



Foresight
group

FORESIGHT 4 VCT plc

ANNUAL REPORT AND ACCOUNTS

31 MARCH 2017

Shareholder Information

Foresight 4 VCT plc is a generalist fund aiming to provide investors with attractive returns from a portfolio of investments in fast growing, unquoted UK companies.

Foresight Group is always keen to hear from investors. If you have any feedback about the service you receive or any queries relating to Foresight 4 VCT plc, please contact the Investor Relations team:

020 3667 8159

**InvestorRelations@
foresightgroup.eu
www.foresightgroup.eu**

As part of our investor communications policy, shareholders can arrange a mutually convenient time to come and meet the Company's investment management team at Foresight Group. Please contact us if you are interested.

KEY DATES

Effective date of merger with Foresight 3 VCT plc	22 June 2017
Special Dividend Record Date	30 June 2017
Special Dividend Payment Date	17 July 2017
End of Tender Offer	20 September 2017
Annual General Meeting	28 September 2017
Interim Results to 30 September 2017	November 2017
Annual Results	July 2018

DIVIDENDS

Shareholders who wish to have dividends paid directly into their bank account rather than by cheque to their registered address can complete a Mandate Form for this purpose. Mandates can be obtained by contacting the Company's registrar, Computershare Investor Services plc.

WWW.INVESTORCENTRE.CO.UK

Investors can manage their shareholding online using Investor Centre, Computershare's secure website. Shareholders just require their Shareholder Reference Number (SRN), which can be found on any communications previously received from Computershare, to access the following:

[Holding Enquiry](#) [Balances](#) [Values History](#) [Payments](#) [Reinvestments](#)

[Payments Enquiry](#) [Dividends](#) [Other payment types](#)

[Address Change](#) Change registered address to which all communications are sent

[Bank Details Update](#) Choose to receive dividend payments directly into your bank account instead of by cheque

[Outstanding Payments](#) Reissue payments using our online replacement service

[Downloadable Forms](#) Dividend mandates [Stock transfer](#) [Dividend reinvestment](#) [Change of address](#)

Alternatively you can contact Computershare by phone on 0370 703 6385

TRADING SHARES

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

The Company's shares can be bought and sold in the same way as any other quoted company on the London Stock Exchange via a stockbroker. The primary market maker for Foresight 4 VCT plc is Panmure Gordon & Co.

You can contact Panmure Gordon by phone on 020 7886 2500

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

Please contact Foresight Group if you or your adviser have any questions about this process.



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Summary Financial Highlights

Total Net Assets as at 31 March 2017

£42.2m

Net Asset Value per Ordinary Share
increase in year to 31 March 2017

3.1p

Total Return in year to 31 March 2017

+4.4%

ORDINARY SHARES FUND

- Diversified portfolio of 26 actively managed companies
- Total net assets £42.2 million
- Net Asset Value per Ordinary Share increased by 3.1p to 73.5p as at 31 March 2017 (31 March 2016: 70.4p). The portfolio has seen an uplift in valuation of £2.7 million over the year
- One follow-on investment of £0.2 million was made during the year
- £0.3 million was realised from sales and loan redemptions from three portfolio companies, and a further £0.5 million of deferred consideration

- On 22 June 2017 Foresight 4 VCT plc acquired the assets and liabilities of Foresight 3 VCT plc. The new larger Company, with post-merger assets of £77.0 million, will be better positioned to increase shareholder value, raise funds and progress the investment strategy.
- In July 2017 the Company successfully exited its investments in Blackstar Amplification and The Bunker Secure Hosting, realising a total of £6.0 million compared to an investment cost of £2.1 million.
- A special dividend of 4.0p per Ordinary Share was paid on 17 July 2017 based on an ex-dividend date of 29 June 2017 and a record date 30 June 2017

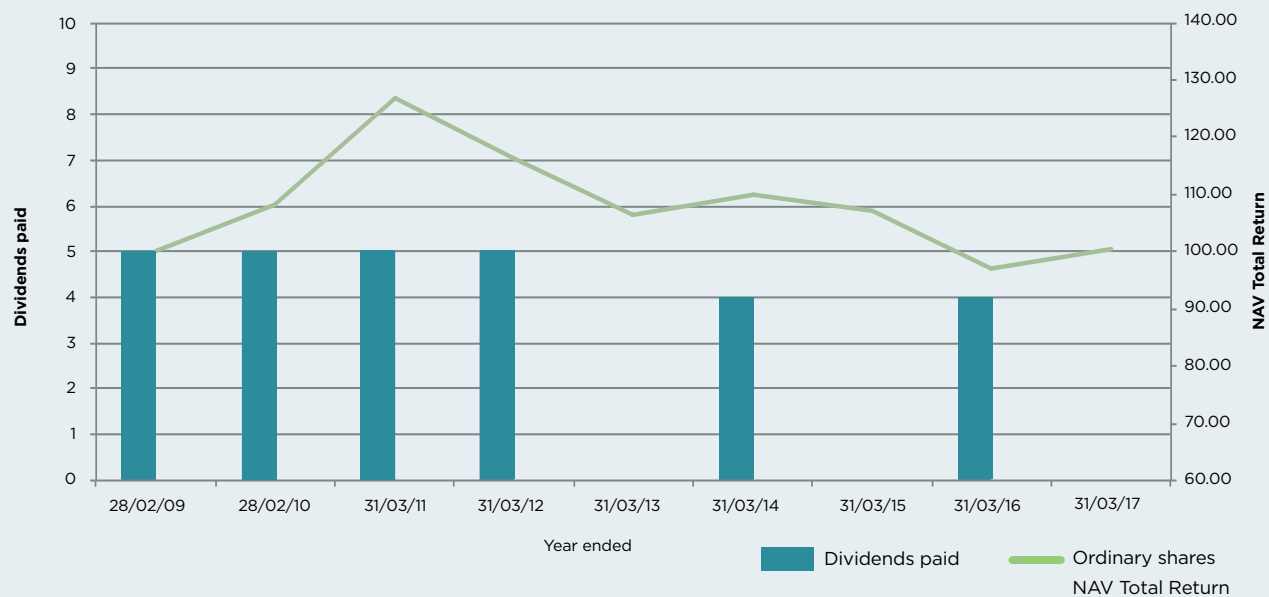
KEY METRICS

	31 March 2017	31 March 2016
Ordinary Shares		
Total net assets	£42.2m	£40.4m
Net asset value per share	73.5p	70.4p
Share price	59.0p	49.0p
Dividends paid in the year	n/a	4.0p
Dividend yield %	n/a	8.2%
Ordinary Shares in issue	57,375,499	57,375,499

	2017	2016
Discount to NAV at 31 March*	19.7%	30.4%
Average discount on buybacks	n/a	25.6%
Shares bought back during the year under review	—	434,528
Increase/(decrease) in net asset value during year	4.4%	(10.3)%
Ongoing charges ratio*	3.0%	3.4%
*2016 statistics quoted are for the Ordinary Shares fund only.		

	As at 31 March 2017		
NAV Total Return (%)	1 year	3 years	5 years
Ordinary Shares	4.4	(10.6)	(15.9)

Dividends Paid and NAV Total Return (pence)



Foresight 4 VCT plc O Shares - Share Price, NAV and Discount to NAV



DIVIDEND HISTORY (SINCE SHARE CONSOLIDATION IN 2005)

Ordinary Shares	
Date	Dividend per share
17 July 2017	4.0
18 December 2015	4.0
26 April 2013	4.0
24 February 2012	5.0
4 February 2011	5.0
18 December 2009	5.0
26 December 2008	5.0
28 December 2007	5.0
15 December 2006	2.5
30 December 2005	5.0
Cumulative	44.5

C Shares	
Date	Dividend per share
6 August 2015	25.0

Chairman's Statement



Raymond Abbott
Chairman of
Foresight 4 VCT plc

As your new Chairman and on behalf of the Board, I am pleased to present the Audited Annual Report and Accounts for Foresight 4 VCT plc for the year to 31 March 2017. During the year, the net asset value per Ordinary Share increased by 4.4% to 73.5p, driven by the positive performance of investments. The Company has now achieved growth in net asset value over several quarters and the Board believes that the underlying portfolio of growing companies is well positioned to maintain this in future periods.

MERGER WITH FORESIGHT 3 VCT PLC

Following the end of the reporting period, the previously proposed merger of Foresight 4 VCT plc and Foresight 3 VCT plc became effective after it received approval from the Shareholders of both companies on 14 and 22 June 2017. We anticipate that your new larger Company, with a portfolio of 26 companies with carrying values and post-merger assets of £77.0 million, will be better positioned to increase shareholder value, raise further funds, and progress the current successful investment strategy.

The merger, which has been under discussion since September 2016, is expected to deliver cost savings and other benefits which the Board believes support the strategy to expand the size of the Company. The ability to sustain a significantly wider spread of investments will facilitate risk management by increasing diversification. In addition, the reduced need to maintain liquid assets should allow the enlarged Company to consider making additional returns to Shareholders. The increased scale of the Company gives it the critical mass to generate sufficient income and realisations and expects to meet an attractive dividend target, as well as maintaining a regular programme of share buybacks aimed at maintaining an initial discount to

NAV in the region of 10%.

Furthermore, a larger company is able to spread the fixed elements of running costs across a wider asset base and, as a result, can reduce costs as a percentage of net assets. Accordingly, the annual management fee will reduce from 2.25% to 2.0% of net assets and the annual expenses cap will reduce from 3.5% to 2.95% of net assets.

Full details of the merger can be found in the Circular sent to you on 19 May 2017 which is also available on Foresight's website.

SPECIAL DIVIDEND

It is the Company's policy to provide a flow of tax-free dividends, generated from income and from capital profits realised on the sale of investments. However, distributions are inevitably dependent largely on successful realisations, refinancings and other forms of cash generation, which have been low during the review period. The Board was therefore not able to recommend a dividend during the year.

The Board is encouraged by the recent success in generating cash from investments within the portfolio, notably the sale of The Bunker Secure Hosting and Blackstar Amplification in July 2017. Enhanced by the increased size of the Company, this gives the Board confidence that it may be able to initiate future payments of dividends to Shareholders when prudent to do so.

The Board therefore declared a Special Dividend of 4.0p per share, payable to shareholders on the register on 30 June 2017. The Special Dividend was paid on 17 July 2017.

TOP-UP SHARE ISSUES AND SHARE BUY-BACKS

During the period under review there were no share buybacks or

share issues. However, following the merger, alongside the Special Dividend, the Company is also in a position to provide a partial or full exit event for shareholders by way of a Tender Offer of up to £5 million. As announced on 21 July 2017 the offer period will run until 20 September 2017 at a discount to NAV of 7.5%.

Full details of the Tender Offer (including application forms for participation) can be found in the Circular sent to you on 21 July 2017, which is also available on Foresight's website.

In addition to this tender offer, over time the Board also expects to be in a position to implement a series of share buybacks to enable the enlarged VCT to achieve its target of a discount to NAV in the region of 10%. It remains the Board's intention to provide a potential exit event via a further Tender Offer in 2018.

FUNDRAISING

The Board is also taking the opportunity to raise up to £50 million through the issue of new shares in the Company, through an offer for subscription, launched on 19 May 2017. This will provide Shareholders and new investors with the opportunity to invest in the Company and benefit from the tax reliefs available to qualifying investors.

The Board believes that there are attractive opportunities to make further growth investments in order to generate returns for investors as the Manager continues to see strong deal flow and is seeing a significant number of high quality private equity investment opportunities. Funds raised under the offer will allow the Company to take advantage of this flow of attractive investment opportunities and further increase portfolio diversification in line

with the ongoing strategy of the Company.

Full details of the offer, which will close on 30 April 2018, can be found in the Prospectus issued by the Company on 19 May 2017.

BOARD COMPOSITION

Following the resolutions at the Annual General Meeting in September 2016, and following the merger with Foresight 3 VCT plc, a number of changes have been made to the Board. Upon the retirement of Philip Stephens from the Board with effect from 31 March 2017, Simon Jamieson was appointed as Chairman of Foresight 4 VCT plc. Subsequently I was appointed as Chairman on 22 June 2017.

Peter Dicks also indicated his intention to retire from the Board on the earlier of a corporate action or the Annual General Meeting in 2017. To facilitate this, Michael Gray joined the Board as an independent Non-Executive Director on 14 February 2017. Further details of the Board members can be found on page 28-29.

On behalf of the Board, we would like to wish both Philip and Peter well for the future and thank them for their valuable contributions, since the launch of the Company in 1998 in Philip's case and since 2004 for Peter.

[Read more on page 28](#)

PERFORMANCE AND PORTFOLIO ACTIVITY

The Board is generally pleased with the increase in net asset value achieved during the year under review. At the year end the Company held 26 investments with carrying values in UK based businesses across a wide range of sectors. The Company has

benefitted from the solid overall performance within the portfolio and increased valuations of several companies, principally Datapath, Procam, Specac and Protean, which are detailed in the Top Ten Investment section of this report.

[Read more on page 8](#)

The wider VCT sector has begun to see an increase in investment activity as it adapts to the changes in regulation set out in the much delayed publication of HMRC's VCT Guidance Manual in May 2016. However, with limited liquidity available, no new investments were completed by the Company during the year and one follow-on investment of £189,000 was made in molecular diagnostics business Biofortuna. The Investment Manager, Foresight Group, continues to see a strong pipeline of potential investments sourced through its regional networks and well-developed relationships with advisors and the SME community. Assuming the fund raising launched in May 2017 is successful, the Company expects to be in a position to fully exploit these attractive investment opportunities.

In the year to 31 March 2017, two small realisations took place and generated total proceeds of £251,000. Trilogy Communications was sold to a US competitor in the professional intercom sector, while the Company reduced its position in AIM listed group, ZOO Digital. Since the end of the period this investment has been fully realised. Furthermore, Blackstar Amplification and The Bunker Secure Hosting have also been successfully sold, realising a combined total of £6.0 million. During the year the Manager has supported and worked with the management teams of the investee companies to maximise value for

Chairman's Statement

shareholders. The Board believes that the re-focused portfolio now provides a solid platform to deliver growth, underpin future dividends and enhance Shareholder returns.

Further information on the investment portfolio is included within the Investment Manager's Report on page 8.

SHAREHOLDER COMMUNICATION

As part of its ongoing commitment to high quality investor relations, the Board encourages you to attend one of the popular Investor Forums hosted by the Investment Manager, Foresight Group. Four of these popular events are held annually and we will be in touch later this year about the next opportunity to attend.

ANNUAL GENERAL MEETING

The Company's Annual General Meeting will take place on 28 September 2017 at 10.00am. I look forward to welcoming you to the Meeting, which will be held at the offices of Foresight Group in London.

Prior to the formal business of the Annual General Meeting, Foresight Group, the investment Manager and two investee companies will give presentations.

[Read more on page 66](#)

OUTLOOK


Over the last year, the Board believes that the Company has demonstrated the benefits of the Manager's portfolio management actions, with improving performance driving Net Asset Value growth. We believe the Company is now well positioned to build on this momentum.

Headway has been made in reducing the discount to NAV during the period under review,

with the discount dropping to 20%. However, further progress is required.

Facilitated by the merger with Foresight 3 VCT plc and the liquidity expected to be provided by the issue of new shares, the Company should be able to capitalise on the strong pipeline of attractive investment opportunities that the Manager continues to see in smaller, growth businesses across the UK.

Raymond Abbott
Chairman
31 July 2017



“ During the year, the net asset value per Ordinary Share increased by 4.4% to 73.5p, driven by the positive performance of investments

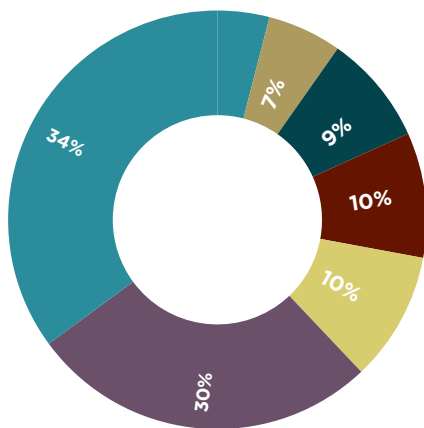
Investment Manager's Review

Portfolio Summary

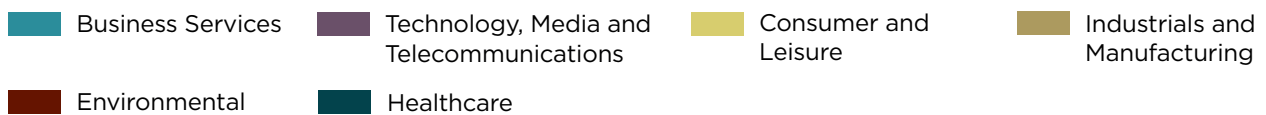
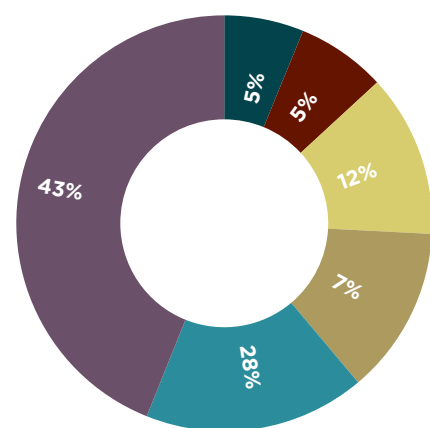
As at 31 March 2017 the Company's portfolio comprised 26 actively managed investments with a total cost of £17.7m million and a valuation of £40.5 million. The portfolio is diversified by sector, transaction type, and maturity profile. Details of the ten largest investments by valuation, including an update on their performance, are provided on page 12.

