FORESIGHT 4 VCT plc

ANNUAL REPORT AND ACCOUNTS
31 MARCH 2019

Registered number: 03506579

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Foresight group

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.

ENQUIRIES

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 8181

InvestorRelations@foresightgroup.eu

www.foresightgroup.eu

The Manager is legally required to provide shareholders with a copy of this Report. Annual and Half-Yearly Reports, as well as quarterly Factsheets and information on new investments, can be viewed online.

In line with the Manager's ESG policies, the Board wish to offer shareholders the opportunity to receive communications electronically. Please refer to the letter alongside this report which details the various options.

As part of the Manager's investor communications policy, investor forums are held throughout the year. Shareholders can also arrange a mutually convenient time to meet the Company's investment management team at Foresight Group. Please contact Investor Relations if you are interested.

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

KEY DATES

Annual General Meeting	17 September 2019
Interim Results to 30 September 2019	November 2019
Annual Results to 31 March 2020	July 2020

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.

DIVIDEND REINVESTMENT SCHEME

A Dividend Reinvestment Scheme was introduced during the year and the terms and conditions of the scheme took effect on 14 June 2018. Whilst able to sign up to this scheme from this date, it was only available for dividend's announced after 30 September 2018.

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 I Values History I Payments I Reinvestments

Payments Enquiry Dividends I 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 I Stock transfer I 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 Group'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.

Contents

SUMMARY FINANCIAL HIGHLIGHTS 2

CHAIRMAN'S STATEMENT 4

MANAGER'S REVIEW
- Portfolio Summary 6
- Top Ten Investments 10
- Portfolio Overview 16
- About the Manager 18

STRATEGIC REPORT 22

GOVERNANCE
- Board of Directors 28
- Directors' Report 30
- Corporate Governance 34
- Directors' Remuneration Report 38
- Audit Committee Report 42
- Statement of Directors' Responsibilities 43
- Independent Auditor's Report 44

FINANCIAL STATEMENTS
- Income Statement 48
- Reconciliation of Movements in Shareholders' Funds 49
- Balance Sheet 50
- Cash Flow Statement 51
- Notes to the Accounts 52

NOTICE OF ANNUAL GENERAL MEETING 68

GLOSSARY OF TERMS 72
- FCA Information 73

CORPORATE INFORMATION 75

Summary Financial Highlights

Total Net Assets
as at 31 March 2019

£117.6m

Net Asset Value per Share
as at 31 March 2019

67.8p

Dividend paid
in year to 31 March 2019

4.0p

- Total net assets £117.6 million.
- Net Asset Value per share increased by 3.2% to 71.8p as at 31 March 2019 from 69.6p, before paying a 4.0p dividend during the year. After payment of the dividend NAV per share at 31 March 2019 was 67.8p.
- The portfolio has seen an uplift in valuation of £4.3 million over the year.
- Nine new investments of £7.8 million and one follow-on investment of £0.5 million were made during the year.
- £2.1 million was realised from sales and loan redemptions from two portfolio companies.
- The Tender Offer, which launched on 16 July 2018, was fully subscribed and 7,788,768 shares were bought back for £5.0 million.
- A dividend of 4.0p per share was paid on 19 October 2018 based on an ex-dividend date of 4 October 2018 and a record date 5 October 2018.
- £51.5 million raised during the year through the issue of shares, £16.9 million under the May 2017 offer and £34.5 million under the June 2018 offer.
- A further £16.6 million raised through the issue of shares post year end bringing the total raised under the June 2018 offer to £51.1 million.
- Since the end of the reporting period, the Company has completed two new investments, totalling £3.6 million.

KEY METRICS

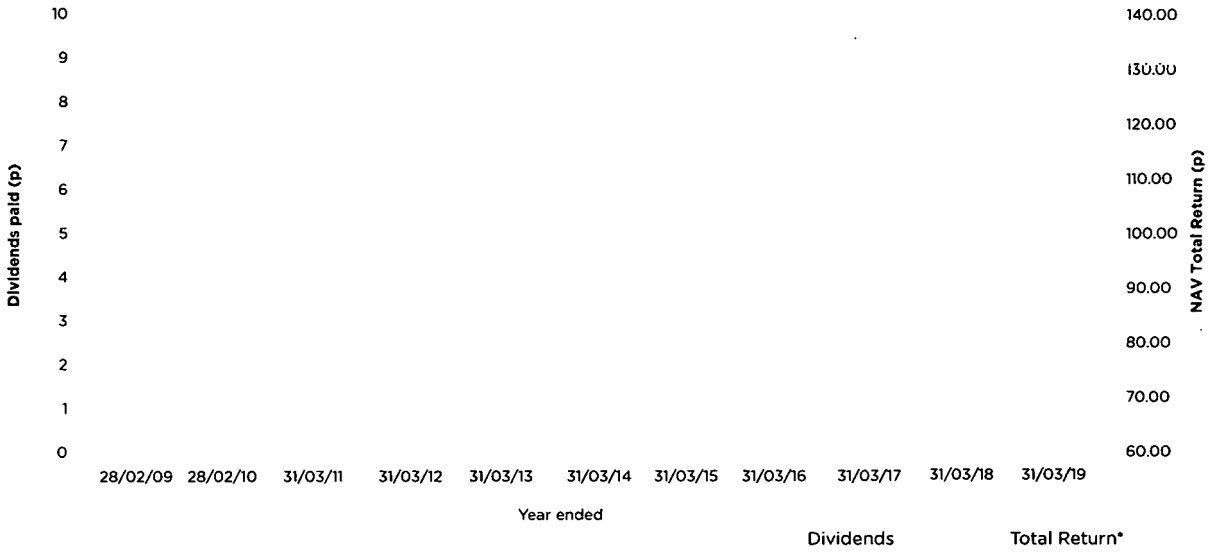
	31 March 2019	31 March 2018
Total net assets	£117.6m	£77.9m
Net asset value per share	67.8p	69.6p
Share price	60.3p	61.8p
Share price total return^	168.7p	166.2p
Dividends paid in the year	4.0p	4.0p
Dividend yield %^	6.6%	6.5%
Shares in issue	173,570,806	112,052,405

	2019	2018
Discount to NAV at 31 March^	11.1%	11.2%
Average discount on buybacks^	9.8%	8.3%
Shares bought back during the year under review	10,300,443	10,716,701
Ongoing charges ratio	2.2%	2.8%

NAV Total Return (%)	1 year	3 years	5 years
NAV Total Return as at 31 March 2019^	3.2%	7.7%	(8.0%)

^Definitions of these Alternative Performance Measures (APMs) can be found in the Glossary on page 72.

Dividends Paid and NAV Total Return (pence)



* These figures have been rebased at 28 February 2009

DIVIDEND HISTORY (SINCE SHARE CONSOLIDATION IN 2005)

Ordinary Shares

Date	Dividend per share (p)
19 October 2018	4.0
17 July 2017	4.0
18 December 2015	4.0
26 April 2013	4.0
24 February 2012	5.0
4 February 2011	5.0
18 December 2009	5.0
26 December 2008	5.0
28 December 2007	5.0
15 December 2006	2.5
30 December 2005	5.0
Cumulative	48.5
NAV per share	67.8
NAV total return	116.3

C Shares

Date	Dividend per share (p)
6 August 2015	25.0

Chairman's Statement

Raymond Abbott
Chairman of
Foresight 4 VCT plc

I am pleased to present the audited Annual report and accounts for Foresight 4 VCT plc for the year ended 31 March 2019. I am also pleased to welcome our new shareholders to the Company following a successful share issue.

DIVIDENDS

In line with the Board's objective on dividend payments, an interim dividend of 4.0p per share was declared on 16 August 2018 based on an ex-dividend date of 4 October 2018 and a record date of 5 October 2018. The dividend was paid on 19 October 2018. Developments in VCT investment rules have caused the Manager to focus investments in earlier stage companies. Due to the nature of these types of investments, the Board will continually review the level of dividends paid to reflect the likely increase in returns from realisations as and when they occur and the corresponding reduction in returns from income generated from investments.

TOP-UP SHARE ISSUES AND SHARE BUY-BACKS

On 16 July 2018, a Tender Offer of up to £5 million was launched, providing investors with an opportunity to sell their shares back to the company at a discount to NAV of 7.5%. This took place on 17 September for 7,788,768 shares at 64.195p.

Other share buybacks took place on

- 7 August 2018 (500,000 shares at 62.5p),
- 26 September 2018 (180,000 shares at 62.25p),
- 28 September 2018 (209,185 shares at 62.25p),
- 14 December 2018 (469,788 shares at 60.00p),
- 28 February 2019 (500,000 shares at 60.25p) and
- 29 March 2019 (652,702 shares at 60.25p)

All of which have enabled the enlarged VCT to achieve its target discount to NAV.

FUNDRAISING

The offer for subscription dated 19 May 2017, which raised £29m, closed on 18 May 2018.

The offer for subscription dated 14 June 2018, which sought to raise up to £50 million (with a £30m over-allotment facility), closed on 12 April 2019 having raised £51.1 million.

Funds raised under both of these offers have allowed the Company to take advantage of attractive investment opportunities and to increase portfolio diversification in line with the ongoing strategy of the Company.

PERFORMANCE AND PORTFOLIO ACTIVITY

During the year, the net asset value per share increased by 3.2% to 71.8p from 69.6p, before paying a 4.0p dividend during the year.

At the year end the Company held 30 investments with carrying values in UK based businesses across a wide range of sectors. The performance of the portfolio has been steady during the year, with an increase of £4.3 million in value. Positive progress made by companies including TFC Europe, Specac International and FFX Group has been offset by lower valuations for Datapath, Procam and Biofortuna, as detailed in the Investment Manager's Review and Top Ten Investment sections of this report.

Nine new investments were completed during the year amounting to £7.8 million. Namely:-

- Luminet Networks (a provider of fixed wireless access across central London),
- Mologic (a health diagnostics company based in Bedford),
- The Naked Deli (a Newcastle-based group of 'clean-eating' restaurants),

- Codeplay Software (a consulting business for software and tools),
- Accrosoft (a software company providing Applicant Tracking Systems and communication software for schools),
- Fertility Focus (a leading fertility monitoring technology company),
- Spektrix (the UK's leading provider of cloud based ticketing),
- Clubspark (a specialist software company providing sports management software to sports clubs) and
- Steamforged Games (developer and retailer of tabletop games).

One follow-on investment of £0.5 million was made in to molecular diagnostics business Biofortuna. The Manager continues to see a strong pipeline of potential investments sourced through its regional networks and well-developed relationships with advisors and the SME community. Following the successful fundraises launched in both May 2017 and June 2018, the Company is in a position to fully exploit these attractive investment opportunities.

In the year to 31 March 2019, two realisations took place, generating total proceeds of £2.1 million.

Read more on page 6

SHAREHOLDER COMMUNICATION

As part of its commitment to high quality investor relations, Foresight Group continues to host its popular investor forums. In addition to an annual event in London, several regional investor forums have been or will be held around the country. Details of regional events will be sent to shareholders resident in the locality as and when they are organised.

ANNUAL GENERAL MEETING

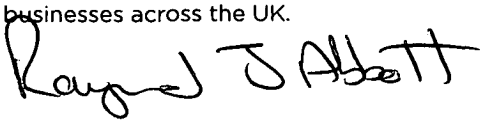
The Company's Annual General Meeting will take place on 17 September 2019 at 1.00pm. I look forward to welcoming you to the Meeting, which will be held at the offices of Foresight Group in London.

Prior to the formal business of the Annual General Meeting, the Manager will give a presentation.

OUTLOOK

The Board believes that the Company now has the platform from which the Manager can build on, improving performance, driving Net Asset Value growth.

Facilitated by the liquidity provided by the issue of new shares, the Company will 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
8 July 2019

Manager's Review

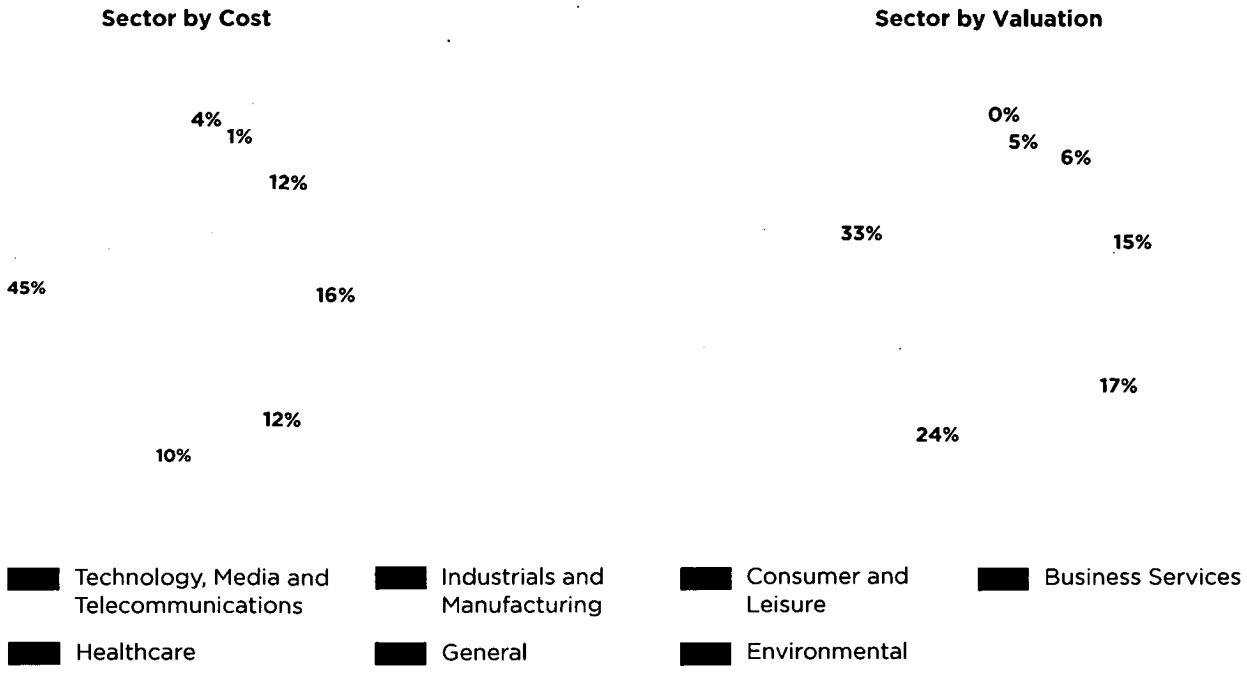
The Company has appointed Foresight Group CI Limited as its manager ("The Manager") to provide investment management and administration services. Foresight Group CI Limited has appointed Foresight Group LLP to be its investment adviser. The Manager has also delegated secretarial, accounting and other administration services to Foresight Group LLP.

References to "the Manager" throughout this report refer to the activities of Foresight Group CI Limited and include the activities of Foresight Group LLP when acting as the Manager's investment adviser and administrative delegate.

Portfolio Summary

As at 31 March 2019 the Company's portfolio comprised 25 actively managed investments with a total cost of £49.9 million and a valuation of £74.6 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 pages 10 to 14.

PORTFOLIO DIVERSIFICATION



NEW INVESTMENTS

The Company invested a total of £8.3 million during the year to 31 March 2019. This included, £7.8 million in relation to nine new investments: Luminet Networks, a provider of fixed wireless internet access, Mologic, a health diagnostics company, The Naked Deli, a Newcastle-based group of 'clean eating' restaurants, Codeplay, a software developer and consultancy specialising in Artificial Intelligence, Accrosoft, a software provider with a focus on HR and education sectors, Fertility Focus, an ovulation monitoring company, Spektrix, a performing arts software business, Clubspark, a sports management software company, and most recently Steamforged Games, a developer and retailer of tabletop games.

