



FORESIGHT 4 VCT plc

ANNUAL REPORT AND ACCOUNTS

31 MARCH 2020

Foresight
FOR A SMARTER FUTURE

Shareholder Information

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

ENQUIRIES

The Manager 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

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

As part of the Manager's investor communications policy, investor forums are held throughout the year. Shareholders can also arrange a mutually convenient time to meet the Manager's investment team. 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 2020	10 September 2020
Interim Results to 30 September 2020	November 2020
Annual Results to 31 March 2021	July 2021

DIVIDENDS

The Board has made the decision that Foresight 4 VCT plc (the "Company") will no longer pay dividends by cheque. All future cash dividends will be credited to your nominated bank/building society account. Your options are:

- Receive your dividends in Sterling via direct credit to a UK domiciled bank account.
- Reinvest your dividends for additional shares in the Company through our Dividend Reinvestment Scheme.

A dividend mandate form has been sent to all shareholders. If you have any questions regarding this please contact the Investor Relations team.

DIVIDEND REINVESTMENT SCHEME

A Dividend Reinvestment Scheme was introduced in the prior year available for dividends paid after 30 September 2018. The terms and conditions of the scheme, and details on how to participate, are available on the Company's website.

WWW.INVESTORCENTRE.CO.UK

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

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

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

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

[Bank Details Update](#) Please ensure bank details are up to date in order to receive your dividends

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

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

Alternatively you can contact Computershare by phone on 0370 703 6385

TRADING SHARES

The Company's shares are listed on the London Stock Exchange. Share price information is available on Foresight 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 0207 886 2716 or 0207 886 2717

Investment in VCTs should be seen as a long-term investment and shareholders selling their shares within five years of original 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 the Manager if you or your adviser have any questions about this process.

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Financial Highlights

Total Net Assets
as at 31 March 2020

£108.7m

Net Asset Value per Share
as at 31 March 2020

55.8p

Dividend paid
in year to 31 March 2020

4.0p

- Total net assets £108.7 million.
- Net Asset Value per share decreased by 17.7% from 67.8p at 31 March 2019 to 55.8p. Including the payment of a 4.0p dividend made on 16 August 2019, NAV total return per share at 31 March 2020 was 59.8p, representing a decrease in total return of 11.8%.
- The portfolio has seen a decrease in valuation of £16.3 million during the year.
- Five new investments totalling c.£7.6 million and three follow-on investments totalling c.£0.8 million were made during the year.
- c.£0.4 million was realised from sales and loan redemptions from two portfolio companies.
- A dividend of 4.0p per share was paid on 16 August 2019 based on an ex-dividend date of 25 July 2019 and a record date 26 July 2019.
- £16.0 million was raised during the year through the issue of shares, bringing the total raised under the June 2018 offer to £51.1 million.

KEY METRICS

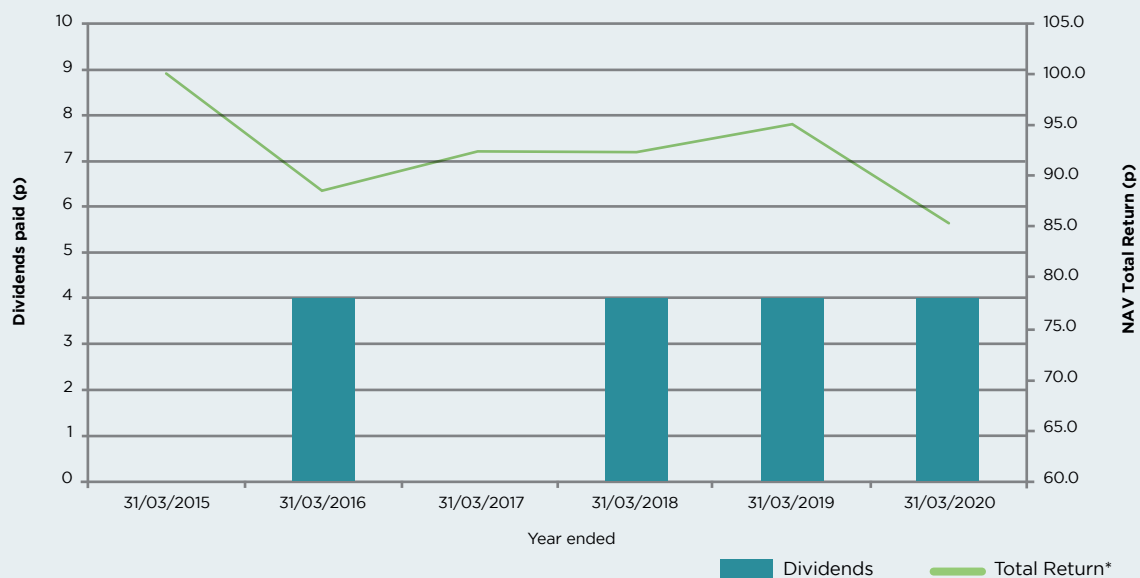
	1 year	3 years	5 years
Movement in NAV Total Return as at 31 March 2020^	(11.8)%	(7.8)%	(14.4)%