PORTFOLIO DIVERSIFICATION

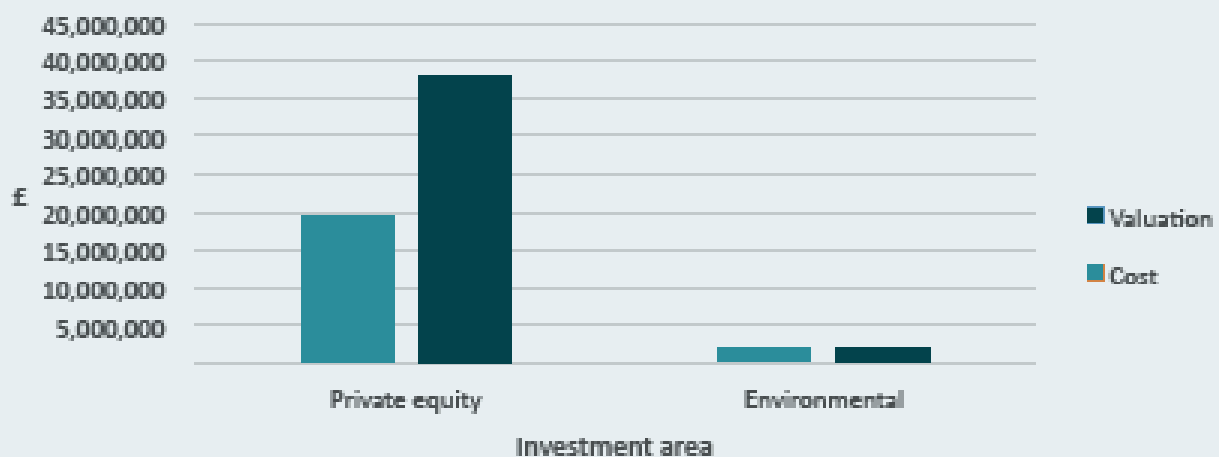
Sector by Cost



Sector by Valuation



Cost and Valuation by Investment Area



NEW INVESTMENTS AND FOLLOW-ON FUNDING

The Company had current cash in hand of £1.6 million at 31 March 2017. This will be utilised alongside proceeds from the recent realisations and proceeds from the offer for subscription for new and follow-on investments, buybacks and ongoing running expenses. No new investments were made during the year to 31 March 2017. In July 2016, a further tranche of £189,000 was invested in molecular diagnostics business Biofortuna as part of a £1.6 million funding

round alongside other Foresight VCTs and co-investors. This additional capital was provided to help finance continuing new product development of its blood group genotyping range. During the year the company has increased the number of customers using the business for manufacturing, providing greater visibility of revenues and a platform for positioning the company for growth next year.

PIPELINE

Foresight has a focused strategy for generating deal flow across the UK, combining meetings with advisors and professional service firms, attending and organizing networking events and approaching businesses directly. Foresight is deeply connected within the investment community and its efforts are producing positive results. The team typically analyses around 100 new investment opportunities

each month, of which only a handful will be deemed of sufficient quality to require full evaluation for a potential investment. Foresight is firmly established as a key player in the investment range of £1m to £5m and is acknowledged for its appetite to transact and support ambitious SME management teams.

EXITS AND REALISATIONS

Total proceeds of £251,000 were generated during the year from the disposal of two investments. In addition four further investments were exited without proceeds.

In August 2016, the Company successfully completed the sale of Trilogy Communications, which provides intercoms solutions to a number of sectors including defence, broadcast and industrials, to California based Clear-Com LLC. The Company received £138,000 following completion (compared with a carrying value of £81,000 at 31 March 2016), with further deferred consideration payable subject to warranty claims and tax claims. This contingent asset is recognised as a debtor within the Company's accounts at 31 March 2017.

During the year, a total of 1,108,537 ordinary shares in AIM listed Zoo Digital ("ZOO") were sold, realising £112,000. Further disposals continued post period end and the investment was fully exited on 5 April 2017. ZOO supplies software and services for authored content (e.g. DVD, Blu-ray, iTunes media) to media businesses and post-production firms.

The current environment is supportive of further exits across the portfolio. While exchange rates currently favour international buyers, we continue to witness strong appetite to acquire high quality UK companies from both domestic and international parties.

Investment Manager's Review

EXITS AND REALISATIONS CONTINUED

Following the end of the reporting year, the Company's positions in Blackstar Amplification and The Bunker Secure Hosting were successfully realised, generating total proceeds of £6.0 million compared to an investment cost of £2.1 million. The sale of Autologic's operating subsidiaries was also agreed with Opus Group AB, a Swedish company which provides vehicle environmental and safety testing services globally. Although the value of this realisation was in line with the recently reduced valuation, this sale takes total the overall returns on this investment to 4.6x initial cost, including the partial sale of the investment to a mid-market private equity firm in 2012.

Blackstar® AMPLIFICATION

The Company originally invested in Blackstar Amplification, an award-winning Northampton-based designer and manufacturer of innovative guitar amplifiers, in 2012. The funding provided growth capital and helped restructure the company's shareholder base.

In addition, Foresight introduced Keith Pacey, former Executive Chairman and CEO of Maplin Electronics, as Chairman. Blackstar has expanded internationally

and more than doubled turnover over the last four years, established itself as the number two amplifier brand in the UK and USA and broadened its product catalogue. The exit was facilitated by a management buyout, supported by the company's manufacturing and distribution partners, and generated return of c.2x money.

The Bunker Ultra Secure

Having first invested in May 2006, the Company has been a longstanding shareholder in The Bunker, which builds, hosts and manages high security, high availability IT data centres, providing competitive data storage solutions. The growth capital provided by the Company was used to scale The Bunker's data storage facilities materially. The business has experienced a compound annual growth rate of over 14% of recurring revenues for the past three years with annual revenues growing to in excess of £9 million compared to £1.8 million at investment, having built an expert reputation in the specialist FinTech space. The Bunker was acquired by Palatine Private Equity, generating an overall return of 2.44x over the life of the investment.

DISPOSALS IN THE YEAR ENDED 31 MARCH 2017

Company	Detail	Original Cost/ Take-On Value £'000	Proceeds £'000	Gain/(loss) £'000	Exit Multiple £'000	Valuation at 31 March 2016
						£'000
Trilogy Communications Holdings Limited	Full disposal	776	138	(638)	0.2	81
Zoo Digital Group plc	Part disposal	377	112	(265)	0.3	108
The Skills Group Limited	Dissolved	789	1	(788)	0.0	—
Abacuswood Limited	Part disposal	224	—	(224)	0.0	—
Always ON Group Limited	Full disposal	680	—	(680)	0.0	85
Thermotech Solutions Limited **	Part disposal	800	—	(800)	0.0	800
The Fin Machine Company Limited	Dissolved	3,037	—	(3,037)	0.0	—
Total disposals		6,683	251	(6,432)*	0.00	1,074

In addition to the above, deferred consideration of £509,000 was received by the fund from the sale of Amberfin Holdings Limited, O-Gen Acme Limited and DeFaqto Group Limited.

*Of this figure, £5,608,000 of the loss had been recognised in previous years and as such had no impact on the NAV in the current year.

** This investment was restructured in the year.

POST PERIOD END DISPOSALS

Company	Detail	Original Cost/ Take-On Value £'000*	Proceeds on exit £'000*	Gain/(loss) £'000*	Exit Multiple **	Valuation at 31 March 2017
						£'000*
Blackstar Amplification Holdings Limited	Full disposal	1,000	1,543	543	1.5	1,535
The Bunker Secure Hosting Limited	Full disposal	3,260	4,431	1,171	1.4	4,425
Autologic Diagnostics Group Limited	Full disposal	2,000	600	(1,400)	0.3	600
Zoo Digital Group plc	Full disposal	1,053	297	(756)	0.3	306

* Based on Foresight 3 VCT plc and Foresight 4 VCT plc merged figures.

** Compares original cost to proceeds on exit. Excludes interest income, loan repayments and recapitalisations in previous periods.

KEY PORTFOLIO DEVELOPMENTS

The Company has benefitted from solid performance of the underlying portfolio, with a net valuation change of £2.7 million in total. Material changes in valuation, defined as increasing or decreasing by £500,000 or more since 31 March 2016, are detailed below. Each of these companies are detailed in the Top Ten Investments section on the next page, with the exception of Autologic.

in strategy towards a recurring revenue model for its software-based diagnostic tools incurred some exceptional costs. Trading has continued to deteriorate recently and the valuation of the company has been reduced accordingly. The investment was subsequently sold after the end of the reporting period in June 2017. The sale takes total overall returns on this investment to 4.6x initial cost.

Autologic Diagnostics Group provides advanced aftermarket automotive diagnostic services. A switch

Company	Valuation Methodology	Valuation Change (£)
Datapath Group Limited	Discounted earnings multiple	2,312,171
Procam Television Holdings Limited	Discounted earnings multiple	797,015
Specac International Limited	Discounted earnings multiple	686,194
Protean Software Limited	Discounted earnings multiple	590,457
CoGen/Ogen UK Limited	Discounted cash flow	(566,663)
Thermotech Solutions Limited	Discounted earnings multiple	(629,219)
Autologic Diagnostics Group Limited	Discounted earnings multiple	(1,891,350)

OUTLOOK

Although the recent UK election has introduced further uncertainty, Foresight believes the outlook for the UK's SME sector remains positive. Foresight continues to see increasing dealflow and a high level of activity with a growing pipeline of suitable investment opportunities. Formal Brexit negotiations have now commenced with details of the initial framework for the UK's exit from the European

Union likely to take shape over the coming months. Foresight remains of the view that this will ultimately create new opportunities for well-managed, entrepreneurial SMEs, which will require financing to support their future growth. Furthermore, we expect to see the solid interest from numerous potential acquirers of businesses in the portfolio crystallise into further realisations in the year ahead.



Russell Healey
Partner and Head of Private Equity
Foresight Group
31 July 2017

Investment Manager's Review

Top Ten Investments

By value as at 31 March 2017. Company results are taken from the most recent publically available Financial Statements.

DATAPATH GROUP LIMITED
www.datapath.co.uk **DERBY**



SECTOR:
TMT



Datapath is a UK manufacturer of PC-based multi-screen computer graphics cards and video capture hardware, specialising in video wall and data wall technology. Established in 1982, it provides solutions for wide-ranging and varied applications including control rooms, financial dealing rooms, CCTV, distance learning, digital signage and business presentations.

31 March 2017 Update

The business is trading well, with strong performance from new products. Product development remains a priority, with a number of new products and significant upgrades due to launch in the current year. In February 2017, Datapath completed a small acquisition of a US-based developer of screen collaboration technology.

Initial Investment	September 2007
Amount invested (£)	73,250
Investment Value (£)	11,007,994
Basis of valuation	Discounted price/earnings multiple
Equity held (%)	12.9%
Income received and receivable in the year (£)	-
Cash returned up to 31st March 2017 (£)	4,019,108

£000	Year ended 31 March 2016	Year ended 31 March 2015
Sales	21,215	20,300
Profit before tax	4,995	5,570
Retained (loss)/gain	4,480	4,651
Net assets	16,350	25,908
EBITDA	5,908	6,831

IXARIS SYSTEMS LIMITED
www.ixaris.com **LONDON**



SECTOR: CONSUMER
& LEISURE



Ixaris Systems operates EntroPay, a prepaid electronic payment service integrated with the Visa network. Consumers deposit funds by credit card, cash at payment points or via normal bank transfers. The company has made inroads into the affiliates payment market, enabling affiliate networks to make payments to their members cost-effectively wherever they are in the world, and also into the online travel agency market. The company has launched its IxSol platform that enables developers to create and run their own global payment applications under the Visa and MasterCard schemes.

31 March 2017 Update

The company has traded ahead of budget as EntroPay continues to perform well and has a strong sales pipeline in prospect. Investment continues in developing the solutions and platform business. The company is now trading profitably.

Initial Investment	March 2006
Amount invested (£)	1,181,432
Investment Value (£)	3,133,298
Basis of valuation	Discounted price/earnings multiple
Equity held (%)	7.23%
Income received and receivable in the year (£)	-
Cash returned up to 31st March 2017 (£)	-

£000	Year ended 31 December 2015	Year ended 31 December 2014
Sales	10,748	9,397
Loss before tax	(1,011)	(1,089)
Retained loss	(703)	(948)
Net assets	1,617	2,311
EBITDA	(501)	(622)

PROCAM TELEVISION HOLDINGS LIMITED
www.procam.tv **LONDON**



SECTOR:
TMT



Procam Television Holdings is one of the UK's leading broadcast hire companies, supplying equipment and crew for location TV production. Clients include major broadcasters and production companies, including the BBC, ITV, Two Four, Objective, Monkey Kingdom and Endemol. The fund backed an MBO of the business in 2013.

31 March 2017 Update

The company has performed significantly ahead of previous year, which is reflected in its increased valuation. The company has continued to build its credibility in music productions and specialist live streaming expertise on both sides of the Atlantic, recently providing equipment for The Who and Black Sabbath concerts. Elsewhere in the business, Take 2 is currently quoting for its first Netflix-funded series and two feature films. True Lens Services has expanded its machine shop to increase throughput to support its strong order inflow.

Initial Investment	April 2013
Amount invested (£)	1,101,385
Investment Value (£)	2,760,866
Basis of valuation	Discounted price/earnings multiple
Equity held (%)	26.3%
Income received and receivable in the year (£)	-
Cash returned up to 31st March 2017 (£)	-

£000	Year ended 31 December 2015	Year ended 31 December 2014
Sales	11,454	8,031
Profit before tax	85	272
Retained profit	141	229
Net assets	366	3,335
EBITDA	3,314	2,275

TFC EUROPE LIMITED
www.tfc.eu.com **EAST SUSSEX**



SECTOR: INDUSTRIALS &
MANUFACTURING



TFC Europe is one of Europe's leading technically based suppliers of fixing and fastening products. From eight sites in the UK and Germany, it supplies injection moulded technical fasteners and ring and spring products to customers across a wide range of industries, including aerospace, automotive, hydraulics and petrochemicals and works with some of the leading manufacturers of technical products.

31 March 2017 Update

TFC traded well during the year, achieving above budget and previous year targets with the group showing improvements across a variety of industry sectors and higher margin products. Improvements to TFC's facilities are due to commence in Q2 2017 which include the relocation of one branch to larger, better located premises and the opening of a new branch in Basingstoke, Hampshire to service existing customers located in the South and to target potential industrial customers in the Thames Valley and South Coast.

Initial Investment	March 2007
Amount invested (£)	156,370
Investment Value (£)	2,491,732
Basis of valuation	Discounted price/earnings multiple
Equity held (%)	22.23%
Income received and receivable in the year	-
Cash returned up to 31st March 2017 (£)	782,577

£000	Year ended 31 March 2016	Year ended 31 March 2015
Sales	19,269	20,878
Profit before tax	729	1,525
Retained profit	433	1,022
Net assets	2,848	4,713
EBITDA	1,966	1,256

Investment Manager's Review

Top Ten Investments continued

THE BUNKER SECURE HOSTING LIMITED

www.datapath.co.uk **KENT**



SECTOR:
TMT



The Bunker Secure Hosting provides ultra-secure IT data centre and managed services to companies from owned and leased facilities in bunkers previously constructed for military use at Ash, Kent and Newbury, Berkshire. With particular expertise in Open Source and Microsoft software and systems, web and digital security, The Bunker Secure Hosting builds, hosts and manages ultra-secure, high availability IT infrastructure platforms for its customers, including top financial, telecoms and web-based businesses, and provides secure co-location services to host customers' servers or back-up servers.

31 March 2017 Update

A number of new cloud-based ultra-secure services have recently been introduced. The Bunker Secure Holding has recently been accredited to provide its service to public sector organisations, opening up opportunities in a large potential market. The company has continued to trade in line with budget supported by a healthy pipeline of both new and existing clients. The Bunker was successfully sold in July 2017 to Palatine Private Equity, securing a full exit for the Company. A return of 2.44x cost was achieved.

Initial Investment	May 2006
Amount invested (£)	584,987
Investment Value (£)	2,440,000
Basis of valuation	Expected Sales Proceeds
Equity held (%)	12.65%
Income received and receivable in the year (£)	-
Cash returned up to 31st March 2017 (£)	2,053,000

£000	Year ended 31 December 2015	Year ended 31 December 2014
Sales	9,626	9,333
Loss before tax	(329)	(388)
Retained loss	(282)	(388)
Net assets	637	1,226
EBITDA	2,235	2,226

SPECAC INTERNATIONAL LIMITED

www.specac.com **KENT**



SECTOR:
INDUSTRIALS &
MANUFACTURING



Specac International is a leading manufacturer of high specification sample analysis and sample preparation equipment used in testing and research laboratories worldwide across a broad range of applications and end markets. The company's products are primarily focused on supporting IR spectroscopy, an important analytical technique prevalent in both research and commercial-industrial labs.

31 March 2017 Update

During the year ended March 2017, Specac increased new product development and successfully launched new products, achieving above target sales which are reflected in its increased valuation. Over the coming financial year the company aims to deliver a number of new products that will serve to broaden its target markets. In March 2017, Specac launched its new website which has been well received by OEMs and key distributors.

Initial Investment	April 2015
Amount invested (£)	650,000
Investment Value (£)	1,904,761
Basis of valuation	Discounted price/earnings multiple
Equity held (%)	18.74%
Income received and receivable in the year (£)	58,660
Cash returned up to 31st March 2017 (£)	99,368

£000	Year ended 31 March 2016	Year ended 31 March 2015
Sales	7,897	No accounts filed since incorporation
Profit before tax	549	No accounts filed since incorporation
Retained profit	483	No accounts filed since incorporation
Net assets	936	No accounts filed since incorporation
EBITDA	1,281	N/A

COGEN LIMITEDwww.cogenuk.com **STOKE-ON-TRENT****SECTOR:**

ENVIRONMENTAL



CoGen develops, builds, owns and operates waste to energy and combined heat and power ('CHP') plants. The market is supported by government regulation regarding waste disposal and renewable energy incentives. CoGen's projects include the £48m Birmingham Bio Power deal, which closed in December 2013, the £53m Welland deal, which closed in March 2015, the acquisition of Dartmoor Bio Power site also in March 2015 and the £98m Ince Park project, which reached financial close in October 2015.

31 March 2017 Update

Birmingham Bio Power began operations in July 2016; construction is substantially complete on the Welland project; Dartmoor Bio Power is in the commissioning phase and the building and civils works are essentially complete at Ince Park. During the year, CoGen acquired a stake in the Avonmouth plant, a waste to energy power plant which it plans to re-develop, and a 50% stake in a medium size technology provider, Nexterra, acquired through an operating subsidiary. CoGen is developing its pipeline of projects and funding relationships, with active support from Foresight and the Bioenergy Infrastructure Group ('BIG', of which Foresight Group is a co-sponsor). However, a slowdown in new developments combined with delays and increased costs on some projects has led to a reduced valuation over the period.

Initial Investment	December 2008
Amount invested (£)	390,928
Investment Value (£)	1,716,628
Basis of valuation	Discounted cash flow
Equity held (%)	8.55%
Income received and receivable in the year (£)	-
Cash returned up to 31st March 2017 (£)	-

£000	Year ended 31 August 2016	Year ended 31 August 2015
Sales	Not publicly available	Not publicly available
Profit before tax	Not publicly available	Not publicly available
Retained Profit	Not publicly available	Not publicly available
Net assets	503	503
EBITDA	N/A	N/A

PROTEAN SOFTWARE LIMITEDwww.proteansoftware.co.uk **COVENTRY****SECTOR:**

TMT



Protean Software is a software business based in Coventry that develops and sells field service management software for organisations involved in the supply, installation, maintenance and hire of equipment, across sectors such as facilities management, HVAC ("Heating, Ventilation and Air Conditioning") maintenance and elevator installation.

31 March 2017 Update

Protean has continued its positive momentum, concluding the financial year to March with revenues ahead of budget and ahead of previous year. Sales have strengthened with an increasing number of customers secured on an on-going subscription basis, which is reflected in the company's increased value. Protean continues to evolve its marketing approach and has recently launched a new logo, brochure and updated website. The focus is now on the launch of Protean's entry level SaaS product, Service Sight, in June 2017.