In April 2018, the Company committed £0.6 million to a Foresight-led £3.0 million development capital investment into Luminet Networks, an award-winning provider of connectivity and managed IT services to businesses. Founded in 2005, Luminet was one of the first companies to offer commercial wireless broadband solutions to businesses and has grown its client base to more than 550.

Also in April 2018, the Company committed c.£1.1 million to a Foresight-led £4.0 million growth capital investment round in Bedford-based Mologic. The business is a Point of Care diagnostics company that provides contract research and manufacturing services, as well as developing proprietary diagnostics.

In May 2018, the Company completed a £0.75 million growth capital investment in The Naked Deli, a Newcastle-based group of 'clean eating' restaurants offering eat-in casual dining and grab-and-go options. Established in 2014, The Naked Deli serves a tasty range of healthy gluten and dairy-free, vegan and paleo dishes. The group uses unprocessed whole and natural state foods, with a clear pathway from origin to plate. Since investment management have continued to extend the pipeline of new potential sites and in December 2018, opened a fifth site in Newcastle City centre.

In July 2018 the Company invested £0.3 million in Codeplay, a software developer specialising in Artificial Intelligence. Building on its proven expertise in the fields of games and mobile phones, Codeplay has developed a new technology which supports the deployment of Artificial Intelligence applications into mass produced devices, with an initial focus on the automotive sector and, specifically, Advanced Driver Assistance Systems ("ADAS") and autonomous vehicles.

In August 2018, the Company completed a new investment totalling £0.75 million in Accrosoft. Based in Loughborough, Accrosoft offers two Software as a Service ("SaaS") products currently, Vacancy Filler, an Applicant Tracking System which improves the recruitment process for organisations and Weduc, an engagement tool to enable parent-teacher communication. The business will use the investment to drive the continued growth across both products through new hires and initiatives.

In December 2018, the Company invested c.£0.4 million in Fertility Focus, a leading fertility monitoring technology company that has developed OvuSense, a registered medical device that enables women to predict ovulation. Fertility Focus was established in 2005 to commercialise the intellectual property developed by a team from Bristol University that identified the ability to determine and predict ovulation. The growth capital investment will be primarily used to invest in sales and marketing and will also fund a clinical trial to further prove the benefits of OvuSense as a tool to diagnose ovulatory issues.

Also in December 2018, the Company invested £1.5 million in Spektrix, the UK's leading provider of cloud-based ticketing, marketing and fundraising software for the arts sector. Founded in 2007, Spektrix was an early pioneer in bringing cloud technology to the arts. The investment will be used to accelerate product development and support Spektrix's international expansion, particularly in North America where it is already working with nearly 100 arts organisations.

In January 2019 the Company made a c.£0.9 million investment into Sportlabs Technology Limited, trading as ClubSpark, a specialist software company providing sports management software to sports clubs, venues, coaches and participants. ClubSpark was founded in 2012 by two ex-Lawn Tennis Association employees who spotted an opportunity to develop a platform to manage operations for the LTA member clubs. The investment will be used to establish an international presence, enhance the platform and expand into new sports markets.

Manager's Review

In March 2019 the Company invested £1.6 million in Steamforged Games, a developer and retailer of tabletop games with a portfolio of miniature role playing, board and card games. Founded in 2014, Steamforged Games has successfully carved out a niche in the market developing tabletop games based on popular video game titles, as well as their own original content. The investment will be used to fund growth through product development and international expansion.

Post-period end, the Company invested £2.0 million in Fourth Wall Creative, a technology-led sports merchandising business based in Merseyside. Founded in 2010, their core business is the design and distribution of membership welcome packs on behalf of football clubs. The investment will fund growth through development of new services, winning new customers and exploring other sports opportunities.

In June 2019, post year-end, the Company invested £1.6 million in Ten Health, a group of boutique fitness studios offering a range of services including physiotherapy, massage therapy and fitness classes. Founded in 2007, Ten Health was developed to bridge the gap in the market between traditional healthcare and mainstream fitness. The investment will be used to further develop Ten Health's non-fitness services and to support a roll-out of new studios.

FOLLOW ON INVESTMENTS

A follow-on investment of c.£0.5 million was also made into one existing portfolio company throughout the year.

In August 2018, molecular diagnostics business, Biofortuna, drew down the second tranche of the 2017 round of investment, with the Company providing £0.5 million of capital. This investment round was focused on supporting the growth of a differentiated contract services business, under new stronger management, and maximising value from the potential product collaboration with a global diagnostics company.

PIPELINE

Foresight Group continues to see a strong pipeline of potential investments and has started the year with a number of opportunities under exclusivity or in due diligence. Our investment team currently consists of 24 experienced private equity professionals operating from five offices in the UK, due to be expanded to seven in 2019. During 2018 we reviewed nearly 1,500 business plans of potential investee companies, with an increasing number of prospects originated directly by our investment team, which will continue to be at the core of our investment sourcing strategy. The Company focuses on SME's in all sectors across the UK, seeking funding of £1-5 million.

At the time of writing, the Company has cash balances of £37.8 million, which will be used to fund new and follow-on investments, buybacks and running expenses.

EXITS AND REALISATIONS

During the year, total proceeds of £2.1 million were generated from the disposal of two investments.

In May, the Company completed the successful sale of facilities management provider Thermotech to Servest Group, a global facilities management group headquartered in South Africa, generating a return of £1.3 million (2.3x cost). Thermotech, in which the Company invested in August 2013, provides customised air conditioning and fire sprinkler systems for retail, commercial and residential properties, with clients including M&S, John Lewis and Selfridges & Co. Under the Company's ownership Thermotech was able to expand its high-quality customer base and develop further recurring maintenance revenue streams, as well as complete a strategic acquisition.

In December, the Company disposed of CoGen, a developer of Waste to Energy plants in the UK. CoGen, largely financed to date by loans from other shareholders, carries significant costs and overheads as plants are developed and built and had been operating at a loss. Further funding would have been required from other shareholders to continue to

EXITS AND REALISATIONS (CONTINUED)

develop the pipeline of new opportunities. In these circumstances, to avoid further dilution, Foresight sought to realise the investment. The Company received c.£0.8 million for its holding.

Foresight Group continues to engage with a range of potential acquirers of several portfolio companies, with demand for these high growth businesses demonstrated by both private equity and trade buyers.

DISPOSALS IN THE YEAR ENDED 31 MARCH 2019

Company	Detail	Original Cost/ Take-On Value £'000	Proceeds £'000	Gain/(loss) £'000*	Valuation at 31 March 2018 £'000
CoGen Limited	Full disposal	1,939	795	(1,144)	1,972
Thermotech Solutions Limited	Full disposal	200	1,267	1,067	1,285
Total disposals		**2,139**	**2,062**	**(77)**	**3,257**

*In addition to the above, the Company received deferred consideration of £232,133 (O-Gen Acme Trek), £145,836 (The Message Pad Limited), £53,409 (Thermotech Solution Limited) and £81,224 (ICA Limited) as well as proceeds from warrants of £20,767 (Hallmarq Systems Limited) and a loss on dissolution of £969,000 (Andromaque Limited).

KEY PORTFOLIO DEVELOPMENTS

Overall, the value of investments held rose to £74.6 million, driven by a deployment of £8.3 million and an increase in the value of existing investments by £4.3 million since 31 March 2018. Material changes in valuation, defined as increasing or decreasing by £1.0 million or more since 31 March 2018, are detailed below. Updates on actively managed companies that do not feature in the Top Ten are included below, the rest can be found on pages 10 to 14.

Company	Valuation Methodology	Valuation Change (£)
Specac International Limited	Discounted earnings multiple	2,727,912
TFC Europe Limited	Discounted earnings multiple	2,231,546
FFX Group Limited	Discounted earnings multiple	1,195,339
Iphigenie Limited	Net assets	1,177,083
Galinette Limited	Net assets	1,116,710
Procam Television Holdings Limited	Discounted earnings multiple	(1,143,104)
Biofortuna Limited	Discounted revenue multiple	(1,327,457)
Datapath Group Limited	Discounted earnings multiple	(2,000,894)

PROCAM TELEVISION HOLDINGS LIMITED

Procam Television is a leading broadcast hire company, supplying equipment and crew for location TV production. The reduction in valuation reflects a challenging year of trading to 31 March 2019, with both sales and gross margins lower than budget.

OUTLOOK

Whilst UK inflation falls to a two-year low, the jobs market remains robust as the UK reaches record levels of employment. The demand for labour continues to bolster wage growth, as real wages climbed at their strongest pace since 2016. However, the backdrop of Brexit means that consumer and business confidence is weakening in the UK amid ongoing uncertainty over the UK's future trading position with Europe, and indeed the rest of the world. There is a likely period of volatility ahead, nonetheless Foresight Group remains positive about the prospects of the existing portfolio and continues to see encouraging levels of activity from smaller UK companies seeking growth capital, as well as from potential acquirers of portfolio companies. Your investment management team remains focused on targeting companies in markets with sound fundamentals, with attractive growth attributes and strong management teams. Foresight Group will continue to monitor and adapt to market and regulatory changes to ensure the Company's portfolio is well-placed to deliver returns to its investors.

Russell Healey
Partner and Head of Private Equity
Foresight Group LLP
8 July 2019

Manager's Review

Top Ten Investments

By value as at 31 March 2019. Company results are taken from the most recent publicly available financial statements.

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

SECTOR:
TMT

Datapath is a UK manufacturer of PC-based multiscreen computer graphics cards and video capture hardware, specialising in video wall and data wall technology.

31 March 2019 Update

Datapath continues to generate material profits and build its cash position, although growth slowed in the year ended 31 March 2019. The company continues to invest heavily in new product development and to build out its sales channels through OEM customers, as well as through distributors and direct sales. Gross margin levels remain ahead of prior year, this is primarily driven by the increased proportion of software in the revenue mix.

Initial Investment*	September 2007
Amount invested (£)*	2,000,000
Accounting cost (£)**	11,081,243
Investment value (£)	16,128,276
Basis of valuation	Discounted earnings multiple
Equity held (%)	12.9%
Income received and receivable in the year (£)	—
Cash returned up to 31 March 2019 (£)***	7,963,463

£000	Year ended 31 March 2018	Year ended 31 March 2017
Sales	28,076	25,443
Profit before tax	4,789	5,646
Retained Profit	4,360	4,974
Net assets	25,728	21,366

*The amount and date of initial investment by Foresight 3 VCT plc ("F3") and Foresight 4 VCT plc.
**The accounting cost includes both the initial investment by the Company and also the valuation of the F3 investment in Datapath Group Limited at the point it was transferred from F3 to the Company as part of the merger in June 2017.
***Includes £3,981,732 returned to F3 pre merger.

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

SECTOR: CONSUMER & LEISURE

Ixaris is a payments platform enabling efficient global payments, targeted in particular at the travel sector.

31 March 2019 Update

Ixaris has continued to build traction in the travel sector, and is now entirely focused on the payments platform business, which grew by over 70% during 2018 and processed over $2bn of payments during the year. The company has established a number of key relationships and partnerships and is well positioned to continue to grow at a high pace in the year ahead. Following new regulations issued by Visa, the winding down of EntroPay, the B2C virtual card programme, has been completed. The company's focus is now on more scalable opportunities with the payments platform.

Initial Investment*	March 2006
Amount invested (£)*	2,047,817
Accounting cost (£)**	3,479,188
Investment value (£)	10,556,983
Basis of valuation	Discounted revenue multiple
Equity held (%)	7.2%
Income received and receivable in the year (£)	—
Cash returned up to 31 March 2019 (£)	—

£000	Year ended 31 December 2017	Year ended 31 December 2016
Sales	22,486	13,204
Profit/(loss) before tax	2,429	(2,062)
Retained profit/(loss)	3,027	(1,631)
Net assets	7,572	4,357

*The amount and date of initial investment by F3 and Foresight 4 VCT plc.
**The accounting cost includes both the initial investment by the Company and also the valuation of the F3 investment in Ixaris Systems Limited at the point it was transferred from F3 to the Company as part of the merger in June 2017.

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

SECTOR: INDUSTRIALS & MANUFACTURING

TFC Europe is one of Europe's leading technically focused suppliers of fixing and fastening products to customers across a wide range of industries, including aerospace, automotive, oil & gas and mechanical engineering.

31 March 2019 Update

TFC continues to perform well, seeing good EBITDA growth driven by a combination of continued revenue growth in both the UK and Germany and improvements in operational efficiencies across the company. Management remain focused on their new three-year plan for organic growth across all sites and have made material progress to date. A new chairman has joined the board with experience of scaling sales and marketing operations.

*The amount and date of initial investment by F3 and Foresight 4 VCT plc.
**The accounting cost includes both the initial investment by the Company and also the valuation of the F3 investment in TFC Europe Limited at the point it was transferred from F3 to the Company as part of the merger in June 2017.
***Includes £961,438 returned to F3 pre merger.

Initial Investment*	March 2007
Amount invested (£)*	1,408,638
Accounting cost (£)**	2,149,307
Investment value (£)	8,791,960
Basis of valuation	Discounted earnings multiple
Equity held (%)	22.2%
Income received and receivable in the year	—
Cash returned up to 31 March 2019 (£)***	2,148,968

£000	Year ended 31 March 2018	Year ended 31 March 2017
Sales	22,579	20,281
Profit before tax	1,464	890
Retained profit	1,047	640
Net assets	4,601	3,520

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.

31 March 2019 Update

Specac recorded its strongest results to date, delivering sales and EBITDA ahead of budget for financial year-end. This positive performance has been driven by increased sales activity, particularly in the US and Asia, as well as margin growth. The company's overseas sales growth was recognised in the year as they won a Queen's Award for International Trade.

y enters the new year.

*The amount and date of initial investment by F3 and Foresight 4 VCT plc.
**The accounting cost includes both the initial investment by the Company and also the valuation of the F3 investment in Specac International Limited at the point it was transferred from F3 to the Company as part of the merger in June 2017.
***Includes £113,955 returned to F3 pre merger.

Initial Investment*	April 2015
Amount invested (£)*	1,300,000
Accounting cost (£)**	2,554,761
Investment value (£)	6,459,470
Basis of valuation	Discounted earnings multiple
Equity held (%)	18.7%
Income received and receivable in the year (£)	117,000
Cash returned up to 31 March 2019 (£)***	433,060

£000	Year ended 31 March 2018	Year ended 31 March 2017
Sales	10,777	9,511
Profit before tax	695	1,016
Retained profit	621	789
Net assets	2,319	1,784

Manager's Review

Top Ten Investments continued

FFX GROUP LIMITED
www.ffx.co.uk **KENT**

SECTOR:
BUSINESS SERVICES

FFX is a multi-channel supplier of high-quality hand tools, power tools and accessories, fixings, fasteners and general building products.

31 March 2019 Update

FFX has maintained positive momentum, showing a pleasing increase in revenues and EBITDA, which supports the uplift in valuation. Online and wholesale channels delivered double digit revenue growth. The new marketing manager who joined mid-year has made a positive impact, with various new marketing strategies being trialled. The direct sales team is also generating material revenue and margin growth, with the team planning to expand through new recruitment efforts.

