.

Business model
The VCT acts as an investment company, investing in a portfolio of businesses within the renewable and clean energy sectors and operating as a VCT to ensure that its Shareholders can benefit from the tax reliefs available.

Business review and developments
The VCT's business review and developments during the year, including updates on the Managed Wind Down process for the VCT and the ongoing sale of the portfolio, are set out in the Chairman's Statement and Investment Adviser's Report.

During the year to 30 September 2024, the renewable investments held decreased in value by £3,385,000. The value of the non-renewable investment bio-bean Limited remained at £nil during the reporting period having entered administration in April 2023. Rezatec Limited, having entered administration in May 2023, was dissolved on 10 September 2024. Both non-renewable investments were fully impaired at 31 March 2023.

Income over expenditure for the year resulted in a net loss, after accounting for capital expenses, of £2.4mn (2023: £4.6mn loss).

The total loss for the year was £2.4mn and net assets at the year end were £9.9mn (2023: £14.2mn). An interim dividend of 7.5p per Ordinary Share was announced on 22 November 2023 and was paid on 21 December 2023. On 2 December 2024, it was announced that the Company would not pay a dividend in 2024. The Board intends to declare and pay a dividend as soon as practically possible following the sale of the remaining portfolio of assets.The Directors initially obtained provisional approval for the VCT to act as a Venture Capital Trust from HM Revenue & Customs. The Directors consider that the VCT has continued to conduct its affairs in a manner such that it complies with Part 6 of the Income Tax Act 2007.

Investment advisory and administration fees
Gresham House Asset Management Limited (Gresham House) provides investment advisory services to the VCT, at a fee equivalent to 1.15% of net assets. The annual advisory fee is a NAV based fee and was, up to an Investment Advisory Agreement (IAA) amendment announced on 25 June 2024, subject to a clawback depending on whether the Company's annual running costs exceed 3% of NAV. The agreement is for a minimum term of two years, effective from 7 November 2017, with a nine month notice period on either side thereafter.

Following the sale of some assets in April 2023 and subsequent dividend paid as a result of the 13 July 2021 shareholder vote to wind-down the Company, the Company's net assets have reduced significantly to a level not anticipated when the IAA was agreed and signed. Due to this significant reduction in the NAV as a result of the Managed Wind Down process, the annual running costs for the financial year ending 30 September 2024 were forecasted to be around 4% of NAV. This would mean that running costs, many of which are largely fixed, would now exceed the initial 3% cap and the Investment Adviser's annual advisory fee would therefore be subject to the clawback (on top of an already reduced annual advisory fee due to a lower NAV following asset sales). To rectify this unintended consequence of the new investment policy, the IAA amendment seeks to minimise the effect of the clawback by raising the cap to 5% of NAV or £625,000, whichever is lower.

The Board has reviewed the services to be provided by Gresham House and has concluded that it is satisfied with the strategy, approach and procedures which are to be implemented in providing investment advisory services to the VCT. The Board is also of the opinion that the allocation of the investment advisory fee between capital and revenue of the VCT, as described in Note 4 to the financial statements, is still appropriate.

JTC (UK) Limited (JTC) acts as Administrator and Company Secretary. JTC provides administration and accounting services to the VCT for a fee of £45,400 (plus VAT, if applicable) per annum. It also provides company secretarial services for a base fee of £45,400 (plus VAT, if applicable) per annum and during the financial year as an agreed standard cost for further company secretarial support has charged a fee of £1,250 (plus VAT, if applicable) for each additional meeting of the Board convened to discuss the Managed Wind Down of the Company. The agreement shall continue in force until determined by either party, with a six month notice period on either side.

Investment policy
General
At the General Meeting held on 13 July 2021, 89.43% of the shareholders resolved to approve the New Investment Policy of the Company to reflect a realisation strategy and the Company ceasing to make any new investments. The new Investment Policy replaced the previous Investment Policy in its entirety.

The Directors believed that being prescriptive as regards the timeframe for realising the Company's investments could prove detrimental to the value achieved on realisation. Therefore, it was the Board's view that the strategy for the realisation of the Company's investments would need to be flexible and may need to be altered to reflect changes in the circumstances of a particular investment or in the prevailing market conditions.

Once all, or substantially all, of the Company's investments have been realised and an initial distribution in respect thereof made, the Company will, at an appropriate time, seek Shareholders' approval for it to be placed into members' voluntary liquidation.

Since inception to 13 July 2021
Up to 13 July 2021, the VCT's objectives were to maximise tax free capital gains and income to Shareholders from dividends and capital distributions by investing the VCT's funds in:

→ a portfolio of clean technology and environmentally sustainable investments, primarily being in the UK and the EU, that have attractive income and growth characteristics, with investments in existing asset-backed renewable generation projects as the core of the portfolio; and

- a range of non-qualifying investments, comprised from a selection of cash deposits, fixed income funds, securities and secured loans and which will have credit ratings of not less than A minus (Standard & Poor's rated)/A3 (Moody's rated). In addition, as the portfolio of VCT qualifying investments will involve smaller start-up companies, non-qualifying loans could be made to these companies to negate the need to borrow from banks and, therefore, undermine the companies' security within the conditions imposed on all VCTs under current and future VCT legislation applicable to the VCT.

13 July 2021 to 30 September 2024

Following shareholder approval at the General Meeting on 13 July 2021, the New Investment Policy of the VCT is that the Company will be managed with the intention of realising all remaining assets in the portfolio in a prudent manner consistent with the principles of good investment management and with a view to returning cash to Shareholders in an orderly manner, whilst protecting the tax position of Shareholders.

The Company will pursue its investment objective by effecting an orderly realisation of its assets in a manner that seeks to achieve a balance between maximising the value received from those assets and making timely returns of capital to Shareholders. This process might include sales of individual assets or running off the portfolio in accordance with the existing terms of the assets, or a combination of both. Pursuant to its investment objective, the Company successfully completed the sale of a portion of its solar assets in April 2023.

The Company will cease to make any new investments or to undertake capital expenditure except where, in the opinion of both the Board and the Investment Adviser (or, where relevant, the Investment Adviser's successors):

- the investment is a follow-on investment made in connection with an existing asset in order to comply with the Company's pre-existing obligations; or
- failure to make the follow-on investment may result in a breach of contract or applicable law or regulation by the Company; or
- the investment is considered necessary to protect or enhance the value of any existing investments or to facilitate orderly disposals.

Any cash received by the Company as part of the realisation process prior to its distribution to Shareholders will be held by the Company as cash on deposit and/or as cash equivalents.

Investment strategy

Investee companies generally reflect the following criteria:

- a well-defined business plan and ability to demonstrate strong demand for its products and services;
- products or services which are cash generative;
- objectives of management and Shareholders which are similarly aligned;
- adequate capital resources or access to further resources to achieve the targets set out in its business plan;
- high calibre management teams;
- companies where the Investment Adviser believes there are reasonable prospects of an exit, either through a trade sale or flotation in the medium-term; and
- a focus on small and long-term renewable energy projects that utilise proven technology.

The new Investment Policy was adopted at the General Meeting held on 13 July 2021 to reflect a realisation strategy and the Company ceasing to make any new investments.

Asset allocation

Throughout the year under review and to date, the Company continued to hold 80% of its funds in VCT qualifying investments in order to retain its status as an approved Venture Capital Trust. The 80% qualifying holdings requirement narrowed in the course of the financial year and is being monitored closely to ensure compliance is maintained.

The Company's qualifying ratio is expected to fall below 80% before September 2025 by which the Company will enter voluntary liquidation to ensure compliance with VCT rules.

Prior to the Company's entry into the Managed Wind Down, the VCT sought to invest in at least eight investments to reduce the potential impact of poor performance by any individual investment. During the Managed Wind Down the number of investments has decreased to ten investments.

Risk Management

During the year, the VCT's assets have been managed to reduce risk as far as possible in anticipation of the conclusion of the Managed Wind Down.

The main risk management features include:

- monitoring of investee companies – the Investment Adviser will closely monitor the performance of all the investments made by the VCT in order to identify any issues and to enable necessary corrective action to be taken; and
- the VCT will ensure that it has sufficient influence over the management of the business of the investee companies, in particular, through rights contained in the relevant investment agreements and other shareholder/constitutional documents.

The VCT has followed the above risk diversification strategy with regard to the Lunar 1 Limited and Lunar 2 Limited investments in AEE Renewables UK 3 Limited, AEE Renewables UK 26 Limited, South Marston Solar Limited, Beechgrove Solar Limited, New Energy Era Limited and Vicarage Solar Limited.

Gearing

The creditors shown on the Balance Sheet, which are short-term, include amounts owed to investee companies, which the Board expect to be repaid in the future by way of dividends from, or the sale of, these companies.

As at 30 September 2024, the VCT had the ability to borrow £4.5mn in accordance with the articles and had actual borrowings of £nil.

The VCT has no intention to borrow any funding in the foreseeable future.

UK Listing rules

In accordance with the UK Listing Rules:

(i) the VCT may not invest more than 10%, in aggregate, of the value of the total assets of the VCT 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 listed closed-ended investment funds;

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

(iii) the VCT 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. This investment policy is in line with Chapter 15 of the UK Listing Rules and Part 6 of the Income Tax Act.

The UK Listing Rules have been complied with for the year ended 30 September 2024.

Directors and senior management
The VCT has three Non-Executive Directors, including one female and two males. The VCT has no employees.

Key performance indicators
At each Board meeting, the Directors consider a number of performance measures to assess the VCT's success in meeting its objectives. The Board has identified the VCT's key performance indicators as NAV Total Return and dividends paid per share, the performance of which during the year are in the table below:

Key performance indicators per financial year:	Year ended 30 September 2024	Year ended 30 September 20 23
Net Asset Value Total Return (% p.a.)	(7.2)%	(12.1)%
Dividends paid per share (p)*	0.0p	24.0p

* Dividend paid per Ordinary Share year ended 30 September 2023: 24.0p. No dividend was paid in respect of the 'A' shares.

See the Chairman's Statement on page 4 for details on the EGL. On the basis of the scope to which this levy applies, there is no impact on the current or future revenues received by the VCT, however the fair value of the portfolio incorporates the potential additional costs a purchaser may incur.

These are defined as follows:

Net Asset Value Total Return: the sum of NAV per Ordinary Share, NAV per 'A' Share and cumulative dividends paid.

Net Asset Value per Ordinary Share: The closing total net asset position of the VCT as at the reporting date less the total par value of all 'A' Shares in issue at the reporting date divided by the total number of Ordinary Shares in issue at the reporting date.

Net Asset Value per 'A' Share: Par value per 'A' Share.

Cumulative dividends paid: The gross total of all dividends paid for both Ordinary and 'A' Shares from inception up to the reporting date.

The total net asset position of the VCT as at the reporting date is as per the Balance Sheet, while the total number of shares in issue for both Ordinary and 'A' Shares is disclosed in Note 15.

In addition, the Board considers the VCT's performance in relation to other VCTs.

The position of the VCT's NAV Total Return as at 30 September 2024 and a summary of dividends paid per share are as indicated in the table on this page. The VCT had an objective of paying dividends of 5p per share per annum. Under the New Investment policy the quantum and timing of any dividends paid during the Managed Wind Down process is at the sole discretion of the board, and depends on the sale of the assets, ongoing income streams generated by the assets held and the Company's ongoing cash requirements. As part of the Managed Wind Down, once the majority of the assets have been sold, the intention is to return all sale proceeds to shareholders through dividend distributions or, if the VCT has since entered voluntary liquidation, via capital distributions.

Principal risks and uncertainties
Schedule of principal risks
The other principal risks faced by the VCT, along with the steps taken to mitigate these risks, are shown in the table below. The risks have not materially changed from the previous year, however changes in the factors impacting the risks attributable are discussed below. These principally apply during the period until the underlying assets are sold during the Managed Wind Down process.

Principal Risk	Context	Specific risks	Possible impact	Mitigation
Investment Performance	The VCT holds investments in unquoted UK businesses in the renewable energy sector.	Poor investment decisions or strategy or poor monitoring, management and realisation of investments. Adverse weather conditions, low inflation rates and/or low power prices resulting in below forecast investment returns.	Reduction in the NAV of the VCT and the inability of the VCT to pay dividends.	The Investment Adviser has significant experience in the renewable energy sector. The Investment Adviser also actively manages the portfolio, engaging reputable and experienced Operations and Maintenance (O&M) contractors. The assets have limited exposure to power prices, due to the use of the Feed in Tariff (FiT) regime. The Board regularly reviews the performance of the portfolio, alongside the Board of the sister company. Inflation has fallen considerably since its double-digit highs in 2022. It has stabilised, and was at 1.7% at 30 September 2024 just below the long-term BoE target of 2%. Higher inflation, whilst of concern from the point of view of the wider UK and global economy, is positive for the owners of subsidised UK renewable assets. Although most costs also rise in line with inflation, as does the cost of servicing the debt facility, the net benefit of increased inflation is positive since it increases the inflation linked revenues more than it increases the costs.