Initial Investment	July 2015
Amount invested (£)	1,000,000
Investment Value (£)	1,590,457
Basis of valuation	Discounted price/earnings multiple
Equity held (%)	15.9%
Income received and receivable in the year (£)	36,000
Cash returned up to 31st March 2017 (£)	51,485

£000	Year ended 31 March 2016	Year ended 31 March 2015
Sales	2,253	No accounts filed since incorporation
Loss before tax	(88)	No accounts filed since incorporation
Retained loss	(99)	No accounts filed since incorporation
Net assets	3,837	No accounts filed since incorporation
EBITDA	N/A	N/A

Investment Manager's Review

Top Ten Investments continued

BLACKSTAR AMPLIFICATION HOLDINGS LIMITED
www.blackstaramps.com **NORTHAMPTON**



SECTOR:
CONSUMER
& LEISURE



Blackstar Amplification designs and manufactures innovative guitar amplifiers and associated products for the UK and international music instrument market. Based in Northampton, Blackstar has established a global brand on a catalogue of 50+ products, each of which has received industry acclaim.

31 March 2017 Update

Trading for the 11 months to March 2017 was lower than anticipated. However, new product development remains a key strategic priority for Blackstar and in the current financial year alone, the company has launched 15 new products. Blackstar continues to be the number two guitar amplifier brand by units sold in the UK and USA and is celebrating its 10th year anniversary with a series of press campaigns, merchandise and special product launches. In July 2017, the investment in Blackstar was realised at a c.2x return to the Company. Blackstar was sold through a management buyout backed by the company's suppliers.

Initial Investment	July 2012
Amount invested (£)	1,000,000
Investment Value (£)	1,535,757
Basis of valuation	Expected Sales Proceeds
Equity held (%)	11.5%
Income received and receivable in the year (£)	90,247
Cash returned up to 31st March 2017 (£)	264,820

£000	Year ended 30 April 2016	Year ended 30 April 2015
Sales	8,211	8,631
Loss before tax	(605)	(765)
Retained loss	(605)	(737)
Net assets	546	1,047
EBITDA	702	537

ITAD LIMITED
www.itad.com **EAST SUSSEX**



SECTOR:
BUSINESS
SERVICES



Itad, established in 1984, is a consulting firm focused on monitoring and evaluating the impact of international development money and aid on behalf of governments and charities in the UK and overseas. The company advises on the impact of aid programs throughout the world, largely in developing countries.

31 March 2017 Update

Itad continues to make strong progress and for the financial year to January 2017, the company outperformed budget. One of the company's strategic objectives is to target larger, longer term contracts. A number of significant contracts have been won recently and, as most contracts are long term, this provides good revenue visibility for the current and future years.

Initial Investment	October 2015
Amount invested (£)	1,000,000
Investment Value (£)	1,486,907
Basis of valuation	Discounted price/earnings multiple
Equity held (%)	8.75%
Income received and receivable in the year (£)	64,530
Cash returned up to 31st March 2017 (£)	80,618

£000	Year ended 31 January 2016	Year ended 31 January 2015
Sales	12,035	8,795
Profit before tax	1,753	1,816
Retained profit	1,426	1,434
Net assets	857	393
EBITDA	1,920	1,879

A hand is shown pointing towards the center of the image. Several white icons are overlaid on the image, each enclosed in a circular frame with a dashed border. These icons include a smartphone, a padlock, and an envelope. Lines radiate from these icons towards the center, where the hand is pointing. The background is a blurred blue and white, suggesting a digital or office environment.

“ We couldn’t have chosen a better partner than Foresight ten years ago when we were first looking for growth capital. Throughout the life of the business Foresight has been supportive and helpful during the good times and really tough times and together we have created a high quality business with integrity that has a great future ahead.

**Peregrine Newton,
CEO of The Bunker**

Investment Manager's Review

Portfolio overview

				31 March 2017	
Investment (by value)	Date of First Investment	Sector	Transaction Type	Amount invested £	Valuation £
Datapath Group Limited	2007	TMT	MBO	73,250	11,007,994
Ixaris Systems Limited	2006	TMT	Growth Capital	1,181,432	3,133,298
Procam Television Holdings Limited	2013	TMT	MBO	1,101,385	2,760,866
TFC Europe Limited	2007	TMT	MBO	156,370	2,491,732
The Bunker Secure Hosting Limited	2006	TMT	Growth Capital	584,987	2,440,000
Specac International Limited	2015	Industrials and Manufacturing	MBO	650,000	1,904,761
CoGen Limited	2008	Environmental	Growth Capital	390,928	1,716,628
Protean Software Limited	2015	TMT	BIMBO	1,000,000	1,590,457
Blackstar Amplifications Holdings Limited	2012	Consumer / Leisure	MBO / Growth Capital	1,000,000	1,535,757
Itad Limited	2015	Business Services	MBO	1,000,000	1,486,907
The Business Advisory Limited	2015	Business Services	Equity Release	1,000,000	1,442,596
Biofortuna Limited	2012	Healthcare	Growth Capital	1,370,053	1,370,053
FFX Group Limited	2015	Business Services	BIMBO	1,372,002	1,216,209
Hospital Services Limited	2015	Healthcare	BIMBO	1,200,000	1,123,087
ABL Investments Limited	2015	Business Services	MBO	1,000,000	1,039,051
Aerospace Tooling Corporation Limited	2013	Industrials and Manufacturing	Equity Release	150,000	802,961
Amanite Limited	2015	General	Growth Capital	100	800,100
Flowrite Refrigeration Holdings Limited	2012	Business Services	MBO	295,000	756,088
Positive Response Communications Limited	2014	Business Services	BIMBO	500,000	509,195
Thermotech Solutions Limited	2013	Business Services	Growth Capital	200,000	494,562
Sindicatum Carbon Capital Limited	2007	Environmental	Growth Capital	200,063	393,825
Autologic Diagnostics Group Limited	2009	TMT	BIMBO	2,488,785	300,000
Zoo Digital Group Limited	2003	TMT	Growth Capital	450,875	142,895
Quantel Holdings (2010) Limited	2002	TMT	Growth Capital	235,762	4,000
Gomette Limited	2015	General	Growth Capital	100	100
Iphigenie Limited	2015	General	Growth Capital	100	100
Global Immersion Limited	2007	Business Services	MBI	532,283	—
Abacuswood Limited	2009	Environmental	Growth Capital	655,947	—
VectorCommand Limited	2000	TMT	MBO	1,468,750	—
Evanco Wind Turbines Limited	2007	Environmental	Growth Capital	1,513,098	—
AlwaysON Group Limited	2004	TMT	Growth Capital	—	—
Trilogy Communications Holdings Limited	2005	TMT	MBO	—	—
The Fin Machine Company Limited	2011	Industrials and Manufacturing	BIMBO	—	—
The Skills Group Limited (formerly AtFutsal Group Limited)	2009	Business Services	Growth Capital	—	—
				21,771,270	40,463,222

* Top ten investments by value shown on pages 12 to 16.

31 March 2016					
Valuation Methodology	Amount invested £	Valuation £	Additions	Disposals	Net valuation movement
Discounted price/earnings multiple	73,250	8,695,823	—	—	2,312,171
Discounted revenue and earnings multiples	1,181,432	3,044,133	—	—	89,165
Discounted price/earnings multiple	1,101,385	1,963,851	—	—	797,015
Discounted price/earnings multiple	156,370	2,195,436	—	—	296,296
Disposal proceeds	584,987	2,287,373	—	—	152,627
Discounted price/earnings multiple	650,000	1,218,567	—	—	686,194
Discounted cash flow	390,928	2,283,291	—	—	(566,663)
Discounted revenue multiple	1,000,000	1,000,000	—	—	590,457
Disposal proceeds	1,000,000	1,828,368	—	—	(292,611)
Discounted price/earnings multiple	1,000,000	1,000,000	—	—	486,907
Discounted price/earnings multiple	1,000,000	1,000,000	—	—	442,596
Price of recent funding round	1,181,052	1,181,052	189,001	—	—
Discounted revenue multiple	1,372,002	1,372,002	—	—	(155,793)
Discounted price/earnings multiple	1,200,000	1,200,000	—	—	(76,913)
Discounted price/earnings multiple	1,000,000	1,000,000	—	—	39,051
Discounted price/earnings multiple	150,000	986,800	—	—	(183,839)
Net assets	100	100	—	—	800,000
Discounted revenue multiple	295,000	460,773	—	—	295,315
Discounted revenue multiple	500,000	603,157	—	—	(93,962)
Discounted price/earnings multiple	1,000,000	1,186,781	—	—	(692,219)
Price of recent funding round less impairment	200,063	393,825	—	—	—
Disposal proceeds	2,488,785	2,191,350	—	—	(1,891,350)
Bid price	827,148	281,807	—	(112,189)	(26,723)
Disposal proceeds	235,762	197,116	—	—	(193,116)
Cost	100	100	—	—	—
Cost	100	100	—	—	—
Nil value	532,283	—	—	—	—
Nil value	879,597	—	—	—	—
Nil value	1,468,750	—	—	—	—
Nil value	1,513,098	—	—	—	—
Sold	680,240	84,902	—	—	(84,902)
Sold	776,383	81,107	—	(138,382)	57,275
Dissolved	3,036,814	—	—	—	—
Dissolved	789,344	—	—	(755)	—
	28,264,971	37,737,814	189,001	(251,326)	2,787,733

Investment Manager's Review

About the Investment Manager

Foresight Group is a specialist private equity and infrastructure investment manager with more than £2.6 billion of assets under management.

Founded in 1984, Foresight manages three VCTs and has won a number of awards. In late 2016, Foresight Group was voted by its peers "VCT House of the Year" in the 2016 Unquote British Private Equity Awards, recognising the 11 new investments and nine full or partial realisations made in the 12 months to June 2016.

Led by Russell Healey, the Private Equity team at Foresight Group comprises 18 investment professionals with a wide range of experience – from venture capital at 3i, BGF, Inflexion and Advent Venture Partners, to hands-on operational experience at Thomson Financial and corporate

finance experience at Rothschild, Mazars and E&Y together with strategic consulting experience at Accenture and Deloitte.

This team has over 200 years' worth of collective investment experience and combines investors' capital and its own hands-on expertise with the intention of creating long-term shareholder value and generating attractive returns for shareholders.

Foresight Group takes a particularly active, hands-on approach to portfolio management and as a matter of policy, on its unquoted investments, seeks board representation and the ability to appoint a senior industry expert as chairman. Foresight Group works particularly closely with the investee companies in the following areas:

- Definition and review of strategy and its implementation;
- Recruitment and incentivisation of key management and board members;
- Planning for growth, international expansion and new product/service introduction;
- Fundraising from banks and other external sources; and
- Mergers, acquisitions and exit planning



EVOLUTION OF FORESIGHT 4 VCT PLC

The strength and depth of Foresight's Private Equity team has enabled the group to win the management mandates of established VCTs from other investment managers.

- 2004** In August 2004, Foresight Group was appointed to manage Advent 2 VCT plc, which was subsequently renamed Foresight 4 VCT plc.
- 2011** Foresight Group was appointed manager of Acuity Growth VCT (formerly Acuity VCT plc) (previously Electra Kingsway VCT plc) and Acuity VCT 2 plc (previously Electra Kingsway VCT 2 plc) on 24 February 2011 and the company was renamed Foresight 5 VCT plc. Foresight Group was also appointed manager of Acuity VCT 3 plc (formerly Electra Kingsway VCT 3 plc) on 1 April 2011.
- 2012** Foresight 4 VCT plc acquired the assets and liabilities of both Foresight 5 VCT plc and Acuity VCT 3 plc on 6 February 2012 and the companies were merged into Foresight 4 VCT plc as a separate C Share class.
- Foresight 4 VCT plc also acquired the assets and liabilities of Foresight Clearwater VCT plc on 6 February 2012 and the Foresight Clearwater VCT plc Ordinary Shares became Foresight 4 VCT plc Ordinary Shares.
- 2015** On 10 August 2015 the O and C Share funds were merged and C Shares were converted into Ordinary Shares.
- 2017** On 22 June 2017, Foresight 4 VCT plc acquired the assets of Foresight 3 VCT plc. The new merged company had a combined Net Asset Value of £77.0 million.

Russell Healey

Partner and Head of Private Equity

- 14 years experience in fund management and venture capital investing
- 10 years senior management experience as CTO of a financial information company sold to Thomson Reuters
- MBA with distinction from London Business School



James Livingston

Partner

- Nine years venture capital investment experience
- Three years strategy consulting and commercial due diligence experience at Deloitte
- International rower
- First class MA in Natural Sciences and Management Studies from the University of Cambridge



Matt Smith

Partner

- Eight years venture capital investment experience
- Eight years banking experience at Rothschilds
- International rower
- MA in Biological Sciences and Physiology from University of Oxford



Strategic Report

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

INVESTMENT OBJECTIVE

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

PERFORMANCE AND KEY PERFORMANCE INDICATORS ("KPIs")

The Board expects the Manager to deliver a performance which meets the objectives of the Company. The KPIs covering these objectives are net asset value performance and dividends paid, which, when combined, give net asset value total return. Additional key performance indicators reviewed by the Board include the discount of the share price relative to the net asset value and total expenses as a proportion of shareholders' funds.

The ongoing charges ratio in the period was 3.0%. There were no share buybacks in the year.

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

STRATEGIES FOR ACHIEVING OBJECTIVES INVESTMENT POLICY

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

INVESTMENT SECURITIES

The Company invests in a range of securities including, but not limited to, ordinary and preference shares, loan stock, convertible securities, and fixed-interest securities as well as cash. Unquoted investments are usually structured as a combination of ordinary shares and loan stock, while AIM investments are primarily held in ordinary shares. Pending investment in unquoted or AIM listed securities, cash is primarily held in interest bearing accounts as well as in a range of permitted liquidity investments.

UK COMPANIES

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

ASSET MIX

The Company aims to be significantly invested in growth businesses subject always to the quality of investment opportunities and the timing of realisations. Any uninvested funds are held in cash and a range of permitted liquidity investments. It is intended that the significant majority (no less than 70%) of any funds raised by the Company will ultimately be invested in VCT qualifying investments.

RISK DIVERSIFICATION AND MAXIMUM EXPOSURES

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

Investments have been made by the funds that Foresight Group advises and manages, as follows:

	Foresight VCT O, PE & Infra Shares	Foresight 3 VCT	Foresight 4 VCT	Total held by Foresight
	£	£	£	%
ABL Investments Limited	2,750,000	475,000	1,000,000	40.0
Aerospace Tooling Holdings Limited	150,000	50,000	150,000	53.7
Autologic Diagnostics Group Limited	4,330,020	2,488,965	2,488,785	18.4
Biofortuna Limited	685,032	684,994	1,370,053	41.1
Blackstar Amplification Holdings Limited	2,500,000	—	1,000,000	40.2
CoGen Limited	1,603,491	351,539	390,928	19.8
Datapath Group Limited	7,563,365	73,250	73,250	38.8
FFX Group Limited	2,676,426	—	1,372,002	38.2
Flowrite Refrigeration Holdings Limited	209,801	85,199	295,000	49.8
Hospital Services Group Limited	3,320,000	—	1,200,000	61.5
Itad Limited	2,750,000	250,000	1,000,000	35.0
Ixaris Systems Limited	2,266,036	866,385	1,181,432	18.2
Positive Response Communications Limited	1,000,000	500,000	1,000,000	60.8
Procam Television Holdings Limited	1,664,893	423,908	1,101,385	52.7
Protean Software Limited	2,500,000	500,000	500,000	60.8
Sindicatum Carbon Capital Limited	246,075	174,993	200,063	1.0
Specac International Limited	1,300,000	650,000	650,000	75.0
TFC Europe Limited	3,614,612	125,096	156,370	66.7
The Bunker Secure Hosting Limited	1,537,348	475,300	584,987	31.6
The Business Advisory Limited	1,650,000	650,000	1,000,000	27.5
Thermotech Solutions Limited	300,000	—	200,000	25.5
Zoo Digital Group plc	24,023	601,584	450,875	10.4

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

Where Foresight Group controls over 50% of an investment by virtue of its discretionary management of one or more VCTs, decisions either have to be taken by the individual Boards of the VCTs or voting is limited to 50%.

INVESTMENT STYLE

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

BORROWING POWERS

The Company has a borrowing limit of an amount not exceeding an amount equal to the adjusted capital and reserves (being the aggregate of the amount paid up on the issued share capital of the Company and the amount standing to the credit of its reserves). Whilst the Company does not currently borrow, its policy allows it to do so.

CO-INVESTMENT

The Company aims to invest in larger, profitable, unquoted and AIM companies and, in order to achieve this, often invests alongside the other Foresight funds. Consequently, at the time of initial investment, the combined investment can currently amount to a maximum of £5.0 million per annum for unquoted or for AIM investments.

Strategic Report

Foresight Group also manages or advises Foresight VCT plc, Foresight Solar & Infrastructure VCT plc, Foresight Nottingham Fund LP, Foresight Williams Technology EIS Fund, Foresight Environmental Fund LP, Foresight Solar Fund Limited, Foresight European Solar Fund LP, Foresight Solar EIS, Foresight Solar EIS2, Foresight Solar EIS3, Foresight Solar EIS4, Foresight Solar EIS5, Foresight Inheritance Tax Solutions, Foresight Energy Infrastructure EIS, UK Waste Resources and Energy Investments LP, Foresight AD EIS, Foresight Regional Investment LP, The Waste Asset LP, Recycling and Waste LP and Foresight Sustainable UK Investment Fund ('Foresight Sustainable').

VCT REGULATION

The investment policy is designed to ensure that the Company continues to qualify and is approved as a VCT by HM Revenue & Customs. Amongst other conditions, the Company may not invest more than 15% of its total investments at the time of making any investment in a single company and must have at least 70% by value of its investments throughout the period in shares or securities in qualifying holdings, of which 70% by value in aggregate must be in ordinary shares which carry no preferential rights (although only 10% of any individual investment needs to be in the ordinary shares of that company).

MANAGEMENT

The Board has engaged Foresight Group CI Limited as manager. Foresight Fund Managers Limited provides or procures the provision of company secretarial, administration and custodian services to the Company. The manager prefers to take a lead role in the companies in which it invests. Larger investments may be syndicated with other investing institutions, or strategic partners with similar investment criteria. In considering a prospective

investment in a company, particular regard will be paid to:

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

ENVIRONMENTAL, HUMAN RIGHTS, EMPLOYEE, SOCIAL AND COMMUNITY ISSUES

The Board recognises the requirement under Section 414 of the Act to provide information about environmental matters (including the impact of the Company's business on the environment), employee, human rights, social and community issues; including information about any policies it has in relation to these matters and effectiveness of these policies. As the Company has no employees or policies in these matters this requirement does not apply.