Initial Investment	September 2015
Amount invested (£)	1,372,002
Accounting cost (£)	1,372,002
Investment value (£)	3,368,353
Basis of valuation	Discounted earnings multiple
Equity held (%)	16.7%
Income received and receivable in the year (£)	—
Cash returned up to 31 March 2019 (£)	71,990

£000	Year ended 30 September 2018	Year ended 30 September 2017
Sales	48,991	38,594
Profit/(loss) before tax	449	(967)
Retained profit/(loss)	249	(910)
Net assets	3,488	3,239

PROTEAN SOFTWARE LIMITED
www.proteansoftware.co.uk **COVENTRY**

SECTOR:
TMT

Protean develops and sells field service management software for organisations involved in the supply, installation, maintenance and hire of equipment.

31 March 2019 Update

Protean closed the financial year with revenue growth ahead of prior year and operating profit well ahead of budget. Protean has advanced product development by adding multi-currency support, as well as various other modules in planning. To accelerate the company's product development efforts, a Polish development centre has recently opened. Headcount has been increased across the support and technology teams to service the high demand for installations.

Initial Investment*	July 2015
Amount invested (£)*	1,500,000
Accounting cost (£)**	1,795,229
Investment value (£)	3,149,252
Basis of valuation	Discounted revenue multiple
Equity held (%)	15.9%
Income received and receivable in the year (£)	—
Cash returned up to 31 March 2019 (£)***	90,542

£000	Year ended 31 March 2018	Year ended 31 March 2017
Sales	3,910	3,978
Loss before tax	(626)	(236)
Retained loss	(428)	(89)
Net assets	3,320	3,748

*The amount and date of initial investment by F3 and Foresight 4 VCT plc.
**The accounting cost includes both the initial investment by the Company and also the valuation of the F3 investment in Protean Software Limited at the point it was transferred from F3 to the Company as part of the merger in June 2017.
***Includes £30,181 returned to F3 pre merger.

THE BUSINESS ADVISORY LIMITED
www.govgrant.co.uk **HERTFORD**

SECTOR:
BUSINESS SERVICES

The Business Advisory Limited provides support services and contingent advice to UK based SME businesses seeking to gain access to Government tax incentives. Television Holdings is one of the ompanies such as the BBC, ITV and Endemol.

31 March 2019 Update

The Business Advisory Limited continues to perform well, with revenues and EBITDA up on prior year. The company hired a new sales director in March 2019 who is restructuring the current sales strategy. There have also been a number of new hires in the sales team, whose contribution is likely to be felt towards the latter part the year.

with traditional content creators.

*The amount and date of initial investment by F3 and Foresight 4 VCT plc.
**The accounting cost includes both the initial investment by the Company and also the valuation of the F3 investment in The Business Advisory Limited at the point it was transferred from F3 to the Company as part of the merger in June 2017.
***Includes £87,830 returned to F3 pre merger.

Initial Investment*	September 2015
Amount invested (£)*	1,650,000
Accounting cost (£)**	1,938,046
Valuation (£)	2,475,885
Basis of valuation	Discounted *earnings multiple*
Equity held (%)	14.0%
Income received and receivable in the year (£)	148,500

£000	Year ended 30 September 2017	Year ended 30 September 2016
Sales	1,530	436
Loss before tax	(1,749)	(498)
Retained loss	(1,749)	(498)
Net liabilities	(1,976)	(226)

AEROSPACE TOOLING HOLDINGS LIMITED
www.atlturbineservices **DUNDEE**

SECTOR:
INDUSTRIALS & MANUFACTURING

Founded in 2007, Aerospace Tooling Holdings ("ATL") is a niche engineering company. ATL provides specialist inspection, maintenance, repair and overhaul (MRO) services for components in high-specification aerospace and turbine engines.

31 March 2019 Update

ATL continues to trade in-line with budget, while EBITDA generation is up on prior year. The company has worked hard on expanding its customer base with new client wins, as well as winning work across additional programmes with existing customers. Operationally, ATL continues to invest and improve, and a number of capital upgrades have been undertaken which will help to improve internal processes and ensure compliance.

cured in 2017.

*The amount and date of initial investment by F3 and Foresight 4 VCT plc.
**The accounting cost includes both the initial investment by the Company and also the valuation of the F3 investment in Aerospace Tooling Holdings Limited at the point it was transferred from F3 to the Company as part of the merger in June 2017.
***Includes £506,712 returned to F3 pre merger.

Initial Investment*	June 2013
Amount invested (£)*	2,000,000
Accounting cost (£)**	415,255
Investment value (£)	2,419,578
Basis of valuation	Discounted earnings multiple
Equity held (%)	28.8%
Income received and receivable in the year (£)	—
Cash returned up to 31 March 2019 (£)***	1,536,849

£000	Year ended 30 June 2018	Year ended 30 June 2017
Sales	6,524	4,980
Profit/(loss) before tax	84	(874)
Retained loss	(60)	(844)
Net assets	1,496	1,556

Manager's Review

Top Ten Investments continued

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, NGOs, foundations and charities in the UK and overseas. ITAD advises on the impact of aid programs throughout the world, largely in developing countries. is a multi-channel supplier of high quality hand tools, power tools and accessories, fixteners and

31 March 2019 Update

Itad continues to make good progress, having materially outperformed projections for the year to January 2019, delivering record sales and EBITDA. The company is increasing its focus on expansion in the US where it already has a number of high-profile customers. This will likely result in the opening of an office in the US towards the end of the year.

Initial Investment*	October 2015
Amount invested (£)*	1,250,000
Accounting cost (£)**	1,371,726
Investment value (£)	1,949,296
Basis of valuation	Discounted earnings multiple
Equity held (%)	11.0%
Income received and receivable in the year (£)	101,489
Cash returned up to 31 March 2019 (£)***	310,656

£000	Year ended 31 January 2018	Year ended 31 January 2017
Sales	13,985	12,304
Loss before tax	(1,027)	(613)
Retained loss	(1,146)	(858)
Net assets	441	1,712

*The amount and date of initial investment by F3 and Foresight 4 VCT plc.
**The accounting cost includes both the initial investment by the Company and also the valuation of the F3 investment in Itad Limited at the point it was transferred from F3 to the Company as part of the merger in June 2017.
***Includes £25,513 returned to F3 pre merger.

BIOFORTUNA LIMITED
www.biofortuna.com **WIRRAL**

SECTOR:
HEALTHCARE

Biofortuna, established in 2008, is a molecular diagnostics business based in the North West. Biofortuna has developed unique expertise in the manufacture of freeze dried, stabilised DNA tests.

31 March 2019 Update

Biofortuna recorded reasonable financial year-end results, growing revenues substantially compared with prior year. In order to support sales growth, the team is being restructured and new resources added. The focus for the upcoming financial year is on supporting the development of a differentiated contract services business.

Initial Investment*	March 2012
Amount invested (£)*	3,217,535
Accounting cost (£)**	3,217,535
Investment value (£)	1,890,077
Basis of valuation	Discounted revenue multiple
Equity held (%)	34.8%
Income received and receivable in the year (£)	—
Cash returned up to 31 March 2019 (£)	—

£000	Year ended 31 March 2018	Year ended 31 March 2017
Sales	1,082	1,234
Loss before tax	(1,180)	(1,007)
Retained loss	(1,013)	(767)
Net assets	754	856

*The amount and date of initial investment by F3 and Foresight 4 VCT plc.
**The accounting cost includes both the initial investment by the Company and also the valuation of the F3 investment in Biofortuna Limited at the point it was transferred from F3 to the Company as part of the merger in June 2017.

Our continued growth, despite an unsettled economy, demonstrates that FFX is providing the right customer service at the right price for the tools market.

Mark Skinner, Operations Director, FFX

Manager's Review

Portfolio overview

Investment (by value)	Date of First Investment	Sector	Transaction Type	31 March 2019 Accounting Cost £	31 March 2019 Valuation £
Datapath Group Limited	2007	TMT	BIMBO	11,081,243	16,128,276*
Ixaris Systems Limited	2006	Consumer & Leisure	Growth Capital	3,479,188	10,556,983*
TFC Europe Limited	2007	Industrials & Manufacturing	BIMBO	2,149,307	8,791,960*
Specac International Limited	2015	Industrials & Manufacturing	MBO	2,554,761	6,459,470*
FFX Group Limited	2015	Business Services	BIMBO	1,372,002	3,368,353*
Protean Software Limited	2015	TMT	BIMBO	1,795,229	3,149,252*
The Business Advisory Limited	2015	Business Services	Equity Release	1,938,046	2,475,885*
Aerospace Tooling Holdings Limited	2013	Industrials & Manufacturing	Equity Release	415,255	2,419,578*
Itad Limited	2015	Business Services	MBO	1,371,726	1,949,296*
Biofortuna Limited	2012	Healthcare	Growth Capital	3,217,535	1,890,077*
ABL Investments Limited	2015	Business Services	MBO	1,494,075	1,648,050
Steamforged Games Limited	2019	Consumer & Leisure	Growth Capital	1,600,000	1,600,000
Spektrix Limited	2018	TMT	Growth Capital	1,500,000	1,500,000
Hospital Services Group Limited	2015	Healthcare	BIMBO	1,200,000	1,330,319
Procam Television Holdings Limited	2013	TMT	MBO	2,162,929	1,300,255
Positive Response Communications Limited	2014	Business Services	BIMBO	1,009,195	1,286,336
Iphigenie Limited	2015	General	Growth Capital	100	1,177,183
Galinette Limited	2015	General	Growth Capital	100	1,116,810
Mologic Ltd	2018	Healthcare	Growth Capital	1,059,000	1,059,000
Clubspark Limited	2019	TMT	Growth Capital	860,000	860,000
The Naked Deli Ltd	2018	Consumer & Leisure	Growth Capital	750,000	750,000
Accrosoft Limited	2018	TMT	Growth Capital	750,000	750,000
Whitchurch PE 1 Limited	2014	General	Growth Capital	378,000	652,603
Luminet Networks Limited	2018	TMT	Growth Capital	600,000	600,000
Fertility Focus Limited	2018	Healthcare	Growth Capital	375,000	375,000
Cole Henry PE 2 Limited	2014	General	Growth Capital	200,000	370,039
Flowrite Refrigeration Limited	2012	Business Services	MBO	513,368	352,981
Codeplay Software Limited	2018	TMT	Growth Capital	300,000	300,000
Kingsclere PE 3 Limited	2014	General	Growth Capital	100,000	213,158
Sindicatum Carbon Capital Limited	2007	Environmental	Growth Capital	544,538	184,575
Vector Command Limited	2000	TMT	MBO	1,468,750	—
Evance Wind Turbines Limited	2007	Environmental	Growth Capital	1,490,420	—
Autologic Diagnostics Group Limited	2009	TMT	BIMBO	2,162,787	—
Thermotech Solutions Limited	2013	Business Services	Equity Release	—	—
CoGen Limited	2008	Environmental	Growth Capital	—	—
Amanite Limited	2015	General	Growth Capital	—	—
Gomette Limited	2015	General	Growth Capital	—	—
Pasiflor Limited	2015	General	Growth Capital	—	—
Andromaque Limited	2015	General	Growth Capital	—	—
				49,892,554	**74,615,439**

* Top ten investments by value shown on pages 10 to 14.

	31 March 2018				
Valuation Methodology	**Cost £**	**Valuation £**	**Additions £**	**Disposal Proceeds £**	**Net valuation movement £**
Discounted earnings multiple	11,081,243	18,129,170	—		(2,000,894)
Discounted revenue multiple	3,479,188	9,953,892	—	—	603,091
Discounted earnings multiple	2,149,307	6,560,414	—	—	2,231,546
Discounted earnings multiple	2,554,761	3,731,558	—	—	2,727,912
Discounted earnings multiple	1,372,002	2,173,014	—	—	1,195,339
Discounted revenue multiple	1,795,229	2,848,445	—	—	300,807
Discounted earnings multiple	1,938,046	1,678,999	—	—	796,886
Discounted earnings multiple	415,255	2,398,075	—	—	21,503
Discounted earnings multiple	1,371,726	1,643,684	—	—	305,612
Discounted revenue multiple	2,729,216	2,729,215	488,319	—	(1,327,457)
Discounted earnings multiple	1,494,075	1,842,770	—	—	(194,720)
Cost	—	—	1,600,000	—	—
Cost	—	—	1,500,000	—	—
Discounted earnings multiple	1,200,000	1,302,533	—	—	27,786
Discounted earnings multiple	2,162,929	2,443,359	—	—	(1,143,104)
Discounted revenue multiple	1,009,195	1,261,828	—	—	24,508
Net assets	100	100	—	—	1,177,083
Net assets	100	100	—	—	1,116,710
Cost	—	—	1,059,000	—	—
Cost	—	—	860,000	—	—
Cost	—	—	750,000	—	—
Cost	—	—	750,000	—	—
Net assets	378,000	271,653	—	—	380,950
Cost	—	—	600,000	—	—
Cost	—	—	375,000	—	—
Net assets	200,000	131,983	—	—	238,056
Discounted earnings multiple	513,368	978,754	—	—	(625,773)
Cost	—	—	300,000	—	—
Net assets	100,000	54,009	—	—	159,149
Funding round less 75% provision	544,538	184,575	—	—	—
Nil value	1,468,750	—	—	—	—
Nil value	1,490,420	—	—	—	—
Nil value	2,162,787	—	—	—	—
Sold	200,000	1,284,765	—	(1,266,727)	(18,038)
Sold	1,939,589	1,971,636	—	(795,144)	(1,176,492)
Dissolved	100	256,938	—	—	(256,938)
Dissolved	100	100	—	—	(100)
Dissolved	100	100	—	—	(100)
Dissolved	969,169	259,953	—	—	(259,953)
	44,719,293	**64,091,622**	**8,282,319**	**(2,061,871)**	**4,303,369**

Manager's Review

About The Manager

The Manager and it's investment adviser Foresight Group LLP, are part of Foresight Group, which has won a number of awards recognising its accomplishments in this area. Foresight Group was also voted "Best VCT Investment Manager" at the 2017 Growth Investor Awards, having previously been awarded "VCT House of the Year" at the 2016 Unquote British Private Equity awards.

Led by Russell Healey, Foresight Group's growing private equity investment team of 24 is pro-active and hands-on, and focused on investing typically up to £5 million in UK growth companies across a broad range of sectors.

The team currently operates out of offices in London, Manchester, Nottingham, Milton Keynes and Leicester, investing nationwide.

The team combines executives from varying backgrounds across corporate finance, consulting, accounting, private equity and industry. Between them, they have experience of more than 500 private equity and corporate finance transactions and have managed more than 200 investments, the majority of these during their time at Foresight Group.

This team has c. 300 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 Group'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 2 VCT plc and previously Electra Kingsway VCT 2 plc) on 24 February 2011 and 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.

2012 Foresight 4 VCT plc also acquired the assets and liabilities of Foresight Clearwater VCT plc on 6 February 2012 which was merged into the Foresight 4 VCT plc Ordinary Shares.

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

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.

Responsible Investment

To deliver sustainable growth and long-term success, Foresight Group believes it is critical to incorporate Environmental, Social and Governance factors ("ESG") into its investment processes and asset management procedures. Often referred to as Responsible Investment, these principles provide not only a key platform to generate attractive returns for investors, but also to help build better quality businesses in the UK, creating jobs and making a positive contribution to society.

ESG values form an integral part of our day-to-day decision making and investment management, which was formalised during 2018 through an update of Foresight Group's ESG Policy. Central to its investment approach are five ESG Principles which are used to evaluate investee companies throughout the life cycle of an investment. The evaluation is both about the company's existing position and its potential to improve and develop with support. Noting the wide range of its investments, Foresight Group believes its approach covers the key areas that should be used to assess a company's ESG performance, throughout the life cycle of an investment:

STRATEGY AND AWARENESS
Does the business demonstrate a good awareness of corporate social responsibility?
Is this reflected in its processes and management structure?