	31 March 2020	31 March 2019
Total net assets	£108.7m	£117.6m
Net asset value per share	55.8p	67.8p
Share price	59.5p	60.3p
Share price total return^	112.0p	108.8p
Dividends paid in the year^	4.0p	4.0p
Dividend yield^	6.7%	6.6%
Shares in issue	194,826,224	173,570,806

	2020	2019
Premium/(discount) NAV at 31 March^	6.6%	(11.1)%
Average discount on buybacks^	9.1%	9.8%
Shares bought back during the year under review^	2,786,153	10,300,443
Shares issued under the dividend reinvestment scheme	1,192,686	—
Ongoing charges ratio (based on average net assets at 31 March)^	2.2%	2.4%

^Definitions of these Alternative Performance Measures (APMs) can be found in the Glossary on page 76.

Dividends Paid and NAV Total Return (pence)



* Based on an initial investment on 1 April 2015 in an ordinary share.

DIVIDEND HISTORY (SINCE SHARE CONSOLIDATION IN 2005)

Ordinary Shares		C Shares	
Date	Dividend per share (p)	Date	Dividend per share (p)
16 August 2019	4.0	6 August 2015	25.0
19 October 2018	4.0		
17 July 2017	4.0		
18 December 2015	4.0		
26 April 2013	4.0		
24 February 2012	5.0		
4 February 2011	5.0		
18 December 2009	5.0		
26 December 2008	5.0		
28 December 2007	5.0		
15 December 2006	2.5		
30 December 2005	5.0		
Cumulative	52.5		
NAV per share	55.8		
NAV total return	108.3		

Chairman's Statement



Raymond Abbott
Chairman of
Foresight 4 VCT plc

I am pleased to present the audited Annual Financial Report for Foresight 4 VCT plc for the year ended 31 March 2020.

PERFORMANCE AND PORTFOLIO ACTIVITY

During the year Net Asset Value per share decreased by 17.7% from 67.8p at 31 March 2019 to 55.8p at 31 March 2020. Including the payment of a 4.0p dividend made on 16 August 2019, NAV total return per share at 31 March 2020 was 59.8p, representing a decrease in total return of 11.8%. This decrease was primarily driven by the impact of Covid-19 on the Company's portfolio. Please refer to the 'Material events during the year' section below for more detail on this.

At the end of the year the Company held 32 investments in UK based businesses across a wide range of sectors. The performance of the portfolio had, prior to the impact of Covid-19, been steady during the year. The impact of Covid-19, however, resulted in a decrease of £16.3m in value. Positive progress made by companies including Mologic Ltd has been offset by lower valuations for Ixaris Group Holdings Limited, one of the many companies materially impacted by Covid-19, as detailed in the Investment Manager's Review and the Top Ten Investment sections of this report.

Five new investments were completed during the year of c.£7.6 million. Namely:

- Fourth Wall Creative Limited (a technology-led sports merchandising business);
- Ten Health & Fitness Limited (a group of boutique fitness studios offering physiotherapy, massage therapy and fitness classes);
- Roxy Leisure Limited (a games focused bar group);
- Rovco Ltd (a provider of subsea surveying services); and

- Biotherapy Services Limited (a pharmaceutical biotech company specialising in wound treatment regenerative medicine).

Foresight Group LLP, the Company's investment manager, continues to see a pipeline of potential investments sourced through its regional networks and well-developed relationships with advisors and the SME community, however, it is also focused on supporting the existing portfolio through the Covid-19 pandemic. Following both the successful fundraises launched in May 2017 and June 2018, the Company is in a position to fully support the portfolio, where appropriate, and exploit potential attractive investment opportunities.

DIVIDENDS

An interim dividend of 4.0p per Share was declared on 18 July 2019 based on an ex-dividend date of 25 July 2019 and a record date of 26 July 2019. The dividend was paid on 16 August 2019.

In light of the change in portfolio towards earlier stage, higher risk companies, as required by the new VCT rules, the Board felt it prudent to adjust the dividend policy towards a targeted annual dividend yield of 5% of NAV per annum. The Board and the Manager hope that this may be enhanced by additional 'special' dividends as and when particularly successful portfolio exits are made. The impact of Covid-19 will be taken into consideration when the Board considers dividends in the near term.