The Company's Investment Manager, Foresight Group, is a signatory to the United Nations Principles for Responsible Investment ("UNPRI").

The UNPRI, established in 2006, is a global collaborative network of investors working together to put the six Principles for Responsible Investment into practice. As an investment manager, Foresight has a duty to act in the best long-term interests of our beneficiaries. In this fiduciary role, Foresight believes that Environmental, Social, and corporate Governance ("ESG") issues can affect the

performance of investment portfolios (to varying degrees across companies, sectors, regions, asset classes and through time). Foresight also recognises that applying these Principles may better align investors with broader objectives of society.

Signatory of:



Where consistent with its fiduciary responsibilities, Foresight commits to the following:

1. We will incorporate ESG issues into investment analysis and decision-making processes.
2. We will be active owners and incorporate ESG issues into our ownership policies and practices.
3. We will seek appropriate disclosure on ESG issues by the entities in which we invest.
4. We will promote acceptance and implementation of the Principles within the investment industry.
5. We will work together to enhance our effectiveness in implementing the Principles.
6. We will each report on our activities and progress towards implementing the Principles.

As a signatory for this voluntary framework, Foresight submits an annual report to the UNPRI on its responsible investment activities, which is approved by senior management. This allows the Group to demonstrate to stakeholders and the public how we incorporate ESG issues, understand where we sit in relation to local and global peers and to learn and develop our practices year-on-year.

Foresight Group actively collaborates with the investment industry and relevant governmental bodies and regulators through direct conversations and contributing to collective consultation papers on matters affecting the investment process, including ESG.

GENDER DIVERSITY

The Board currently comprises three male Directors. The Board is, however, conscious of the need for diversity and will consider both male and female candidates when appointing new Directors.

The Manager has an equal opportunities policy and Foresight Group as at 31 March 2017 employs 116 men and 63 women.

DIVIDEND POLICY

A proportion of realised gains will normally be retained for reinvestment in existing companies and new opportunities and to meet future costs. Subject to this, the Company will endeavour to maintain a flow of dividend payments. It is the intention to maximise the Company's tax-free income available to investors from a combination of dividends and interest received on investments and the distribution of capital gains arising from trade sales or flotations.

PURCHASE OF OWN SHARES

It is the Company's policy, subject to adequate cash availability, to consider repurchasing shares when they become available in order to help provide liquidity to the market in the Company's shares.

PRINCIPAL RISKS, RISK MANAGEMENT AND REGULATORY ENVIRONMENT

The Board carries out regular reviews of the risk environment in which the Company operates. The principal risks and uncertainties identified by the Board which might affect the Company's business model and future

performance, and the steps taken with a view to their mitigation, are as follows:

Economic risk: events such as economic recession or general fluctuation in stock markets and interest rates may affect the valuation of investee companies and their ability to access adequate financial resources, as well as affecting the Company's own share price and discount to net asset value. Mitigation: The Company invests in a diversified portfolio of investments spanning various industry sectors and maintains sufficient cash reserves to be able to provide additional funding to investee companies where appropriate and to repurchase its own shares.

VCT qualifying status risk: the Company is required at all times to observe the conditions laid down in the Income Tax Act 2007 for the maintenance of approved VCT status. The loss of such approval could lead to the Company losing its exemption from corporation tax on capital gains, to investors being liable to pay income tax on dividends received from the Company and, in certain circumstances, to investors being required to repay the initial income tax relief on their investment. Mitigation: Legal advice is taken for each deal to ensure all investments are qualifying. Advance assurance, where appropriate, is sought from HMRC ahead of completion. The Manager keeps the Company's VCT qualifying status under continual review, seeking to take appropriate action to maintain it where required, and its reports are reviewed by the Board on a quarterly basis. The Board has also retained Shakespeare Martineau LLP to undertake an independent VCT status monitoring role.

Investment and liquidity risk: many of the Company's investments are in small and medium-sized unquoted companies which are VCT qualifying holdings, and

which by their nature entail a higher level of risk and lower liquidity than investments in larger quoted companies. Mitigation: the Manager aims to limit the risk attaching to the portfolio as a whole by careful selection, close monitoring and timely realisation of investments, by carrying out rigorous due diligence procedures and maintaining a spread of holdings in terms of industry sector. The Board reviews the investment portfolio with the Manager on a regular basis.

Legislative and regulatory risk: in order to maintain its approval as a VCT, the Company is required to comply with current VCT legislation in the UK, which reflects the European Commission's State aid rules. Changes to the UK legislation or the State aid rules in the future could have an adverse effect on the Company's ability to achieve satisfactory investment returns whilst retaining its VCT approval. Mitigation: The Board and the Manager monitor political developments and where appropriate seek to make representations either directly or through relevant trade bodies.

Internal control risk: the Company's assets could be at risk in the absence of an appropriate internal control regime. This could lead to theft, fraud, and/or an inability to provide accurate reporting and monitoring. Mitigation: the Board carries out regular reviews of the system of internal controls, both financial and non-financial, operated by the Company and the Manager. These include controls designed to ensure that the Company's assets are safeguarded and that proper accounting records are maintained.

Financial risk: inappropriate accounting policies might lead to misreporting or breaches of regulations. Mitigation: the Manager is continually reviewing accounting policies and regulations, and its reports

Strategic Report

are reviewed by the Board on a quarterly basis and at least annually by the auditor.

Market risk: All investments are impacted by market risk. Investments quoted on the London Stock Exchange or AIM will potentially be subject to more immediate market fluctuations and volatility upwards and downwards. External factors such as terrorist activity can negatively impact stock markets worldwide. In times of adverse sentiment there can be very little, if any, market demand for shares in smaller companies quoted on AIM. **Mitigation:** The Board keeps the portfolio under regular review.

Credit risk: the Company holds a number of financial instruments and cash deposits and is dependent on the counterparties discharging their commitment. **Mitigation:** the directors and Manager review the creditworthiness of the counterparties to these instruments and cash deposits and seek to ensure there is no undue concentration of credit risk with any one party.

VIABILITY STATEMENT

In accordance with principle 21 of the AIC Code of Corporate Governance published by the AIC in February 2015, the Directors have assessed the prospects of the Company over the three year period to 31 March 2020. This three year period is used by the Board during the strategic planning process and is considered reasonable for a business of its nature and size.

In making this statement, the Board carried out an assessment of the principal risks facing the Company, including those that might threaten its business model, future performance, solvency, or liquidity.

The Board also considered the ability of the Company to raise

finance and deploy capital. This assessment took account of the availability and likely effectiveness of the mitigating actions that could be taken to avoid or reduce the impact of the underlying risks, including the Manager adapting their investment process to take account of the more restrictive VCT investment rules.

This review has considered the principal risks which were identified by the Board. The Board concentrated its efforts on the major factors that affect the economic, regulatory and political environment.

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

Based on the Company's processes for monitoring cash flow, share price discount, ongoing review of the investment objective and policy, asset allocation, sector weightings and portfolio risk profile, the Board has concluded that there is a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the three years to 31 March 2020.

PERFORMANCE-RELATED INCENTIVES

Foresight Group is entitled to a payment equal to 15% of dividends paid to shareholders, subject to the net asset value plus cumulative dividends paid per share exceeding 100.0p per share ("High Watermark"), both immediately before and immediately after the performance related incentive fee is paid.

After each distribution is made to shareholders where a performance incentive is paid to Foresight Group, the High Watermark required to be achieved by the Company to trigger a further performance incentive fee

increases by a per share amount equivalent to the aggregate amount of the dividend paid less the 15% performance fee paid to Foresight Group.

The performance incentive fee may be satisfied by either a cash payment or the issue of shares (or by a combination of both) ultimately at the Board's discretion. Any new shares to be issued to Foresight Group would be calculated by dividing the performance fee cash equivalent amount by the latest net asset value per Ordinary Share after adding the cumulative dividends to be paid.

No performance incentive was paid in the year (2016: £nil).

VALUATION POLICY

Investments held by the Company have been valued in accordance with the International Private Equity and Venture Capital ("IPEV") Valuation Guidelines (December 2015) developed by the British Venture Capital Association and other organisations. Through these guidelines, investments are valued as defined at 'fair value'. Ordinarily, unquoted investments will be valued at cost for a limited period (generally one year) following the date of acquisition, being the most suitable approximation of fair value unless there is an impairment or significant accretion in value during the period. Quoted investments and investments traded on AIM are valued at the bid price. The portfolio valuations are prepared by Foresight Group, reviewed and approved by the Board quarterly and subject to annual review by the auditors.

VCT TAX BENEFIT FOR SHAREHOLDERS

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

- Income tax relief of 30% on subscription for new shares, which is forfeit by shareholders if the shares are not held for more than five years;
- VCT dividends (including capital distributions of realised gains on investments) are not subject to income tax in the hands of qualifying holders;
- Capital gains on disposal of VCT shares are tax-free, whenever the disposal occurs.

relative to its peer group and benchmarks will depend on the Manager's ability to allocate the Company's assets effectively, and manage its liquidity appropriately.

Raymond Abbott
Chairman

31 July 2017

VENTURE CAPITAL TRUST STATUS

Foresight 4 VCT plc has been granted approval as a Venture Capital Trust (VCT) under S274—S280A of the Income Tax Act 2007 for the year ended 31 March 2016. The next complete review will be carried out for the year ended 31 March 2017. It is intended that the business of the Company be carried on so as to maintain its VCT status.

The Directors have managed, and continue to manage, the business in order to comply with the legislation applicable to VCTs. In addition, the Board has appointed Shakespeare Martineau LLP as taxation adviser to the Company to provide further independent assurance of compliance with venture capital tax legislation and to provide guidance on changes in taxation legislation affecting Foresight 4 VCT plc. As at 31 March 2017 the Company had 81.9% of its funds in such VCT qualifying holdings.

FUTURE STRATEGY

The Board and the Manager believe that the strategy of focusing on private equity investments is in the best interests of the Shareholders and the historical information in this report is evidence of positive recent performance in this area.

The Company's performance

Governance

Board of Directors

The Board believes the new constitution achieves the ideal number of directors and a balance of ongoing directors from both Foresight VCT 4 plc and Foresight VCT 3 plc, reflecting the relative size of each Company. The constitution of the Board will be kept under review and consideration will be given to the appointment of an additional new director to reflect the size of the Company.

Raymond Abbott Chairman of the Board

POSITION	Chairman of the Board
APPOINTED	22 June 2017
EXPERIENCE	<p>Raymond previously served as Chairman of Foresight 3 VCT plc from 2014 until the merger with Foresight 4 VCT plc. Prior to this he was a Non-Executive Director of Foresight 4 VCT plc and Enterprise VCT plc (which was merged into Foresight 3 VCT plc in 2008).</p> <p>Raymond has over 26 years' experience in private equity covering fund investment, direct venture investment, growth capital and buy-outs. This includes as Managing Director of Alliance Trust Equity Partners developing a £300m fund of funds programme for Alliance Trust focussed on Western European lower to mid-market buyout funds. Raymond founded Albany Ventures, with a focus on software and healthcare investments, which was acquired by Alliance Trust.</p> <p>Raymond has gained extensive experience as a non-executive director in public and private companies helping with strategy, finance and governance.</p>
OTHER POSITIONS	Chairman of The Scottish Building Society Chairman of Integrated Environmental Solutions Limited
BENEFICIAL SHAREHOLDING	28,581



Simon Jamieson

Non-Executive Director

POSITION	Chairman of the Audit, Nomination and Management Engagement & Remuneration Committees, Non-Executive Director
APPOINTED	3 October 2014
EXPERIENCE	Simon spent 28 years at Robert Fleming Holdings and subsequently at Fleming Family and Partners where he focused on Private Equity investing. In 1983 he joined Glenwood Management, a Californian based Venture Capital Fund, and subsequently joined Robert Fleming in 1985 on the fund management side. In 2000 he joined Fleming Family and Partners Asset Management Limited ("FF&P") where he was responsible for \$500 million of private equity investments until 2013, including both fund investments and directly held co-investments.
	Simon served as Chairman of Foresight 4 VCT plc from 31 March 2017 to 22 June 2017.
OTHER POSITIONS	Simon Chairs an Investment Committee of a U.S. family Office and Co-Chairs an Investment Committee of an African focused Private Equity Manager, 54 Capital.
BENEFICIAL SHAREHOLDING	25,000



Michael Gray

Non-Executive Director

POSITION	Non-Executive Director
APPOINTED	14 February 2017
EXPERIENCE	Michael has extensive experience in funds, banking and other capital markets. He was most recently the Regional Managing Director, Corporate Banking for RBS International with responsibility for The Royal Bank of Scotland's Corporate Banking Business in the Crown Dependencies and British Overseas Territories. In a career spanning 31 years with The Royal Bank of Scotland Group plc, Michael has undertaken a variety of roles including that of auditor, and has extensive general management and lending experience across a number of industries.
	Michael is a Fellow of The Chartered Institute of Bankers in Scotland and a qualified corporate treasurer.
OTHER POSITIONS	Michael is a Non-Executive Director of Triton Investment Management Ltd, an Advisory Board Member of Japanese private equity group, J-Star and a Non-Executive Director of the FTSE 250 listed GCP Infrastructure Investments Limited.
BENEFICIAL SHAREHOLDING	nil



Directors' Report

The Directors present their report and the audited accounts of the Company for the year ended 31 March 2017.

ACTIVITIES AND STATUS

The principal activity of the Company during the period was the making of investments in unquoted or AIM-listed companies in the United Kingdom. The Company is an investment company within the meaning of Section 833 of the Companies Act 2006. It has satisfied the requirements as a Venture Capital Trust under sections 274–280A of the Income Tax Act 2007. Confirmation of the Company's compliance as a Venture Capital Trust has been received up to 31 March 2016 and the Directors have managed and intend to continue to manage the Company's affairs in such a manner as to comply with these regulations.

RESULTS AND DIVIDENDS

The total return attributable to equity shareholders for the year amounted to £1,831,000 (2016: loss of £5,550,000).

NET ASSET VALUE TOTAL RETURN

During the year ended 31 March 2017 the Company's principal indicator of performance, net asset value total return, increased by 4.4% per Ordinary Share.

SHARE ISSUES

At 31 March 2017 the Company had 57,375,499 Ordinary Shares in issue. There were no share issues in the year. There are no restrictions on the transfer of any class of share.

SHARE BUYBACKS

There were no Share buybacks during the year.

GLOBAL GREENHOUSE GAS EMISSIONS

The Company has no greenhouse gas emissions to report from the operations of the Company, nor does it have responsibility for any other emissions sources under the

Companies Act 2006 (Strategic Report and Directors' Reports) regulations 2013.

PRINCIPAL RISKS, RISK MANAGEMENT AND REGULATORY ENVIRONMENT

A summary of the principal risks faced by the Company is set out on pages 25 and 26.

MANAGEMENT

Foresight Group is the Manager of the Company and provides investment management and other administrative services. Annually, the Management Engagement and Remuneration Committee reviews the appropriateness of the Manager's appointment. In carrying out its review, the Management Engagement and Remuneration Committee considers the investment performance of the Company and the ability of the Manager to produce satisfactory investment performance. It also considers the length of the notice period of the investment management contract and fees payable to the Manager, together with the standard of other services provided which include Company Secretarial services. It is the Directors' opinion that the continuing appointment of the Manager on the terms agreed is in the interests of shareholders as a whole. The last review was undertaken on 4 July 2017. Foresight Fund Managers is the Secretary of the Company. The principal terms of the management agreement is set out in note 3 to the accounts. No Director has an interest in any contract to which the Company is a party. Foresight Group CI acts as manager to the Company in respect of its investments and earned fees of £915,000 (2016: £1,118,000) during the year. Foresight Fund Managers received £157,000 excluding VAT (2016: £157,000 excluding VAT) during the year in respect of secretarial, administrative and custodian services to the Company. Foresight Group also received from investee

companies arrangement fees of £6,000 (2016: £217,000). At the time of writing, Foresight Group staff held a total of 643,166 shares in the Company. VCF Partners, an associate of Foresight Group, received from investee companies, Directors' fees of £233,000 (2016: £156,000).

Foresight Group is also a party to the performance incentive agreements described in note 13 to the financial Statements. All amounts are stated, where applicable, net of Value Added Tax.

VCT STATUS MONITORING

The Company has retained Shakespeare Martineau LLP as legal advisers on, inter alia, compliance with legislative requirements. The Directors monitor the Company's VCT status at meetings of the Board.

SUBSTANTIAL SHAREHOLDINGS

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

FINANCIAL INSTRUMENTS

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

DIRECTORS INDEMNIFICATION AND INSURANCE

The Directors have the benefit of indemnities under the articles of association of the Company against, to the extent only as permitted by law, liabilities they may incur acting in their capacity as Directors of the Company.

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

POLICY OF PAYING CREDITORS

The Company does not subscribe to a particular code but follows a policy whereby suppliers are paid by the due date and investment purchases are settled in accordance with the stated terms. At the year end trade creditors represented an average credit period of 2 days (2016: 9 days). Foresight Group, which provides investment management services, was the only trade creditor of the Company at the year end.

ALTERNATIVE INVESTMENT FUND MANAGERS DIRECTIVE (AIFMD)

The AIFMD came into force on 22 July 2013 and sets out the rules for the authorisation and on-going regulation of managers (AIFMs) that manage alternative investment funds (AIFs) in the EU. The Company qualifies as an AIF and so is required to comply, although additional cost and administration requirements are not expected to be material. The Company's approval was confirmed in August 2014. The Company is its own Alternative Investment Fund Manager. The Company is its own Alternative Investment Fund Manager.

AUDIT INFORMATION

Pursuant to s418(2) of the Companies Act 2006, each of the Directors confirms that (a) so far as they are aware, there is no relevant audit information of which the Company's auditors are unaware; and (b) they have taken all steps they ought to have taken to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of such information.

SECTION 992 OF THE COMPANIES ACT

The following disclosures are made in accordance with Section 992 of the Companies Act 2006.

CAPITAL STRUCTURE

The Company's issued share capital as at 31 July 2017 was 105,712,831 Ordinary Shares.

The Ordinary Shares represent 100% of the total share capital. Further information on the share capital of the Company is detailed in note 11 of the notes to the financial statements

VOTING RIGHTS IN THE COMPANY'S SHARES

Details of the voting rights in the Company's shares at the date of this report are given in note 5 in the Notice of Annual General Meeting on page 68.

NOTIFIABLE INTERESTS IN THE COMPANY'S VOTING RIGHTS

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

AUDITOR

The Directors have decided to propose the re-appointment of KPMG LLP as auditor and a resolution concerning this will be proposed at the Annual General Meeting.