ENVIRONMENTAL
Does the company follow good practice for limiting or mitigating its environmental impact, in the context of its industry?
How does it encourage the responsible use of the world's resources?

SOCIAL
What impact does the company have on its employees, customers and society as a whole?
Is it taking steps to improve the lives of others, either directly, such as through job creation, or indirectly?

GOVERNANCE
Does the company and its leadership team demonstrate integrity?
Are the correct policies and structures in place to ensure it meets its legislative and regulatory requirements?

THIRD PARTY INTERACTION
Is the principle of corporate responsibility evidenced in the company's supply chain and customers?
How does it promote ESG values and share best practice?

The evaluation of investee companies against each principle and their improvements are supported by quantitative and qualitative data, starting at the initial review of an opportunity through to exit.

This process helps identify both the risks and the opportunities that exist within the portfolio and aims to ensure that investments support positive environmental and social outcomes.

Manager's Review

Responsible Investment

CREDENTIALS

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

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

CASE STUDY

An example of how ESG is measured is demonstrated below through the investment in Accrosoft, a software as a service company with two products currently in the market; Vacancy Filler, an Applicant Tracking System which automates the recruitment process for organisations and Weduc, an engagement tool to enable parent-teacher communication.

ACCROSOFT

Accrosoft's software products, Weduc and Vacancy Filler, focus on education and recruitment respectively, two key areas that shape society. Through digital transformation, the company pledges to change the way society learns, teaches and works. Accrosoft is committed to it principles, which is evidenced through its awards to date, being recognised as Glassdoor's 4th best UK tech company to work for.

At the core of Weduc is the philosophy of creating a 'paperless' environment in schools. Education establishments typically rely on paper communication when engaging with parents, whereas Weduc offers a platform for parents and teachers to communicate via technology instead, therefore saving thousands of permission slips, report cards and newsletters from being printed each year. Post-investment an environmental policy has been drawn up, and Accrosoft now assess the environmental impact of their suppliers such as their data centres.

Accrosoft has increased headcount from 65 members of staff on investment to 81 today. With Foresight's support, Accrosoft plan to expand their workforce by a further 50 full-time employees over the next three years, many of whom will be university students in entry level roles. Accrosoft also works with Access Generation, a charitable organisation helping young people find employment and businesses to improve their attractiveness to young people. Vacancy Filler's strap-line is "Recruit to Retain", encouraging a culture of high employee engagement and excellent levels of training.

Since investment a strong board has been recruited for Accrosoft including a new chairman, Non-Executive Director and Finance Director, improving oversight and management reporting. Formal policies including Health & Safety have also been implemented.

Accrosoft's products store a large amount of sensitive personal data. As such, Vacancy Filler has built an applicant portal which allows candidates to view and delete any personal data stored on the platform at any time. Likewise, Accrosoft has produced a company policy for the purposes of complying with GDPR, including staff training and

Russell Healey
PARTNER AND HEAD OF PRIVATE EQUITY

Russell is head of the Private Equity team at Foresight Group with overall responsibility for fund raising, new investments and the portfolio, and is a member of the Foresight Group Executive Committee. He has over 15 years' experience in fund management and venture capital investing. Prior to joining Foresight Group, he worked at Parkmead Group, a merchant bank, and spent ten years as CTO of a financial information company that was subsequently sold to Thomson Reuters. Russell holds a BA in Classics from the University of Exeter and an MBA with distinction from London Business School.

James Livingston
PARTNER

James joined Foresight Group in 2007 from Deloitte's Strategy Consulting team. James has 15 years of experience. At Foresight Group, he has led numerous successful transactions including growth and replacement capital transactions in a variety of sectors. James holds an MA in Natural Sciences and Management Studies from Cambridge University as well as the CIMA Advanced Diploma in Management Accounting.

Matt Smith
PARTNER

Matt joined Foresight Group in 2010 and has 15 years' venture capital investment experience. Prior to joining, he spent six years at Rothschild, advising companies in a range of sectors on a variety of transaction types. Matt has a particular focus on Environmental, Social and Governance considerations when evaluating investments and he successfully negotiated sales of a number of difficult assets. Matt graduated from the University of Oxford with an undergraduate degree in Biological Sciences and a distinction in a postgraduate degree in Physiology.

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 growth in net asset value per share and dividend payments, which, when combined, give net asset value total return. Net asset value total return allows performance comparisons to be made between VCTs. The net asset value total return for the year ended 31 March 2019 was an increase of 3.2% on the prior year. Additional key performance indicators reviewed by the Board include the discount of the share price relative to the net asset value, which shows the percentage by which the mid-market share price of the Company is lower than the net asset value per share, and total expenses as a proportion of shareholders' funds.

A record of some of these indicators is contained in the Key Metrics section on page 2. The ongoing charges ratio for the year was 2.2%. The Director's note that regular share buy-backs at a competitive discount to NAV is an essential KPI and also accretive for existing sharholders. Share buy-backs were completed at discounts ranging from 7.5% to 10.3%. It is the intention of the Board to move to a discount of 5.0% over the next few months. Further details of the Company's KPIs can be found in the Glossary of Terms on page 72.

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

Investments in unquoted companies at an early stage of their development may disappoint. However, investing the Company's funds in companies with high growth characteristics with the potential to become strong performers within their respective fields creates an opportunity for attractive returns to shareholders.

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 and cash. Unquoted investments are usually structured as a combination of ordinary shares and loan stock. Pending investment in unquoted 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.

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

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

Borrowing powers
The Company has a borrowing limit of an amount not exceeding an amount equal to 50% of the adjusted capital and reserves (being the aggregate of the amount paid up on the issued share capital of the Company and the amount standing to the credit of its reserves). Whilst the Company does not currently borrow, its articles allow it to do so.

CO-INVESTMENT

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

VCT REGULATION

The investment policy is designed to ensure that the Company continues to qualify and is approved as a VCT by HMRC. Amongst other conditions, the Company may not invest more than 15% of its total investments and cash by VCT value, at the time of making the investment, in a single company and must have at least 70% by VCT value (80% for accounting periods beginning on or after 6 April 2019) of its investments and cash throughout the period in shares or securities in qualifying holdings. In addition, in aggregate, 70% of a VCT's qualifying investments (30% for investments made before 6 April 2018 from funds raised before 6 April 2011) by VCT value must be in ordinary shares which carry no preferential rights (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 its manager, which has appointed Foresight Group LLP as its investment adviser and to which it has delegated the company secretarial, accounting and administration services. References to 'the Manager' throughout this report refer to the activities of both Foresight Group CI Limited and Foresight Group LLP.

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

The Company does not have any policies in place for human rights, environmental, social and community issues due to having no office premises, no employees and it's only suppliers being that of the service industry, opposed to tangible products. The Manager's policies in respect of all the above issues can be found on Foresight Group's website www.foresightgroup.eu.

Further, in relation to environmental, social and community impact please refer to the Manager's Review for more information on Foresight Group's Responsible Investment Principles.

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 2019 employs 136 men and 78 women.

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

	Foresight VCT	Foresight 4 VCT	Foresight Inheritance Tax Solutions	Foresight Nottingham Fund	Foresight Williams Technology EIS Fund	Foresight Regional Investment Fund	Total Equity Managed by Foresight
	£	£	£	£	£	£	%
ABL Investments Limited	2,750,000	1,494,075	—	—	—	—	57.3
Accrosoft Limited	1,724,138	750,000	—	—	—	—	26.9
Aerospace Tooling Holdings Limited	150,000	415,255	—	—	—	—	50.4
Biofortuna Limited	1,072,519	3,217,535	—	—	—	—	11.5
Clubspark Limited	1,270,936	860,000	—	—	—	—	19.0
Codeplay Software Limited	689,656	300,000	—	1,000,000	1,050,000	—	23.3
Cole Henry PE 2 Limited	100,000	200,000	—	—	—	—	49.9
Datapath Group Limited	7,563,365	11,081,243	—	—	—	—	38.8
Fertility Focus Limited	862,080	375,000	—	—	—	—	14.3
FFX Group Limited	2,676,426	1,372,002	—	—	—	—	49.9
Flowrite Refrigeration Limited	209,801	513,368	—	—	—	—	50.6
Hospital Services Group Limited	3,320,000	1,200,000	—	—	—	—	61.6
Itad Limited	2,750,000	1,371,726	—	—	—	—	35.0
Ixaris Systems Limited	2,266,036	3,479,188	—	—	—	—	17.9
Kingsclere PE 3 Limited	100,000	100,000	—	—	—	—	49.9
Luminet Networks Limited	2,364,532	600,000	—	—	—	—	37.5
Mologic Limited	2,434,483	1,059,000	—	—	—	—	21.4
Positive Response Communications Limited	1,000,000	1,009,195	—	—	—	—	60.8
Procam Television Holdings Limited	1,664,893	2,162,929	1,000,000	—	—	—	57.4
Protean Software Limited	2,500,000	1,795,229	—	—	—	—	63.5
Sindicatum Carbon Capital Limited	246,075	544,538	—	—	—	—	1.0
Specac International Limited	1,300,000	2,554,761	—	—	—	—	75.8
Spektrix Limited	3,448,276	1,500,000	—	—	—	—	13.5
Steamforged Games	2,364,532	1,600,000	—	—	—	1,000,000	32.6
TFC Europe Limited	3,614,612	2,149,307	—	—	—	—	66.7
The Business Advisory Limited	1,605,000	1,938,046	—	—	—	—	27.1
The Naked Deli Ltd	1,724,139	750,000	—	—	—	—	46.4
Whitchurch PE 1 Limited	100,000	378,000	—	—	—	—	49.9

Companies valued at £nil have been excluded from the table above.
Where the Manager controls over 50% of an investment by virtue of its discretionary management of one or more funds under management, decisions either have to be taken by the individual boards of the VCTs in respect of their individual holdings or voting is limited to 50%.

The Manager provides investment management services or advice to Foresight VCT plc, Foresight Solar & Infrastructure VCT plc, Foresight Nottingham Fund LP, Foresight Environmental Fund LP, Foresight Solar Fund Limited, Foresight European Solar Fund LP, Foresight Capri Energy Fund, Foresight Inheritance Tax Solutions, Foresight AD EIS, Foresight Energy Infrastructure EIS, Foresight Regional Investment LP, Foresight Williams Technology EIS Fund, Scottish Growth Scheme - Foresight Group Equity Partners LP, NI opportunities LP, John Laing Environmental Assets Group Limited and MEIF ESEM Equity LP.

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 and maximise the Company's tax-free income 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

The Company's buyback policy is, 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 performance and 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 capital gains tax on the disposal of their shares, and, in certain circumstances, to investors being required to repay the initial income tax relief on their investment.

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

Investment 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.

Valuation of unquoted investments: Unquoted companies are unlisted and there is no published market price for their shares. The value of the shares needs to be calculated based on other available information using estimates and judgements. As a result, the values calculated can be subjective.

Mitigation: Valuations are prepared in accordance with the IPEV Valuation Guidelines, as discussed in more detail in note 1 to the accounts. The Board reviews portfolio valuations quarterly and the external auditor performs an annual review, as noted in the auditor's report.

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 status.

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, cybercrime 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 Manager and other service providers. 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 are reviewed by the Board on a quarterly basis and at least annually by the external auditor.

Market risk: All investments are impacted by market risk. Many factors including terrorist activity and political developments 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.
Mitigation: The Board keeps the portfolio under regular review and the Manager ensures the portfolio is diversified.

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 challenge and the Manager reviews the credit-worthiness 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.

Brexit: The Board recognises that Brexit is a process that involves significant uncertainty and therefore the impact on the economy in general and the repercussions on individual businesses are difficult to anticipate.

Mitigation: The Board and the Manager follow Brexit developments closely with a view to identifying where changes could affect the areas of the market in which the Company specialises. Although hopefully this should be relatively limited as the majority of the businesses the Company invests in are largely UK focused, there will be an impact particularly where sales or purchases are outside the UK.

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 2022. 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 concentrated its efforts on the major factors that affect the economic regulatory and political environment.

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

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

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 2022.

PERFORMANCE-RELATED INCENTIVES

The Manager 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, during the vesting period, exceeding 100.0p per share ("High Watermark"), both immediately before and after the performance related incentive fee is paid. After each distribution is made to shareholders where a performance incentive is paid to the Manager, 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 the Manager. The current high watermark is 108.5p per share (2018: 108.5p per share).

The performance incentive fee may be satisfied by either a cash payment or the issue of shares (or by a combination of both) ultimately at the Board's discretion and as such qualifies as a share based payment. In line with a recent FRC review we have updated the accounting policy and disclosure note to expand on the recognition and measurement of the performance incentive fee. Any new shares to be issued to the Manager would be calculated by dividing the performance fee cash equivalent amount by the latest net asset value per share after adding the cumulative dividends to be paid.

No performance incentive was paid in the year (2018: £nil). No

performance incentive fee has been accrued in the year as the Company does not consider it possible that the total return would reach the high watermark for the forseeable future.

VALUATION POLICY

Investments held by the Company have been valued in accordance with the International Private Equity and Venture Capital ("IPEVC") 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 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. The portfolio valuations are prepared by the Manager, reviewed and approved by the Board quarterly and subject to annual review by the auditor.

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;
- 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 by qualifying investors are tax-free, whenever the disposal occurs.

The above tax reliefs will be forfeited by sharholders if the shares are not held for five years.

VENTURE CAPITAL TRUST STATUS

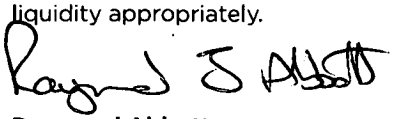
Foresight 4 VCT plc has been granted approval as a Venture Capital Trust (VCT) under S274—S280A of the Income Tax Act 2007 for the year ended 31 March 2018. The next complete review will be carried out for the year ended 31 March 2019. It is intended that the business of the Company be carried on so as to maintain its VCT status.

The Directors and the Manager 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 VCT status advisor to the Company to provide further independent assurance of compliance with legislation and applicable VCT regulation. As at 31 March 2019 the Company had approximately 89.6% (by VCT Value) of its funds in such VCT qualifying holdings.

FUTURE STRATEGY

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

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



Raymond Abbott
Chairman
8 July 2019

Governance

Board of Directors

"Following the successful fund raisings the Company has achieved, the Board is in a position to consider the appointment of an additional Director. The Directors will consider the appropriate skills and costs in achieving the requirements for the governance of the Board and its committees."

Raymond Abbott
Chairman of the Board

Raymond Abbott
CHAIRMAN OF THE BOARD

Position	Chairman of the Board
Appointed	22 June 2017
Experience	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). Raymond has over 28 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. Raymond has gained extensive experience as a non-executive director in public and private companies helping with strategy, finance and governance.
Other positions	Chairman of The Scottish Building Society Chairman of Integrated Environmental Solutions Limited
Beneficial Shareholding	60,818

Simon Jamieson
NON-EXECUTIVE DIRECTOR

Position	Chairman of the Audit Committee, 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	34,841

Michael Gray
NON-EXECUTIVE DIRECTOR

Position	Chairman of the Nomination and Management Engagement and Remuneration Committees, 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, a Non-Executive Director of JTC plc, an Advisory Board Member of Japanese private equity group, J-Star and a Non-Executive Director of the FTSE 250 listed GCP Infrastructure Investments Limited.
Beneficial Shareholding	28,448

Governance

Directors' Report

The Directors present their report and the financial statements of the Company for the year ended 31 March 2019.