Principal Risk	Context	Specific risks	Possible impact	Mitigation
Loss of VCT status	The VCT must maintain continued compliance with the VCT Regulations, which prescribe a number of tests and conditions.	Breach of any of the rules could result in the loss of VCT status.	The loss of VCT status would result in dividends becoming taxable and new Shareholders losing their initial tax relief.	The VCT Qualification is actively monitored by the Investment Adviser and the Administrator, who liaise with the designated VCT Status Adviser. The VCT Status Adviser also produces twice yearly reports for the Board. With no new or follow-on investments anticipated, the Company's qualifying ratio is expected to fall below 80% before September 2025 by which the Company will enter voluntary liquidation to ensure compliance with VCT rules. The Investment Adviser is aware of the dates of the latest fundraisings, and that the five-year minimum holding period finished in October 2023. The Investment Adviser has also prepared detailed forecasts relating to the wind up of the VCTs, which takes this into account.
Legislative	In recent years, the changes to VCT Regulations have narrowed the breadth of permitted investments. VCTs were established to encourage private individuals to invest in early-stage companies that are considered to be risky and have limited funding options. The state provides these investors with tax relief.	A change in government policy could result in a cessation of tax reliefs or reduction of the amount of tax relief available to investors which would make them less attractive to investors.	The loss of VCT status would result in dividends becoming taxable and new Shareholders losing their initial tax relief.	Both the Investment Adviser and the Administrator closely monitor developments and attend AIC conferences. The VCT Status Adviser also has significant experience in this field and works closely with HMRC. Further commentary on VCT Status is provided on page 25. The Investment Adviser engages with HMT and industry representative bodies to demonstrate the cost benefit of VCTs to the economy in terms of employment generation and taxation revenue.
Regulatory and compliance	As a listed entity, the VCT is subject to the UK Listing Rules and related regulations.	Any breaches of relevant regulations could result in suspension of trading in the VCT's shares or financial penalties.	Reduction in the NAV of the VCT due to financial penalties and a suspension of trading in its shares, also leading to loss of VCT status.	The VCT Secretary and Administrator have a long history of acting for VCTs. The Board, Investment Adviser and Administrator also employ the services of reputable lawyers, auditors, and other advisers to ensure continued compliance with its regulatory obligations.
Operational – VCT level	The VCT relies on the Investment Adviser, Administrator and other third parties to provide many of its services at the VCT level.	Inferior provision of these services, thereby leading to inadequate systems and controls or inefficient management of the VCT's assets and its reporting requirements. Service providers, predominantly the Registrar, hold Shareholders' personal data and there is a risk of an external shock (natural disaster or terrorist attack) or a cyber-attack on a provider.	Errors in Shareholder records, incorrect mailings, misuse of data, non-compliance with key legislation, loss of assets, breach of legal duties and inadequate financial reporting.	The VCT, the Investment Adviser and the Administrator engage experienced and reputable service providers, the performance of which is reviewed on an annual basis. The Directors and the Investment Adviser regularly review the service providers, including their internal controls and the procedures and policies they have in place for preventing cyber attacks.

Principal Risk	Context	Specific risks	Possible impact	Mitigation
Operational – portfolio level	At the portfolio level, the VCT uses third party O&M contractors managing the various sites.	Inferior provision of these services, thereby leading to inadequate systems and controls or inefficient management of the VCT's assets. Maintenance and repairs not carried out in a timely manner.	Poor investment performance due to assets being offline and non-revenue generating.	The VCT, the Investment Adviser and the Administrator engage experienced and reputable service providers, the performance of which is reviewed on an ongoing basis. At the portfolio level, technical reviews and studies are conducted on the assets as appropriate. Repair and reconfiguration work is carried out and O&M procedures are revised to reduce dependence on overseas contractors and specialists.
Economic, political and other external factors	The VCT's investments are heavily exposed to the Feed in Tariff (FiT) regime. Events such as the Russian Federation's invasion of Ukraine, conflict in the Middle East, economic recession, increasing interest rates and inflation.	Retrospective changes to the regimes. Changes in energy prices and inflation. An increase in inflation results in higher interest charges for the debt facility.	A significant negative impact on performance in respect of regime changes, low inflation and energy prices can reduce portfolio revenue.	The Investment Adviser and Board members closely monitor policy and geo-political developments. However, the UK Government has a general policy of not introducing retrospective legislation. The Investment Adviser and Board regularly review the valuation model and its inputs. Inflation has fallen considerably since its double-digit highs in 2022. It has stabilised, and was at 1.7% at 30 September 2024 just below the long-term BoE target of 2%. Lower inflation reduces the increase of interest charges for the debt facility. Lower energy prices and lower inflation reduces portfolio performance as returns are directly linked to both factors.
(Retroactive) change to Energy Market regulation and policies	The VCT operates within the UK Energy market which is governed by UK regulation and could be subject to change.	The current or future UK Government may decide that subsidies provided to renewable energy generation assets in the form of feed-in-tariffs (FiTs) pose too big a burden on electricity consumers and reduce or even eliminate them retroactively. Similarly, other measures that achieve a similar effect such as special taxes, a cap on applicable inflation rates, limits on generated KWhs that earn FiTs.	A significant negative impact of the renewable energy generation assets revenue reducing the cash availability of the VCT. The EGL was introduced from 1 January 2023 and legislated for in Part 5 of Finance Act (Number 2) 2023. The levy is legislated to remain in force until 31 March 2028.	The Investment Adviser continuously monitors the regulatory landscape in the UK. If an action that retroactively targets these subsides it would join forces with other owners of these assets and vigorously challenge such retroactive law changes in the courts. All of the sites owned by the VCTs are fully-accredited which means that there is no risk of an individual asset losing its subsidy. The previous government introduced the EGL from 1 January 2023 to tax exceptional profits up to 31 March 2028. The EGL does not impact the VCT's portfolio given its smaller size, but any potential acquirer may subsequently incur this levy. Changes in regulation and policies are more likely with a new UK government in place since July 2024.

Principal risks since inception to 13 July 2021

The principal financial risks faced by the VCT, which include interest rate, market price, investment valuation, credit and liquidity risks, are summarised within Note 1 to the financial statements.

Note 18 includes an analysis of the sensitivity of valuation of the portfolio to changes in each of the key inputs to the valuation model.

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

- underperformance;
- loss of VCT status;
- VCT Regulations;
- regulatory and compliance;
- operational;
- economic, political and other external factors; and
- government intervention in the renewables market.

Principal risks 13 July 2021 to 30 September 2024

In approving a new Investment Policy for the Company, a number of risks which are material and currently known to the Company have been disclosed. Additional risks and uncertainties not currently known to the Company, or that the Company deems immaterial, may also have an adverse effect on the Company.

The main risks identified as part of the new Investment Policy of the Company are:

Risk identified	Context	Mitigation
Asset diversification	In a Managed Wind Down, the investment portfolio will be reduced as investments are realised and concentrated in fewer holdings, and the mix of asset exposure will be affected accordingly.	None identified.
Ownership	All of the VCT's main solar assets are owned 50:50 between the VCT and VCT2 and there are no rights attached to such ownership that would allow one company to force the other to sell its share in each asset.	The VCTs will sell their shares in each asset simultaneously, so that no VCT holds more than 50% of the underlying assets.
Volatility in NAV and/or share price	The VCT might experience increased volatility in its Net Asset Value and/or its share price as a result of possible changes to the Portfolio structure following the adoption of the new Investment Policy.	None identified.
Sale of assets	The VCT's assets may not be realised at their carrying value, and it is possible that the VCT may not be able to realise some assets at any value. The VCT's assets' fair value is linked to estimates and assumptions about a variety of matters, including macroeconomic considerations, which assumptions may prove to be incorrect and which are subject to change. A material change of governmental, economic, fiscal, monetary or political policy, may result in a reduction in the value of the VCT's assets on sale.	The Board has engaged several experts in this field to ensure an appropriate sale price is reached. The Directors will ensure that the sale price reflects the best available offer for the Company's assets taking into account future income generation by the portfolio and the age and condition of the assets.
Sale of assets	Sales commissions, liquidation costs, taxes and other costs associated with the realisation of the VCT's assets together with the usual operating costs of the VCT will reduce the cash available for distribution to the Shareholders.	The Investment Adviser prepares detailed cash flow forecasts which are presented to the Board quarterly. The forecasts include the additional costs expected to be incurred during the Managed Wind Down of the VCT.
Sale of assets	A sale of the VCT's assets may prove materially more complex than anticipated, and the distribution of proceeds to Shareholders may be delayed by a number of factors, including, without limitation, the ability of a liquidator to make distributions to Shareholders.	The Board has engaged several experts in this field, to ensure against an extended handover period. If an extended handover period occurs then it is the Directors intention to ensure that the sale value obtained will ultimately be in Shareholders' interests.

Viability statement
In accordance with Provisions 33 and 36 of the 2019 AIC Code of Corporate Governance, the Directors have conducted a robust assessment of the potential strategic decisions facing the VCTs that would threaten their future solvency or liquidity, how these strategic decisions are being managed and how they are being mitigated.

Following the results of the continuation vote at the 2021 AGM and with the shareholders' subsequent approval of the Managed Wind Down of the Company at the 2021 General Meeting (13 July 2021), the VCTs commenced the sale of assets process, with a sale completion in April 2023, and the sale of the remaining assets ongoing at the date of this statement. Both the Managed Wind Down and the ongoing sales of assets were considered by the board as part of their assessment.

Following the dissolution of Rezatec in September 2024, and without a sale of the remaining assets in the 12 months to follow, the Company's qualifying ratio is expected to fall below 80% before September 2025 when the 12 month disregard lapses by which date the Company will need to have entered voluntary liquidation to ensure compliance with VCT rules. In case the ongoing sale process leads to a successful sale during the indicated 12 month period, the VCTs will consider entering voluntary liquidation sooner.

The Board considers that the VCT remains viable up until the point at which the voluntary liquidation will complete.

In making this assessment, the Boards have taken the following scenarios into consideration:

- scenario 1: Sale of all VCTs investments followed by VCTs entering voluntary liquidation by September 2025;
- scenario 2: No sale of VCTs investments and the VCTs entering voluntary liquidation by September 2025;
- scenario 3: No sale of VCTs investments and the VCTs not entering voluntary liquidation before the date the 80% qualifying holding test falls below the 80% following the lapse of Rezatec 12 month disregard breaching VCTs rules and losing VCTs status.

For each scenario mitigating factors are in place.

The Board noted that the SPVs have good debt cover and that there are sufficient cash reserves at the SPV level at the date of this statement, available to be paid up to the VCT through dividends, reverse loans, interest payments or the repayment of existing shareholder loans, to cover debt and running & sale of assets costs up to the VCTs entering voluntary liquidation.

The Board have assessed the VCT's ability to cover its annual running costs under several stress scenarios evaluating the impact of higher VCT running costs. The SPVs cash balances at the date of this statement were used as VCTs income. No stress testing was applied to the SPVs cash at bank. The Board noted that even under the most extreme reasonable assumptions increasing the VCTs expenses by 20%, that the VCTs were able to cover its costs.

The Directors have been advised to start the process of a members' voluntary liquidation timely to avoid scenario 3 to occur.

The Directors believe that the VCT is well placed to manage its potential strategic decisions successfully. Based on the results, the Board confirms that, taking into account the VCT's current position and subject to the potential strategic decisions faced by the business, the VCT will be able to meet its liabilities under the scenarios presented as they fall due until the point at which the voluntary liquidation completes.

Directors' remuneration
It is a requirement under the Companies Act 2006 for Shareholders to vote on the Directors' remuneration every three years, or sooner if the VCT wants to make changes to the policy. The Directors' remuneration policy for the three-year period from 27 April 2023 is set out on page 34.

Annual running costs cap
Following the IAA amendment on 25 June 2024, the annual running costs for the year, initially capped at 3.0% of net assets, are now capped at 5.0% of net assets or £625,000, whichever is lower; any excess will either be paid by the Investment Adviser or refunded by way of a reduction of the Investment Adviser's fees. Annual Running Costs for the year to 30 September 2024 were £502,000 (2023: 2.8% of the cap of 3.0% of the net assets to the VCT) less than the cap of £625,000, therefore the cap has not been breached.

Performance Incentive
The structure of the 'A' Shares, whereby Management owns one third of the 'A' Shares in issue (known as the "Management 'A' Shares"), acts as a Performance Incentive mechanism. The allocation to the 'A' shares of any revenue or capital dividends declared by the VCT, will be increased if, at the end of each year, the hurdle is met, which is illustrated below:

i) Shareholders who invested under the offer for subscription receive dividends in excess of 5.0p per Ordinary Share in any one financial period; and

ii) one Ordinary Share and one 'A' Share has a combined net asset value of at least 100.0p.

The Performance Incentive is calculated each year and is not based on cumulative dividends paid.

A summary of how proceeds are allocated between Shareholders and Management, before and after the hurdle is met, and as dividends per Ordinary Share increase is as follows:

Hurdle criteria:			
Annual dividend per Ordinary Share	0-5p	5-10p	>10p
Combined NAV Hurdle	N/A	>100p	>100p
Allocation:			
Shareholders	99.97%	80%	70%
Management	0.03%	20%	30%

As the NAV as at 30 September 2024 was below 100p, the NAV hurdle for the year was not met and no dividend in respect of the 'A' Shares was paid during the year, therefore there was no Performance Incentive paid.

VCT status

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

Compliance with the VCT regulations for the year under review is summarised as follows:

	Position at the year ended 30 September 2024
1. To ensure that the VCT's income in the period has been derived wholly or mainly (70% plus) from shares or securities;	100.0%
2. To ensure that the VCT has not retained more than 15% of its income from shares and securities; – see note below	2.6%
3. To ensure that the VCT has not made a prohibited payment to shareholders derived from an issue of shares since 6 April 2014;	0.0%
4. To ensure that at least 80% by value of the VCT's investments has been represented throughout the period by shares or securities comprised in qualifying holdings of the VCT;	81.7%
5. To ensure that at least 70% by value of the VCT's qualifying holdings has been represented throughout the period by holdings of eligible shares (disregarding investments made prior to 6 April 2018 from funds raised before 6 April 2011);	94.0%
6. To ensure that, of funds raised on or after 1 October 2018, at least 30% has been invested in qualifying holdings by the anniversary of the end of the accounting period in which the shares were issued;	Complied
7. To ensure that no holding in any company has at any time in the period represented more than 15% by value of the VCT's investments at the time of investment;	Complied
8. To ensure that the VCT's ordinary capital has throughout the period been listed on a regulated market;	Complied
9. To ensure that the VCT has not made an investment in a company which causes it to receive more than the permitted investment from State Aid sources;	Complied
10. To ensure that since 17 November 2015, the VCT has not made an investment in a company which exceeds the maximum permitted age requirement;	Complied
11. To ensure that since 17 November 2015, funds invested by the VCT in another company have not been used to make a prohibited acquisition; and	Complied
12. To ensure that since 6 April 2016, the VCT has not made a prohibited non-qualifying investment.	Complied

The Directors, with the help of the Investment Adviser, monitor and ensure the investee companies have less than £5mn state backed financing in a 12-month period listed in order to remain compliant with the VCT regulations.

Share Buybacks

The Board has decided that the VCT will not be buying in Shares for the foreseeable future as highlighted in the Interim Results, as the VCT needs to conserve such cash as it generates for the Managed Wind Down of the VCT and the payment of dividends.