COMPANIES ACT 2006 DISCLOSURES

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

- the Company's capital structure and voting rights are summarised above, and there are no restrictions on voting rights nor any agreement between holders of securities that result in restrictions on the transfer of securities or on voting rights;
- there exist no securities carrying special rights with regard to the control of the Company;
- the rules concerning the appointment and replacement

of directors, amendment of the Articles of Association and powers to issue or buy back the Company's shares are contained in the Articles of Association of the Company and the Companies Act 2006;

- the Company does not have any employee share scheme;
- There exist no agreements to which the Company is party that may affect its control following a takeover bid; and
- there exist no agreements between the Company and its Directors providing for compensation for loss of office that may occur following a takeover bid or for any other reason.

CONFLICTS OF INTEREST

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

WHISTLEBLOWING

The Board has been informed that the Manager has arrangements in place in accordance with the UK Corporate Governance Code's recommendations by which staff of the Manager or Secretary of the Company may, in confidence, raise concerns within their respective organisations about possible improprieties in matters of financial reporting or other matters. On the basis of that information, adequate arrangements are in place for the proportionate and independent investigation of such matters and, where necessary, for appropriate follow-up action to be taken within their respective organisations.

GOING CONCERN

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report on pages 22 to 27. The financial position of the Company, its cash flows, liquidity position and borrowing facilities are referred to in the Chairman's Statement, Strategic Report and Notes to the Accounts. In addition, the financial statements include the Company's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposures to credit risk and liquidity risk.

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

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

The Directors have reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

DIRECTORS REMUNERATION

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

ANNUAL GENERAL MEETING

A formal notice convening the Annual General Meeting on 28 September 2017 can be found on pages 66 to 69. Resolutions 1 to 6 will be proposed as ordinary resolutions meaning that for each resolution to be passed more than half of the votes cast at the meeting must be in favour of the resolution. Resolutions 7 and 8 will be proposed as special resolutions meaning that for each resolution to be passed at least 75% of the votes cast at the meeting must be in favour of the resolution. Resolutions 6 to 8 will be in addition to the authorities granted pursuant to the equivalent resolutions passed at the general meeting of the company on 14 June 2017, but substitution for all other existing authorities and are explained below.

RESOLUTION 6

Resolution 6 will authorise the Directors to allot relevant securities generally, in accordance with Section 551 of the Companies Act 2006, up to an aggregate nominal amount of £175,000 (representing 16.6% of the current issued share capital of the Company). This authority will be used for the purposes listed under the authority requested under Resolution 7. This includes authority to issue shares pursuant to performance incentive fee arrangements with Foresight Group and top-up offers for subscription to raise new funds

for the Company if the Board believes this to be in the best interests of the Company. Any offer is intended to be at an offer price linked to NAV. The authority conferred by Resolution 6 will expire (unless renewed, varied or revoked by the Company in a general meeting) on the fifth anniversary of the passing of the resolution.

RESOLUTION 7

Resolution 7 will sanction, in a limited manner, the disapplication of pre-emption rights in respect of the allotment of equity securities with an aggregate nominal value of up to £175,000 pursuant to offer(s) for subscription, (ii) with an aggregate nominal value of up to 10% of the issued share capital of the Company pursuant to performance incentive arrangements with Foresight Group and (iii) otherwise than pursuant to (i) or (ii) with an aggregate nominal value of up to 10% of the issued share capital of the Company from time to time for general purposes, in each case where the proceeds of such issue may be used in whole or part to purchase the Company's shares. This authority will expire (unless renewed, varied or revoked by the Company in a general meeting) at the conclusion of the Annual General Meeting to be held in 2018, or, if earlier, on the date falling 15 months after the passing of the resolution, save that the Company may allot equity shares after such date in pursuance of a contract or contracts made prior to this expiration of this authority.

RESOLUTION 8

It is proposed by Resolution 8 that the Company be authorised to make market purchases of the Company's own shares. Under this authority the Directors may purchase up to 15,846,353 shares, (representing approximately 14.99% of the Company's shares in issue at the date of this Annual Report) or, if lower, such number of shares (rounded down to the

nearest whole share) as shall equal 14.99% of the issued share capital at the date the resolution is passed. When buying shares, the Company cannot pay a price per share which is more than 105% of the average of the middle market quotation for an a share taken from the London Stock Exchange daily official list on the five business days immediately before the day on which shares are purchased or, if greater, the amount stipulated by Buyback and Stabilisation Regulation 2003. This authority will expire (unless renewed, varied or revoked by the Company in a general meeting) at the conclusion of the Annual General Meeting to be held in 2018, or, if earlier on the date falling 15 months after the passing of the resolution, save that the Company may purchase its shares after such date in pursuance of a contract or contracts made prior to the expiration of this authority.

Whilst, generally, the Company does not expect that shareholders will want to sell their shares within five years of acquiring them because this may lead to a loss of tax relief, the Directors anticipate that from time to time a shareholder may need to sell shares within this period. Front end VCT income tax relief is only obtainable by an investor who makes an investment in new shares issued by the Company. This means that investors may be willing to pay more for new shares issued by the Company than they would pay to buy shares from an existing shareholder. Therefore, in the interest of shareholders who may need to sell shares from time to time, the Company proposes to renew the authority to buy-in shares as it enables the Board, when possible, to facilitate a degree of liquidity in the Company's Shares. In making purchases the Company will deal only with member firms of the London Stock Exchange and at a discount to the then prevailing net asset value per share of the

Company's shares to ensure that existing shareholders interests are protected.

By order of the Board

Foresight Fund Managers Limited
Secretary
31 July 2017

Corporate Governance

The Directors of Foresight 4 VCT plc confirm that the Company has taken the appropriate steps to enable it to comply with the Principles set out in Section 1 of the UK Corporate Governance Code on Corporate Governance ('UK Corporate Governance Code') issued by the Financial Reporting Council in September 2014, as appropriate for a Venture Capital Trust.

As a Venture Capital Trust, the Company's day-to-day responsibilities are delegated to third parties and the Directors are all Non-Executive. Thus not all the procedures of the UK Corporate Governance Code are directly applicable to the Company. Unless noted as an exception below, the requirements of the UK Corporate Governance Code were complied with throughout the year ended 31 March 2017. The Annual General Meeting for the year ended 31 March 2016 was convened with 24 days notice but not 20 business days notice as recommended in the UK Corporate Governance Code.

THE BOARD

The Company has a Board of three Non-Executive Directors, all of whom are considered to be independent.

DIVISION OF RESPONSIBILITIES

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

All shareholdings are voted, where practicable, in accordance with the Manager's own corporate governance policy, which is to seek to maximise shareholder value by constructive use of votes at company meetings and by endeavouring to use its influence as an investor with a principled approach to corporate governance.

Individual Directors may, at the expense of the Company, seek independent professional advice on any matter that concerns them in the furtherance of their duties. In view of its Non-Executive nature and the requirements of the Articles of Association that Directors retire by rotation at the Annual General Meeting, the Board considers that it is not appropriate for the Directors to be appointed for a specific term as recommended by provision B.2.3

of the UK Corporate Governance Code. However, the Board has agreed that each Director will retire and, if appropriate, may seek re-election after three years. Non-independent Directors are required to retire annually.

Full details of duties and obligations are provided at the time of appointment and are supplemented by further details as requirements change, although there is no formal induction programme for the Directors as recommended by provision B.4.1.

The Board has access to the officers of the Company Secretary who also attends Board Meetings. Representatives of the Manager attend all formal Board Meetings although the Directors may meet without the Manager being present. Informal meetings with the Manager are also held between Board Meetings as required. The Company Secretary provides full information on the Company's assets, liabilities and other relevant information to the Board in advance of each Board Meeting. Attendance by Directors at Board and Committee meetings is detailed in the table below.

MEETING ATTENDANCE

In addition to the above, further meetings were held in relation to the publication of corporate documents and in relation to investments where Foresight Group manages more than 50% of voting rights. In the light of the responsibilities retained by the Board and its committees and of the responsibilities delegated to Foresight Group, Foresight Fund Managers and Shakespeare Martineau LLP, the Company has not appointed a chief executive officer, deputy Chairman or a senior independent non-executive Director as recommended by provision A.4.1 of the UK Corporate Governance Code. The provisions of the UK Corporate Governance Code which relate to the division of responsibilities between a chairman and a chief executive

officer are, accordingly, not applicable to the Company.

BOARD COMMITTEES

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

The Audit Committee comprises Simon Jamieson (Chairman), Michael Gray and Raymond Abbott all of whom are considered to have sufficient recent and relevant financial experience to discharge the role, and meets at least twice a year to consider, amongst other things, the following:

- Monitor the integrity of the financial statements of the Company and approve the accounts;
- Review the Company's internal control and risk management systems;
- Make recommendations to the Board in relation to the appointment of the external auditors;
- Review and monitor the external auditors' independence; and
- Implement and review the Company's policy on the engagement of the external auditors to supply non-audit services.

The Audit Committee has performed an assessment of the audit process and the auditor's report in the Audit Committee Report on page 42.

KPMG LLP prepared the Company's tax returns in addition to carrying out the Company's external audit. This is completed after signing off on the annual accounts. These non-audit services are non-material in value compared to the audit, and the Audit Committee believes that they do not compromise the objectivity or independence of the external auditors. However, following the EU Audit Independence Review, for periods beginning on or after 17 June 2016, the statutory auditor may no longer provide tax services to the audited entity and so the Board will seek a new tax advisor for the year ended 31 March 2017.

The Directors have decided to re-appoint KPMG LLP as auditor and a resolution concerning this will be proposed at the Annual General Meeting.

The Nomination Committee comprises Simon Jamieson (Chairman), Raymond Abbott and Michael Gray and meets at least annually to consider the composition and balance of skills, knowledge and experience of the Board and to make nominations to the Board in the event of a vacancy. Raymond Abbott was appointed post year end so was unable to attend meetings held in the year.

New Directors are required to resign at the Annual General Meeting following appointment and then seek re-election thereafter every three years, subject to length of tenure.

The Board believes that, as a whole, it has an appropriate balance of skills, experience and knowledge. The Board

also believes that diversity of experience and approach, including gender diversity, amongst Board members is important and it is the Company's policy to give careful consideration to issues of Board balance and diversity when making new appointments. The Nomination Committee also considers the resolutions of the annual re-election of directors.

The Management Engagement & Remuneration Committee (which has responsibility for reviewing the remuneration of the Directors) comprises Simon Jamieson (Chairman), Raymond Abbott and Michael Gray and meets at least annually to consider the levels of remuneration of the Directors, specifically reflecting the time commitment and responsibilities of the role. The Management Engagement & Remuneration committee also undertakes external comparisons and reviews to ensure that the levels of remuneration paid are broadly in line with industry standards. The Management Engagement & Remuneration Committee also reviews the appointment and terms of engagement of the Manager and, as previously noted, amended the management fees on 1 October 2013 following a review of terms. A further reduction in management fees to 2.0% per annum was implemented following the merger on 22 June 2017.

Copies of the terms of reference of each of the Company's committees can be obtained from the Manager upon request.

BOARD EVALUATION

The Board undertakes a formal evaluation of its own performance and that of its committees and individual Directors on a rolling three year basis. This methodology is a departure from principal B.6 of the UK Corporate Governance Code, which requires annual evaluation.

Initially, the evaluation takes the form of a questionnaire for the Board (and its committees) and

	Board	Audit	Nomination	Remuneration
Philip Stephens	4/4	2/2	1/1	1/1
Peter Dicks	4/4	2/2	1/1	1/1
Simon Jamieson	4/4	2/2	1/1	1/1
Michael Gray	1/1	0/0	0/0	0/0
Raymond Abbott	0/0	0/0	0/0	0/0

individual Directors. The Chairman then discusses the results with the Board (and its committees) as a whole and Directors individually. Following completion of this second stage of the evaluation, the Chairman will take appropriate action to address any issues arising from the process.

It is the Board's intention to conduct an annual evaluation in line with UK Corporate Governance principles.

RELATIONS WITH SHAREHOLDERS

The Company communicates with shareholders and solicits their views where it considers it is appropriate to do so. Individual shareholders are welcomed to the Annual General Meeting where they have the opportunity to ask questions of the Directors, including the Chairman, as well as the Chairman of the Audit, Remuneration and Nomination Committees. The Board may from time to time seek feedback through shareholder questionnaires and an open invitation for shareholders to meet the Manager.

The Company is not aware of any institutions owning shares in the Company.

INTERNAL CONTROL

The Directors of Foresight 4 VCT plc have overall responsibility for the Company's system of internal control and for reviewing its effectiveness.

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

The Board's appointment of Foresight Group as accountant and administrator has delegated

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

Shakespeare Martineau LLP provide legal advice and assistance in relation to the maintenance of VCT tax status, the operation of the agreements entered into with Foresight Group and the application of the venture capital trust legislation to any company in which the Company is proposing to invest.

Foresight Fund Managers was appointed by the Board as Company Secretary in 2004 with responsibilities relating to the administration of the non-financial systems of internal control. All Directors have access to the advice and services of the Company Secretary, who is responsible to the Board for ensuring that Board procedures and applicable rules and regulations are complied with.

Pursuant to the terms of its appointment, Foresight Group invests the Company's assets in venture capital and other investments and in its capacity as administrator have physical custody of documents of title relating to equity investments.

Following publication of Internal Control: Guidance for Directors on the UK Corporate Governance Code (the Turnbull guidance), the Board confirms that there is a continuous process for identifying, evaluating and managing the significant risks faced by the Company, that has been in place for the year under review and up to the date of approval of the annual report and financial statements, and that this process is regularly reviewed by the Board and accords with the guidance.

The process is based principally on the Manager's existing risk-based approach to internal control whereby a test matrix is created that identifies the key functions carried out by the Manager and other service providers, the individual activities undertaken within those functions, the risks associated with each activity and the controls employed to minimise those risks. A residual risk rating is then applied.

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

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

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

The Board also reviews the Company's activities since the last Board meeting to ensure that the

Manager adheres to the agreed investment policy and approved investment guidelines and, if necessary, approves changes to such policy and guidelines.

The Board has reviewed the need for an internal audit function. It has decided that the systems and procedures employed by the Manager, the Audit Committee and other third party advisers provide sufficient assurance that a sound system of internal control, which safeguards shareholders' investment and the Company's assets, is maintained. In addition, the Company's financial statements are audited by external auditors. An internal audit function, specific to the Company, is therefore considered unnecessary.

DIRECTORS' PROFESSIONAL DEVELOPMENT

Full details of duties and obligations are provided at the time of appointment and are supplemented by further details as requirements change, although there is no formal induction programme for the Directors as recommended by provision B.4.1. Directors are also provided on a regular basis with key information on the Company's policies, regulatory and statutory requirements and internal controls.

Changes affecting Directors' responsibilities are advised to the Board as they arise. Directors also participate in industry seminars.

UK STEWARDSHIP CODE

The Manager, has endorsed the UK Stewardship Code published by the FRC. This sets out the responsibilities of institutional investors in relation to the companies in which they invest and a copy of this can be found on the Manager's website at www.foresightgroup.eu.

BRIBERY ACT 2010

The Company is committed to carrying out business fairly, honestly and openly. The Manager has established policies and procedures to prevent bribery within its organisation.

Raymond Abbott

Chairman

31 July 2017

Directors' Remuneration Report

INTRODUCTION

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

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

ANNUAL STATEMENT FROM THE CHAIRMAN OF THE REMUNERATION COMMITTEE

The Board which is profiled on pages 28 and 29 consists solely of non-executive directors and considers at least annually the level of the Board's fees.

The Committee concluded following a review of the level of Directors' fees there would be no increase for the year ending 31 March 2017.

CONSIDERATION BY THE DIRECTORS OF MATTERS RELATING TO DIRECTORS' REMUNERATION

The Management Engagement & Remuneration Committee comprises three Directors: Simon Jamieson (Chairman), Raymond Abbott and Michael Gray.

The Management Engagement & Remuneration Committee has responsibility for reviewing the remuneration of the Directors, specifically reflecting the time commitment and responsibilities of the role, and meets at least annually.

The Management Engagement & Remuneration Committee also undertakes external comparisons and reviews to ensure that the

levels of remuneration paid are broadly in line with industry standards and members have access to independent advice where they consider it appropriate. During the year neither the Board nor the Management Engagement & Remuneration Committee has been provided with external advice or services by any person, but has received industry comparison information from management in respect of the Directors' remuneration.

The remuneration policy set by the Board is described below. Individual remuneration packages are determined by the Remuneration Committee within the framework of this policy.

Directors are not involved in deciding their own individual remuneration.

REMUNERATION POLICY

The Board's policy is that the remuneration of Non-Executive Directors should reflect time spent and the responsibilities borne by the Directors for the Company's affairs and should be sufficient to enable candidates of high calibre to be recruited. The levels of Directors' fees paid by the Company for the year ended 31 March 2017 were agreed during the year.

It is considered appropriate that no aspect of Directors' remuneration should be performance related in light of the Directors' Non-Executive status, and Directors are not eligible for bonuses or other benefits.

The Company's policy is to pay the Directors monthly in arrears, to the Directors personally (or to a third party if requested by any Director although no such request has been made).

None of the Directors has a service contract but, under letters of appointment dated 22 June 2017 for Raymond Abbott, 14

February 2017 for Michael Gray and 3 October 2014 for Simon Jamieson, they may resign by giving six months' notice in writing to the Board or by mutual consent. No compensation is payable to Directors on leaving office.

The above remuneration policy was subject to Shareholder approval in 2015. It will require approval at the AGM following the financial year ended 31 March 2018..

Shareholders' views in respect of Directors' remuneration are communicated at the Company's Annual General Meeting and are taken into account in formulating the Directors' remuneration policy. At the last Annual General Meeting 50.4% of Shareholders voted for the resolution approving the Directors' Remuneration Report.

RETIREMENT BY ROTATION

All Directors are subject to re-election at least once every three years. As the Directors are not appointed for a fixed length of time there is no unexpired term to their appointment. However, the Directors will seek re-election as follows:

2017 AGM	2018 AGM	2019 AGM
R Abbott	-	R Abbott
M Gray	-	-
-	S Jamieson	-

SHAREPRICE TOTAL RETURN

The graph below charts the total shareholder return to 31 March 2017, on the hypothetical value of £100, invested by an Ordinary Shareholder since 28 February 2009. The return is compared to the total shareholder return on a notional investment of £100 in the FTSE AIM All-Share Index, which is considered an appropriate broad index against which to measure the Company's performance given that the profiles of many AIM companies being similar to those held by the Company.

DETAILS OF INDIVIDUAL EMOLUMENTS AND COMPENSATION

The emoluments in respect of qualifying services of each person who served as a Director during the year and those forecasted for the year ahead are shown on page 40. No Director has waived or agreed to waive any emoluments from the Company in either the current or previous year.