ACTIVITIES AND STATUS

The principal activity of the Company during the year was the making of investments in unquoted companies in the United Kingdom. The Company is not an investment company within the meaning of Section 833 of the Companies Act 2006. It has satisfied the requirements as a VCT under sections 274–280A of the Income Tax Act 2007. Confirmation of the Company's qualification as a VCT has been received up to 31 March 2018 and the Directors have managed and intend to continue to manage the Company's affairs in such a manner as to comply with these regulations.

RESULTS AND DIVIDENDS

The total profit attributable to shareholders for the year amounted to £2,962,000 (2018: £115,000). The Board paid a dividend of 4.0p per share on 19 October 2018.

NET ASSET VALUE TOTAL RETURN

During the year ended 31 March 2019 the Company's principal indicator of performance, net asset value total return, increased by 3.2% per share.

SHARE ISSUES

Under the offer for subscription dated 19 May 2017, 23,065,899 share's were issued during the year based on a net asset value of 69.4p. Under an offer for subscription dated 14 June 2018, a further 48,752,945 shares were issued during the year, based on net asset values ranging from 65.4p to 69.6p per share. At 31 March 2019 the Company had 173,570,806 shares in issue.

SHARE BUYBACKS

During the year the Company repurchased 10,300,443 shares (including the tender offer) for cancellation at a cost of £6,541,000. No shares bought back by the Company are held in treasury. Share buy-backs have been completed at discounts ranging from 7.5% to 10.3%.

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, in the Strategic Report on page 25.

MANAGEMENT

Foresight Group CI Limited is the manager of the Company and has appointed Foresight Group LLP as its investment adviser and to which it has delegated the company secretarial, accounting and administration services.

Annually, the Management Engagement & Remuneration Committee reviews the appropriateness of the Manager's appointment. In carrying out its review, the Management Engagement & Remuneration Committee considers the investment performance of the Company and the ability of the Manager to produce satisfactory investment performance. It also considers the length of the notice period of the investment management contract and fees payable to the Manager, together with the standard of other services provided which include Company Secretarial services. It is the 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 27 June 2019. The principal terms of the management agreement are set out in note 3 to the accounts. Following the fundraise in the year, the Manager agreed to reduce the annual expenses cap to 2.50%.

No Director has an interest in any contract to which the Company is a party. Foresight Group CI Limited acts as manager to the Company in respect of its investments and earned fees of £1,992,000 (2018: £1,377,000) during the year. Foresight Group LLP indirectly received £166,000 excluding VAT (2018: £55,000, plus Foresight Fund Managers indirectly received £111,000 until November 2017) during the year in respect of secretarial, administrative and custodian services to the Company.

Foresight Group LLP also received from investee companies arrangement fees of £248,000 (2018: £20,000) and directors' fees of £382,000 (2018: £208,000) from investee companies.

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

At the time of writing, staff of the Manager held a total of 597,695 shares in the Company.

VCT STATUS MONITORING

The Company has retained Shakespeare Martineau LLP as legal advisers to advise on, inter alia, compliance with legislative requirements. The Directors monitor the Company's VCT

status at meetings of the Board and the Manager monitors the status on a continuing basis.

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 1 day (2018: 1 day).

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. This has not affected the current arrangements with the Manager, who continues to report to the Board and manage the Company's investments on a discretionary basis.

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 auditor is unaware; and (b) they have taken all steps they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of such information.

STATUTORY INSTRUMENT 2008/410 SCHEDULE 7 PART 6

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

Capital Structure

The Company's issued share capital as at 8 July 2019 was 196,419,691 shares.

Further information on the share capital of the Company is detailed in note 11 to the accounts.

Voting Rights in the Company's shares

Details of the voting rights in the Company's shares at the date of this report are given in note 5 in the Notice of Annual General Meeting on page 70.

Notifiable interests in the Company's voting rights

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

AUDITOR

Pursuant to S487(2) of the Companies Act 2006, 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. The Board put the audit contract up for tender in June 2019, the results of which will be formally announced following 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 may, in confidence, raise concerns within their respective organisations about possible improprieties in matters of financial reporting or other matters. On the basis of that information, adequate arrangements are in place for the proportionate and independent investigation of such matters and, where necessary, for appropriate follow-up action to be taken.

GOING CONCERN

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

The Company has sufficient financial resources together with investments and income generated therefrom across a variety of industries and sectors. 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 that complies with a new set of disclosure requirements.
See pages 38 to 41.

ANNUAL GENERAL MEETING

A formal notice convening the Annual General Meeting on 17 September 2019 can be found on pages 68 to 71. 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 replace and renew share issue and buyback authorities granted at previous general meetings of the Company and are explained in further detail 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 £1,200,000. This authority will be used for the purposes listed under the authority requested under Resolution 7. This includes authority to issue shares pursuant to the dividend reinvestment scheme operated by the Company, performance incentive fee arrangements with Foresight Group LLP and relevant individuals of Foresight Group LLP 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, save that the Company may allot equity shares after such

date in pursuance of a contract or contracts made prior to the expiration of this authority.

RESOLUTION 7

Resolution 7 will sanction, in a limited manner, the disapplication of pre-emption rights in respect of the allotment of equity securities (i) with an aggregate nominal value of up to 10% of the issued share capital of the Company from time to time pursuant to the dividend re-investment scheme at a subscription price per share that may be less than the net asset value per share, as may be, prescribed by the scheme terms; (ii) with an aggregate nominal value of up to 10% of the issued share capital of the Company from time to time pursuant to performance incentive arrangements with Foresight Group LLP, such shares to be issued at nominal value and relevant individuals of Foresight Group LLP and (iii) 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 2020, 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 the 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 26,018,263 shares, (representing approximately 14.99% of the Company's shares in issue at the date of this Annual Report) or, if lower, such number of shares (rounded down to the nearest whole share) as shall equal 14.99% of the issued share capital at the date the resolution is passed. When buying shares, the Company cannot pay a price per share which is more than 105% of the average of the middle market quotation for a share taken from the London Stock Exchange daily official list on the five business days immediately before the day on which shares are purchased or, if greater, the amount stipulated by 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 2020, 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 subscribing for 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, where 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 Group LLP
Secretary
8 July 2019

Governance

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 April 2016, as appropriate for a VCT.

As a VCT, 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 2019. The Annual General Meeting for the year ended 31 March 2018 was convened on 20 business days notice as recommended in the UK Corporate Governance Code.

The Board has also considered and observed the principles and recommendations of the AIC Code of Corporate Governance ("AIC Code"). The AIC Code addresses all the principles set out in the UK Code, as well as setting out additional principles and recommendations on issues that are of specific relevance to the Company.

THE BOARD

The Company has a Board of three Non-Executive Directors, all of whom are considered to be independent. The Board has not appointed a Senior Independent Director.

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 practical, 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.

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 on occasion meet without representation of 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. The Board also reviews both the Annual and Half-Yearly report. No significant issues have been identified from these reviews. Attendance by Directors at Board and Committee meetings is detailed in the table below.

	Board	Audit	Nomination	Management, Engagement & Remuneration
Simon Jamieson	5/5	2/2	1/1	1/1
Michael Gray	5/5	2/2	1/1	1/1
Raymond Abbott	5/5	2/2	1/1	1/1

MEETING ATTENDANCE

In addition to the above, further meetings were held in relation to the publication of corporate documents and in relation to investments.

In light of the responsibilities retained by the Board and its committees and of the responsibilities delegated to the Manager 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:

- Review the valuation of unquoted investments;
- Monitor the integrity of the Annual and Half-Yearly Reports of the Company and recommend the accounts to the Board for approval;
- Review the Company's internal control and risk management systems;
- Make recommendations to the Board in relation to the appointment of the external 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.

The Directors have decided to re-appoint KPMG LLP as auditor and a resolution concerning this will be proposed at the Annual General Meeting. Blick Rothenberg Limited provides the Company's taxation services. The Board put the audit contract up for tender in June 2019, the results of which will be formally announced following the Annual General Meeting on 17 September 2019.

The Nomination Committee comprises Michael Gray (Chairman), Raymond Abbott and Simon Jamieson 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.

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 makes recommendations to the Board on the Company's succession plans and also considers the resolutions of the annual re-election of directors.

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

Copies of the terms of reference of each of the Company's committees can be obtained from the Company Secretary 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.

It is the Board's intention in the future to conduct an annual evaluation in line with these principles.

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

Governance

RELATIONS WITH SHAREHOLDERS

The Company communicates with shareholders and solicits their views where it considers it is appropriate to do so. Foresight Group hosts regular investor forums for shareholders and publishes quarterly fact sheets, as well as information on new investments, on its website.

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, Nomination and Management Engagement & Remuneration 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 Manager has delegated the financial administration of the Company to Foresight Group LLP, which 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 provides legal advice and assistance in relation to the maintenance of VCT tax status, the operation of the agreements entered into with the Manager and the application of the VCT legislation to the Company.

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

Pursuant to the terms of its appointment, the Manager invests the Company's assets and Foresight Group LLP, in its capacity as administrator, has 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 accounts, 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 risk register is created that identifies the key functions carried out by the Manager and other service providers, the individual activities undertaken within those functions, the risks associated with each activity and the controls employed to minimise those risks. A residual risk rating is then applied.

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

The Audit Committee has carried out a robust 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 against its objectives at each Board meeting.

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

The Board has reviewed the need for an internal audit function. It

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

DIRECTORS' PROFESSIONAL DEVELOPMENT

Directors are provided on a regular basis with key information on the Company's policies, regulatory and statutory requirements and internal controls.

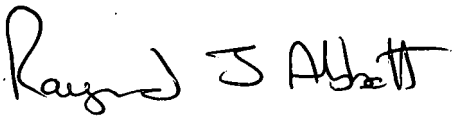
Changes affecting Directors' responsibilities are advised to the Board as they arise. Directors also participate in industry seminars.

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 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

8 July 2019

Governance

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 2019.

CONSIDERATION BY THE DIRECTORS OF MATTERS RELATING TO DIRECTORS' REMUNERATION

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

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 the Manager and industry research carried out by third parties in respect of 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 2019 were agreed during the year.

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

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

None of the Directors have a service contract but, under letters of appointment dated 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 last approved by Shareholders at the Annual General Meeting on 11 October 2018 and it is the intention of the Board that the above remuneration policy will, subject to shareholder approval, come into effect immediately following the Annual General Meeting of the Company on 17 September 2019.

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 95.1% of Shareholders voted for the resolution approving the Directors' Remuneration Report, showing significant shareholder support.

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:

2019 AGM	2020 AGM	2021 AGM
R Abbott	-	-
-	M Gray	-
-	-	S Jamieson

SHAREPRICE TOTAL RETURN

The graph below charts the total shareholder return to 31 March 2019, on the hypothetical value of £100, invested by an Ordinary Shareholder on 28 February 2010. 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

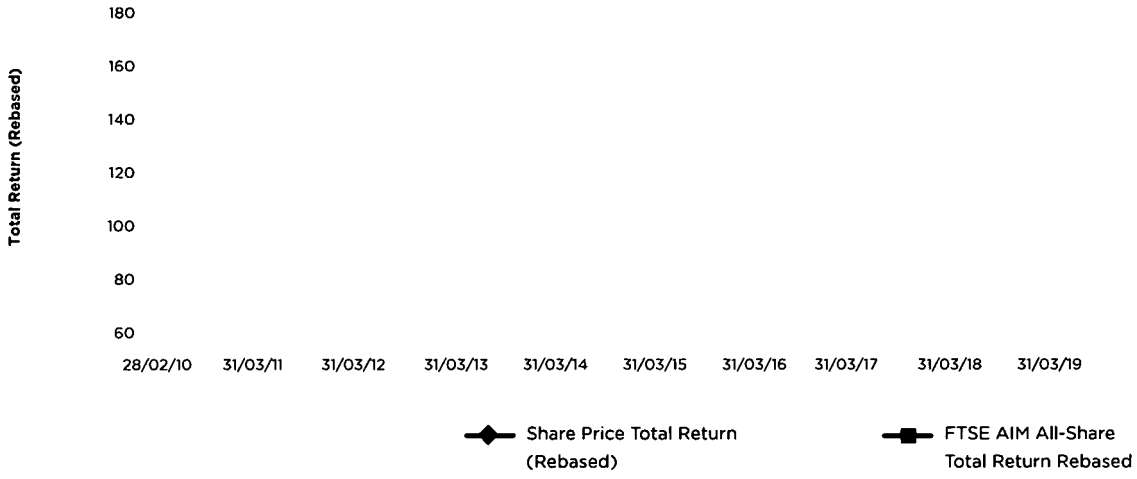
The emoluments in respect of qualifying services of each person who served as a Director during the year are shown on page 40. No Director has waived or agreed to waive any emoluments from the Company in either the current or previous year.

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 2019 Shares	31 March 2018 Shares
Michael Gray	28,448	28,448
Raymond Abbott	60,818*	60,818*
Simon Jamieson	34,841	34,841
Peter Dicks (resigned 22 June 2017)	—	69,774
Total	124,107	193,881

*10,744 shares held by Raymond Abbott's wife and 17,837 shares held through an Alliance Trust account.

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

There have been no changes in the Directors' share interests between 31 March 2019 and the date of this report.

In accordance with the Articles of Association and the requirements of the UK Corporate Governance Code, Mr Abbott must retire through rotation and, being eligible, offers himself for re-election. Biographical notes on the current serving Directors are given on pages 28 to 29. The Board believes that Mr Abbott's skills, experience and knowledge continue to complement those of the other Board members and add value to the Company and recommends his 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. See the Independent Auditor's Report on pages 44 to 47.

	Directors' fees year ended 31 March 2019 (£)^	Directors' fees year ended 31 March 2018 (£)
Raymond Abbott	27,500	21,365
Simon Jamieson	22,000	23,251
Michael Gray	22,000	22,000
Peter Dicks (resigned 22 June 2017)	—	5,021
Total	71,500	71,637

^There were no taxable benefits received by Directors in the year.

The Directors are not eligible for pension benefits, share options or long-term incentive schemes. Directors' fees are reviewed annually, and fees were last increased in the year ended 31 March 2013 after consideration of fees paid to other VCT directors and available independent research. It is the intention of the Directors to increase the annual remuneration, subject to shareholder approval of the remuneration policy and remuneration report at the Annual General meeting on 17 September 2019.

Votes cast For and Against the Directors' Remuneration Report for the year ended 31 March 2018

Shares and Percentage of votes cast For	Shares and Percentage of votes cast Against	Number of votes withheld
95.1%	4.9%	
10,732,693 votes	551,050 votes	313,116 votes

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

	Year ended 31 March 2019	Year ended 31 March 2018
Dividends	£5,941,000	£4,229,000
Share buybacks	£6,541,000	£6,836,000
Total Shareholder distributions	£12,482,000	£11,065,000
Directors fees	£71,500	£75,000
Directors fees % of Shareholder distributions	0.57%	0.66%

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 8 July 2019 and is signed on its behalf by Michael Gray (Director).

On behalf of the Board

Michael Gray
Chairman of the Management, Engagement & Remuneration Committee
8 July 2019

Governance

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 of unquoted investments; and
- Compliance with HM Revenue & Customs conditions for maintenance of approved VCT 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 VCT the Company's investments are predominantly in unlisted securities, which can be difficult to value and require the application of skill, knowledge and judgement by the Board and Audit Committee. During the valuation process the Manager follows the valuation methodologies for unlisted investments as set out in the 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 checked by the auditor and reviewed and challenged by the Audit Committee. The Manager confirmed to the Audit Committee that the investment valuations had been calculated consistently with prior periods and in accordance with published industry guidelines, taking account of the latest available information about investee companies and current market data.