Future prospects

The Board's assessment of the outlook and future strategy of the VCT are set out in the Chairman's Statement and Investment Adviser's Report.

Sustainable Investing

The Sustainable Investing report forms part of the Strategic Report.

The VCT seeks to conduct its affairs responsibly and Gresham House, the Investment Adviser, is encouraged to consider environmental, social and community issues, where appropriate, and the Board will continue to monitor the Investment Adviser's progress in these areas.

The Board is conscious of its potential impact on the environment as well as its social and corporate governance responsibilities. The Investment Adviser has presented its Environmental, Social and Governance (ESG) strategy to the Board.

The VCT, whilst not having an explicit sustainable investment objective, demonstrates clear consideration of environmental characteristics by investing in technologies that contribute to climate change mitigation by supporting a decarbonisation of the energy system in the UK and a net zero economy underpinned by cheap clean electricity.

Sustainable Investing at Gresham House
The Investment Adviser is committed to sustainable investment as an integral part of its business strategy. Since 2021, Gresham House has enhanced its approach to sustainability by setting an ambition to "be the manager of choice for sustainable investment client solutions" outlined in the company wide GH30 targets and as set in Gresham House's Corporate Sustainability Strategy (CSS). The CSS details objectives and actions to ensure its progresses against its ambition to be a leader in sustainable investment including integrating sustainability and stewardship responsibilities into the management of each asset division. More information on Gresham House's sustainability approach and CSS can be found in its Sustainable Investment Report: https://greshamhouse.com/sustainable-investment-report/

Policies and processes
Gresham House publishes a Sustainable Investing Policy along with asset specific policies, including the New Energy Sustainable Investment Policy, which covers Gresham House's sustainable investment commitments, how the investment processes meet these commitments and the application of the Sustainable Investment Framework.

The Sustainable Investment Team assesses adherence to the commitments in the Sustainable Investment Policies on an annual basis and provides updates on the findings of these assessments to the Sustainability Executive Committee.

Sustainability Executive Committee
The Investment Adviser's Sustainability Executive Committee (Sustainability ExCo) was established in 2021. The Sustainability ExCo is chaired by the Director of Sustainable Investment and requires representation from across the business including from the Group Management Committee, Divisional heads and Heads of operational teams. The Sustainability ExCo sets and oversees the Gresham House Corporate Sustainability Strategy and ensures priority areas of sustainability related risks and opportunities are proactively identified and debated.

New Energy Sustainable Investment Committee
The VCTs investment advisers' services are provided by Gresham House New Energy division. The division established the New Energy Sustainable Investment Committee (NESIC) in 2022 with a purpose to provide leadership, strategic direction and implement processes to enhance the integration of sustainability across the New Energy division, supporting the achievement of fund-specific objectives and the CSS. The committee supports the division to improve sustainability governance and stewardship of assets.

The core objectives of the NESIC include:

- → to become the experts in sustainability within the New Energy division and apply their knowledge to their areas of business.
- → to be advocates for sustainable investment and innovation for the division.
- → to set and oversee the New Energy sustainability objectives and targets at fund and divisional level, aligned to Gresham House Corporate Sustainability Strategy.
- → to ensure key sustainability related risks and opportunities are proactively identified and managed by the division.
- → to ensure that New Energy Sustainable Investment (SI)-related tools, processes, frameworks and data remain relevant and meet commitments made in the New Energy Sustainable Investment Policy to ensure the division is able to evidence SI contribution and progress to external parties.

New Energy Sustainability Objectives
The NESIC developed and agreed a set of sustainability objectives for the division applicable to all assets under management including these VCTs solar and wind assets. The objectives were determined by identifying the ESG topics deemed most material to the assets. They were also selected to align with the core topics and objectives in the Investment Adviser's 2025 Corporate Sustainability Strategy.

NESIC set of sustainability objectives relevant to the VCTs below:

Table 1: New Energy Sustainability Objectives

Topic	2025 Objective
G: Risk and Compliance	Become a leader in the measurement and disclosure of ESG risks and outcomes.
	Have a comprehensive set of ESG KPIs to support investment and asset management decisions and regularly report these to stakeholders.
G: Marketplace Responsibility	Have market-leading Sustainable Investment policies and processes and ensure all investment activities meet commitments at a high-quality level.
G: Governance & Ethics	Engage with key counterparties to increase capacity of renewable energy or battery storage and the contribution of these assets to a low carbon economy.
E: Climate Change & Pollution	Demonstrate the role of New Energy in the energy transition and understand the carbon footprint of the full lifecycle of assets.
E: Natural Capital	Fully understand natural capital impacts and dependencies and aim to demonstrate enhancement of biodiversity for all sites.
S: Supply Chain Management	Determine best-in-class suppliers to work with long-term, and encourage more responsible supplier practices, reducing supply chain sustainability risks.
E: Waste Management	Incorporate full lifecycle analysis into investment and supplier decision making (product design, construction, operation and end-of-life use) to reduce negative environmental and social impacts of assets.
	Develop a market-leading approach to end-of-life use.

These objectives have and will continue to focus current and future sustainability-related activities for the division to 2025 as described throughout this report. A review will take place in 2024 to determine progress made against the targets and outstanding actions required to achieve each objective by the targeted deadline of 2025.

Risk and Compliance: Embedding ESG factors
As the assets within the VCTs are all well-established, the assessment of ESG is applied as part of our asset management activities. All Operations & Maintenance providers are required to report on various ESG factors, including Health & Safety and Environmental risks or incidents. Any significant incidents must be reported to us within 24 hours. Furthermore, they are also expected to be proactive and to make recommendations for improvements.

The team continues to work to expand the ESG key performance indicators (KPIs) measured, reported, and monitored by the New Energy division for all assets under management, including the VCTs. This reflects increased investor and regulatory demand for ESG data and the Investment Adviser's ambitions to enhance ESG data and transparency. It is anticipated that the expanded ESG data will be used by investment teams and asset management teams to increase their understanding of the operational ESG performance of assets under management and to identify any material ESG risks. It is expected that the asset management team will aim to improve ESG metrics over time, as feasible within the context of the existing fund mandate.

In 2023, the Construction and Asset Management team integrated ESG data requests into Engineering, Procurement and Construction (EPC) and supplier contracts. As a result of this integration, fund level reporting is now available across a range of ESG KPIs. Work is in progress to produce a gap analysis of remaining ESG KPIs, and a feasibility assessment will be carried out to inform a project plan for further ESG data collection.

Supply Chain Management
The Investment Adviser has had a Supply Chain Policy in place since 2020. The Supply Chain Policy covers material ESG topics and places obligations on suppliers (including contractors) to ensure their own compliance, as well as the compliance of their subcontractors, with the Policy. It also requires suppliers to monitor and report any non-compliance to the Investment Adviser.

Since July 2021, all new supplier contracts have been updated to include clauses specifically mandating suppliers to declare that they have not been involved in any practices linked to modern slavery and that they will permit on-site audits at any time should we have reason to suspect instances of slavery and human trafficking. Any VCT suppliers with contracts due for renewal will be obliged to update clauses relating to modern slavery within their contract terms. Gresham House is in the process of reviewing existing sustainability related policies and procedures including those related to human rights, modern slavery and supply chain management to meet and surpass new regulatory requirements and achieve our New Energy sustainability objective.

Operators of Gresham House managed renewables projects are asked to complete an annual questionnaire relating to both their own labour practices and supply chain management regarding material sourcing from China. To mitigate the risk of low response rates, completion of the questionnaire is now mandated as part of pre-qualification for new suppliers.

Gresham House recognizes that challenges relating to modern slavery in the solar module supply chain are a systemic issue that can be hard to influence as a relatively small player in the renewables industry. Therefore, Gresham House became a member of the Solar Energy UK Responsible Sourcing Steering Group in Q2 2023. The Investment Adviser believes this is a key mechanism through which it can better understand risks relating to modern slavery in the supply chain and encourage regulatory and long-term solutions for a more diversified, modern slavery free supply chain.

Climate Change & Pollution

The VCTs' investment strategy materially contributes to the UK's net-zero Strategy and ambition to decarbonise the energy system. Based on the 18,993,000kWh electricity generated by the renewable assets in the portfolio of the VCT and VCT2, it is estimated that the fund avoided 8,300 tonnes of CO_2[1] and powered c. 7,035 homes[2] during the reporting period.

Greenhouse Gas (GHG) Emissions. Emissions can be broken down into three categories by the Greenhouse Gas Protocol:

- Scope 1: all direct emissions from the activities of the VCT or under its control.
- Scope 2: indirect emissions from electricity purchased and used by the VCT.
- Scope 3: all other indirect emissions from activities of the VCT. This includes water consumption, waste disposal, and third-party fuel use.

The Investment Adviser updated its methodology to measuring the carbon emissions of the VCT and VCT2 in 2023 to enhance the reporting of the VCTs emissions. The operational activities at each site, such as water consumption and vehicle fuel consumption, were recorded throughout the year and converted to tCO_2e using UK government conversion factors. This new methodology acknowledges the lifecycle emissions associated with renewable energy sources and although these assets are lower carbon emitters, they still have a carbon footprint.

Table 2: Carbon footprint of each VCT in 2023.

	VCT1 Plc	VCT2 Plc
Scope 1 (tCO_2e)	17.2	17.2
Scope 2 (tCO_2e)	0.0	0.00
Scope 3 (tCO_2e)	2.0	2.0
Revenue Carbon Intensity (Scope 1 + 2) tCO_2e/ £m	16.6	16.3

Gresham House conducted its carbon foot printing for the calendar year (1 January 2023 – 31 December 2023) so the value reported corresponds to the emissions produced in this period, rather than the reporting period of the VCTs. As a result, this value includes the emissions of two assets that were sold in the previous reporting period.

In previous years, the VCTs emissions were reported as 0 tCO_2e in line with guidance by an external consultant that supported the Investment Adviser in the carbon footprint measurement for all Gresham House financed emissions.

The Investment Adviser will continue to seek best practice and enhance reporting where possible by considering further ways to monitor and measure the embodied carbon emissions related to the VCT.

Natural Capital

The Investment Adviser continues to manage all assets in line with the biodiversity commitments and habitat management plans instigated as part of project development and approvals.

Director's Duties

Directors must consider the long-term consequences of any decision they make. They must also consider the interests of the various stakeholders of the VCT, the impact the VCT has on the environment and community and operate in a manner which maintains the VCT's reputation for having high standards of business conduct and fair treatment between Shareholders.

Fulfilling this duty naturally supports the VCT in its Investment Objective to maximise tax-free capital gains and income to Shareholders and helps ensure that all decisions are made in a responsible and sustainable way. In accordance with the requirements of the Companies (Miscellaneous Reporting) Regulations 2018, and the AIC Code, the information overleaf explains how the Directors have individually and collectively discharged their duties under section 172 of the Companies Act 2006.

1 Assuming an "all non-renewable fuels" emissions statistic of 437tCO_2/GWh of electricity supplied, BEIS statistics July 2024, Digest of UK Energy Statistics, Table 5.14 ("Estimated carbon dioxide emissions from electricity supplied")."Carbon avoided" calculated using Renewable UK methodology: Carbon reduction is calculated by multiplying the total amount of electricity generated by solar and wind per year by the number of tonnes of carbon which fossil fuels would have produced to generate the same amount of electricity.

2 Assuming an average annual electricity usage per household of 2.7MWh, as quoted by OFGEM May 2023. "Homes powered" calculated using Renewable UK methodology: MWh divided by average annual domestic electricity consumption. Household power consumption dropped in 2023 due to high power prices.

Section 172

The Section 172 statement forms part of the Strategic Report.

The Directors consider that in conducting the business of the VCT over the course of the year they have complied with Section 172(1) of the Companies Act 2006 (the Act) by fulfilling their duty to promote the success of the VCT and to act in the way they consider, in good faith, would be most likely to promote the success of the VCT for the benefit of its members as a whole, whilst also considering the broad range of stakeholders who interact with and are impacted by the VCT's business, especially with regard to major decisions.

Role of the Board
The Board, which comprised of three independent Non-Executive Directors during the financial year with a broad range of skills and experience, retains responsibility for taking all decisions relating to the VCT's principal objectives, corporate governance and strategy, and for monitoring the performance of the VCT's service providers.

The Board aims to ensure that the VCT operates in a transparent culture where all parties are able to contribute to the decisions made and challenge where necessary with the overall aim of achieving the expectations of shareholders and other stakeholders alike.

In discharging their section 172 duties the Directors have regard to the likely consequences of any decisions during the Managed Wind Down process; the need to foster the VCT's business relationships with suppliers, customers and others; the impact of the VCT's operations on the community and environment; the desirability of the VCT maintaining a reputation for high standards of business conduct and the need to act fairly as between members of the VCT.

The Board works very closely with the Investment Adviser and Company Secretary to ensure there is visibility and openness in how the affairs of the VCT are being conducted. The VCT co-owns all its assets with Gresham House Renewable Energy VCT2 plc (VCT2).

The VCT is an investment vehicle, externally managed, has no employees, and is overseen by an independent Non-Executive board of Directors. As such the Board considers its stakeholders to be the shareholders, the service providers, including the Investment Adviser, and regulatory bodies.

Following the adoption of the new Investment Policy from 13 July 2021, the VCT's principal objective is to manage the Company with the intention of realising all remaining assets in the portfolio in a prudent manner consistent with the principles of good investment management and with a view to returning cash to Shareholders in an orderly manner.

Key Stakeholders
Shareholders
The Board engages with the VCT's shareholders in a variety of ways, including annual and half-yearly reports and accounts, an AGM and information provided on the Investment Adviser's website as well as ad hoc communications with shareholders.

The Registrar is available to help shareholders to manage their shareholding.

The VCT welcomes and encourages attendance and participation from shareholders at the AGM and values any feedback and questions it may receive from shareholders ahead of and during the AGM.

The Board communicates with its shareholders through the publication of Annual and Half-Year reports which are available on the VCT's website (https://greshamhouse.com/real-assets) and sent to Shareholders.

The Board is also happy to respond to any written queries made by shareholders during the course of the period, or to meet with major shareholders if so requested. In addition to the formal business of the AGM, representatives of the Investment Adviser and the Board are available to answer any questions a Shareholder may have. During the period the Board engaged with shareholders on multiple matters, including updates on continuing discussions with potential purchasers of the remaining solar and wind assets and the amendment to the investment advisory agreement between the VCT and Gresham House in June 2024. Details of these matters are included in the Chairman's Statement.