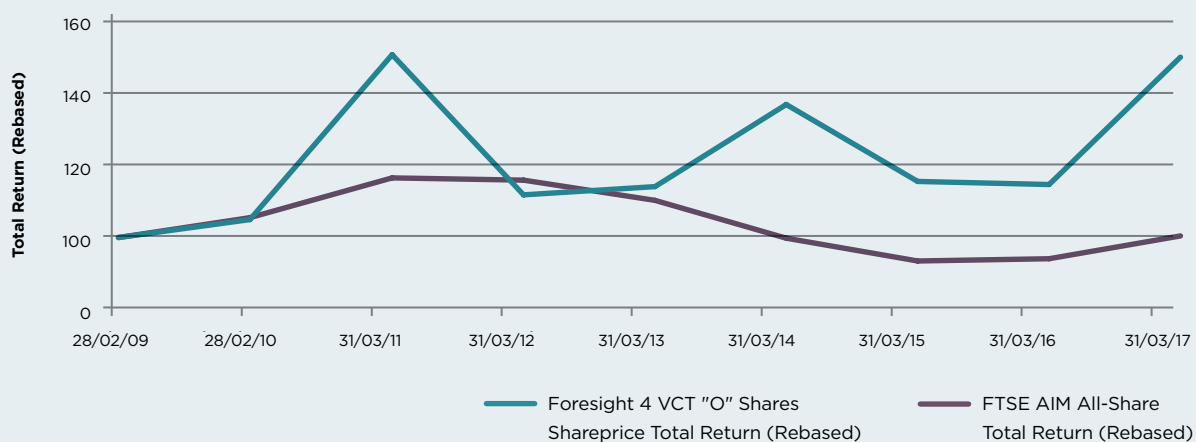
No other remuneration was paid or payable by the Company during the current or previous year nor were any expenses claimed by or paid to them other than

for expenses incurred wholly, necessarily and exclusively in furtherance of their duties as Directors of the Company.

The Company's Articles of Association do not set an annual limit on the level of Directors' fees but fees must be considered within the wider Remuneration Policy noted above.

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

Shareprice Total Return (pence)



Governance

DIRECTORS

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

	31 March 2017 Shares	31 March 2016 Shares
Philip Stephens (Chairman, resigned 31 March 2017)	14,930	14,930
Michael Gray (appointed 14 February 2017)	—	—
Peter Dicks (resigned 22 June 2017)	54,050	54,050
Simon Jamieson (Chairman between 31 March and 22 June 2017)	25,000	25,000
Raymond Abbott (Chairman, appointed 22 June 2017)	28,581	28,581
Total	122,581	122,581

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

There have been no changes in the Directors' share interests between 31 March 2017 and the date of this report.

In accordance with the Articles of Association and the requirements of the UK Corporate Governance Code, Mr Abbott and Mr Gray must retire through rotation and, being eligible, offer themselves for re-election. Biographical notes on the current serving Directors are given on pages 28-29. The Board believes that Mr Abbott's and Mr Gray's skills, experience and knowledge continue to complement each other and add value to the Company and recommends their re-election to the Board. None of the Directors has a contract of service with the Company.

AUDITED INFORMATION

The information below has been audited, with the exception of those fees forecasted for the year to 31 March 2018. See the Independent Auditor's Report on pages 44-45.

	Anticipated Directors' fees year ending 31 March 2018 (£)	Audited Directors' fees year ended 31 March 2017 (£)	Audited Directors' fees year ended 31 March 2016 (£)
Philip Stephens (Chairman, resigned 31 March 2017)	—	27,500	27,500
Peter Dicks (resigned 22 June 2017)	5,003	22,000	22,000
Simon Jamieson (Chairman 31 March 2017 to 22 June 2017)	23,251	22,000	22,000
Michael Gray (appointed 14 February 2017)	22,000	2,764	—
Raymond Abbott (Chairman, appointed 22 June 2017)	21,246	—	—
Total	71,500	74,264	71,500

The Directors are not eligible for pension benefits, share options or long-term incentive schemes. Directors' fees are reviewed annually, fees were last increased in the year ended 31 March 2013.

Votes cast For and Against the Directors' Remuneration Report for the year ended 31 March 2016

Shares and Percentage of votes cast For	Shares and Percentage of votes cast Against	Number of votes withheld
50.35%	49.65%	
5,160,214 votes	5,089,174 votes	302,262 votes

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

	Year ended 31 March 2017	Year ended 31 March 2016
Dividends	£—	£6,969,915
Share buybacks	£—	£265,679
Total Shareholder distributions	£—	£7,235,594
Directors fees	£74,264	£71,500
Directors fees % of Shareholder distributions	n/a	1.0%

APPROVAL OF REPORT

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

This Directors' Remuneration Report was approved by the Board on 31 July 2017 and is signed on its behalf by Raymond Abbott (Director).

On behalf of the Board

Raymond Abbott

Director
31 July 2017

Audit Committee Report

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

- Valuation and existence of unquoted investments; and
- Compliance with HM Revenue & Customs conditions for maintenance of approved Venture Capital Trust Status.

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

VALUATION OF UNQUOTED INVESTMENTS

The Directors have met quarterly to assess the appropriateness of the estimates and judgements made by the Manager in the investment valuations. As a Venture Capital Trust the Company's investments are predominantly in unlisted securities, which can be difficult to value and requires the application of skill, knowledge and judgement by the Board and Audit Committee. During the valuation process the Board and Audit Committee and the Manager follow the valuation methodologies for unlisted investments as set out in the International Private Equity and Venture Capital valuation guidelines and appropriate industry valuation benchmarks. These valuation policies are set out in Note 1 of the accounts. These were then further reviewed by the Audit Committee. The Manager confirmed to the Audit Committee that the investment valuations had been calculated consistently with prior periods and in accordance with published industry guidelines, taking account of the latest available information about investee companies and current market data. Furthermore, the Manager and audit committee held discussions regarding the

investment valuations with the auditor.

VENTURE CAPITAL TRUST STATUS

Maintaining Venture Capital Trust status and adhering to the tax rules of section 274 of ITA 2007 is critical to both the Company and its shareholders for them to retain their VCT tax benefits.

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

AUDITOR ASSESSMENT

The Manager and auditor confirmed to the Audit Committee that they were not aware of any material misstatements. Having reviewed the reports received from the Manager and auditor, the Audit Committee is satisfied that the key areas of risk and judgement have been addressed appropriately in the financial statements and that the significant assumptions used in determining the value of assets and liabilities have been properly appraised and are sufficiently robust. The Audit Committee considers that KPMG LLP has carried out its duties as auditor in a diligent and professional manner. During the year, the Audit Committee assessed the effectiveness of the current external audit process

by assessing and discussing specific audit documentation presented to it in accordance with guidance issued by the Auditing Practices Board. The audit director is rotated every five years ensuring that objectivity and independence is not impaired. The current audit director has been in place for three year ends. KPMG LLP was appointed as auditor in 25 January 2011, with their first audit for the year ended 28 February 2011. No tender for the audit of the Company has been undertaken since this date. As part of its review of the continuing appointment of the auditors, the Audit Committee considers independence of the auditor, the need to put the audit out to tender, its fees and independence from the Manager along with any matters raised during each audit.

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

Simon Jamieson
Audit Committee Chairman
31 July 2017

Statement of Directors' Responsibilities

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ANNUAL REPORT AND FINANCIAL STATEMENTS

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice) including FRS102, the Financial Reporting Standard applicable in the UK and Republic of Ireland.

Under company law the directors must not approve the financial statements unless they are satisfied they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and 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 company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any

time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

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

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website (which is delegated to Foresight Group and incorporated into their website). Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

STATEMENT OF DIRECTORS' IN RESPECT OF THE ANNUAL FINANCIAL REPORT

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the applicable accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company;
- the Annual Report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that the Company faces; and
- the report and accounts, taken as a whole, are fair, balanced, and understandable and provide the necessary information for shareholders to assess the company's performance, business model and strategy.

On behalf of the Board

Raymond Abbott

Chairman
31 July 2017

Independent Auditor's Report to the Members of Foresight 4 VCT PLC

OPINIONS AND CONCLUSIONS ARISING FROM OUR AUDIT

1. Our opinion on the financial statements is unmodified

We have audited the financial statements of Foresight 4 VCT Plc for the year ended 31 March 2017 set out on pages 46 to 65. In our opinion, the financial statements:

- give a true and fair view of the Company's affairs as at 31 March 2017, and of its profit for the year then ended;
- have been properly prepared in accordance with UK Accounting Standards including FRS 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

2. Our assessment of risks of material misstatement

In arriving at our audit opinion above on the financial statements the risk of material misstatement that had the greatest effect on our audit was as follows (unchanged from 2016):

Valuation of Unquoted Investments:

£40.3 million (2016: £37.5 million)
Refer to page 42 (Audit Committee Report), pages 50 to 52 (accounting policy) and pages 56 to 65 (financial statements).

The risk: Subjective valuation - 95% of the Company's total assets (by value) is held in investments where no quoted market price is available. Unquoted investments are measured at fair value, which is established in accordance with the International Private Equity and Venture Capital Valuation Guidelines by using measurements of value such as prices of recent orderly transactions, earnings multiples, discounted cash flow measurements, and net assets. There is a significant risk over the valuation of these investments.

Our response:

Our procedures included:

- Control design: Documenting and assessing the design and implementation of the investment valuation processes and controls;
- Control observation: Attending the year end Audit Committee meeting where we assessed the effectiveness of the Audit Committee's challenge and approval of unlisted investment valuations;
- Historical comparisons: Assessing the investment realisations in the period, comparing actual sales proceeds to prior year end valuations to understand the reasons for significant variances and determining whether they are indicative of bias or error in the Company's approach to valuations;
- Methodology choice: In the context of observed industry best practice and the provisions of the International Private Equity and Venture Capital Valuation Guidelines, we challenged the appropriateness of the valuation basis selected;
- Our valuations experience: Challenging the Investment Manager on key judgements affecting investee company valuations, such as discount factors and the choice of benchmark for earnings multiples. We compared key underlying financial data inputs to external sources, investee company audited accounts and management information as applicable. We challenged the assumptions around the sustainability of earnings based on the plans of the investee companies and whether these are achievable, and we obtained an understanding of existing and prospective investee company cash flows to understand whether borrowings can be serviced or refinancing may be required. Our work included consideration of events

which occurred subsequent to the year end up until the date of this audit report;

- Comparing valuations: Where a recent transaction has been used to value any holding, we obtained an understanding of the circumstances surrounding those transactions and whether it was considered to be on an arms-length basis and suitable as an input into a valuation; and
- Assessing transparency: Consideration of the appropriateness, in accordance with relevant accounting standards, of the disclosures in respect of unquoted investments and the effect of changing one or more inputs to reasonable possible alternative valuation assumptions.

3. Our application of materiality and an overview of the scope of our audit

Materiality for the financial statements as a whole was set at £0.4 million (2016: £0.4 million), determined using a benchmark of Total Assets, of which it represents 1% (2016: 1%).

We reported to the Audit Committee any uncorrected identified misstatements exceeding £21,000 (2016: £21,000) in addition to other identified misstatements that warrant reporting on qualitative grounds.

Our audit of the Company was undertaken to the materiality level specified above and was performed at the offices of the Manager, Foresight Group in London.

4. Our opinion on other matters prescribed by the Companies Act 2006 is unmodified

In our opinion:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006; and
- the information given in the Strategic Report and the

Directors' Report for the financial year is consistent with the financial statements; and

- the information given in the Corporate Governance statement set out on pages 36 and 37 with respect to internal control and risk management systems in relation to financial reporting processes and about share capital structures ("the specified Corporate Governance information") is consistent with the financial statements.
- Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Strategic Report, the Directors' Report and the Corporate Governance Statement:
- we have not identified material misstatements in the Strategic Report, the Directors' Report, or the specified Corporate Governance information;
- in our opinion, the Strategic Report and the Directors' Report have been prepared in accordance with the Companies Act 2006; and
- in our opinion, the Corporate Governance Statement has been prepared in accordance with rules 7.2.2, 7.2.3, 7.2.5, 7.2.6 and 7.2.7 of the Disclosure Rules and Transparency Rules of the Financial Conduct Authority.

5. We have nothing to report on the disclosures of principle risks

Based on the knowledge we acquired during our audit, we have nothing material to add or draw attention to in relation to:

- the directors' viability statement on page 26, concerning the principal risks, their management, and, based on that, the directors' assessment and expectations of the company's continuing in operation over the 3 years to 31 March 2020;
- or the disclosures in Note 1 of the financial statements concerning the use of the going

concern basis of accounting.

6. We have nothing to report in respect of the matters on which we are required to report by exception

Under International Standards on Auditing (UK and Ireland), we are required to report to you if, based on the knowledge we acquired during our audit, we have identified other information in the annual report that contains a material inconsistency with either that knowledge or the financial statements, a material misstatement of fact, or that is otherwise misleading.

In particular, we are required to report to you if:

- we have identified material inconsistencies between the knowledge we acquired during our audit and the directors' statement that they consider that the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy; or
- the Audit Committee Report does not appropriately address matters communicated by us to the audit committee.

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

- proper accounting records have not been kept by the Company, or
- the financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records;
- 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; or
- a Corporate Governance

Statement has not been prepared by the company

Under the Listing Rules we are required to review:

- the directors' statements, set out on pages 32 and 26, in relation to going concern and long term viability; and
- the part of the Corporate Governance Statement, on page 34 to 37, relating to the company's compliance with the eleven provisions of the 2014 UK Corporate Governance Code specified for our review.

We have nothing to report in respect of the above responsibilities.

Scope and responsibilities

As explained more fully in the Directors' Responsibilities Statement set out on page 43, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate. This report is made solely to the company's members as a body and is subject to important explanations and disclaimers regarding our responsibilities, published on our website at www.kpmg.com/uk/auditscopeukco2014a, which are incorporated into this report as if set out in full and should be read to provide an understanding of the purpose of this report, the work we have undertaken and the basis of our opinions.

Philip Merchant (Senior Statutory Auditor) for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants
15 Canada Square
London
E14 5GL
31 July 2017

Financial Statements

Income Statement

FOR THE YEAR ENDED 31 MARCH 2017

	Notes	Year ended 31 March 2017			Year ended 31 March 2016		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Investment holding gains	8	—	8,728	8,728	—	3,931	3,931
Realised losses on investments	8	—	(5,941)	(5,941)	—	(10,434)	(10,434)
Income	2	383	—	383	2,570	—	2,570
Investment management fees	3	(229)	(686)	(915)	(279)	(839)	(1,118)
Other expenses	4	(424)	—	(424)	(499)	—	(499)
(Loss)/return on ordinary activities before taxation		(270)	2,101	1,831	1,792	(7,342)	(5,550)
Taxation	5	—	—	—	—	—	—
(Loss)/return on ordinary activities after taxation		(270)	2,101	1,831	1,792	(7,342)	(5,550)
Return per share:							
Ordinary Share	7	(0.6)p	3.7p	3.1p	3.1p	(12.7p)	(9.6p)

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

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

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

The notes on pages 50 to 65 form part of these financial statements.

Reconciliation of Movements in Shareholders' Funds

	Called-up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Profit and loss account £'000	Total £'000
Year ended 31 March 2017					
Company					
As at 1 April 2016	574	5,147	265	34,379	40,365
Expenses in relation to previous years share issues*	—	(35)	—	—	(35)
Transaction Costs	—	—	—	(2)	(2)
Return for the year	—	—	—	1,831	1,831
As at 31 March 2017	574	5,112	265	36,208**	42,159

	Called-up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Profit and loss account £'000	Total £'000
Year ended 31 March 2016					
Company					
As at 1 April 2015	570	4,847	261	47,165	52,843
Share issues in the year	8	347	—	—	355
Expenses in relation to previous years share issues*	—	(47)	—	—	(47)
Repurchase of shares	(4)	—	4	(266)	(266)
Dividends	—	—	—	(6,970)	(6,970)
Loss for the year	—	—	—	(5,550)	(5,550)
As at 31 March 2016	574	5,147	265	34,379**	40,365

The notes on pages 50 to 65 form part of these financial statements.

* Trail commission payable to financial advisors in the year.

** Of this amount £14,049,000 (2016: £20,949,000) is realised and distributable.

Financial Statements

Balance Sheet

AT 31 MARCH 2017

	Notes	As at 31 March 2017 £'000	As at 31 March 2016 £'000
Fixed assets			
Investments held at fair value through profit or loss	8	40,463	37,738
Current assets			
Debtors	9	151	959
Money market securities and other deposits		838	1,773
Cash		790	62
		1,779	2,794
Creditors			
Amounts falling due within one year	10	(83)	(167)
Net current assets		1,696	2,627
Net assets		42,159	40,365
Capital and reserves			
Called-up share capital	11	574	574
Share premium account		5,112	5,147
Capital redemption reserve		265	265
Profit and loss account		36,208	34,379
Equity shareholders' funds		42,159	40,365
Net asset value per share:			
Ordinary Share	12	73.5p	70.4p

The financial statements were approved by the Board of Directors and authorised for issue on 31 July 2017 and were signed on its behalf by:

Raymond Abbott

Chairman

The notes on pages 50 to 65 form part of these financial statements.

Cash Flow Statement

FOR THE YEAR ENDED 31 MARCH 2017

	Year ended 31 March 2017 £'000	Year ended 31 March 2016 £'000
Cash flow from operating activities		
Investment income received	553	563
Dividends received from investments	10	2,117
Deposit and similar interest received	4	24
Investment management fees paid	(915)	(1,118)
Secretarial fees paid	(157)	(157)
Other cash payments	(284)	(379)
Net cash (outflow)/inflow from operating activities and returns on investment	(789)	1,050
Returns on investment and servicing of finance		
Purchase of unquoted investments	(189)	(7,256)
Proceeds on sale of investments	357	717
Proceeds on deferred consideration	509	7
Proceeds on liquidation of investments	—	58
Net capital inflow/(outflow) from financial investment	677	(6,474)
Equity dividends paid	—	(6,970)
Management of liquid resources		
Movement in money market funds	935	2,627
	935	2,627
Financing		
Proceeds of fund raising	—	355
Expenses of fund raising for previous years	(35)	(47)
Repurchase of own shares*	(60)	(111)
Net cash (outflow)/inflow from financing activities	(95)	197
Net inflow/(outflow) of cash for the year	728	(9,570)
Reconciliation of net cash flow to movement in net funds		
Increase/(decrease) in cash for the year	728	(9,570)
Net cash at start of year	62	9,632
Net cash at end of year	790	62

Analysis of changes in net debt	At 1 April 2016 £'000	Cash flow £'000	At 31 March 2017 £'000
Cash and cash equivalents	62	728	790

* Relates to transaction in prior year.

Notes to the Accounts

FOR THE YEAR ENDED 31 MARCH 2017

1 ACCOUNTING POLICIES

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

A) BASIS OF ACCOUNTING

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

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

B) ASSETS HELD AT FAIR VALUE THROUGH PROFIT OR LOSS – INVESTMENTS

All investments held by the Company are classified as “fair value through profit and loss”. The Directors fair value investments in accordance with the International Private Equity and Venture Capital (“IPEV”) Valuation Guidelines, as updated in December 2015. This classification is followed as the Company’s business is to invest in financial assets with a view to profiting from their total return in the form of capital growth and income.