VENTURE CAPITAL TRUST STATUS

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

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

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, Henry Todd, assumed responsibility for the audit in 2018.

KPMG LLP was appointed as auditor on 25 January 2011, with their first audit for the year ended 31 March 2011. The Board put the audit contract up for tender in June 2019 with the intention of formally announcing the result of the tender process following the Annual General Meeting on 17 September 2019. As part of its review of the continuing appointment of the auditor, the Audit Committee considers the need to put the audit out to tender, its fees and independence from the Manager along with any matters raised during each audit. KPMG LLP is not engaged for non-audit services.

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

The Audit Committee met in July 2018 to review the annual audited accounts for the year ended 31 March 2018 and the Company's risk register and in November 2018 to review the interim report and the Company's risk register.

EXISTENCE OF UNQUOTED INVESTMENTS

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

Simon Jamieson
Audit Committee Chairman
8 July 2019

Statement of Directors' Responsibilities

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ANNUAL REPORT AND ACCOUNTS

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

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

Under company law the Directors must not approve the financial statements unless they are satisfied they give a true and fair view of the state of affairs of the Company and it's profit or loss 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;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

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

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

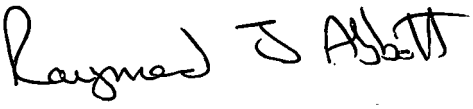
STATEMENT OF THE DIRECTORS IN RESPECT OF THE ANNUAL REPORT

We confirm that to the best of our knowledge:

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

We consider the annual report and accounts taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

On behalf of the Board



Raymond Abbott
Chairman
8 July 2019

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

OPINIONS AND CONCLUSIONS ARISING FROM OUR AUDIT

1. Our opinion is unmodified
We have audited the financial statements of Foresight 4 VCT plc ("the Company") for the year ended 31 March 2019 which comprise the Income Statement, Reconciliation of Movements in Shareholders' Funds, Balance Sheet, Cash Flow Statement, and the related notes, including the accounting policies in note 1.

In our opinion, the financial statements:

- give a true and fair view of the state of Company's affairs as at 31 March 2019 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion. Our audit opinion is consistent with our report to the audit committee.

We were first appointed as auditor by the directors in July 2012. The period of total uninterrupted engagement is for the eight financial years ended 31 March 2019. We have fulfilled our ethical responsibilities under, and we remain independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed public interest entities. No non-audit services prohibited by that standard were provided.

2. Key audit matter: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. We summarise below the key audit matters (noting first the change from 2018), in decreasing order of audit significance, in arriving at our audit opinion above, together with our key audit procedures to address those matters and, as required for public interest entities, our results from those procedures. These matters were addressed, and our results are based on procedures undertaken, in the context of, and solely for the purpose of, our audit of the financial statements as a whole, and in forming our opinion thereon, and consequently are incidental to that opinion, and we do not provide a separate opinion on these matters.

Key audit matter: The impact of uncertainties due to UK exiting the European Union on our audit
New risk : Refer to page 9 (Manager's Review), page 26 (Strategic Report), and page 52 (Going Concern).

The risk: Unprecedented levels of uncertainty
All audits assess and challenge the reasonableness of estimates, in particular as described in "Valuation of unquoted investments" below, and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements (see below). All of these depend on assessments of the future economic environment and the Company's future prospects and performance.

In addition, we are required to consider the other information presented in the Annual Report including the principal risks disclosure and the viability statement and to consider the directors' statement 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 position and performance.

Brexit is one of the most significant economic events for the UK and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown.

Our response:
We developed a standardised firm-wide approach to the consideration of the uncertainties arising from Brexit in planning and performing our audits. Our procedures included:

- Our Brexit knowledge: We considered the directors' assessment of Brexit-related sources of risk for the company's business and financial resources compared with our own understanding of the risks. We considered the directors' plans to take action to mitigate the risks.
- Sensitivity analysis: When addressing the valuation of unquoted investments and other areas that depend on forecasts, we compared the directors' sensitivity analysis to our assessment of the full range of reasonably possible scenarios resulting from Brexit uncertainty and, where forecasts cash flows are required to be discounted, considered adjustments to discount rates for the level of remaining uncertainty.
- Assessing transparency: As well as assessing individual disclosures as part of our procedures on the "Valuation of unquoted investments" we considered all of the Brexit related disclosures together, including those in the annual report, comparing the overall picture against our understanding of the risks.

Our results:
As reported under Valuation of unquoted investments, we found the resulting estimates and related disclosures of the Valuation of unquoted investments and disclosures in relation to going concern to be acceptable. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

Key audit matter: Valuation of Unquoted Investments
(£75 million; 2018: £64 million).
Refer to page 6 (Manager's

Review), page 25 (Strategic Report), page 27 (Valuation Policy), page 42 (Audit Committee Report), page 52 (Accounting Polices) and page 60 (Financial Disclosures).

The risk: Subjective valuation:
63% of the Company's total assets (by value) 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 valuations such as prices of recent orderly transactions, revenue and earnings multiples, discounted cash flow measurement, and net assets.

The effect of these matters is that, as part of our risk assessment, we determined that the valuation of unquoted investments has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole, and possibly many times that amount. The financial statements (note 15) disclose the sensitivity estimated by the Company.

Our procedures included:

- Historical comparisons: Assessment of investment realisations in the period, if any, comparing actual sales proceeds to prior year end valuations to understand the reasons for significant variances and determine 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 maintainable earnings/revenues, comparable multiples, illiquidity discounts, and discount rates. We compared key underlying financial data inputs to external sources, investee company audited accounts and management information as applicable. We challenged the assumptions around 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 whether 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 a holding, we obtained an understanding of the circumstances surrounding the transaction and whether it was considered to be on an arms-length basis and suitable as an input into a valuation.
- 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 reasonably possible alternative valuation assumptions.

Our results:
We found the Company's valuation of unquoted investments to be acceptable (2018: acceptable).

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 £1.18m (2018: £0.8m), determined with reference to a benchmark of total assets, of £118m (2018: 78.5m), which it represents 1.0% (2018: 1.0%).

In addition, we applied materiality of £1 (2018: n/a) to directors' fees for which we believe misstatements of lesser amounts than materiality for the financial statements as a whole could reasonably be expected to influence the Company's members' assessment of the financial performance of the Company.

We agreed to report to the Audit and Risk Committee any corrected or uncorrected identified misstatements exceeding £59,000 (2018: £39,000), in addition to other identified misstatements that warranted reporting on qualitative grounds.
Our audit of the Company was undertaken to the materiality level specified above and was all performed at the investment manager's head office in London.

4. We have nothing to report on going concern

The Directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

Our responsibility is to conclude on the appropriateness of the Directors' conclusions and, had there been a material uncertainty related to going concern, to make reference to that in this audit report. However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Company will continue in operation.

In our evaluation of the Directors' conclusions, we considered the inherent risks to the Company's business model, including the impact of Brexit, and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period. The risks that we considered most likely to adversely affect the Company's available financial resources over this period were the impact of Brexit on the underlying investment company supply chains

As these were risks that could potentially cast significant doubt on the Company's ability to continue as a going concern, we considered sensitivities over the level of available financial resources indicated by the Company's financial forecasts taking account of reasonably possible (but not unrealistic) adverse effects that could arise from these risks individually and collectively and evaluated the achievability of the actions the

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

Directors consider they would take to improve the position should the risks materialise. We also considered less predictable but realistic second order impacts, such as the impact of Brexit and the erosion of customer or supplier confidence, which could result in a rapid reduction of available financial resources.

Based on this work, we are required to report to you if:

- we have anything material to add or draw attention to in relation to the directors' statement in Note 1 to the financial statements on the use of the going concern basis of accounting with no material uncertainties that may cast significant doubt over the Company's use of that basis for a period of at least twelve months from the date of approval of the financial statements;
- the related statement under the Listing Rules set out on page 31 is materially inconsistent with our audit knowledge.

We have nothing to report in these respects, and we did not identify going concern as a key audit matter.

5. We have nothing to report on the other information in the Annual Report

The Directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Strategic report and directors' report

Based solely on our work on the other information:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Directors' remuneration report

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

Disclosures of principal risks and longer-term viability

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

- the Directors' confirmation within the viability statement page 26 that they have carried out a robust assessment of the principal risks facing the Company, including those that would threaten its business model, future performance, solvency and liquidity;
- the Principal Risks disclosures describing these risks and explaining how they are being managed and mitigated; and
- the Directors' explanation in the viability statement of how they have assessed the prospects of the Company, over what period they have done so and why they considered that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Under the Listing Rules we are required to review the viability statement. We have nothing to report in this respect.

Our work is limited to assessing these matters in the context of only the knowledge acquired during our financial statements audit. As we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgments that were reasonable at the time they were made, the absence of anything to report on these statements is not a guarantee as to the Company's longer-term viability.

Corporate governance disclosures

We are required to report to you if:

- we have identified material inconsistencies between the knowledge we acquired during our financial statements 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 position and performance, business model and strategy; or
- the section of the annual report describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee; or
- a Corporate Governance Statement has not been prepared by the company.

We are required to report to you if the Corporate Governance Statement does not properly disclose a departure from the eleven provisions of the UK Corporate Governance Code specified by the Listing Rules for our review.

We have nothing to report in these respects.

Based solely on our work on the other information described above:

- with respect to the Corporate Governance Statement disclosures about internal control and risk management systems in relation to financial reporting processes and about share capital structures:
  - we have not identified material misstatements therein; and
  - the information therein is consistent with the financial statements; and

- in our opinion, the Corporate Governance Statement has been prepared in accordance with relevant rules of the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority.

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

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

7. Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 43, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

Irregularities - ability to detect

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, through discussion with the Directors and other management (as required by auditing standards), and from inspection of the company's regulatory and legal correspondence and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations. We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

The company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and its qualification as Venture Capital Trust under UK tax legislation, any breach of which could lead to the company losing various deductions and exemptions from UK corporation tax and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Whilst the company is subject to many other laws and regulations, we did not identify any others where the consequences of non-compliance alone could have a material effect on amounts or disclosures in the financial statements.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

8. The purpose of our audit work and to whom we owe our responsibilities

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

Henry Todd
(Senior Statutory Auditor)
for and on behalf of KPMG LLP,
Statutory Auditor
Chartered Accountants
15 Canada Square
London E14 5GL
8 July 2019

Income Statement

FOR THE YEAR ENDED 31 MARCH 2019

		Year ended 31 March 2019			Year ended 31 March 2018		
		Revenue	Capital	Total	Revenue	Capital	Total
	Notes	£'000	£'000	£'000	£'000	£'000	£'000
Investment holding gains	8	—	5,292	5,292	—	596	596
Realised (losses)/gains on investments	8	—	(514)	(514)	—	1,059	1,059
Income	2	744	—	744	629	—	629
Investment management fees	3	(498)	(1,494)	(1,992)	(344)	(1,033)	(1,377)
Other expenses	4	(568)	—	(568)	(792)	—	(792)
(Loss)/profit on ordinary activities before taxation		(322)	3,284	2,962	(507)	622	115
Taxation	5	—	—	—	96	(96)	—
(Loss)/profit on ordinary activities after taxation		(322)	3,284	2,962	(411)	526	115
(Loss)/profit per share:	7	(0.2)p	2.2p	2.0p	(0.4)p	0.5p	0.1p

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 comprehensive income has been presented.

The notes on pages 52 to 67 form part of these financial statements.

Reconciliation of Movements in Shareholders' Funds

Year ended 31 March 2019	Called-up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Special distributable reserve* £'000	Capital reserve* £'000	Revaluation reserve £'000	Total £'000
Company							
As at 1 April 2018	1,121	51,186	372	46,898	(41,098)	19,458	77,937
Share issues in the year	718	50,748	—	—	—	—	51,466
Expenses in relation to share issues	—	(2,125)	—	—	—	—	(2,125)
Repurchase of shares	(103)	—	103	(6,541)	—	—	(6,541)
Expenses in relation to tender offer	—	(133)	—	—	—	—	(133)
Cancellation of Share Premium	—	(36,000)	—	36,000	—	—	—
Realised losses on disposal of investments	—	—	—	—	(514)	—	(514)
Investment holding gains	—	—	—	—	—	5,292	5,292
Dividends paid	—	—	—	(5,941)	—	—	(5,941)
Management fees charged to capital	—	—	—	—	(1,494)	—	(1,494)
Revenue loss for the year	—	—	—	(322)	—	—	(322)
As at 31 March 2019	1,736	63,676	475	70,094	(43,106)	24,750	117,625

Year ended 31 March 2019	Called-up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Special distributable reserve* £'000	Capital reserve* £'000	Revaluation reserve £'000	Total £'000
Company							
As at 1 April 2017	574	5,112	265	58,374	(41,028)	18,862	42,159
Foresight 3 VCT Plc merger	483	34,762	—	—	—	—	35,245
Share issues in the year	171	11,760	—	—	—	—	11,931
Expenses in relation to share issues	—	(317)	—	—	—	—	(317)
Repurchase of shares	(107)	—	107	(6,836)	—	—	(6,836)
Expenses in relation to tender offer	—	(131)	—	—	—	—	(131)
Realised gains on disposal of investments	—	—	—	—	1,059	—	1,059
Investment holding gains	—	—	—	—	—	596	596
Dividends paid	—	—	—	(4,229)	—	—	(4,229)
Management fees charged to capital	—	—	—	—	(1,033)	—	(1,033)
Tax credited to capital	—	—	—	—	(96)	—	(96)
Revenue loss for the year	—	—	—	(411)	—	—	(411)
As at 31 March 2018	1,121	51,186	372	46,898	(41,098)	19,458	77,937

*Reserve is available for distribution, total distributable reserves at 31 March 2019 are £26,988,000 (2018: £5,800,000).

The notes on pages 52 to 67 form part of these financial statements.

Financial Statements

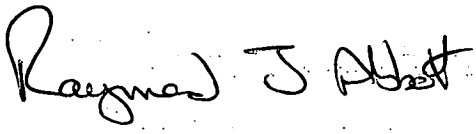
Balance Sheet

AT 31 MARCH 2019

Registered number: 03506579

	Notes	As at 31 March 2019 £'000	As at 31 March 2018 £'000
Fixed assets			
Investments held at fair value through profit or loss	8	74,615	64,092
Current assets			
Debtors	9	10,331	3,790
Cash and cash equivalents		33,185	10,655
		43,516	14,445
Creditors			
Amounts falling due within one year	10	(506)	(600)
Net current assets		43,010	13,845
Net assets		117,625	77,937
Capital and reserves			
Called-up share capital	11	1,736	1,121
Share premium account		63,676	51,186
Capital redemption reserve		475	372
Special distributable reserve		70,094	46,898
Capital reserve		(43,106)	(41,098)
Revaluation reserve		24,750	19,458
Equity shareholders' funds		117,625	77,937
Net asset value per share:	12	67.8p	69.6p

The financial statements were approved by the Board of Directors and authorised for issue on 8 July 2019 and were signed on its behalf by:



Raymond Abbott
Chairman
8 July 2019

The notes on pages 52 to 67 form part of these financial statements.