Investment Adviser
The Board has delegated authority for day-to-day management of the VCT to the Investment Adviser. The Board then engages with the Investment Adviser in setting, approving and overseeing the execution of the business strategy and related policies. The Investment Adviser attends Valuation Forums, Board meetings and Audit Committee meetings to update the Directors on the performance of the portfolio. At every quarterly Board meeting a review of financial and operational performance, as well as legal and regulatory compliance, is undertaken. Since the General Meeting held on 13 July 2021, the Managed Wind Down of the Company has been reviewed at each quarterly Board meeting and at ad hoc board meetings being held as and when required.

The Board also reviews other areas over the course of the financial year including the VCT's business strategy, key risks, stakeholder-related matters, diversity and inclusion, environmental matters, corporate responsibility and governance, compliance and legal matters.

The Investment Adviser's performance is critical for the VCT to successfully deliver its investment strategy and meet its objectives.

Service Providers
The VCT has a limited pool of service providers which include the Investment Adviser, the Administrator, the Registrar, the Legal Advisers, the Auditor, the Tax Adviser and the VCT Status Advisers.

These service providers are fundamental to ensuring that as a business the VCT meets the high standards of conduct that the Board sets. The Board meets at least annually to review the performance of the key service providers and receives reports from them at Board and Committee meetings.

The Board has regular contact with the two main service providers (the Investment Adviser and Administrator) through quarterly board meetings, with the Chairman and Audit Chairman meeting these providers more regularly. The Audit Committee also reviews the controls of the VCT's service providers on an annual basis to ensure that they are performing their responsibilities in line with Board expectations and providing value for money.

Regulators/Government
The Board regularly considers how it meets regulatory and statutory obligations and follows voluntary and best-practice guidance, including how any governance decisions it makes impact its stakeholders both in the shorter and in the longer-term.

The VCT engages an external adviser to report half-yearly on its compliance with the VCT rules and a Company Secretary report is tabled quarterly at board meetings.

ESG
Details on ESG are included in the Sustainable Investing section on pages 26 to 28.

Key Board decisions and specific examples of Stakeholder consideration during the year
The Board is fully engaged in both oversight and the general strategic direction of the VCT. During the year, the Board's main strategic discussions focused around the below items.

Managed Wind Down process
Following the General Meeting held on 13 July 2021, the shareholders resolved to approve the Managed Wind Down of the Company and associated amendments to the Company's Investment Policy. Under the Managed Wind Down process, the Company has continued to be managed with the intention of realising all assets in its Portfolio in a prudent manner consistent with the principles of good investment management and with a view achieving fair value for the Company's assets and subsequently returning cash to shareholders in an orderly manner.

To that effect, the Board's strategic discussions have centred on the sale of the full remaining portfolio of solar and wind assets. Particular oversight and direction from the Board has been provided with regard to ongoing discussions with potential purchasers of the solar and wind assets as well as the continued resolution of the ongoing grid connection issue at the site in South Marston. On 27 September 2024, the Company confirmed that it had chosen Downing LLP's offer to commence the due diligence process to complete the sale of the remaining assets.

Time has also been spent by the Board in considering the impact of both the portfolio sale and the dissolution of Rezatec and bio-bean on compliance with the 80% qualifying holdings requirement that applies to the Company as a VCT. With no new or further investments anticipated, the Company's qualifying ratio is expected to fall below 80% before September 2025 and, as a result, the Board with the Investment Adviser and other service providers have commenced the planning of the Company's eventual voluntary liquidation. The Board has held discussions with potential liquidators with a view to an appointment to oversee the process. Once the VCT's assets are sold the voluntary liquidation process can be initiated.

Throughout the year, the Board has also considered how to maximise dividend returns to shareholders whilst taking into account the Company's expected cash requirements and the potential timeline for and impact of the sale of investment assets in accordance with shareholder wishes. To that effect, the Company declared a 7.5p per Ordinary Share interim dividend that was paid on 21 December 2023. The 7.5p interim dividend related to income generation from the portfolio, but in part also related to the distribution of the remaining proceeds arising from the part sale of the Company's assets in April 2023. On 2 December 2024, it was announced that the Company would not pay a dividend in 2024. The Board intends to declare and pay a dividend as soon as practically possible following the sale of the remaining portfolio of assets. The Board takes seriously its responsibilities to uphold the highest standards of corporate governance and is open to constructive dialogue with shareholders and shareholder bodies.

By order of the Board

Gill Nott
Chairman

29 January 2025

Report of the Directors

The Directors present the fourteenth Annual Report and Accounts of the VCT for the year ended 30 September 2024.

The Corporate Governance Report on pages 37 to 40 forms part of this report.

Share capital

At the year end, the VCT had in issue 25,515,242 Ordinary Shares and 38,512,032 'A' Shares. There are no other share classes in issue.

All shares have voting rights; each Ordinary Share has 1,000 votes and each 'A' Share has one vote. Where there is a resolution in respect of a variation of the rights of 'A' Shareholders or a Takeover Offer, the voting rights of the 'A' Shares rank pari-passu with those of Ordinary Shares.

Pursuant to the articles and subject to a special resolution, the VCT is able to make market purchases of its own shares, up to a maximum number of shares equivalent to a set percentage of the total number of each class of issued shares from time to time. No such resolution was passed at the Company's 2024 Annual General Meeting.

Substantial interests

As at 30 September 2024, and the date of this report, the VCT had not been notified of any beneficial interest exceeding 3% of the issued share capital.

Results and dividends

Year ended 30 September 2024	£'000	Pence per Ord Share	Pence per 'A' Share
Loss for the year	2,418	9.5	-
Dividend 21 December 2023	1,914	7.5	-

Directors

The Directors of the VCT during the year and their beneficial interests in the issued Ordinary Shares and 'A' Shares at 30 September 2024 and at the date of this report are detailed on page 36 of the Remuneration Report.

Biographical details of the Directors, all of whom are Non-Executive, can be found on page 3.

It is the Board's policy that Directors do not have service contracts, but each Director is provided with a letter of appointment. The Directors' letters of appointment, are terminable on three months' notice by either side. They are available on request at the Company's registered office during business hours and will be available for 15 minutes prior to and during the forthcoming AGM.

The Articles of Association require that each Director retire from office at the next AGM following their first appointment and that each Director retires by rotation every three years and being eligible, offer themselves for re-election. Giles Clark was appointed as a director on 30 September 2022 and accordingly stood for election at the 2023 Annual General Meeting. David Hunter stood for re-election in 2023 and Gill Nott will be required to stand for re-election in 2025 in the event that the Company has not already completed the Managed Wind Down by concluding the process of a members voluntary liquidation.

The Directors' appointment dates and the date of their last election are shown below:

Director	Date of original appointment	Most recent date of re-election and election*
Gill Nott (Chairman)	01/05/2018	23/03/2022
David Hunter	18/09/2019	27/04/2023
Giles Clark	30/09/2022	27/04/2023*

The Directors believe that the Board has an appropriate balance of skills, experience, independence and knowledge of the Company and the sector in which it operates to enable it to provide effective strategic leadership and proper guidance of the Company.

The Board confirms that, following the evaluation process set out in the Corporate Governance Statement on page 38, the performance of the Directors is, and continues to be, effective and demonstrates commitment to the role.

Each Director is required to devote such time to the affairs of the VCT as the Board reasonably requires.

Annual General Meeting

The VCT's fourteenth Annual General Meeting (AGM) will be held at The Scalpel, 18th Floor, 52 Lime Street, London EC3M 7AF at 3:30pm on 18 March 2025. The Notice of the Annual General Meeting and Form of Proxy will be circulated separately following the publication of this Annual Report.

Any change of format will be notified via the Company's website and Regulatory Information Service.

Auditor

The Independent Auditor's Report can be found on pages 41 to 45. At the 2024 AGM, the shareholders approved the re-appointment of BDO LLP as the auditor. Separate resolutions are due to be proposed at the 2025 AGM to re-appoint BDO LLP and to authorise the Directors to determine their remuneration.

Directors' responsibilities

The Directors are responsible for preparing the Strategic Report, the Report of the Directors, the Directors' Remuneration Report and the financial statements in accordance with applicable law and regulations. They are also responsible for ensuring that the Annual Report includes information required by the UK 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 VCT and of the profit or loss of the VCT 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the VCT will continue in business. As stated in Note 1, the Directors do not consider the VCT to be a going concern and have prepared the financial statements on a basis other than that of a going concern since 30 September 2021.

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

Directors' statement pursuant to the disclosure 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 UK Generally Accepted Accounting Practice and the 2014 Statement of Recommended Practice (updated in July 2022 (SORP)), 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' give a true and fair view of the assets, liabilities, financial position and profit or loss of the VCT; and
- that the management report, comprising the Chairman's Statement, Investment Adviser's Report, Review of Investments, Strategic Report, and Report of the Directors includes a fair review of the development and performance of the business and the position of the VCT together with a description of the principal risks and uncertainties that it faces.

Insurance cover

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

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 Adviser (https://greshamhouse.com/real-assets) 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 on-going integrity of the financial statements contained therein.

Corporate governance
The VCT's Corporate Governance statement and compliance with and departures from the 2019 AIC Code of Corporate Governance, which has been endorsed by the Financial Reporting Council (www.frc.org.uk), is shown on page 40.

Other matters
The likely future developments in the business of the Company including the Managed Wind Down and ongoing sale of assets process are set out in the Chairman's Statement (pages 4 to 5) and in the Investment Adviser's Report (pages 6 to 10).

Information in respect of risk management has been disclosed within the Strategic Report on page 19.

Information in respect of greenhouse emissions which is normally disclosed within the Report of the Directors has been disclosed within the Sustainable Investing report part of the Strategic Report on page 28.

During the year, the VCT did not have any employees (2023: nil) and therefore there is no comparison data available for the change in Directors' remuneration to average change in employee remuneration.

Events after the end of the reporting period
The VCT has not paid a dividend between the year end and 28 January 2025. The Company announced on 2 December 2024 that it intends on declaring and paying a dividend as soon as practically possible following the sale of its remaining portfolio of assets.

Statement as to disclosure of information to the auditor
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.

For and on behalf of the Board

Gill Nott
Chairman

29 January 2025

Directors' Remuneration Report

Annual statement of the Remuneration Committee
The Remuneration Committee consists of each of the VCT Directors. The Remuneration Committee assists the Board to fulfil its responsibility to shareholders to ensure that the remuneration policy and practices of the VCT reward the Directors fairly and responsibly, with a clear link to corporate and individual performance and having regard to statutory and regulatory requirements. The Remuneration Committee meets as and when required to review the levels of Directors' remuneration. The Committee is also responsible for considering the need to appoint external remuneration consultants.

Following a review of the remuneration during the financial year 2023/24 by the Remuneration Committee, the Board approved a 6% increase in the directors' remuneration. These increases took effect from 1 October 2024. The changes to the Directors' remuneration are outlined in this report.

Details of the specific levels of remuneration to each Director as well as the fee increases are outlined in the report.

Report on Remuneration Policy
Below is the VCT's remuneration policy. This policy applies from 27 April 2023. Shareholders must vote on the remuneration policy every three years, or sooner, if the VCT wants to make changes to the policy. The policy was last approved by Shareholders at the 2023 AGM and, if the Managed Wind Down of the Company was still to be completed, will be presented to Shareholders for approval at the 2026 AGM. There are currently no planned changes to the remuneration policy.

The VCT's policy on Directors' remuneration is to seek to remunerate Board members at a level appropriate for the time commitment required and degree of responsibility involved and to ensure that such remuneration is in line with general market rates. Non-Executive Directors will not be entitled to any performance related pay or incentive.

Directors' remuneration is also subject to the VCT's Articles of Association which provide that:

(i) The aggregate fees will not exceed £100,000 per annum (excluding any Performance Incentive fees to which the Directors may be entitled from time to time)*; and

(ii) 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.

* As highlighted above, the Non-Executive Directors are not currently entitled to any performance related pay or incentives under the Company's adopted remuneration policy.

Agreement for services
Information in respect of the Directors' agreements has been disclosed within the Report of the Directors on page 31.

Performance incentive
The structure of 'A' Shares, whereby Management (being staff of the Investment Adviser) owns one third of the 'A' Shares in issue (known as the "Management 'A' Shares"), enables a payment, by way of a distribution of income, of the Performance Incentive to the Management Team. The performance incentive structure of 'A' shares is detailed on pages 24 to 25 of the Strategic Report.

The NAV hurdle was not met for the financial year end 30 September 2024 and no dividend was paid in respect of the 'A' shares during the year, therefore there was no Performance Incentive.

Annual Report on remuneration
The Board has prepared this report in accordance with the requirements of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (SI2008/410) and the Companies Act 2006.

Under the requirements of Section 497 of the Companies Act 2006, the VCT's Auditor is required to audit certain disclosures contained within this report. These disclosures have been highlighted and the audit opinion thereon is contained within the Auditor's Report on pages 41 to 45.

Directors' remuneration (audited)
Directors' remuneration for the VCT for the year under review is shown in the table below.

The basic annual fees of the Directors during the year were £29,494 for the Chairman, £26,712 for the Audit Committee Chairman and £23,930 for the other Non-Executive Director.

Effective 1 October 2024, an increase of 6% will be applied to director fees. This increase is within the limit set by the Remuneration Policy. Both changes are shown in the table below.

	Current Annual Fee £	Year ended 30 September 2024 fee £	Additional Special Payment for the year end 30 September 2024 £	Total Year ended 30 September 2024 fee £	Year ended 30 September 2023 fee £	Additional Special Payment for the year end 30 September 2023 £	Total Year ended 30 September 2023 fee £
Gill Nott	31,264	29,494	N/A	29,494	27,825	7,500	35,325
David Hunter	28,314	26,712	N/A	26,712	25,200	N/A	25,200
Giles Clark	25,365	23,930	N/A	23,930	22,575	N/A	22,575
Totals	**84,943**	**80,136**	**0**	**80,136**	**75,600**	**7,500**	**83,100**

The £80,136 above excludes employer National Insurance of £2,291.