For investments actively traded on organised financial markets, fair value is generally determined by reference to Stock Exchange market quoted bid prices at the close of business on the balance sheet date. Purchases and sales of quoted investments are recognised on the trade date where a contract of sale exists whose terms require delivery within a time frame determined by the relevant market. Purchases and sales of unlisted investments are recognised when the contract for acquisition or sale becomes unconditional.

Unquoted investments are stated at fair value by the Directors in accordance with the following rules, which are consistent with the IPEV Valuation Guidelines:

All investments are held at the price of a recent investment for an appropriate period where there is considered to have been no change in fair value. Where such a basis is no longer considered appropriate, the following factors will be considered:

- (i) Where a value is indicated by a material arms-length transaction by an independent third party in the shares of a company, this value will be used.
- (ii) In the absence of i), and depending upon both the subsequent trading performance and investment structure of an investee company, the valuation basis will usually move to either:
 - a) an earnings multiple basis. The shares may be valued by applying a suitable price-earnings ratio to that company’s historic, current or forecast post-tax earnings before interest and amortisation (the ratio used being based on a comparable sector but the resulting value being adjusted to reflect points of difference identified by the Investment Manager compared to the sector including, inter alia, a lack of marketability);

NOTE 1 ACCOUNTING POLICIES (CONTINUED)

B) ASSETS HELD AT FAIR VALUE THROUGH PROFIT OR LOSS – INVESTMENTS

or

- b) where a company's underperformance against plan indicates a diminution in the value of the investment, provision against cost is made, as appropriate. Where the value of an investment has fallen permanently below cost, the loss is treated as a permanent impairment and as a realised loss, even though the investment is still held. The Board assesses the portfolio for such investments and, after agreement with the Investment Manager, will agree the values that represent the extent to which an investment loss has become realised. This is based upon an assessment of objective evidence of that investment's future prospects, to determine whether there is potential for the investment to recover in value.
- (iii) Premiums on loan stock investments are accrued at fair value when the Company receives the right to the premium and when considered recoverable.
- (iv) Where an earnings multiple or cost less impairment basis is not appropriate and overriding factors apply, discounted cash flow, a net asset valuation, or industry specific valuation benchmarks may be applied. An example of an industry specific valuation benchmark would be by applying a suitable turnover multiple to that company's historic, current and forecast turnover (the multiple used based on a comparable sector but the resulting value being adjusted to reflect points of difference identified by the Investment Manager compared to the sector including, inter alia, a lack of marketability).

C) INCOME

Dividends receivable on quoted equity shares are brought into account on the ex-dividend date. Dividends receivable on unquoted equity shares are brought into account when the Company's rights to receive payment are established and there is no reasonable doubt that payment will be received. Other income such as loan or deposit interest is included on an accruals basis, calculated using the effective interest method. Redemption premiums are recognised on repayment of loans.

D) EXPENSES

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

Performance incentive payments will relate predominantly to the capital performance of the portfolio and will therefore be charged 100% to capital.

E) BASIC FINANCIAL INSTRUMENTS

Trade and other debtors

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

Trade and other creditors

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

Investments in preference and ordinary shares

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

Notes to the Accounts

FOR THE YEAR ENDED 31 MARCH 2017

1 ACCOUNTING POLICIES (CONTINUED)

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

F) OTHER FINANCIAL INSTRUMENTS

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

G) TAXATION

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

H) DEFERRED TAXATION

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

I) CAPITAL RESERVES

The capital reserve is shown in aggregate and is made up of two elements:

(i) Realised

The following are accounted for in this reserve:

- Gains and losses on realisation of investments;
- Permanent diminution in value of investments;
- Transaction costs incurred in the acquisition of investments;
- 75% of management fee expense, together with the related tax effect to this reserve in accordance with the policies; and
- Income and costs for the period (capital items).

(ii) Revaluation reserve (unrealised capital reserve)

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

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

J) INVESTMENT RECOGNITION AND DERECOGNITION

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

K) CRITICAL ESTIMATES AND ASSUMPTION

The preparation of the financial statements requires the Board to make judgements and estimates that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Key estimation uncertainties mainly relate to the fair valuation of unquoted investments, which are based on historical experience and other factors that are considered reasonable including the transfer price of the most recent transaction on an arm's length basis. The estimates are under continuous review with particular attention paid to the carrying value of the investments. The process of estimation is also affected by the determination of fair value hierarchy described in note 15 to the financial statements.

2 INCOME

	Year ended 31 March 2017 £'000	Year ended 31 March 2016 £'000
Loan stock interest	368	428
Dividends receivable	11	2,117
Overseas based Open Ended Investments Companies ("OEICs")	4	24
Bank deposits	—	1
	383	2,570

3 INVESTMENT MANAGEMENT FEES

	Year ended 31 March 2017 £'000	Year ended 31 March 2016 £'000
Investment management fees charged to the revenue account	229	279
Investment management fees charged to the capital account	686	839
	915	1,118

Foresight Group provide investment management services to the Company under an agreement dated 30 July 2004 (and novated to Foresight Group CI Limited on 19 December 2011) and receive management fees, paid quarterly in advance, of 2.25% of net assets per annum. If the annual expenses of the Company exceed 3.5% of the Company's total assets less current liabilities, the Company is entitled to reduce the fees paid to the Manager by the amount of the excess.

This agreement may be terminated by either party giving to the other not less than twelve months' notice, at any time after the third anniversary. Following the completion of the merger with Foresight 3 VCT plc on 22 June 2017 the management fee rate has been reduced to 2.00%.

Foresight Fund Managers Limited is the Secretary of the Company and receives annual fees, paid quarterly in advance, for the services provided of £157,000 (2016: £157,000). The annual secretarial fee (which is payable together with any applicable VAT) is adjusted annually in line with the UK Retail Prices Index.

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

Details of the performance-related incentive are given in note 13.

Notes to the Accounts

FOR THE YEAR ENDED 31 MARCH 2017

4 OTHER EXPENSES

	Year ended 31 March 2017 £'000	Year ended 31 March 2016 £'000
Secretarial services (excluding VAT)	157	157
Directors' remuneration including employer's National Insurance contributions	78	76
Auditor's remuneration (excluding VAT)		
— audit services	39	28
— taxation services	4	11
Other*	146	227
	424	499

*Included within other costs for 2016 are one-off costs in relation to the O and C Share Class merger of £37,000

5 TAX ON ORDINARY ACTIVITIES

	Year ended 31 March 2017			Year ended 31 March 2016		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Current tax						
Corporation tax	—	—	—	—	—	—
Total current tax	—	—	—	—	—	—
Deferred tax	—	—	—	—	—	—
Total tax	—	—	—	—	—	—

FACTORS AFFECTING CURRENT TAX CHARGE FOR THE YEAR:

The tax assessed for the year is lower than the standard rate of corporation tax in the UK for a venture capital fund (20%).

The differences are explained below:

	Year ended 31 March 2017 £'000	Year ended 31 March 2016 £'000
Net income before taxation	1,831	(5,550)
Corporation tax at 20% (2016: 20%)	366	(1,110)
Effect of:		
Dividend income not taxable	2	(423)
Realised losses not deductible	1,188	2,087
Net unrealised gains not taxable	(1,745)	(786)
Movement in unutilised management expenses	189	232
Current tax charge for the year	—	—

There is an unrecognised deferred tax asset of approximately £1,943,928 (2016: £1,753,450). The deferred tax asset relates to the current and prior year unutilised expenses. It is considered too uncertain that there will be taxable profits in the future against which the deferred tax assets can be offset and, therefore, the asset has not been recognised.

6 DIVIDENDS

	Year ended 31 March 2017 £'000	Year ended 31 March 2016 £'000
Ordinary Shares		
Dividends — paid in the year — nil per share (2016: 4p)	—	2,300
C Shares		
Dividends — paid in the year — nil per share (2016: 25p)	—	4,670

The Board is not recommending a final dividend on the Ordinary Shares for the year ended 31 March 2017 (2016: £nil).

Set out below are the total income dividends payable in respect of the financial year, which is the basis on which the requirements of section 274 of The Income Tax Act 2009 are considered.

As at 31 March 2017, reserves available for dividend distribution total £14,049,000 (2016: £20,949,000) comprising the revenue, capital and distributable reserves less the net unrealised loss on those investments whose prices are quoted in an active market and deemed readily available.

In accordance with S.259 of the Income Tax Act 2007, a Venture Capital Trust may not retain more than 15% of its qualifying income in any one accounting period. No qualifying income was retained in the year.

7 RETURN PER SHARE

	Year ended 31 March 2017 £'000	Year ended 31 March 2016 £'000
Total return/(loss) after taxation	1,831	(5,550)
Total return/(loss) per share (note a)	3.1p	(9.6)p
Revenue (loss)/return from ordinary activities after taxation	(270)	1,792
Revenue (loss)/return per share (note b)	(0.6)p	3.1p
Capital return/(loss) from ordinary activities after taxation	2,101	(7,342)
Capital return/(loss) per share (note c)	3.7p	(12.7)p
Weighted average number of shares in issue in the year*	57,375,499	57,567,321

* The weighted average number of shares in 2016 has been adjusted to take account of the O and C Share fund merger on 10 August 2015.

Notes:

- a)** Total return/(loss) per share is total return after taxation divided by the weighted average number of shares in issue during the year.
- b)** Revenue (loss)/return per share is revenue return after taxation divided by the weighted average number of shares in issue during the year.
- c)** Capital return/(loss) per share is capital return after taxation divided by the weighted average number of shares in issue during the year.

Notes to the Accounts

FOR THE YEAR ENDED 31 MARCH 2017

8 INVESTMENTS HELD AT FAIR VALUE THROUGH PROFIT OR LOSS

	2017 £'000	2016 £'000
Quoted investments	143	282
Unquoted investments	40,320	37,456
	40,463	37,738

	Quoted £'000	Unquoted £'000	Total £'000
Book cost at 1 April 2016	827	27,438	28,265
Investment holding (losses)/gains	(545)	10,018	9,473
Valuation at 1 April 2016	282	37,456	37,738
Movements in the year:			
Purchases at cost	—	189	189
Disposal proceeds**	(112)	(139)	(251)
Realised losses*	(264)	(6,168)	(6,432)
Investment holding gains*	237	8,982	9,219
Valuation at 31 March 2017	143	40,320	40,463
Book cost at 31 March 2017	451	21,320	21,771
Investment holding (losses)/gains	(308)	19,000	18,692
Valuation at 31 March 2017	143	40,320	40,463

* Realised losses in the income statement includes £509,000 realised gains in relation to deferred consideration received during the year, and £18,000 realised loss in relation to deferred consideration which was written off during the year. Both were recognised within investment holding gains in the income statement up until the point of receipt / write off.

** Net proceeds in the cash flow statement includes £106,000 received during the current year which was recognised as a debtor in 2016.

9 DEBTORS

	2017 £'000	2016 £'000
Accrued income	122	308
Deferred consideration	25	534
Prepayments	4	9
Other debtors	—	108
	151	959

10 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017 £'000	2016 £'000
Trade creditors	6	40
Accruals	77	68
Other creditors	—	59
	83	167

11 CALLED-UP SHARE CAPITAL

	2017 £'000	2016 £'000
Allotted, called up and fully paid:		
57,375,499 Ordinary Shares of 1p each (2016: 57,375,499)	574	574

The Ordinary Shares fund purchased nil (2016: 434,528) shares for cancellation at a cost of £nil (2016: £266,000).

12 NET ASSET VALUE PER SHARE

Net asset value per Ordinary Share is based on net assets at the year end of £42,159,000 (2016: £40,365,000) and on 57,375,499 (2016: 57,375,499) Ordinary Shares, being the number of Ordinary Shares in issue at that date.

13 PERFORMANCE-RELATED INCENTIVE

Foresight Group is entitled to a payment equal to 15% of dividends paid to Ordinary Shareholders, subject to the net asset value plus cumulative dividends paid per Ordinary Share following the date of the Extraordinary General Meeting exceeding 100.0p per Share ("High Watermark"), both immediately before and immediately after the performance related incentive fee is paid. The high watermark is currently 108.0p per share.

After each distribution is made to Ordinary Shareholders where a performance incentive is paid to Foresight Group, the High Watermark required to be achieved by the Company to trigger a further performance incentive fee increases by a per Ordinary Share amount equivalent to the aggregate amount of the dividend paid less the 15% performance fee paid to Foresight Group. The total return figure for this calculation is currently 91.5p per share.

The performance incentive fee may be satisfied by either a cash payment or the issue of Ordinary Shares (or by a combination of both) ultimately at the Board's discretion. Any new Ordinary Shares to be issued to Foresight Group would be calculated by dividing the performance fee cash equivalent amount by the latest net asset value per Ordinary Share after adding the cumulative dividends to be paid.

No performance incentive was paid in the year (2016: £nil).

14 CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

The Company had no capital commitments and contingent liabilities at 31 March 2017 (31 March 2016: £nil).

15 FINANCIAL INSTRUMENT RISK MANAGEMENT

The Company's financial instruments comprise:

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

Notes to the Accounts

FOR THE YEAR ENDED 31 MARCH 2017

15 FINANCIAL INSTRUMENT RISK MANAGEMENT (CONTINUED)

Classification of financial instruments

The Company held the following categories of financial instruments, all of which are included in the balance sheet at fair value, at 31 March 2017:

	2017 (Fair value) £'000	2016 (Fair value) £'000
Assets at fair value through profit and loss		
Investment portfolio	40,463	37,738
Current asset investments (money market funds)	838	1,773
Cash at bank	790	62
Total	42,091	39,573

Loans to investee companies are treated as fair value through profit and loss and are included in the investment portfolio.

The investment portfolio principally consists of unquoted investments, AIM quoted investments and qualifying loan stock valued at fair value. AIM quoted investments are valued at bid price. Current asset investments are money market funds, discussed under credit risk management below.

The investment portfolio has a high concentration of risk towards small UK-based companies, the majority being unquoted sterling denominated equity and loan stock holdings (95.6% of net assets for the Company), or quoted on the sterling denominated UK AIM market (0.3% of net assets for the Company).

An analysis of the maturity of the assets of the Company above, where this is relevant, is provided on the next page. These are assets subject to interest rate risk. There are no liabilities of significance to these accounts that mature beyond one month from the balance sheet date.

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

Detailed below is a summary of the financial risks to which the Company is exposed.

INTEREST RATE RISK

The fair value of the Company's fixed rate securities and the net revenue generated from the Company's floating rate securities may be affected by interest rate movements. Investments are often in early stage businesses, which are relatively high risk investments sensitive to interest rate fluctuations. Due to the short time to maturity of some of the Company's fixed rate investments, it may not be possible to reinvest in assets which provide the same rates as those currently held. When making investments of an equity and debt nature, consideration is given during the structuring process to the potential implications of interest rate risk and the resulting investment is structured accordingly. The maximum exposure to interest rate risk for the Company was £10,043,000 at 31 March 2017 (31 March 2016: £12,010,000).

15 FINANCIAL INSTRUMENT RISK MANAGEMENT (CONTINUED)

	Total portfolio		Weighted average interest rate		Weighted average time for which rate is fixed	
	31 March 2017 £'000	31 March 2016 £'000	31 March 2017 %	31 March 2016 %	31 March 2017 Days	31 March 2016 Days
Company Portfolio						
Short-term fixed interest securities						
— exposed to fixed interest rate risk	838	1,773	0.2%	0.4%	—	—
Loan stock						
— exposed to fixed interest rate risk	7,758	8,751	10.2%	10.2%	950	1,262
Loan stock						
—exposed to variable interest rate risk	657	1,424	9.1%	8.3%	—	—
Cash	790	62	0.25%	0.5%	—	—
Total exposed to interest rate risk	10,043	12,010				
Total	10,043	12,010				

	Total portfolio	
	31 March 2017 £'000	31 March 2016 £'000
Maturity analysis:		
— in one year or less	3,953	3,410
— in more than one year but no more than two years	406	1,710
— in more than two years but no more than three years	496	1,206
— in more than three years but no more than four years	5,188	496
— in more than four years but no more than five years	—	5,188
Total	10,043	12,010

Notes to the Accounts

FOR THE YEAR ENDED 31 MARCH 2017

15 FINANCIAL INSTRUMENT RISK MANAGEMENT (CONTINUED)

During the course of the year the Company also held cash balances. The benchmark rate, which determines the interest payments received on cash and loan balances held, is the bank base rate which was 0.25% at 31 March 2017 (0.5% at 31 March 2016).

CREDIT RISK

Credit risk is the risk of failure by counterparties to deliver securities which the Company has paid for, or the failure by counterparties to pay for securities which the Company has delivered. The Company has exposure to credit risk in respect of the loan stock investments it has made into investee companies, most of which have no security attached to them, and where they do, such security ranks beneath any bank debt that an investee company may owe. The Board manages credit risk in respect of the current asset investments and cash by ensuring a spread of such investments in separate money market funds and cash at bank such that none exceed 15% of the Company's total investment assets. These money market funds are investment grade funds, and so credit risk is considered to be low. The Manager receives management accounts from portfolio companies, and members of the investment management team often sit on the boards of unquoted portfolio companies; this enables the close identification, monitoring and management of investment-specific credit risk. The maximum exposure to credit risk at 31 March 2017 was £10,194,000 (31 March 2016: £12,969,000) for the Company based on cash, money market funds and other receivables (amounts due on investments, dividends and interest). The majority of the Company's assets are held in its own name in certificated form and therefore custodian default risk is negligible. AIM holdings held by a third party custodian in CREST are ring fenced from the assets of the custodian or other client companies.

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

	2017 £'000	2016 £'000
Loan stocks	8,415	10,175
Current asset investments (money market funds)	838	1,773
Deferred consideration	25	534
Accrued interest and other debtors	126	425
Cash at bank	790	62
Total	10,194	12,969

MARKET PRICE RISK

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

The investments in equity and fixed interest stocks of unquoted companies are rarely traded (and AIM listed companies which the Company holds are thinly traded) and as such the prices are more volatile than those of more widely traded securities. In addition, the ability of the Company to realise the investments at their carrying value may at times not be possible if there are no willing purchasers. The ability of the Company to purchase or sell investments is also constrained by the requirements set down for Venture Capital Trusts. The potential maximum exposure to market price risk, being the value of the investment portfolio as at 31 March 2017 £40,463,000 for the Company (31 March 2016: £37,738,000).