Cash Flow Statement

FOR THE YEAR ENDED 31 MARCH 2019

	Year ended 31 March 2019 £'000	Year ended 31 March 2018 £'000
Cash flow from operating activities		
Investment income received	549	806
Dividends received from investments	35	46
Deposit and similar interest received	149	4
Investment management fees paid	(2,104)	(1,315)
Secretarial fees paid	(166)	(163)
Other cash payments	(450)	(837)
Net cash outflow from operating activities	(1,987)	(1,459)
Cash flow from investing activities		
Purchase of investments	(8,281)	(674)
Net proceeds on sale of investments	2,082	9,843
Net proceeds on deferred consideration	513	165
Net cash (outflow)/inflow from investing activities	(5,686)	9,334
Cash flow from financing activities		
Proceeds of fund raising	43,562	8,318
Expenses of fund raising	(972)	(125)
Repurchase of own shares	(6,480)	(6,525)
Expenses in relation to tender offer	—	(131)
Equity dividends paid	(5,907)	(4,229)
Proceeds of Foresight 3 VCT plc allotments received after the merger	—	3,372
Cash acquired on merger with Foresight 3 VCT plc	—	472
Net cash inflow from financing activities	30,203	1,152
Net inflow of cash for the year	22,530	9,027
Reconciliation of net cash flow to movement in net funds		
Increase in cash and cash equivalents for the year	22,530	9,027
Net cash and cash equivalents at start of year	10,655	1,628
Net cash and cash equivalents at end of year	33,185	10,655

Analysis of changes in net debt	At 1 April 2018 £'000	Cash flow £'000	At 31 March 2019 £'000
Cash and cash equivalents	10,655	22,530	33,185

The notes on pages 52 to 67 form part of these financial statements.

Notes to the Accounts

FOR THE YEAR ENDED 31 MARCH 2019

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 and updated in February 2018.

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

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

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

GOING CONCERN

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report. The financial position of the Company, its cash flows, liquidity position and borrowing facilities are referred to in the 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.

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

All investments held by the Company are classified as "fair value through profit or loss". The Directors 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.

NOTE 1 ACCOUNTING POLICIES (CONTINUED)

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

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 cost 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 Manager compared to the sector including, inter alia, illiquidity; 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 Manager, will agree the values that represent the extent to which a realised loss should be recognised. 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 the application of a multiple to that company's historic, current or forecast turnover (the multiple being based on a comparable sector but with the resulting value being adjusted to reflect points of difference identified by the Manager including, inter alia, illiquidity).

C) INCOME

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

D) EXPENSES

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

E) SHARE BASED PAYMENTS

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

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

Notes to the Accounts

FOR THE YEAR ENDED 31 MARCH 2019

NOTE 1 ACCOUNTING POLICIES (CONTINUED)

E) SHARE BASED PAYMENTS (CONTINUED)

The fair value of the amount payable to the manager is recognised as an expense, with a corresponding increase in liabilities (or equity if the share based payment is settled by the issue of shares), over the period in which the manager becomes unconditionally entitled to payment. The liability (or equity) is remeasured at each balance sheet date and at settlement date. Any changes in the fair value of the liability (or equity) are recognised as a performance incentive fee in profit or loss.

F) BASIC FINANCIAL INSTRUMENTS

Trade and other debtors

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

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and other highly liquid equivalent assets classified as cash due to insignificant risk of valuation movements. 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.

G) OTHER FINANCIAL INSTRUMENTS

Other financial instruments not meeting the definition of Basic Financial Instruments include non-current investments and are recognised initially at fair value. Subsequent to initial recognition other financial instruments are measured at fair value with changes recognised 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.

H) TAXATION

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

I) DEFERRED TAXATION

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

NOTE 1 ACCOUNTING POLICIES (CONTINUED)

J) RESERVES

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

(i) Capital reserve

The following are accounted for in this reserve:

- Gains and losses on realisation of investments;
- Permanent diminution in value of investments;
- 75% of management fee expense, together with the related tax effect to this reserve in accordance with the policies; 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.

(iii) Special distributable reserve

The following are accounted for in this reserve:

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

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

K) INVESTMENT RECOGNITION AND DERECOGNITION

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

L) CRITICAL ESTIMATES AND ASSUMPTIONS

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. The Board considers that the only area where the Manager makes critical estimates and assumptions that may have a significant effect on the financial statements relates to the fair valuation of unquoted investments. Actual results may differ from these estimates and the underlying assumptions are reviewed on an ongoing basis.

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

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

2 INCOME

	Year ended 31 March 2019 £'000	Year ended 31 March 2018 £'000
Loan stock interest	560	544
Dividends receivable	35	81
Deposit and similar interest received	149	4
	744	629

Notes to the Accounts

FOR THE YEAR ENDED 31 MARCH 2019

3 INVESTMENT MANAGEMENT FEES

	Year ended 31 March 2019 £'000	Year ended 31 March 2018 £'000
Investment management fees charged to the revenue account	498	344
Investment management fees charged to the capital account	1,494	1,033
	1,992	1,377

The Manager advises the Company on investments in qualifying companies under an agreement dated 30 July 2004 (and novated to Foresight Group CI Limited on 19 December 2011) and receives management fees, paid quarterly in advance, of 2% of net assets per annum. If the annual expenses of the Company exceed 2.50% (reduced from 2.95% following the £50 million fundraise) 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.

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

4 OTHER EXPENSES

	Year ended 31 March 2019 £'000	Year ended 31 March 2018 £'000
Accounting and secretarial services (excluding VAT)	166	166
Directors' remuneration including employer's National Insurance contributions	73	75
Auditor's remuneration (excluding VAT)[1]	44	43
Other	285	508
	568	792

[1]There were no non-audit fees paid to the Company's auditor during the year (2018: Nil)

Foresight Group LLP was appointed as Company Secretary on 6 November 2017 and received annual fees, paid quarterly in advance, for the services provided of £166,000 (2018: £55,000, Foresight Fund Managers received £111,000 until November 2017). The annual secretarial fee (which is payable together with any applicable VAT) is adjusted annually in line with the UK Retail Prices Index.

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

5 TAX ON ORDINARY ACTIVITIES

	Year ended 31 March 2019			Year ended 31 March 2018		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Current tax						
Corporation tax	—	—	—	96	(96)	—
Total current tax	—	—	—	96	(96)	—
Deferred tax	—	—	—	—	—	—
Total tax	—	—	—	96	(96)	—

FACTORS AFFECTING THE TOTAL TAX CHARGE FOR THE YEAR:

The tax assessed on the profit on ordinary activities for the year is lower (2018: lower) than the standard rate of corporation tax in the UK of 19% (2018: 19%).

The differences are explained below:

	Year ended 31 March 2019 £'000	Year ended 31 March 2018 £'000
Profit on ordinary activities before taxation	2,962	115
Corporation tax at 19% (2018: 19%)	563	22
Effect of:		
Dividend income not taxable	(7)	9
Realised capital (losses)/gains not (allowable)/taxable	98	(201)
Unrealised capital gains not taxable	(1,005)	(113)
Unutilised management expenses	351	283
Total tax charge for the year	—	—

On 16 March 2016 the Chancellor announced further reductions to the UK Corporation tax rate from April 2020 to 17%.

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

The Company has not recognised an estimated deferred tax asset of £1,969,000 (2018: £1,939,000) arising as a result of unutilised excess management expenses, due to uncertainty about the availability of future taxable profits to offset the losses against.

6 DIVIDENDS

	Year ended 31 March 2019 £'000	Year ended 31 March 2018 £'000
Dividends — paid in the year	5,941	4,229

The Board is not recommending a final dividend for the year ended 31 March 2019 (2018: £nil). The Board is recommending an interim dividend of 4.0p for 2019/2020 which is due to be paid in Summer 2019.

As at 31 March 2019, reserves available for dividend distribution total £26,988,000 (2018: £5,800,000) comprising the capital and distributable reserves. The dividend paid in the current year was paid solely from capital reserves.

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

Notes to the Accounts

FOR THE YEAR ENDED 31 MARCH 2019

7 RETURN PER SHARE

	Year ended 31 March 2019 £'000	Year ended 31 March 2018 £'000
Total profit after taxation	2,962	115
Total profit per share (note a)	2.0p	0.1p
Revenue loss from ordinary activities after taxation	(322)	(411)
Revenue loss per share (note b)	(0.2p)	(0.4p)
Capital profit from ordinary activities after taxation	3,284	526
Capital profit per share (note c)	2.2p	0.5p
Weighted average number of shares in issue in the year	147,007,155	94,123,649

Notes:

a) Total profit per share is total profit after taxation divided by the weighted average number of shares in issue during the year.

b) Revenue loss per share is revenue loss after taxation divided by the weighted average number of shares in issue during the year.

c) Capital profit per share is capital profit after taxation divided by the weighted average number of shares in issue during the year.

8 INVESTMENTS HELD AT FAIR VALUE THROUGH PROFIT OR LOSS

	2019 £'000	2018 £'000
Unquoted investments	74,615	64,092
	74,615	64,092

	£'000
Book cost at 1 April 2018	44,719
Investment holding gains	19,373
Valuation at 1 April 2018	64,092
Movements in the year:	
Purchases at cost	8,281
Disposal proceeds	(2,062)
Realised losses*	(1,046)
Investment holding gains**	5,350
Valuation at 31 March 2019	74,615
Book cost at 31 March 2019	49,892
Investment holding gains	24,723
Valuation at 31 March 2019	74,615

*Realised losses in the income statement include deferred consideration received of £232,133 (O-Gen Acme Trek Limited), £145,836 (The Message Pad Limited), £53,409 (Thermotech Solutions Limited) and £81,224 (ICA Limited) as well as proceeds from warrants of £20,767 (Hallmarq Systems Limited).

**Investment holding gains in the income statement have been reduced by the decrease in deferred consideration debtor of £58,350 (ICA Limited).

9 DEBTORS

	2019 £'000	2018 £'000
Accrued income	86	81
Deferred consideration	27	85
Prepayments	112	8
Other debtors*	10,106	3,616
	10,331	3,790

*Includes allotment debtor on fundraisings during the year of £10,021,000, received on 6 June 2019.

10 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019 £'000	2018 £'000
Trade creditors	2	179
Accruals	110	109
Other creditors	394	312
	506	600

11 CALLED-UP SHARE CAPITAL

	2019 £'000	2018 £'000
Allotted, called up and fully paid:		
173,570,806 shares of 1p each (2018: 112,052,405)	1,736	1,121

SHARE ISSUES AND SHARE BUYBACKS

Under an offer for subscription dated 14 June 2018, 48,752,945 shares were issued during the year and under the May 2017 offer 23,065,899 shares were issued during the year. Based on net asset values ranging from 65.4p to 69.6p per share.

These share issues were under the new VCT provisions that commenced on 6 April 2006, namely: 30% up front income tax relief which can be retained by qualifying investors if the shares are held for the minimum five year holding period.

As part of the Company's buyback programme, during the year, 10,300,443 (2018: 10,716,701) shares were purchased for cancellation at a cost of £6,541,000 (2018: £6,836,000).

	2019	2018
Share capital at 1 April 2018	112,052,405	57,375,499
Foresight 3 VCT plc merger	—	48,337,332
Shares allotted	71,818,844	17,056,275
Shares bought back	(10,300,443)	(10,716,701)
Share capital at 31 March 2019	173,570,806	112,052,405

12 NET ASSET VALUE PER SHARE

Net asset value per share is based on net assets at the year end of £117,625,000 (2018: £77,937,000) and on 173,570,806 (2018: 112,052,405) shares, being the number of shares in issue at that date.

13 SHARE BASED PAYMENTS

The Manager is entitled to a performance incentive fee, designated a share based payment due to it's nature, equal to 15% of dividends paid to shareholders, subject to the total return (net asset value plus cumulative dividends paid per share) exceeding a High Watermark, both immediately before and after the performance related incentive fee is paid.

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

Notes to the Accounts

FOR THE YEAR ENDED 31 MARCH 2019

13 SHARE BASED PAYMENTS (CONTINUED)

As at 31 March 2019, the high watermark was 108.5p per share (2018: 108.5p) and the total return figure was 93.8p per share (2018: 91.6p). Therefore, no performance incentive fee or share based payment was paid during the year (2018: Nil). As at 31 March 2019, no expense or liability has been recognised for the future performance incentive fee payable as it is considered highly unlikely any payments will be accrued or become due over the medium term.

The terms and conditions of the grant are as follows:

Grant Date: Date that the total return is greater than the high watermark
Vesting conditions: Expected total return is greater than the high watermark both before and after the incentive fee.
Vesting period: 24 February 2012 – 31 March 2023
Method of settlement accounting: Cash (with the option of settling in shares in the event of any cash flow restrictions).

The expected volatility is based on the historical performance and dividends of the fund, adjusted for any expected changes to future performance and dividends of the fund.
The vesting period is limited to 5 years from the balance sheet date as the directors do not consider that the future performance of the fund and the future dividends to be paid by the fund can be accurately estimated beyond that date.

The Directors have prepared a calculation incorporating estimated future dividends over the vesting period and do not expect a performance incentive fee to become payable during the vesting period. Therefore, no expense or liability has been recognised as at 31 March 2019 (31 March 2018: Nil).

14 CONTINGENT ASSETS AND LIABILITIES

The Company had no contingent assets and contingent liabilities at 31 March 2019 (31 March 2018: £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.

Classification of financial instruments

The Company held the following categories of financial instruments at fair value, as at 31 March 2019:

	2019 £'000	2018 £'000
Investment portfolio	74,615	64,092
Total	74,615	64,092

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

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

15 FINANCIAL INSTRUMENT RISK MANAGEMENT (CONTINUED)

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 disciplines and investment structuring delegated to the Manager.

The investments in equity and loan stocks of unquoted companies are rarely traded and as such the prices are more difficult to determine than those of more widely traded securities. In addition, the ability of the Company to realise the investments at their carrying value will at times not be possible if there are no willing purchasers. The ability of the Company to purchase or sell investments is also constrained by the requirements set down for VCTs. The potential maximum exposure to market price risk, being the value of the investment portfolio as at 31 March 2019 of £74,615,000 (31 March 2018: £64,092,000). Market price risk sensitivity analysis can be found on page 63.

INTEREST RATE RISK

The fair value of the Company's fixed rate securities and the net revenue generated from the Company's floating rate securities may be affected by interest rate movements. Investments are often in early stage businesses, which are relatively high risk investments sensitive to interest rate fluctuations. Due to the short time to maturity of some of the Company's fixed rate investments, it may not be possible to reinvest in assets which provide the same rates as those currently held. When making investments of an equity and debt nature, consideration is given during the structuring process to the potential implications of interest rate risk and the resulting investment is structured accordingly. The maximum exposure to interest rate risk was £44,487,000 being the total value of the loan stock investments and cash as at 31 March 2019 (31 March 2018: £21,363,000).

	Total portfolio		Weighted average interest rate		Weighted average time for which rate is fixed	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018	31 March 2019	31 March 2018
Company Portfolio	£'000	£'000	%	%	Days	Days
Loan stock — exposed to fixed interest risk	11,302	10,031	10.0%	10.1%	345	747
Loan stock —exposed to variable interest rate risk	—	677	—	10.0%	—	—
Cash and cash equivalents	33,185	10,655	0.7%	0.2%	—	—
Total exposed to interest rate risk	44,487	21,363				

Notes to the Accounts

FOR THE YEAR ENDED 31 MARCH 2019

15 FINANCIAL INSTRUMENT RISK MANAGEMENT (CONTINUED)

CREDIT RISK

Credit risk is the risk of failure by counterparties to deliver securities or cash to which the Company is entitled. The Company has exposure to credit risk in respect of the loan stock investments it has made 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 cash and cash equivalents by ensuring a spread of cash balances such that none exceed 15% of the Company's total investment assets. The Manager receives management accounts from portfolio companies, and members of the Foresight Group 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 2019 was £54,706,000 (31 March 2018: £25,145,000) based on cash and cash equivalents and other receivables (amounts due on investments, dividends and interest). As at March 2019, the Company's assets are held in its own name in certificated form and therefore custodian default risk is negligible.