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

Annual percentage change in Directors' remuneration

The following table sets out the annual percentage change in Directors' fees for the year up to 30 September 2024[1]:

	% change for the year to 30 September 2024	% change for the year to 30 September 2023	% change for the year to 30 September 2022	% change for the year to 30 September 2021	% change for the year to 30 September 2020
Gill Nott	6	5(6)	0(5)	6(5)	0(3)
David Hunter	6	5	0(5)	6.7(5)	0(4)
Giles Clark(2)	6	0	N/A	N/A	N/A
Stuart Knight(2)	N/A	N/A	0	7.5	0
Duncan Grierson(2)	N/A	N/A	0	7.5	0

(1) Disclosed percentage changes in the table above reflect changes in base underlying annual fees paid to Directors, and do not incorporate additional ad hoc special payments made for additional work or oversight conducted during any financial period (these special payments are disclosed below)

(2) Effective 30 September 2022, Stuart Knight and Duncan Grierson resigned from the Board and Giles Clark was appointed as a new Non-Executive Director following his resignation from the Board of VCT2.

(3) In view of the significant additional work involved in the integration of the Investment Adviser into Gresham House and the share top up, the Board agreed, during the year ended 30 September 2018, to pay a one-off additional fee of £5,000 (exclusive of VAT) to Gill Nott and this was paid during the year ended 30 September 2019.

(4) David Hunter was appointed as a Director on 18 September 2019. Disclosure reflects the percentage change in fee for the year to 30 September 2020 in proportion to the pro rata fee paid to David Hunter for his tenure in the year ended 30 September 2019.

(5) During the financial year 2020/2021, in recognition of their increased oversight responsibilities, the Remuneration Committee approved additional special payments to the Chairman and Chair of the Audit Committee, calculated at 25% of their annual fee. The additional special payments were split into two payment tranches. The first tranche was paid during the financial year ending 30 September 2021 for additional oversight responsibilities relating to the 2021 financial year and the second tranche was paid in October 2021 for additional oversight responsibilities relating to the 2022 financial year.

(6) During the year to 30 September 2023, in recognition of increased oversight responsibilities in relation to the completion of the sale of certain solar assets in April 2023, the Remuneration Committee approved an additional special payment of £7,500 to the Chairman. This additional payment was paid on 12 July 2023.

Directors' Shareholding (Audited)

The Directors of the VCT during the year and their beneficial interests in the issued Ordinary Shares and 'A' Shares at 30 September 2024 and at the date of this report were as follows:

Directors		At the date of this report	At 30 September 2024	At 30 September 2023
Gill Nott	Ord	24,953	24,953	24,953
	'A'	24,953	24,953	24,953
David Hunter	Ord	–	–	–
	'A'	–	–	–
Giles Clark	Ord	–	–	–
	'A'	–	–	–

Statement of voting at AGM

Remuneration report

At the AGM on 19 March 2024, the votes in respect of the resolution to approve the Director's Remuneration Report were as follows:

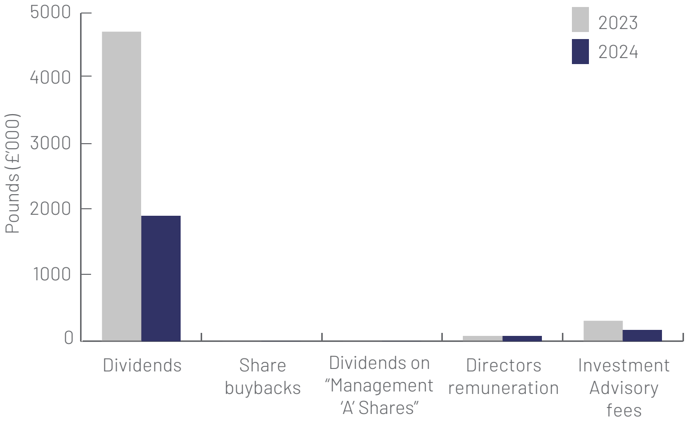
In favour	4,533,848 votes (100%)
Against	0 votes (0%)
Withheld	19,785 votes

Remuneration policy

At the 2023 AGM, when the remuneration policy was last put to a Shareholder vote, 91.56% voted for the resolution, showing significant shareholder support.

Relative importance of spend on pay

The difference in actual spend between 30 September 2024 and 30 September 2023 on Directors' remuneration in comparison to distributions (dividends and share buybacks) and other significant spending are set out in the chart below.

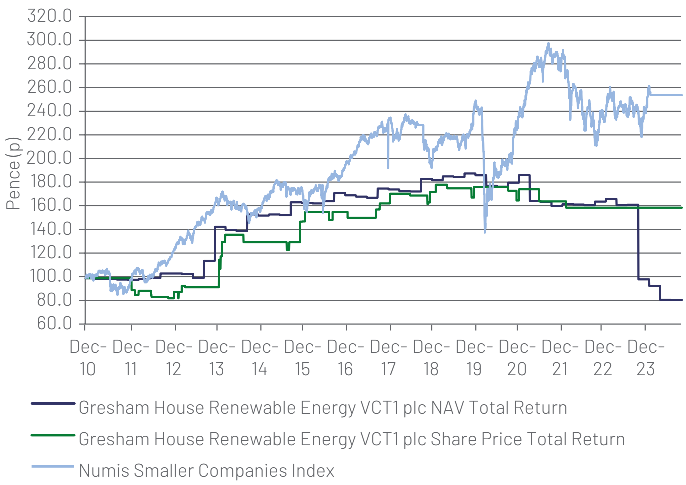


2024/25 Remuneration

The remuneration levels for the forthcoming year for the Directors of the VCT are shown in the above table on page 35.

Performance graph

The graph below represents the VCT's performance over the reporting periods since the VCT's Ordinary Shares and 'A' Shares were first listed on the London Stock Exchange and shows share price total return and net asset value total return performance on a dividends reinvested basis. All returns are rebased to 100 at 10 January 2011, being the date the VCT's shares were listed.



The Numis Smaller Companies Index has been chosen as a comparison as it is a publicly available broad equity index which focuses on smaller companies and is therefore more relevant than most other publicly available indices.

Giles Clark

Remuneration Committee Chairman

29 January 2025

Corporate Governance

The Board of Gresham House Renewable Energy VCT1 plc has considered the Principles and Provisions of the 2019 AIC Code of Corporate Governance (the AIC Code). The AIC Code addresses the Principles and Provisions set out in the 2018 UK Corporate Governance Code (the UK Code), as well as setting out additional Provisions on issues that are of specific relevance to Gresham House Renewable Energy VCT1 plc.

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

Compliance with the Principles and Provisions of the AIC Code by the VCT is detailed on page 40.

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

The Board

The VCT has a Board comprising three Non-Executive Directors, chaired by Gill Nott. Gill Nott, Giles Clark and David Hunter are independent from the Investment Adviser. The VCT has not appointed a Senior Independent Director. Biographical details of all Board members (including significant other commitments of the Chairman) are shown on page 3.

Full Board meetings take place quarterly and the Board meets or communicates more regularly to address specific issues. The Board has a formal schedule of matters specifically reserved for its decision which includes but is not limited to: considering recommendations from the Investment Adviser; making decisions concerning the acquisition or disposal of investments; and reviewing, annually, the terms of engagement of all third party advisers (including the Investment Adviser and Administrator).

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 VCT's expense.

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

The Board has decided that the VCT will not be buying shares for the foreseeable future as the VCT wishes to conserve such cash as it generates for the Managed Wind Down of the VCT and the potential payment of dividends.

The capital structure of the VCT is disclosed in Note 19 to the financial statements.

During the period under review, all the Directors of the VCT were Non-Executive and served on each committee of the Board. David Hunter is the Chairman of the Audit Committee and Giles Clark is the Chairman of the Remuneration and Nomination Committees. The Audit Committee normally meets four times yearly, and the Remuneration and Nomination Committees normally meet once each year. The Board has delegated a number of areas of responsibility to its committees and each committee has defined terms of reference and duties.

Audit Committee

The Audit Committee is responsible for reviewing the half-year and annual accounts before they are presented to the Board, the terms of appointment of the Auditor, together with their remuneration, as well as a full review of the effectiveness of the VCT's internal control and risk management systems.

In particular, the Committee reviews, challenges (where appropriate) and agrees the basis for the carrying value of the unquoted investments, as prepared by the Investment Adviser, for presentation within the half-year and annual accounts.

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

The Committee is also responsible for reviewing the going concern assessment and viability statement including consideration of all reasonably available information about the future financial prospects of the VCT, the possible outcomes of events and changes in conditions and realistic possible responses to such events and conditions.

The Audit Committee met five times during the year. The Committee reviewed the internal financial controls and concluded that they were appropriate.

As the VCT has no staff, other than the Directors, there are no procedures in place in respect of whistle blowing. The Audit Committee understands that the Investment Adviser and Administrator have whistle blowing procedures in place.

External Auditor

The Audit 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 and confirms their status on independence.

The Committee also confirms that the main areas of risk for the period under review are the carrying value of investments, management override of controls and the potential for fraud in relation to revenue recognition. The Company faces ongoing liquidity and solvency risks after the period under review, in anticipation of the Company's need to enter voluntary liquidation once the majority of the assets have been sold.

The Committee, after taking into consideration the timeline for the proposed members' voluntary liquidation of the Company in addition to comments from the Investment Adviser and Administrator 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 Auditor.

Under the Competition and Markets Authority regulations and subject to transitional provisions, there is a requirement that an audit tender process be carried out every ten years and mandatory rotation at least every twenty years. The VCT undertook an audit tender in respect of the audit required for the year ended 30 September 2021 and, following a competitive tender process in early 2021, BDO was re-appointed.

Under the FRC's Revised Ethical Standard (2024), there is a requirement for the key audit partner to cease their participation in the statutory audit not later than five years from the date of their appointment. In order to comply with the independence rules of the FRC's Revised Ethical Standard and safeguard the quality of the audit, a new audit partner was appointed by BDO to oversee the audit for the year ended 30 September 2024.

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

	Quarterly Board meetings attended	Adhoc Board meetings attended	Audit Committee meetings attended	Nomination Committee meetings attended	Remuneration Committee meetings attended
	(4 held)	(14 held)	(5 held)	(1 held)	(1 held)
Gill Nott	4	11	4	1	1
David Hunter	4	13	5	1	1
Giles Clark	4	14	5	1	1

The Directors attended a number of ad hoc board meetings, mainly to discuss the Managed Wind Down of the VCT and the sale of the remaining assets held by the Company

Remuneration Committee
The Committee meets as and when required to review the levels of Directors' remuneration. The Committee is also responsible for considering the need to appoint external remuneration consultants.

Details of the specific levels of remuneration to each Director are set out in the Directors' Remuneration Report on page 35.

Financial Reporting
The Directors' responsibilities statement for preparing the accounts is set out in the Report of the Directors on page 32 and a statement by the Auditor about their reporting responsibilities is set out in the Independent Auditor's report on page 41.

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. Before any appointment is made by the Board, the Committee shall evaluate the balance of skills, knowledge, and experience, and consider candidates on merit, against objective criteria, and with due regard for the benefits of diversity on the Board. Diversity includes and makes good use of differences in knowledge and understanding of relevant diverse geographies, peoples and their backgrounds including race or ethnic origin, sexual orientation, gender, age, disability, or religion.

During the period, the Committee carried out a rigorous internal board evaluation during which it assessed the effectiveness of the Board and its committees. The Committee found that the Board was functioning well and had maintained a strong degree of oversight of the Managed Wind Down, and it was further confirmed that all Directors contributed to the discussions at meetings. A number of topics were raised and discussed and overall, the Board and its committees were found to be performing satisfactorily.

Diversity
The Board currently comprises of three Non-Executive Directors of which two are male and one is female. Summary biographical details of the Directors, including their relevant experience, are set out on page 3. The Company has no employees, with day- to-day executive management functions carried out by the Investment Adviser.

The Board notes the FCA UK Listing Rules requirements (UKLR 6.6.6(9), (10)) which set out targets for board diversity as follows:

- At least 40% of board members to be women;
- At least one senior board position (Chair, chief executive officer (CEO), senior independent director or chief financial officer (CFO)) to be held by a woman; and
- At least one individual on the board to be from a minority ethnic background, defined to include those from an ethnic background and/or an ethnic group, other than a white ethnic group, as specified in categories recommended by the Office for National Statistics.

As an externally managed Venture Capital Trust, there is no CEO or CFO. Due to the size of the Board and the nature of the VCT's business, a senior independent director has not been appointed. However, the Board considers the Chair of the Company and Chair of any of the Company's Committees to be senior positions in the Company. The below table sets out the constitution of the Company's Board against these targets. The data was collected on a self-identifying basis.

The Board considers that three Non-Executive Directors are sufficient given the current size of the Company. The Board notes that, as of 30 September 2024 and at the time of signing these financial statements, it did not meet the first target on gender diversity whilst it did meet the second as the Chair is a woman. The Board did not meet the third target on ethnic diversity. Whilst the Board gives due regard to the benefits of diversity and the diversity targets set out in the UKLR, no further appointments are anticipated as the Company has entered the Managed Wind Down process and will enter voluntary liquidation in due course.

Board Diversity as at 30 September 2024

Gender	Number of Board members	Percentage of the Board	Number of senior positions on the Board
Men	2	67%	3
Women	1	33%	1
Prefer not to say	0	0%	0

Ethnic background	Number of Board members	Percentage of the Board	Number of senior positions on the Board
White British or other White (including minority-white groups)	3	100%	4
Other ethnic group	0	0%	0
Prefer not to say	0	0%	0

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 period, or to meet with major Shareholders if so requested.

In addition to the formal business of the AGM, representatives of the Investment Adviser and the Board are available to answer any questions a Shareholder may have. The notice of the fourteenth AGM and proxy form will be circulated separately following the publication of this Annual Report.

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

Internal Control
The Directors are fully informed of the internal control framework established by the Investment Adviser and the Administrator to provide reasonable assurance on the effectiveness of internal financial control.

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 internal controls, 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.

The Board also reviews the perceived risks faced by the VCT in line with relevant guidance on an annual basis and implements additional controls as appropriate.

The Board also considered the requirement for an internal audit function and considered that this was not necessary as the internal controls and risk management in place were adequate and effective.