LIQUIDITY RISK

The investments in equity and fixed interest stocks of unquoted companies that the Company holds are not traded and they are not readily realisable. The ability of the Company to realise the investments at

15 FINANCIAL INSTRUMENT RISK MANAGEMENT (CONTINUED)

their carrying value may at times not be possible if there are no willing purchasers. The Company's ability to sell investments may also be constrained by the requirements set down for VCTs. The maturity profile of the Company's loan stock investments disclosed within the consideration of credit risk above indicates that these assets are also not readily realisable until dates up to five years from the year-end.

To counter these risks to the Company's liquidity, the Investment Manager maintains sufficient cash and money market funds to meet running costs and other commitments. The Company typically invests its surplus funds in high quality money market funds which are all accessible on an immediate basis.

SENSITIVITY ANALYSIS

Equity price sensitivity

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

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

The Board considers that even the loan stocks are 'quasi-equity' in nature, as the value of the loan stocks is determined by reference to the enterprise value of the investee company. Such value is considered to be sensitive to changes in quoted share prices, in so far as such changes eventually affect the enterprise value of unquoted companies. The table below shows the impact on profit and net assets if there were to be a 15% (2016: 15%) movement in overall share prices, which might in part be caused by changes in interest rate levels, but it is not considered practical to evaluate separately the impact of changes in interest rates upon the value of the Company's portfolios of investments in small, unquoted companies.

The sensitivity analysis below assumes that each of these sub categories of investments (shares and loan stocks) held by the Company produces an overall movement of 15%, and that the actual portfolio of investments held by the Company is perfectly correlated to this overall movement in share prices. However, shareholders should note that this level of correlation would not be the case in reality. Movements may occur to both quoted and unquoted companies and be as a result of changes to the market or alternatively as a result of assumptions made when valuing portfolio or a combination of the two.

Company	2017 Return and net assets	2016 Return and net assets
If overall share prices fell by 15% (2016: 15%), with all other variables held constant — decrease (£'000)	(6,069)	(5,661)
Decrease in earnings, and net asset value, per share (in pence)	(10.58)p	(9.87)p
	2017 Return and net assets	2016 Return and net assets
If overall share prices Increased by 15% (2016: 15%), with all other variables held constant — increase (£'000)	6,069	5,661
Increase in earnings, and net asset value, per share (in pence)	10.58p	9.87p

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

Notes to the Accounts

FOR THE YEAR ENDED 31 MARCH 2017

15 FINANCIAL INSTRUMENT RISK MANAGEMENT (CONTINUED)

Interest rate sensitivity

Although the Company holds investments in loan stocks that pay interest, the Board does not believe that the value of these instruments is interest rate sensitive. This is because the majority of the interest is fixed, so not at risk of interest rate movements, and the Board does not consider the impact of interest rate changes on the variable rate loans materially affects the value of the portfolio in isolation, other than the consequent impact that interest rate changes have upon movements in share prices, discussed under equity price risk above. The table below shows the sensitivity of income earned to changes in interest rates.

Company	2017 Return and net assets	2016 Return and net assets
If interest rates were 1% lower, with all other variables held constant — decrease (£'000)	(7)	(14)
Decrease in earnings, and net asset value, per Share (in pence)	(0.01)p	(0.02)p
If interest rates were 1% higher, with all other variables held constant — increase (£'000)	7	14
Increase in earnings, and net asset value, per Share (in pence)	0.01p	0.02p

The impact of a change of 1% has been selected as this is considered reasonable, given the current level of the Bank of England base rates and market expectations for future movement.

FAIR VALUE HIERARCHY

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

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

As at 31 March 2017

	Level 1 £'000	Level 2 £'000	Level 3 £'000s	Total £'000
Quoted investments	143	—	—	143
Unquoted investments	—	—	40,320	40,320
Current asset investments (money market funds)	838	—	—	838
Financial assets	981	—	40,320	41,301

As at 31 March 2016

	Level 1 £'000	Level 2 £'000	Level 3 £'000s	Total £'000
Quoted investments	282	—	—	282
Unquoted investments	—	—	37,456	37,456
Current asset investments (money market funds)	1,773	—	—	1,773
Financial assets	2,055	—	37,456	39,511

15 FINANCIAL INSTRUMENT RISK MANAGEMENT (CONTINUED)

The Company primarily invests in private equity via unquoted equity and loan securities. The Group's investment portfolio is recognised in the balance sheet at fair value, in accordance with IPEV Valuation Guidelines.

The gains on level 3 investments are included within investment holding gains and realised losses on investments in the Income Statement.

Year ended 31 March 2017

	Company Shares fund Level 3 £'000
Valuation brought forward at 1 April 2016	37,456
Purchases	189
Disposal proceeds	(139)
Realised losses	(6,168)
Investment holding gains	8,982
Valuation carried forward at 31 March 2017	40,320

Unquoted investments are valued based on professional assumptions and advice that is not wholly supported by prices from current market transactions or by observable market data. The Directors make use of recognised valuation techniques and may take account of recent arms' length transactions in the same or similar investments.

The Directors regularly review the principles applied by the Investment Manager to those valuations to ensure they comply with the Company's accounting policies and with fair value principles.

TRANSFERS

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

If unquoted Company investments moved by 15%, this would create an increase or decrease in investments of £6.1 million.

The favourable and unfavourable effects of using reasonably possible alternative assumptions have been calculated by recalibrating the model values using alternative estimates of expected cash flows and risk-adjusted discount rates that might reasonably have been considered by a market participant to price the instruments at the end of the reporting period.

16 MANAGEMENT OF CAPITAL

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, so that it can continue 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. The Company's capital is invested in quoted and unquoted investments, cash and near cash as well as current assets.

Notes to the Accounts

FOR THE YEAR ENDED 31 MARCH 2017

16 MANAGEMENT OF CAPITAL continued

By its nature the Company has an amount of capital at least 70% (as measured under the tax legislation) of which is and must be, and remain, invested in the relatively high risk asset class of small UK companies within three years of that capital being subscribed. The Company accordingly has limited scope to manage its capital structure in the light of changes in economic conditions and the risk characteristics of the underlying assets. Subject to this overall constraint upon changing the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets if so required to maintain a level of liquidity to remain a going concern.

Although, as the Investment Policy implies, the Board would consider levels of gearing, there are no current plans to do so. It regards the net assets of the Company as the Company's capital, as the 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.

The Company has no external imposed capital requirements.

17 RELATED PARTY TRANSACTIONS

No Director has an interest in any contract to which the Company is a party.

18 TRANSACTIONS WITH THE MANAGER

Foresight Group, which acts as investment manager to the Company in respect of its investments earned fees of £915,000 during the year (2016: £1,118,000).

Foresight Fund Managers Limited, Company Secretary, received fees of £157,000 (2016: £157,000) during the year. The annual secretarial fee (which is payable together with any applicable VAT) is adjusted annually in line with the UK Retail Prices Index.

At the balance sheet date there was £3,000 due to (2016: £1,000 due from) Foresight Group and £nil (2016: £nil) due to Foresight Fund Managers Limited. No amounts have been written off in the year in respect of debts due to or from related parties.

19 POST BALANCE SHEET EVENTS - ACQUISITION OF BUSINESS

On 22 June 2017, the Company acquired all of the assets and liabilities of Foresight 3 VCT plc for the issue of consideration shares on a relative net asset basis. The consideration shares were issued at a deemed issue price of 72.91 pence.

Effect of acquisition

The acquisition had the following effect on the Company's assets and liabilities:

	Book values in Foresight 3 VCT plc £'000	Fair value adjustments £'000	Recognised values on acquisition £'000
Acquiree's net assets at the acquisition date:			
Investments	31,223	—	31,223
Trade and other debtors	3,766	—	3,766
Cash	472	—	472
Trade and other creditors	(216)	—	(216)
Net identifiable assets and liabilities	35,245	—	35,245
Total cost of business combination:			
Consideration paid:			
Consideration shares issued (value)			35,245
Consideration shares issued (number)			48,337,332
Goodwill on acquisition			—

Notice of Annual General Meeting

28 SEPTEMBER 2017

Order of Events	
10.00am	Portfolio company presentations
10.30am	Manager presentation
Immediately following the Manager presentation	Formal business of the Annual General Meeting

Notice is hereby given that the Annual General Meeting of Foresight 4 VCT plc (“the Company”) will be held on 28 September 2017 at 10.00am at the offices of Foresight Group LLP, 23rd Floor, The Shard, 32 London Bridge Street, London, SE1 9SG for the purpose of considering and, if thought fit, passing the following resolutions, of which resolutions 1 to 6 will be proposed as ordinary resolutions and resolutions 7 and 8 will be proposed as special resolutions.

- Resolution 1** To receive the Report and Accounts for the year ended 31 March 2017.
- Resolution 2** To approve the Directors’ Remuneration Report.
- Resolution 3** To re-elect Raymond Abbott as a director.
- Resolution 4** To re-elect Michael Gray as a director.
- Resolution 5** To re-appoint KPMG LLP as auditors and to authorise the directors to fix the auditors’ remuneration.
- Resolution 6** That, in addition to the authority granted pursuant to Resolutions 1.2 and 2.1 passed at the general meeting of the company on 14 June 2017, but in substitution for all other existing authorities, the directors be and they are generally and unconditionally authorised in accordance with section 551 of the Companies Act 2006 to exercise all the powers of the Company to allot shares in the Company and to grant rights to subscribe for, or to convert any security into, shares in the Company (“Rights”) up to an aggregate nominal amount of £175,000, provided that this authority shall expire (unless renewed, varied or revoked by the Company in a general meeting) on the fifth anniversary of the date of passing of this resolution, save that the Company shall be entitled to make offers or agreements before the expiry of such authority which would or might require shares to be allotted or Rights to be granted after such expiry and the directors shall be entitled to allot shares and grant Rights pursuant to any such offer or agreement as if this authority had not expired.
- Resolution 7** That, in addition to the authority granted pursuant to Resolution 2.2 passed at the general meeting of the company on 14 June 2017, but in substitution for all other existing authorities, the directors be and they are empowered pursuant to section 570 and section 573 of the Companies Act 2006 to allot equity securities (within the meaning of section 560 of that Act) for cash either pursuant to the authority conferred by Resolution 6 above or by way of a sale of treasury shares as if section 561(1) of that Act did not apply to any such allotment, provided that this power shall be limited to:
- (a) the allotment of equity securities with an aggregate nominal amount of up to but not exceeding £175,000 pursuant to offer(s) for subscription;
 - (b) the allotment of equity securities with an aggregate nominal amount of up to but not exceeding an amount equal to 10% of the issued share capital from time to time by way of an issue of shares pursuant to performance incentive arrangements with Foresight Group, such shares to be issued at nominal value; and
 - (c) the allotment (otherwise than pursuant to sub-paragraphs (a) and (b) of this resolution) to any person or persons of equity securities with an aggregate nominal amount of up to but not exceeding an amount equal to 10% of the issued share capital from time to time,

in each case where the proceeds may be used in whole or part to purchase shares in the capital of the Company, such authority to expire on the conclusion of the annual general meeting of the Company to be held in the year 2018, or, if earlier, on the date falling 15 months after passing of this resolution, save that the Company shall be entitled to make offers or agreements before the expiry of such authority which would or might require equity securities to be allotted after such expiry and the directors shall be entitled to allot equity securities pursuant to any such offers or agreements as if the authority conferred by this resolution had not expired.

Resolution 8 That, in addition to the authority granted pursuant to Resolution 2.4 passed at the general meeting of the company on 14 June 2017, but in substitution for all other existing authorities, the Company be empowered to make market purchases (within the meaning of Section 693(4) of the Companies Act 2006) of its own shares on such terms and in such manner as the directors shall from time to time determine provided that:

- (i) the aggregate number of shares to be purchased shall not exceed 15,846,353 or, if lower, such number of shares (rounded down to the nearest whole share) as shall equal 14.99% of the Company's shares in issue at the date of passing of this resolution;
- (ii) the minimum price which may be paid for a share is 1 pence (the nominal value thereof);
- (iii) the maximum price which may be paid for a share is the higher of (1) an amount equal to 105% of the average of the middle market quotation for a share taken from the London Stock Exchange daily official list for the five business days immediately preceding the day on which the shares are purchased, and (2) the amount stipulated by Article 5(1) of the BuyBack and Stabilisation Regulation 2003;
- (iv) the authority conferred by this resolution shall expire (unless renewed, varied or revoked by the Company in a general meeting) on the conclusion of the annual general meeting of the Company to be held in the year 2018 or, if earlier, on the date falling 15 months after the passing of this resolution; and
- (v) the Company may make a contract to purchase shares under the authority conferred by this resolution prior to the expiry of such authority which will or may be executed wholly or partly after the expiration of such authority and may make a purchase of shares pursuant to such contract.

By order of the Board

**Foresight Fund Managers
Limited**

Company Secretary

31 July 2017

The Shard
32 London Bridge
Street
London
SE1 9SG

NOTES:

1. No Director has a service contract with the Company. Directors' appointment letters with the Company will be available for inspection at the registered office of the Company until the time of the meeting and from 15 minutes before the meeting at the location of the meeting, as well as at the meeting.
2. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, entitlement to attend and vote at the meeting and the number of votes that may be cast thereat will be determined by reference to the Register of Members of the Company at the close of business on the day which is two days (excluding non-working days) before the end of the meeting or adjourned meeting. Changes to the Register of Members of the Company after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.
3. A member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend, speak and vote on his or her behalf. A proxy need not also be a member but must attend the meeting to represent you. Details of how to appoint the chairman of the meeting or another person as your proxy using the form of proxy are set out in the notes on the form of proxy which is enclosed. If you wish your proxy to speak on your behalf at the meeting, you will need to appoint your own choice of proxy (not the chairman) and give your instructions directly to them.
4. You may appoint more than one proxy, provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, (an) additional form(s) of proxy may be obtained by contacting Computershare Investor Services plc on 0870 703 6385. Please indicate in the box next to the proxy holder's name the number of shares in relation to which they are authorised to act as your proxy. Please also indicate by ticking the box provided if the proxy instruction is one of multiple instructions being given. All forms must be signed and returned together in the same envelope.
5. As at 31 July 2017 (being the last business day prior to the publication of this notice), the Company's issued share capital was 105,712,831 Ordinary Shares, carrying one vote each. Therefore, the total voting rights in the Company as at 31 July 2017 was 105,712,831.
6. Any person to whom this notice is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a 'Nominated Person') may, under an agreement between him/her and the member by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.
7. The statement of the rights of members in relation to the appointment of proxies in paragraphs 3 to 4 above does not apply to Nominated Persons. The rights described in those paragraphs can only be exercised by members of the Company.
8. Appointment of a proxy will not preclude a member from subsequently attending and voting at the meeting should he or she subsequently decide to do so. You can only appoint a proxy using the procedures set out in these notes and the notes to the form of proxy.
9. The Register of Directors' Interests will be available for inspection at the meeting.
10. Information regarding the meeting, including the information required by section 311A of the Companies Act 2006, is available from www.foresightgroup.eu.
11. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If you either select the "Discretionary" option or if no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the meeting.
12. A form of proxy and reply paid envelope is enclosed. To be valid, it should be lodged with the Company's Registrar, Computershare Investor Services plc, The Pavilions, Bridgwater Road, Bristol BS99 6ZY or the proxy must be registered electronically at www.investorcentre.co.uk/eproxy, in each case, so as to be received no later than 48 hours (excluding non business days) before the time appointed for holding the meeting or any adjourned meeting. To vote electronically, you will be asked to provide your Control Number, Shareholder Reference Number and PIN which are detailed on your proxy form. This is the only acceptable means by which proxy instructions may be submitted electronically.

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

Glossary of Terms

NET ASSET VALUE (NAV)

The Net Asset Value (NAV) is the amount by which total assets exceed total liabilities, i.e. the difference between what the company owns and what it owes. It is equal to shareholders' equity, sometimes referred to as shareholders' funds.

NAV TOTAL RETURN

The sum of the published NAV per share plus all dividends paid per share (for the relevant share class) over the lifetime of the Company.

ONGOING CHARGES

The sum of expenditure incurred in the ordinary course of business expressed as a percentage of the Net Asset Value at the reporting date.

QUALIFYING COMPANY OR QUALIFYING INVESTMENT

A Qualifying Investment consists of shares or securities first issued to the VCT (and held by it ever since) by a company satisfying certain conditions. The conditions are detailed but include that the company must be a Qualifying Company, have gross assets not exceeding £15 million immediately before and £16 million immediately after the investment, apply the money raised for the purposes of a qualifying trade within a certain time period and not be controlled by another company. In any twelve month period the company can receive no more than £5 million from VCT funds and Enterprise Investment Schemes, and any other European State-aided risk capital source. The company must have fewer than 250 full time (or equivalent) employees at the time of making the investment. VCT funds raised after 5 April 2012 cannot be used by a Qualifying Company to fund the purchase of shares in another company.

Corporate Information

COMPANY NUMBER

03506579

DIRECTORS

Raymond Abbott (Chairman) (appointed 22 June 2017)
Simon Jamieson (former Chairman)
Michael Gray (appointed 14 February 2017)
Philip Stephens (former Chairman) (retired 31 March 2017)
Peter Dicks (retired 22 June 2017)

COMPANY SECRETARY

Foresight Fund Managers Limited
The Shard
32 London Bridge Street
London
SE1 9SG

INVESTMENT MANAGER

Foresight Group CI Limited
Ground Floor
Dorey Court
Admiral Park
St Peter Port
Guernsey
GY1 2HT

AUDITOR

KPMG LLP
15 Canada Square
London
E14 5GL

SOLICITORS AND VCT STATUS ADVISERS

Shakespeare Martineau LLP
No. 1 Colmore Square
Birmingham
B4 6AA

and

60 Gracechurch Street
London
EC3V 0HR

REGISTRAR

Computershare Investor Services plc
The Pavilions
Bridgwater Road
Bristol
BS99 6ZZ

MARKET MAKER

Panmure Gordon & Co
One New Change
London
EC4M 9AF

Important information:

The Company currently conducts its affairs so that the shares issued by Foresight 4 VCT plc can be recommended by IFAs to ordinary retail investors in accordance with the FCA's rules in relation to non-mainstream pooled investment products and intends to continue to do so for the foreseeable future.

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

Foresight 4 VCT plc is managed by Foresight Group CI which is licensed by the Guernsey Financial Services Commission. Past performance is not necessarily a guide to future performance. Stock markets and currency movements may cause the value of investments and the income from them to fall as well as rise and investors may not get back the amount they originally invested. Where investments are made in unquoted securities and smaller companies, their potential volatility may increase the risk to the value of, and the income from, the investment.

Financial Conduct Authority

Beware of share fraud



Fraudsters use persuasive and high-pressure tactics to lure investors into scams. They may offer to sell shares that turn out to be worthless or non-existent, or to buy shares at an inflated price in return for an upfront payment. While high profits are promised, if you buy or sell shares in this way you will probably lose your money.

How to avoid share fraud

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

Report a scam

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

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

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

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



Foresight Group LLP

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www.foresightgroup.eu

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