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

	31 March 2019 £'000	31 March 2018 £'000
Loan stock investments	11,302	10,708
Deferred consideration	27	85
Other debtors (less prepayments)	10,192	3,697
Cash and cash equivalents	33,185	10,655
Total	54,706	25,145

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 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 below indicates that these assets are also not readily realisable until dates up to five years from the year-end.

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

Maturity analysis:	31 March 2019 £'000	31 March 2018 £'000
— in one year or less	35,603	12,838
— in more than one year but no more than two years	6,362	1,335
— in more than two years but no more than three years	—	7,190
— in more than three years but no more than four years	1,185	—
— in more than four years but no more than five years	1,337	—
Total	44,487	21,363

15 FINANCIAL INSTRUMENT RISK MANAGEMENT (CONTINUED)

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.

All of the investments made by the 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% (2018: 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 the value of both quoted and unquoted companies and the result from changes in the market or alternatively as a result of assumptions made when valuing portfolio or a combination of the two.

Company	2019 Return and net assets	2018 Return and net assets
If overall share prices fell by 15% (2018: 15%), with all other variables held constant — decrease (£'000)	(11,192)	(9,614)
Decrease in earnings, and net asset value, per share (in pence)	(6.45)p	(8.58)p

	2019 Return and net assets	2018 Return and net assets
If overall share prices Increased by 15% (2018: 15%), with all other variables held constant — increase (£'000)	11,192	9,614
Increase in earnings, and net asset value, per share (in pence)	6.45p	8.58p

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 2019

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 all of the interest is fixed, so not at risk of interest rate movements (2018: if interest rates on variable loans were 1% higher/lower, the impact would have been a £7,000 increase/decrease in earnings or a 0.01p increase/decrease in net asset value per share).

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 2019

	Level 1 £'000	Level 2 £'000	Level 3 £'000s	Total £'000
Unquoted investments	—	—	74,615	74,615
Financial assets	—	—	74,615	74,615

As at 31 March 2018

	Level 1 £'000	Level 2 £'000	Level 3 £'000s	Total £'000
Unquoted investments	—	—	64,092	64,092
Financial assets	—	—	64,092	64,092

TRANSFERS

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

16 MANAGEMENT OF CAPITAL

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, so that it can provide an adequate return to shareholders by allocating its capital to assets commensurately with the level of risk.

In accordance with VCT requirements the Company must have at least 70% (80% for accounting periods beginning on or after 6 April 2019) of its total investments (as measured under VCT legislation), in qualifying holdings (these being investments in a relatively high risk asset class of small UK companies meeting VCT requirements). Effective 6 April 2018, where new funds are raised, the Company must invest 30% of such funds in qualifying holdings within 12 months following the end of the accounting period in which that capital was subscribed, with the balance being invested within approximately three years of that capital being subscribed. The Company accordingly has limited scope to manage its capital structure in light of changes in economic conditions and the risk characteristics of the underlying assets. Subject to this overall constraint upon changing the capital structure, the Company may adjust the amount of dividends paid to shareholders, 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 borrowing, there are no current plans to do so. It regards the net assets of the Company as the Company's capital, as the level of liabilities is small and the management of them is not directly related to managing the return to shareholders. There has been no change in this approach from the previous year.

17 RELATED PARTY TRANSACTIONS

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

18 TRANSACTIONS WITH THE MANAGER

Foresight Group CI Limited, which acts as investment manager to the Company earned fees of £1,992,000 during the year (2018: £1,377,000). No performance fee was paid or accrued for the period (2018: £nil).

Foresight Group LLP was appointed Company Secretary in November 2017 and received fees of £166,000 (2018: £55,000, plus Foresight Fund Managers received £111,000 until November 2017) during the year.

At the balance sheet date there was £nil (2018: £163,000) due to Foresight Group CI Limited and £nil (2018: £nil) due to Foresight Group LLP. No amounts have been written off in the year in respect of debts due to or from related parties.

Notes to the Accounts

FOR THE YEAR ENDED 31 MARCH 2019

19 RELATED UNDERTAKINGS

Under Section 409 of the Companies Act 2006, the Company is required to disclose specified details of all its related undertakings, including significant holdings which are undertakings where the Company's holding amounted to 20% or more of the nominal value of any class of shares as at 31 March 2019. These are listed below. The percentage holding does not necessarily reflect the percentage voting right in the Company as a whole.

Name	Registered Office Address	Direct/ indirect holding	Class and percentage of shares held
ABL Investments Limited	14 Fleming Close, Park Farm Industrial Estate, Wellingborough, NN8 6UF	Direct	A Ordinary 34.9% Preferred Ordinary 43.9%
Accrosoft Limited	The Gables, Bishop Meadow Road, Loughborough, LE11 5RE	Direct	A Ordinary 30.0%
Aerospace Tooling Corporation Limited	Charles Lake House, Claire Causeway, Crossways Business Park, Dartford, Kent, DA2 6QA	Direct	A Ordinary 57.1%
Biofortuna Limited	Bluebell House, Brian Johnson Way, Preston, PR2 5PE	Direct	F Ordinary 74.3% D Ordinary 43.2% C Ordinary 40.5%
Cole Henry PE 2 Limited	The Shard, 32 London Bridge Street, London, SE1 9SG	Direct	Ordinary 50%
Clubspark Limited	51 Rothersthorpe Road, Rothersthorpe Trading Estate, Northampton, NN4 8JD	Direct	A1 Ordinary 40.0% A2 Ordinary 40.0%
Datapath Group Limited	Bemrose House, Bemrose Park, Wayzgoose Drive, Derby, DE21 6XQ	Direct	A Ordinary 66.6%
Fertility Focus Limited	Unit 12b, Warwick Innovation Centre, Warwick Technology Park, Gallows Hill, Warwick, England, CV34 6UW	Direct	C Ordinary 23.7%
FFX Group Limited	Dyna House, Lympne Industrial Estate, Lympne, Hythe, Kent, CT21 4LR	Direct	A Ordinary 33.8%
Flowrite Refrigeration Limited	Riverside House, 40-46 High Street, Maidstone, Kent, ME14 1JH	Direct	A Ordinary 64.4%
Galinette Limited	The Shard, 32 London Bridge Street, London, SE1 9SG	Direct	A Ordinary 100%
Hospital Services Group Limited	The Shard, 32 London Bridge Street, London, SE1 9SG	Direct	A Ordinary 26.5%
Iphigenie Limited	The Shard, 32 London Bridge Street, London, SE1 9SG	Direct	A Ordinary 100%
Itad (2015) Limited	Preece House, Davigdor Road, Hove, East Sussex, England, BN3 1RE	Direct	Preferred Ordinary 32.8% A Ordinary 31.2%
Ixaris Systems Limited	2 Stephen Street, London, England, W1T 1AN	Direct	A Ordinary 40.6% Preference Ordinary 68.7%
Kingsclere PE 3 Limited	The Shard, 32 London Bridge Street, London, SE1 9SG	Direct	Ordinary 50%
Luminet Networks Limited	2 Angel Square, London, United Kingdom, EC1V 1NY	Direct	A Ordinary 20.0% Preferred Ordinary 20.0%
Mologic Limited	Building 109 Bedford Technology Park, Thurleigh, Bedford, MK44 2YA	Direct	AA Ordinary 30.0%
Positive Response Corporation Limited	The Shard, 32 London Bridge Street, London, SE1 9SG	Direct	A Ordinary 50.0%

19 RELATED UNDERTAKINGS (CONTINUED)

Name	Address	Direct/ indirect holding	Class and percentage of shares held
Procam Television Holdings Limited	Staple Court, 11 Staple Inn Buildings, London, WC1V 7QH	Direct	A Ordinary 50.0% Z Ordinary 50.0%
Protean Software Limited	Jupiter House Warley Hill Business Park, The Drive, Brentwood, Essex, CM13 3BE	Direct	A Ordinary 37.5% A Preferred Ordinary 37.5%
Specac International Limited	River House, 97 Cray Avenue, Orpington, Kent, BR5 4HE	Direct	Ordinary 50.0%
Steamforged Games Limited	Unit 1 Kestrel Road, Trafford, Manchester, United Kingdom, M17 1SF	Direct	A Ordinary 32.0%
TFC Europe Limited	Hale House Ghyll Industrial, Estate Heathfield, East Sussex, TN21 8AW	Direct	AA Ordinary 60.0% A Ordinary 60.0%
The Business Advisory Limited	Experience House, 5 Port Hill, Hertford, SG14 1PJ	Direct	A Ordinary 50.8%
Whitchurch PE 1 Limited	The Shard, 32 London Bridge Street, London, SE1 9SG	Direct	Ordinary 50.0%

20 POST BALANCE SHEET EVENTS

The Company raised a further £16.6 million under the offer for subscription dated 14 June 2018, which closed on 12 April 2019.

The Company made two new investments of; £2.0 million into Fourth Wall in April 2019 and £1.6 million into Ten Health in June 2019.

Notice of Annual General Meeting

17 SEPTEMBER 2019

Order of Events	
1.00pm	Manager presentation
Immediately following the Manager presentation	Formal business of the Annual General Meeting

Notice is hereby given that the Annual General Meeting of Foresight 4 VCT plc ("the Company") will be held on 17 September 2019 at 1.00pm at the offices of Foresight Group, 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 2019.

Resolution 2 To approve the Directors' Remuneration Report.

Resolution 3 To approve the Directors' Remuneration Policy.

Resolution 4 To re-elect Raymond Abbott 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 substitution for all existing authorities, the directors be and they are generally and unconditionally authorised in accordance with section 551 of the Companies Act 2006 to exercise all the powers of the Company to allot shares of 1p each in the capital of the Company ("Shares") and to grant rights to subscribe for, or to convert any security into, Shares ("Rights") up to an aggregate nominal amount of £1,200,000, 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 the passing of this resolution, save that the Company shall be entitled to make offers or agreements before the expiry of such authority which would or might require Shares to be allotted or Rights to be granted after such expiry and the directors shall be entitled to allot Shares and grant Rights pursuant to any such offer or agreement as if this authority had not expired.

Resolution 7 That, in substitution for all existing authorities, the directors be and they are empowered pursuant to section 570 and section 573 of the Companies Act 2006 to allot equity securities (within the meaning of section 560 of that Act) for cash either pursuant to the authority conferred by Resolution 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 an amount equal to 10% of the issued share capital from time to time pursuant to the dividend re-investment scheme operated by the Company at a subscription price per Share which may be less than the net asset value per Share, as may be prescribed by the scheme terms;

(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 LLP and relevant individuals of Foresight Group LLP, 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, and shall expire (unless renewed, varied or revoked by the Company in a general meeting) on the conclusion of the annual general meeting of the Company to be held in the year 2020, 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 substitution for all existing authorities, the Company be empowered to make market purchases (within the meaning of Section 693(4) of the Companies Act 2006) of its own shares on such terms and in such manner as the directors shall from time to time determine provided that:

(i) the aggregate number of Shares to be purchased shall not exceed 26,018,263 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;

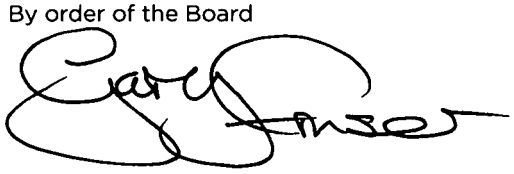
(ii) the minimum price which may be paid for a Share is 1p (the nominal value thereof);

(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 2020 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 Group LLP

Company Secretary

8 July 2019

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 0370 703 6385. Please indicate in the box next to the proxy holder's name the number of shares in relation to which they are authorised to act as your proxy. Please also indicate by ticking the box provided if the proxy instruction is one of multiple instructions being given. All forms must be signed and returned together in the same envelope.
5. As at 8 July 2019 (being the last business day prior to the publication of this notice), the Company's issued share capital was 196,419,691 shares of 1p each in the capital of the Company, carrying one vote each. Therefore, the total voting rights in the Company as at 8 July 2019 was 196,419,691.
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 6ZZ 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

VCT
A Venture Capital Trust as defined in the Income Tax Act 2007.

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

NET ASSET VALUE PER SHARE OR NAV PER SHARE
Net Asset Value expressed as an amount per share.

NAV TOTAL RETURN
The sum of the published NAV per share plus all dividends paid per share. This allows performance comparisons to be made between VCTs.

SHARE PRICE TOTAL RETURN
The sum of the current share price plus all dividends paid per share. This allows performance comparisons to be made between VCTs.

DIVIDEND YIELD
The sum of dividends paid during the year expressed as a percentage of the share price at the year end date.

AVERAGE DISCOUNT ON BUYBACKS
The average of the discount applied to the price of a share buyback against the Net Asset Value per share.

DISCOUNT TO NAV
A discount to NAV is the percentage by which the mid-market share price of the Company is lower than the net asset value per share.

ONGOING CHARGES RATIO
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 INVESTMENT
An investment which consists of shares or securities first issued to the VCT (and held by it ever since) by a Qualifying Company and satisfying certain conditions under the VCT provisions.

QUALIFYING COMPANY
A company satisfying certain conditions under the VCT provisions. The conditions are detailed but include that the company must be unquoted (which includes AIM), have a permanent establishment in the UK, apply the money raised for the purposes of growth and development for a qualifying trade within a certain time period and not be controlled by another company. There are additional restrictions relating to the size and stage of the company to focus investment into earlier stage businesses, as well as maximum investment limits (certain of such restrictions and limits being more flexible for 'knowledge intensive' companies). VCT funds cannot be used by a Qualifying Company to acquire shares in another company or a trade.

MANAGER
The Company has appointed Foresight Group CI Limited as its manager ("The Manager") to provide investment management and administration services. Foresight Group CI Limited has appointed Foresight Group LLP to be its investment adviser. The Manager has also delegated secretarial, accounting and other administration services to Foresight Group LLP.

References to "the Manager" throughout this report refer to the activities of Foresight Group CI Limited and include the activities of Foresight Group LLP when acting as the Manager's investment adviser and administrative delegate.

Notes

Corporate Information

COMPANY NUMBER
03506579

DIRECTORS
Raymond Abbott (Chairman)
Simon Jamieson
Michael Gray

COMPANY SECRETARY
Foresight Group LLP
The Shard
32 London Bridge Street
London
SE1 9SG

MANAGER
Foresight Group CI Limited
PO Box 156
Dorey Court
St Peter Port
Guernsey
GY1 4EU

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:

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

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

The Company has appointed the Manager, which is licensed by the Guernsey Financial Services Commission, to provide investment management services. The Manager has, as is permitted and as approved by the Board, appointed Foresight Group LLP to act as its investment adviser. Foresight Group LLP is a subsidiary undertaking of the Manager and is authorised and regulated by the Financial Conduct Authority.

The Company has appointed the Manager to provide services which include company secretarial, accounting and other administration services required in connection with the business and the operation of the Company. All of these services have been delegated to Foresight Group LLP, the company secretary.

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

Foresight Group LLP
The Shard
32 London Bridge Street
London
SE1 9SG

www.foresightgroup.eu

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