Although the Board is ultimately responsible for safeguarding the assets of the VCT, the Board has delegated, through written agreements, the day-to-day operation of the VCT (including the Financial Reporting Process) to the following advisers:

Investment Adviser
Gresham House Asset Management Limited

Administrator and Company Secretary
JTC (UK) Limited

Anti-bribery policy
In order to ensure compliance with the UK Bribery Act 2010, the Directors confirm that the VCT has zero tolerance towards bribery and a commitment to carry out business openly, honestly and fairly.

Going concern
In assessing the VCT as a going concern, the Directors have considered the forecasts which reflect the proposed strategy for portfolio investments and the result of the continuation votes at the AGM and General Meeting held on 22 March 2021 and 13 July 2021 respectively.

At the meeting on 13 July 2021, the proposed special resolution was approved by Shareholders, resulting in the VCTs entering a Managed Wind Down and a New Investment Policy replacing the existing investment policy. The VCT's principal objective is to manage the VCT with the intention of realising the sale or monetisation otherwise of all remaining assets in the portfolio in a prudent manner consistent with the principles of good investment management and with a view to returning value to Shareholders in an orderly manner. Given that a formal decision has been made to wind up the VCT, the Directors intend to liquidate the VCT.

The VCT will pursue its investment objective by effecting an orderly realisation of its assets in a manner that seeks to achieve a balance between maximising the value received from those assets and making timely returns of capital to Shareholders. This process includes sales of individual assets. The VCT will enter members' voluntary liquidation, anticipated by mid-September 2025, or sooner if the remaining assets are sold.

Since the start of the Managed Wind Down in July 2021, the Directors do not consider it to be appropriate to adopt the going concern basis of accounting in preparing the financial statements. On this basis, the Directors have prepared the VCT's financial statements on a basis other than going concern. As a result, the investments held at fair value through profit or loss were transferred from fixed assets to current assets in the 30 September 2021 annual financial statements and subsequent periods. No additional adjustments in the financial year ended 30 September 2024 have been required to the financial statements as a result of them being prepared on a basis other than going concern.

Share capital
The VCT has two classes of share capital: Ordinary Shares and 'A' Shares. The rights and obligations attached to those shares, including the power of the VCT to buy back shares and details of any significant shareholdings, are set out on page 31 of the Report of the Directors.

Compliance statement

The UK Listing Rules require the Board to report on compliance with the AIC Code provisions throughout the accounting period. With the exception of the limited items outlined below, the VCT has complied throughout the accounting year ended 30 September 2024 with the provisions set out in Section 5 to 9 of the AIC Code.

a) The VCT 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 AGM. (5.2.3)

b) Due to the size of the Board and the nature of the VCT's business, a senior independent director has not been appointed. (6.2.14)

c) Due to the size of the Board and the nature of the VCT's business, the Board considers it appropriate for the entire Board to fulfil the role of the nomination and remuneration committees. (7.2.22, 9.2.37)

d) Due to the size of the VCT, the Board thought it would be unnecessarily burdensome to establish a separate management engagement committee to review the performance of the Investment Adviser. (6.2.17, 7.2.26)

e) Due to the size of the Board and the nature of the VCT's business, the Board considers it appropriate for the entire Board, including the Chairman, to fulfil the role of the audit committee. (8.2.29)

f) The Directors are not subject to annual re-election but must be re-elected every three years. At the next Annual General Meeting following a Director's first appointment such Director shall retire from office and be eligible for election. A Director may then retire at any Annual Meeting following the Annual General Meeting at which they last retired and were re-elected provided that they must retire from office at or before the third Annual General Meeting following the Annual General Meeting at which they last retired and were re-elected. (7.2.23)

By order of the Board

JTC (UK) Limited
Company Secretary
Company number: 04301763

Registered office:
The Scalpel, 18th Floor
52 Lime Street
London EC3M 7AF

29 January 2025

Independent Auditor's Report

Independent auditor's report to the members of Gresham House Renewable Energy VCT1 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 30 September 2024 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 Gresham House Renewable Energy VCT1 Plc (the 'Company') for the year ended 30 September 2024 which comprise the Income Statement, the Balance sheet, the Statement of Changes in Equity, the Cash Flow Statement, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and *United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).*

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. 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 to audit the financial statements for the year ended 30 September 2011 and subsequent financial periods. The period of total uninterrupted engagement including retenders and reappointments is 14 years, covering the years ended 30 September 2011 to 30 September 2024. 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.

Emphasis of matter – financial statements prepared on a basis other than going concern
We draw attention to Note 1 to the financial statements which explains that the Directors intend to liquidate the Company. Therefore, the Directors do not consider it to be appropriate to adopt the going concern basis of accounting in preparing the financial statements. Accordingly, the financial statements have been prepared on a basis other than going concern as described in Note 1. Our opinion is not modified in respect of this matter.

Overview

		2024	2023
Key audit matter	Valuation of unquoted investments	X	X
Materiality	*Company financial statements as a whole* £198,000 (2023: £285,000) based on 2% (2023: 2%) 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.

<table>
<tr><th colspan="2">Key Audit Matter</th><th>How the scope of our audit addressed the key audit matter</th></tr>
<tr><td>Valuation of unquoted investments

See Note 10, Note 18 and the accounting policy in Note 2</td><td>As disclosed in Note 10, the Company entered into a non binding agreement with a potential buyer in relation to the sale of the VCTs remaining solar and wind assets. We consider the valuation of investments to be the most significant audit area due to the judgements involved in determining unquoted investment valuations, and the appropriate methodology as a result of the proposed sale.

There is also an inherent risk of management override arising from the unquoted investment valuations being prepared by the Investment Manager, who is remunerated based on the net asset value of the Company.

For these reasons we considered the valuation of unquoted investments to be a key audit matter.</td><td>We performed the following procedures on the valuation of unquoted investments: (100% unquoted):

→ We obtained an understanding of the Company's processes for determining the fair value of unquoted investments and assessed the design and implementation of the investment valuation processes and controls. This included evidencing management's oversight of the valuation process through the Audit Committee and relevant Valuation Committees;

→ Considered the appropriateness of overall fair value and valuation movement in the income statement;

→ Challenged whether the valuation methodology applied was appropriate under the International Private Equity and Venture Capital Valuation ("IPEV") Guidelines and applicable accounting standards;

→ Challenged the Investment Manager and the Board on the appropriateness of the valuation methodology at year end, given that the Company entered into agreement with a buyer in relation to the sale of the remaining portfolio; and

→ Reviewed information such as non-binding offers and agreements obtained to support the reasonableness of the year-end valuation process.

Key observations:
Based on the procedures performed we consider the investment valuations to be reasonable considering the level of judgement involved.</td></tr>
</table>

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	
	2024 (£)	2023 (£)
Materiality	£198,000	£285,000
Basis for determining materiality	2 % of Net assets	2 % 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 determined the appropriate benckmark to be net assets.	
Performance materiality	£149,000	£214,000
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 Risk assessment of control environment and consideration of the number of historical errors identified.

Specific materiality

We determined that for Revenue return before gain/loss on investments, a misstatement of less than materiality for the financial statements as a whole, could influence users of the financial statements. The company's objective is to achieve a balance between maximising the value received from the remaining assets in the portfolio and making timely returns of capital to Shareholders through dividends. Therefore on-going costs and revenue returns are important to the users of the Financial Statements, despite being considerably smaller in magnitude. Given that the VCT receives dividend income from its underlying investee companies, we consider it appropriate to apply a specific materiality. As a result, we determined a specific materiality of £34,000 (2023: £21,000) for those items impacting revenue return, based on 2% (2023: 2%) of Income.

Reporting threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of £9,900 (2023:£14,000) and for those items impacting Revenue return before tax £2,000 (2023: £1,050). We also agreed to report differences below these thresholds 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 Reports 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.

Corporate governance statement

The UK 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 32; 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 24.
Other Code provisions	→ Directors' statement on fair, balanced and understandable set out on page 32; → Board's confirmation that it has carried out a robust assessment of the principal risks set out on page 20; → The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems set out on page 37; and → The section describing the work of the Audit Committee set out on page 37.

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.

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 management and those charged with governance including the Audit Committee; and
- Obtaining an understanding of the control environment in monitoring compliance with laws and regulations;

We considered the significant laws and regulations to include (but not limited to) compliance with 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 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 management and those charged with governance relating to the existence of any non-compliance with laws and regulations;
- Reviewing the minutes of board meetings throughout the year to identify any instances of non-compliance with laws and regulations and corroborated our above inquiries.
- 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; and
- Involvement of an internal tax expert in the audit;.

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

Our risk assessment procedures included:

- Enquiry with management and those charged with governance including the Audit Committee 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 meetings of those charged with governance for any known or suspected instances of fraud; and
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements;

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

Our procedures in respect of the above included:

- The procedures set out in the Key Audit Matters section above;
- Testing journals posted in the process of preparation of financial statements on the basis of supporting documentation and understanding of the business;
- Evaluating whether there was evidence of bias by the Directors that represented a risk of material misstatement due to fraud, including valuation of investments;
- Recalculating investment management fees in total; and
- Reviewed underlying investee companies' accounts and assessed whether sufficient reserves are available to support dividends paid.

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.

Daniel Quiligotti
(Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London, UK

Date: 29 January 2025

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

Income Statement

For the year ended 30 September 2024

		Year ended 30 September 2024			Year ended 30 September 2023		
	Note	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Income	3	1,690	–	1,690	1,038	–	1,038
Loss on investments	10	–	(3,385)	(3,385)	–	(4,933)	(4,933)
		1,690	(3,385)	(1,695)	1,038	(4,933)	(3,895)
Investment advisory fees	4	(127)	(42)	(170)	(235)	(78)	(313)
Other expenses	5	(380)	(174)	(554)	(412)	–	(412)
		(507)	(216)	(723)	(647)	(78)	(725)
Profit/(loss) on ordinary activities before tax		1,183	(3,602)	(2,418)	391	(5,011)	(4,620)
Tax on total comprehensive income/(loss) and ordinary activities	7	–	–	–	–	–	–
Profit/(loss) for the year and total comprehensive income/(loss)		1,183	(3,602)	(2,418)	391	(5,011)	(4,620)
Basic and diluted earnings/(loss) per share:							
Ordinary Share	9	4.6p	(14.1p)	(9.5p)	1.5p	(19.6p)	(18.1p)
'A' Share	9	–	–	–	–	–	–

The above results arise from activities classified as continuing operations, however as described in Note 1, the VCT is in a Managed Wind Down process. The total column within the Income Statement represents the Statement of Total Comprehensive Income of the VCT prepared in accordance with Financial Reporting Standards (FRS 102). The supplementary revenue and capital return columns are prepared in accordance with the Statement of Recommended Practice issued in November 2014 (updated in July 2022) by the Association of Investment Companies (AIC SORP).

Other than revaluation movements arising on investments held at fair value through the profit or loss, there were no differences between the return/loss as stated above and at historical cost.

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

Balance Sheet

As at 30 September 2024

	Note	2024 £'000	2024 £'000	2023 £'000	2023 £'000
Current assets					
Investments	10	14,198		17,713	
Costs incurred on sale of VCT's assets	11	305		253	
Debtors	12	14		38	
Cash at bank and in hand		1		46	
		14,518		18,050	
Creditors	13	(4,613)		(1,596)	
Net current asset			9,904		16,454
Creditors: amounts falling due after more than one year	14	–		(2,217)	
Net assets			9,904		14,237
Capital and reserves					
Called up Ordinary Share capital	15		28		28
Called up 'A' Share capital	15		41		41
Treasury Shares	16		(2,991)		(2,991)
Special reserve	16		8,133		8,995
Revaluation reserve	16		9,955		11,506
Capital reserve – realised	16		(5,305)		(3,253)
Revenue reserve	16		44		(89)
Total Shareholders' funds			9,904		14,237
Basic and diluted net asset value per share					
Ordinary Share	17		38.7p		55.6p
'A' Share	17		0.1p		0.1p

The financial statements of Gresham House Renewable Energy VCT1 plc on pages 46 to 63 were approved and authorised for issue by the Board of Directors and were signed on its behalf by:

Gill Nott
Chairman
Company number: 07378392

Date: 29 January 2025

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

Statement of Changes in Equity

For the year ended 30 September 2024

	Called up share capital £'000	Share Premium Account £'000	Treasury Shares £'000	Special reserve £'000	Revaluation reserve £'000	Capital redemption reserve £'000	Capital reserve realised £'000	Revenue reserve £'000	Total £'000
At 30 September 2022	69	9,541	(2,991)	4,171	16,871	3	(3,607)	(480)	23,577
Total comprehensive (loss)/income	–	–	–	–	(5,365)	–	354	391	(4,620)
Cancellation of Share premium and Capital redemption reserve	–	(9,541)	–	9,544	–	(3)	–	–	–
Dividend paid	–	–	–	(4,720)	–	–	–	–	(4,720)
At 30 September 2023	69	–	(2,991)	8,995	11,506	–	(3,253)	(89)	14,237
Total comprehensive (loss)/income	–	–	–	–	(1,550)	–	(2,051)	1,183	(2,418)
Dividend paid	–	–	–	(862)	–	–	–	(1,051)	(1,913)
At 30 September 2024	69	–	(2,991)	8,133	9,955	–	(5,305)	44	9,904

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

Cash Flow Statement

For the year ended 30 September 2024

	Note	Year ended 30 September 2024 £'000	Year ended 30 September 2023 £'000
Cash flows from operating activities			
Loss for the financial year		(2,418)	(4,620)
Loss on investments	10	3,385	4,933
Cost incurred on sale of VCT's assets write off		98	-
Dividend income		(1,667)	(998)
Interest income		(23)	(37)
Decrease in debtors		1	-
Increase/(decrease) in creditors		733	(131)
Net cash inflow/(outflow) from operating activities		109	(853)
Cash flows from investing activities			
Net proceeds from sale of investments/loan note redemptions	10	129	4,456
Cost incurred on sale of VCT's assets		(84)	(126)
Interest received		47	25
Dividend income received		1,667	998
Net cash inflow from investing activities		1,759	5,353
Cash flows from financing activities			
Dividend paid		(1,913)	(4,720)
Repayment of loan		-	263
Net cash outflow from financing activities		(1,913)	(4,457)
Net (decrease)/increase in cash		(45)	43
Cash and cash equivalents at start of year		46	3
Cash and cash equivalents at end of year		1	46
Cash and cash equivalents comprise			
Cash at bank and in hand		1	46
Total cash and cash equivalents		1	46

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

Notes to the Accounts

For the year ended 30 September 2024

1. General Information

Gresham House Renewable Energy VCT1 plc (VCT) is a Venture Capital Trust established under the legislation introduced in the Finance Act 1995 and is domiciled in the United Kingdom and incorporated in England and Wales (Company No. 07378392). The Company's principal activity is that of a VCT which invests in renewable energy investments. The registered office of the Company is The Scalpel 18th floor, 52 Lime Street, London, EC3M 7AF. Its share capital is denominated in Pound Sterling (GBP) and consists of Ordinary shares and 'A' shares.

Going Concern

In assessing the VCT as a going concern, the Directors have considered the forecasts which reflect the proposed strategy for portfolio investments and the result of the continuation votes at the AGM and General Meeting held on 22 March 2021 and 13 July 2021 respectively. At the meeting on 13 July 2021, the proposed special resolution was approved by Shareholders, resulting in the VCTs entering a Managed Wind Down and a new investment policy replacing the existing investment policy. The VCT's principal objective is to manage the VCT with the intention of realising the sale or monetisation otherwise of all remaining assets in the portfolio in a prudent manner consistent with the principles of good investment management and with a view to returning value to Shareholders in an orderly manner. Given that a formal decision has been made to wind up the VCT , the Directors intend to liquidate the VCT.

The VCT will pursue its investment objective by effecting an orderly realisation of its assets in a manner that seeks to achieve a balance between maximising the value received from those assets and making timely returns of capital to Shareholders. This process includes sales of individual assets. The VCT will enter members' voluntary liquidation, anticipated by mid-September, or sooner if the remaining assets are sold.

Since the start of the Managed Wind Down in July 2021, the Directors do not consider it to be appropriate to adopt the going concern basis of accounting in preparing the financial statements. On this basis, the Directors have prepared the VCT's financial statements on a basis other than going concern. As a result, the investments held at fair value through profit or loss were transferred from fixed assets to current assets in the 30 September 2021 annual financial statements and subsequent periods. No additional adjustments in the financial year ended 30 September 2024 have been required to the financial statements as a result of them being prepared on a basis other than going concern.

2. Accounting policies

Basis of accounting

The VCT has prepared its financial statements under FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and in accordance with the Statement of Recommended Practice "Financial Statements of Investment Trust Companies and Venture Capital Trusts" issued by the Association of Investment Companies (AIC) in November 2014 and revised in July 2022 (SORP) as well as the Companies Act 2006.

The VCT implements new Financial Reporting Standards (FRS) issued by the Financial Reporting Council when they become effective. No new FRS were implemented during the year.

The financial statements are presented in Sterling (£) as this is the VCT's functional currency.

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 net revenue is the measure the Directors believe appropriate in assessing the VCT's compliance with certain requirements set out in Part 6 of the Income Tax Act 2007.

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, in accordance with the VCT's documented investment policy. The fair value of an investment upon acquisition is deemed to be cost. Thereafter investments are measured at fair value in accordance with the International Private Equity and Venture Capital Valuation Guidelines (IPEV) together with FRS 102 sections 11 and 12.

For unquoted investments and subsequent to acquisition, fair value is established by using the IPEV guidelines.

Based on the ongoing sales process, a fair market view based upon the estimated realisation proceeds has been used as a primary valuation approach in the financial year ended 30 September 2024.Further details are contained in Note 10.

2. Accounting policies (continued)

Effective 1 January 2019, the IPEV guidelines to establish fair value were updated whereby the cost or price of a recent investment are no longer considered valid valuation methodologies for establishing the fair value of an investment. The VCT along with its Investment Adviser may, under orderly market conditions, deem the cost or recent price paid for an investment as an appropriate fair value for an investment at the time of acquisition but subsequent to recognition must reconsider the assigned fair value based on up-to-date market conditions and performance of the underlying investee company in order to assign a fair value in line with the IPEV guidelines.

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.

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 or 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.

The investee companies held by the VCT are treated as a portfolio of investments and are therefore measured at fair value in accordance with section 9 of FRS 102. The results of these companies are not incorporated into the Income Statement except to the extent of any income accrued. This is in accordance with the SORP and FRS 102 sections 14 and 15 that does not require portfolio investments, where the interest held is greater than 20%, to be accounted for using the equity method of accounting.

Income

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

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

Expenses

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

→ Expenses which are incidental to the disposal of an investment are deducted from the disposal proceeds of the investment; and

→ 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. The VCT has adopted a policy of charging 75% of the investment advisory fees to the revenue account and 25% to the capital account to reflect the Board's estimated split of investment returns which will be achieved by the VCT over its lifetime.

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 VCT'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 VCT'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, other creditors and loan notes

Other debtors (including accrued income), other creditors and loan notes (other than those held as part of the investment portfolio as set out in Note 10 are included within the accounts at amortised cost.

3. Income

	Year ended 30 September 2024 £'000	Year ended 30 September 2023 £'000
Income from investments		
Bank interest	–	3
Dividend income	1,667	998
Loan stock interest	23	37
	1,690	1,038

4. Investment advisory fees

The investment advisory fees for the year ended 30 September 2024, which were charged quarterly in advance to the VCT, were based on 1.15% of the net assets as at the previous quarter end. Based on each quarter's final NAV, as and when available, the quarter's investment advisory fees previously charged are adjusted. In addition, investment advisory fees of £22,000 (2023: £44,000) relating to additional costs incurred by the Investment Adviser during the financial year were approved by the Board.

	Year ended 30 September 2024			Year ended 30 September 2023		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Investment advisory fees	127	42	170	235	78	313

5. Other expenses

	Year ended 30 September 2024			Year ended 30 September 2023		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Administration services	133	–	133	96	–	96
Directors' remuneration	82	–	82	79	–	79
Social security costs	3	–	3	3	–	3
Auditor's remuneration for audit	49	–	49	59	–	59
Other	113	174	287	175	–	175
	380	174	554	412	–	412

At 30 September 2023, the annual running costs of the VCT for the year were subject to a cap of 3.0% of NAV. Due to the significant reduction in the NAV as a result of the Managed Wind Down process, the annual running costs for the financial year ending 30 September 2024 were forecasted to exceed this cap. To rectify this unintended consequence, the Investment Advisory Agreement was amended through a variation in June 2024 raising the cap to 5.0% of NAV or £625,000 whichever is the lower. During the year ended 30 September 2024, the annual running costs came to £502,000 being total expenses (£723,000) less one-off expenditure, which is less than the applicable cap of £625,000 (2023: 2.8% which was less than the cap of 3.0% of NAV), therefore the cap has not been breached.

6. Directors' remuneration

Details of remuneration (excluding employer's NIC) are given in the audited part of the Directors' Remuneration Report on page 35.

The VCT had no employees during the year. Costs in respect of the Directors are referred to in Note 5 above. No other emoluments or pension contributions were paid by the VCT to, or on behalf of, any Director.

7. Tax on ordinary activities

		Year ended 30 September 2024 £'000	Year ended 30 September 2023 £'000
(a)	**Tax charge for the year**		
	UK corporation tax at 25% (2023: 22%)	–	–
	Charge for the year	–	–
(b)	**Factors affecting tax charge for the year**		
	Loss on ordinary activities before taxation	(2,418)	(4,620)
	(Tax credit)/tax calculated on loss on ordinary activities before taxation at the applicable rate of 25% (2023: 22%)	(605)	(1,016)
	Effects of:		
	UK dividend income	(417)	(220)
	Losses on investments	846	1,085
	Excess management expenses on which deferred tax not recognised	176	151
	Total tax charge	–	–

Excess management fees, which are available to be carried forward and set off against future taxable income, amounted to £4,857,000 (25%) (2023: £4,153,000 (22%)). The associated deferred tax asset of £1,214,000 (2023: £1,038,000) has not been recognised due to the fact that it is unlikely that the excess management fees will be set off against future taxable profits in the foreseeable future. The corporation tax rate of 25% became effective from 1 April 2023. A blended rate of 22% was applied for the year ended 30 September 2023.

8. Dividends

	Year ended 30 September 2024			Year ended 30 September 2023		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Paid						
2022 Interim Ordinary – 2p	–	–	–	–	510	510
2023 Interim Ordinary – 16.5p	–	–	–	–	4,210	4,210
2023 Interim Ordinary – 7.5p	1,051	862	1,913	–	–	–
	1,051	862	1,913	–	4,720	4,720

The interim Ordinary 7.5p dividend was paid on 21 December 2023 to Shareholders on the register as at 1 December 2023.

As announced on 2 December 2024, the Company would not pay a dividend in 2024. The board intends to declare and pay a dividend as soon as practically possible following the sale of the remaining portfolio of assets.

9. Basic and diluted earnings per share

		Weighted average number of shares in issue	Revenue profit £'000	Pence per share	Capital Loss £'000	Pence per share	Net (loss)/ profit £'000	Pence per share
30 September 2024	Ordinary Shares	25,515,242	1,183	4.6	(3,602)	(14.1)	(2,418)	(9.5)
	'A' Shares	38,512,032	–	–	–	–	–	–
30 September 2023	Ordinary Shares	25,515,242	391	1.5	(5,011)	(19.6)	(4,620)	(18.1)
	'A' Shares	38,512,032	–	–	–	–	–	–

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

10. Investments

	2024 Unquoted investments £'000	2023 Unquoted investments £'000
Opening cost at start of the year	8,709	13,011
Permanent impairment in cost of investments	(1,695)	(1,303)
Accumulated net unrealised gains at start of the year	10,699	16,064
Opening fair value at start of the year	17,713	27,772
Movement in the year:		
Purchased at cost	–	–
Disposals at cost	(129)	(4,302)
Permanent impairment in cost of investments	(1,835)	(392)
Net unrealised losses in the income statement	(1,550)	(5,365)
Closing fair value at year end	14,198	17,713
Closing cost at year end	8,580	8,709
Permanent impairment in cost of investments as at 30 September 2024	(3,530)	(1,695)
Accumulated net unrealised gains at year end	9,148	10,699
Closing fair value at year end	14,198	17,713

During the financial year, the VCT received £129,000 from the disposal at cost of loan notes.

The VCT 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 that are not based on observable market data (unquoted equity investments and loan note investments).

	Level 1 £'000	Level 2 £'000	Level 3 £'000	2024 £'000	Level 1 £'000	Level 2 £'000	Level 3 £'000	2023 £'000
Unquoted loan notes	–	–	330	330	–	–	459	459
Unquoted equity	–	–	13,868	13,868	–	–	17,254	17,254
	–	–	14,198	14,198	–	–	17,713	17,713

During the years ended 30 September 2024 and 30 September 2023 there were no transfers between levels.

10. Investments (continued)

A reconciliation of fair value for Level 3 financial instruments held at the year end is shown below:

	Unquoted loan notes £'000	Unquoted equity £'000	Total £'000
Balance at 30 September 2023	459	17,254	17,713
Movement in the income statement:			
Unrealised losses in the income statement	–	(1,550)	(1,550)
Impairment realised during the period	–	(1,835)	(1,835)
Redemption of loan notes	(129)	–	(129)
Balance at 30 September 2024	330	13,868	14,198

FRS 102 sections 11 and 12 require disclosure to be made of the possible effect of changing one or more of the inputs to reasonable possible alternative assumptions where this would result in a significant change in the fair value of the Level 3 investments. There is an element of judgement in the choice of assumptions for unquoted investments and it is possible that, if different assumptions were used, different valuations could have been attributed to some of the VCT's investments.

The Board believes that valuing the investments as at 30 September 2024 based on the estimated realisation proceeds from the ongoing sales process is the most appropriate valuation method. For the Company's valuation 30 September 2024, the Company's multiple non-binding offers for its assets before financial year end were used. The offers received were representative of arm's length prices, based on what market participants were prepared to pay. Therefore, the year end valuation reflects the market offers received, which are considered to be in the best interest of shareholders in the context of the planned Managed Wind Down of the Company.

11. Costs incurred on sale of VCT's assets

Since the beginning of the Managed Wind Down in July 2021, the VCT has capitalised the professional fees in relation to the sale of assets. The capitalised costs directly attributable to the current sales of assets process incurred during the financial year amounted to £151,000. Costs of sale, no longer or not related to the current sale of assets process, amounting to £98,000 have been expensed in the financial year.

	2024 £'000	2023 £'000
Cost incurred on sale of VCT's assets	305	253
	305	253

12. Debtors

	2024 £'000	2023 £'000
Prepayments and accrued income	14	38
	14	38

13. Creditors: amounts falling due within one year

	2024 £'000	2023 £'000
Other loans	4,417	1,472
Taxation and social security	3	3
Accruals and deferred income	172	99
Creditors	21	22
	4,613	1,596

The balance of other loans is made up of amounts borrowed from the underlying portfolio companies. All loans are interest free. Subject to any sale of assets as part of the Managed Wind Down, these loans will be repaid at the date of such transaction. Other loans falling due within one year are as follows:

Investee company	Drawdown date	Repayment date	2024 £'000	2023 £'000
HRE Willow Limited	15 June 2016	^	18	18
	12 September 2016	^	68	68
	23 September 2016	^	29	29
			115	115
Lunar 2 Limited	17 December 2019	^	1,543	–
	13 January 2020	^	473	–
	31 March 2020	^	50	–
	22 April 2020	^	100	–
			2,166	–
Minsmere Power Limited	31 January 2020	^	50	–
Subtotal ^			**2,331**	**115**
Lunar 2 Limited	23 December 2020	^^	808	808
	8 February 2023	^^	134	134
	10 March 2023	^^	89	89
	31 March 2023	^^	40	40
	13 December 2023	^^	604	–
	2 February 2024	^^	125	–
			1,800	1,071
HRE Willow Limited	22 December 2020	^^	114	114
	18 March 201	^^	63	63
	6 June 2022	^^	44	44
			221	221
Minsmere Power Limited	22 December 2020	^^	25	25
	30 June 2021	^^	27	27
	6 June 2022	^^	13	13
			65	65
Subtotal ^^			**2,086**	**1,357**
Amounts repayable within one year			**4,417**	**1,472**

^ The lender may demand full repayment of all amounts outstanding at any time after 5 years and 1 day from the date of the initial drawdown of the loan. The loans are interest free.

^^ The VCT and the indicated SPV's (the 'lender') entered into loan agreements whereby the lender may, at any time, without having to provide any reason, by one or several demands require immediate repayment of all or any part of the loan and all or any accrued interest thereon. The loans are interest free.

14. Creditors: amounts falling due after more than one year

	2024 £'000	2023 £'000
Other loans	–	2,217
	–	2,217

The balance of other loans is made up of amounts borrowed from the underlying portfolio companies. The classification of the loans shown below is by reference to the contractual agreement repayment date as detailed in Note 13. All loans are interest free.

Creditors falling due after more than one year are repayable at any time after the following repayment dates:

Investee company	Repayment date	2024 £'000	2023 £'000
Minsmere Power Limited	14 January 2025	–	50
Lunar 2 Limited	18 December 2024	–	1,543
	14 January 2025	–	474
	1 April 2025	–	50
	23 April 2025	–	100
		–	2,167
Amounts repayable after more than one year		**-**	**2,217**

15. Called up share capital

	2024 £'000	2023 £'000
Allotted, called up and fully-paid:		
25,515,242 (2023: 25,515,242) Ordinary Shares of 0.1p each	28	28
38,512,032 (2023: 38,512,032) 'A' Shares of 0.1p each	41	41
	69	69

The VCT's capital is managed in accordance with its investment policy as shown in the Strategic Report on pages 18 to 19, in pursuit of its principal investment objectives. There has been no significant change in the objectives, policies or processes for managing capital from the previous period.

The VCT has the authority to buy back shares as described in the Report of the Directors. During the year ended 30 September 2024, the VCT did not repurchase any Ordinary Shares or 'A' Shares.

During the year ended 30 September 2024, the VCT issued no Ordinary Shares or 'A' shares.

The holders of Ordinary Shares and 'A' Shares shall have rights as regards to dividends and any other distributions or a return of capital (otherwise than on a market purchase by the VCT of any of its shares) which shall be applied on the following basis:

1) unless and until Ordinary Shareholders receive a dividend of at least 5.0p per Ordinary Share, and one Ordinary Share and one 'A' Share has a combined net asset value of 100p (the Hurdle), distributions will be made as to 99.9% to Ordinary Shares and 0.1% to 'A' Shares;

2) after (and to the extent that) the Hurdle has been met, and subject to point 3 below, the balance of such amounts shall be applied as to 40% to Ordinary Shares and 60% to 'A' Shares; and

3) any amount of a dividend which, but for the entitlement of 'A' Shares pursuant to point 2 above, would have been in excess of 10p per Ordinary Share in any year shall be applied as to 10% to Ordinary Shares and 90% to 'A' Shares.

15. Called up share capital (continued)
If, on the date on which a dividend is to be declared on the Ordinary Shares, the amount of any dividend which would have been payable to the 'A' Shares (the "A' Dividend Amount'), together with any previous amounts which were not paid as a result of this clause (the "A' Share Entitlement'), would together:

a) in aggregate be less than £5,000; or

b) be less than an amount being equivalent to 0.25p per 'A' Share.

then the 'A' Dividend amount shall not be declared and paid but shall be aggregated with any 'A' Share Entitlement and retained by the VCT until either threshold is reached. No interest shall accrue on any 'A' Share Entitlement.

The VCT does not have any explicit externally imposed capital requirements.

16. Reserves

	2024 £'000	2023 £'000
Treasury shares	(2,991)	(2,991)
Special reserve	8,133	8,995
Revaluation reserve	9,955	11,506
Capital reserve – realised	(5,305)	(3,253)
Revenue reserve	44	(89)
	9,836	14,168

The Special reserve is available to the VCT to enable the purchase of its own shares in the market. The Special reserve, Capital reserve – realised and Revenue reserve are all distributable reserves for the purpose of dividend payments to Shareholders. At 30 September 2024, distributable reserves were £2.9mn (2023: £5.7mn).

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.

Treasury Shares
This reserve represents the aggregate consideration paid for the Shares repurchased by the VCT.

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

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

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

→ gains and losses compared to cost on the realisation of investments; and

→ expenses, together with the related taxation effect, charged in accordance with the above accounting policies.

Revenue reserve
This reserve accounts for movements from the revenue column of the Income Statement and other non-capital realised movements.

17. Basic and diluted net asset value per share

	2024	2023	2024		2023	
	Shares in issue		Net asset value		Net asset value	
			Pence per share	£'000	Pence per share	£'000
Ordinary Shares	25,515,242	25,515,242	38.7p	9,865	55.6p	14,198
'A' Shares	38,512,032	38,512,032	0.1p	39	0.1p	39
Total			38.8p	9,904	55.7p	14,237

The Directors allocate the assets and liabilities of the VCT between the Ordinary Shares and 'A' Shares such that each share class has sufficient net assets to represent its dividend and return of capital rights as described in Note 15.

As the VCT has not issued any convertible shares or share options, there is no dilutive effect on net asset value per Ordinary Share or per 'A' Share. The NAV per share disclosed therefore represents both the basic and diluted net asset value per Ordinary Share and per 'A' Share.

18. Financial instruments

The VCT held the following categories of financial instruments at 30 September 2024:

	2024 Cost £'000	2024 Value £'000	2023 Cost £'000	2023 Value £'000
Assets at fair value through profit or loss	8,580	14,198	8,709	17,713
Other financial liabilities	(182)	(182)	(86)	(86)
Cash at bank	1	1	46	46
Other loans	(4,417)	(4,417)	(3,689)	(3,689)
Total	3,982	9,600	4,980	13,984

The VCT's financial instruments comprise investments held at fair value through profit or loss, being equity and loan stock investments in unquoted companies, other loans and receivables consisting of short-term debtors, cash deposits and financial liabilities being creditors arising from its operations. Other loans are borrowed from the VCT's underlying portfolio companies. Other financial liabilities and assets include operational debtors and prepaid expenses and short-term creditors which are measured at amortised cost. The main purpose of these financial instruments is to generate cashflow and revenue and capital appreciation for the VCT's operations. The VCT does not use any derivatives.

The fair value of investments is determined using the detailed accounting policy as shown in Note 2. The composition of the investments is set out in Note 10.

The VCT's investment activities expose the VCT to a number of risks associated with financial instruments and the sectors in which the VCT invests. The principal financial risks arising from the VCT'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 VCT was expected to be exposed to over the year and there have also been no significant changes to the policies for managing those risks during the year.

18. Financial instruments (continued)

The risk management policies used by the VCT 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 Venture Capital Trust, the VCT 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 and since 13 July 2021, with reference to the New Investment Policy. The management of these investment risks is a fundamental part of investment activities undertaken by the Investment Adviser and overseen by the Board. The Adviser monitors investments through regular contact with management of investee companies, regular review of management accounts and other financial information and attendance at investee company board meetings. This enables the Adviser to manage the investment risk in respect of individual investments. Investment risk is also mitigated by holding a diversified portfolio spread across various operating sites across several asset classes. During the Managed Wind Down, the investment portfolio will be reduced as investments are realised and concentrated in fewer holdings, and the mix of asset exposure will be affected accordingly.

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

- investment price risk; and
- interest rate risk.

Investment price risk

The VCT's investments which comprise of both equity and debt financial instruments in unquoted investments are concentrated in renewable energy projects with predetermined expected returns. Consequently, the investment price risk arises from uncertainty about the future prices and valuations of financial instruments held in accordance with the VCT's investment objectives which can be influenced by many macro factors such as changes in interest rates, electricity power prices and movements in inflation. It represents the potential loss that the VCT might suffer through changes in the fair value of unquoted investments that it holds.

At 30 September 2024, the unquoted portfolio was valued at £14.2mn (2023: £17.7mn). The Board believes that valuing the investments as at 30 September 2024 based on the estimated realisation proceeds from the ongoing sales process is the most appropriate valuation method.

For the Company's valuation 30 September 2024, the Company's multiple non-binding offers for its assets before financial year end were used. The offers received were representative of arm's length prices, based on what market participants were prepared to pay. Therefore, the year end valuation reflects the market offers received, which are considered to be in the best interest of shareholders in the context of the planned Managed Wind Down of the Company.

Interest rate risk

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

There are three categories in respect of interest which are attributable to the financial instruments held by the VCT 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 The 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, loans and receivables.

	Average interest rate	Average period until maturity	2024 £'000	2023 £'000
Fixed rate	8%	2,426 days	330	459
Floating rate	0%	–	1	46
No interest rate	–	–	9,269	13,479
			9,600	13,984

18. Financial instruments (continued)

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

It is estimated that an increase of 1% in interest rates would have increased loss before tax for the year by £5 (2023: £460). The Bank of England ('BoE') base rate was 5.25% at the beginning of the financial year. As at 30 September 2024, the BoE base rate was 5.0%, having decreased from 5.25% on 1 August 2024. On 7 November 2024, the BoE base rate decreased to 4.75%. 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 VCT.

Credit risk

Credit risk is the risk that a counterparty to a financial instrument is unable to discharge a commitment to the VCT made under that instrument. The VCT is exposed to credit risk through its holdings of loan stock in investee companies, cash deposits and debtors. Credit risk relating to loan stock in investee companies is considered to be part of market risk as the performance of the underlying SPVs impacts the carrying values.

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

	2024 £'000	2023 £'000
Investments in loan stocks	330	459
Cash and cash equivalents	1	46
Interest, dividends, and other receivables	5	29
	336	534

The Investment Adviser manages credit risk in respect of loan stock with a similar approach as described under "Market risks". Similarly, the management of credit risk associated with interest, dividends and other receivables is covered within the investment advisory procedures. The level of security is a key means of managing credit risk. Additionally, the risk is mitigated by the security of the assets in the underlying investee companies.

Cash is held by the Royal Bank of Scotland plc which is an investment grade rated financial institution. Consequently, the Directors consider that the credit risk associated with cash deposits is low.

There have been no changes in fair value during the year that are directly attributable to changes in credit risk. Any balances that are past due are disclosed further under liquidity risk.

Liquidity risk

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

The VCT's creditors at year end were £196,000 (2023: £125,000) of which £67,300 related to the Costs incurred on sale of VCT's assets. The VCTs has short-term loans from investee companies (see Note 13 for an analysis of the repayment terms), which are expected to be repaid by way of future dividends from, or the sale of, these companies, being £4,417,000 (2023: £3,689,000 short and long-term loans). The Board therefore believes that the VCT's exposure to liquidity risk is low. The SPVs hold sufficient levels of funds as cash to pay up in order to meet the VCT expenses and other cash outflows as they arise. For these reasons the Board believes that the VCT's exposure to liquidity risk is minimal.

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

18. Financial instruments (continued)

The following table analyses the VCT's loan payables by contractual maturity date:

As at 30 September 2024	Due in less than 1 year £'000	Due between 1 year and 5 years £'000	Due after 5 years £'000	Total £'000
Loans payable to investee companies	4,417	–	–	4,417
	4,417	–	–	4,417

As at 30 September 2023	Due in less than 1 year £'000	Due between 1 year and 5 years £'000	Due after 5 years £'000	Total £'000
Loans payable to investee companies	1,472	2,217	–	3,689
	1,472	2,217	–	3,689

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

The carrying value of loan stock investments held at fair value through the profit and loss account at 30 September 2024 as analysed by the expected maturity date is as follows:

As at 30 September 2024	Not later than 1 year £'000	Between 1 and 2 years £'000	Between 2 and 3 years £'000	Between 3 and 5 years £'000	More than 5 years £'000	Total £'000
Fully performing loan stock	330	–	–	–	–	330
	330	–	–	–	–	330

As at 30 September 2023	Not later than 1 year £'000	Between 1 and 2 years £'000	Between 2 and 3 years £'000	Between 3 and 5 years £'000	More than 5 years £'000	Total £'000
Fully performing loan stock	459	–	–	–	–	459
	459	–	–	–	–	459

19. Capital management

The VCT's objectives when managing capital are to safeguard the VCT's ability to provide returns for Shareholders and to provide an adequate return to Shareholders by allocating its capital to assets commensurately with the level of risk.

By its nature, the VCT has an amount of capital, at least 80% (as measured under the tax legislation; and for the VCT, effective 1 October 2019) of which is and must be, and remain, invested in the relatively high risk asset class of small UK companies within three years of that capital being subscribed. The VCT 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 VCT may adjust the amount of dividends paid to Shareholders, return capital to Shareholders, issue new shares, or sell assets if so required to maintain a level of liquidity.

As the Investment Policy implies, the Board would consider levels of gearing. As at 30 September 2024, the VCT had loans from investee companies of £4,417,000 (2023: £3,689,000). It regards the net assets of the VCT as the VCT's capital, as the level of liabilities are small and the management of them is not directly related to managing the return to Shareholders. There has been no change in this approach from the previous year.

20. Contingencies, guarantees and financial commitments

At 30 September 2024, the VCT had no contingencies or guarantees. During the financial year, the VCT has entered into financial commitments in respect of the Managed Wind Down process. The estimated financial commitments, in case a sale of assets completes, at 30 September 2024 amount to £255,000. However, this amount may be less if any of the agreements are terminated early.

21. Controlling party and related party transactions

In the opinion of the Directors there is no immediate or ultimate controlling party. For total Directors' remuneration during the year, please refer to Note 5 as well as the Directors' Remuneration Report on pages 34 to 36. Gresham House Asset Management Limited is the Investment Adviser of the VCT, please refer to Note 4 for total investment advisory fees.

22. Significant interests

The details of all shareholdings in the remaining companies where the VCT's holding, as at 30 September 2024, represents more than 20% of the nominal value of any class of shares issued by the portfolio company are disclosed in the Review of Investments on pages 11 to 17.

23. Net debt reconciliation

	1 October 2023 £'000	Non cashflows £'000	Cashflows £'000	30 September 2024 £'000
Cash at bank and in hand	46	–	(45)	1
Other loans	3,689	–	728	4,417

24. Events after the end of the reporting period

No significant events have occurred between the statement of financial position date and the date when the financial statements have been approved, which would require adjustments to, or disclosure in the financial statements.

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