TOP-UP SHARE ISSUES AND SHARE BUY-BACKS

Share buybacks took place on 12 July 2019 (650,000 shares at 61.0p), 24 July 2019 (500,000 shares at 61.0p), 30 September 2019 (736,153 shares at 57.75p), 27 January 2020 (500,000 shares at 60.4p) and 30 January 2020 (400,000 shares at 60.4p), all of which have enabled the enlarged VCT to achieve its target discount

to NAV, which moved to 7.5% following the issue of the half-yearly report.

The dividend reinvestment scheme saw 1,192,686 shares being allotted on 16 August 2019.

FUNDRAISING

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

Funds raised under this offer 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.

Read more on page 6

SHAREHOLDER COMMUNICATION

As a result of the travel restrictions imposed due to Covid-19, the Manager's popular investor forums have been temporarily put on hold. Once it is possible to do so, details of both a London event and regional events will be sent to shareholders resident in the locality as and when they are organised. It is the intention of the Manager to hold an investor webinar whilst the investor forums are put on hold, details of which will be communicated to investors alongside the mailing of this report and included within the report and accounts section of the Managers website www.foresightgroup.eu.

As communicated in the Half-Yearly Report, the Board offered shareholders the opportunity to elect the method by which they receive shareholder communications. I am pleased to announce that 99% of communications to investors will now be provided electronically. The Board believes that in addition to further promoting sustainability,

a key objective of the fund, this shift will result in some overall cost savings.

MATERIAL EVENTS DURING THE YEAR

The Covid-19 virus has presented the Company and the management of its portfolio companies with an unprecedented threat which it is anticipated will persist for a considerable time to come. On behalf of the Board I would pay tribute to the work which has been undertaken by the Manager, both in administering the Company and more particularly in working closely with the management of the Company's portfolio companies, in order to try to minimise the ongoing impact of this threat. Until this virus is brought under worldwide control, it is impossible to assess its full impact. However, it is already clear that in the immediate future every business in the UK will be materially affected, as can be seen through the material fall in valuations during the year. Nevertheless, considerable work has and is continuing to be undertaken by the Manager alongside the management teams at each and every one of the companies within the portfolio to contain the impact so far as possible.

Prior to the issue of this report, on 15 April 2020 the Board and the Manager announced that the unaudited NAV per share as at 15 April 2020 was 56.1p, reflecting the valuation reductions generally across the investments in the portfolio as a result of the impact of the Covid-19 pandemic up to this date.

AUDITOR

The Board launched a tender for its audit contract following the signing of the 2019 Annual Report and accounts. The previous auditor, KPMG LLP, was invited to tender alongside several other firms. As announced in the Half-Yearly Report, following this tender process, Deloitte LLP was appointed as company auditor

for the year ended 31 March 2020. The Board is pleased with the appointment but would like to record its thanks to KPMG LLP for its services and advice over the past eight years.

OUTLOOK

The persisting uncertainty over the full impact of Covid-19 and the ongoing negotiations in relation to Brexit create truly exceptional challenges for every business. The Company invests primarily in developing companies which by their nature benefit from general economic growth and the current environment places considerable demands upon them and their management teams. The Manager's Private Equity team is well aware of the management and business needs of each of the companies within the investment portfolio and is working closely with them to ensure that they are able to make progress during these testing times. Nevertheless, the Board and the Manager are optimistic that the existing portfolio has the potential to grow once the spread of the virus has been successfully contained.

ANNUAL GENERAL MEETING

The Company's Annual General Meeting will take place on 10 September 2020 at 1.15pm. **In light of the continuing Covid-19 situation, the meeting will be held by way of a closed virtual meeting and shareholders will not be permitted to attend. Shareholders are encouraged to vote by way of proxy and send any questions to the Manager's Investor Relations team as further set out in the notice.** Please refer to the formal notice on page 72 for further details in relation to the format of this year's meeting and the request to observe social distancing and travel restrictions in place.

Raymond Abbott
Chairman
22 July 2020

Manager's Review

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

The investment management and administration arrangements were previously with Foresight Group CI Limited (the Manager's parent undertaking), with Foresight Group CI Limited appointing the

Manager as its investment adviser and delegating administration services to the Manager. The investment management and administration arrangements were novated and amended to be directly with the Manager on 27 January 2020. References to the Manager's activities in this report include those activities of Foresight Group CI Limited prior to the change in arrangements.

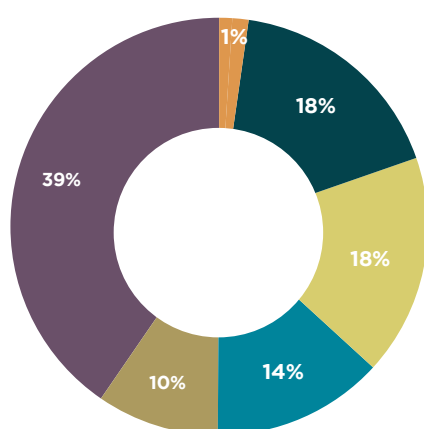
Portfolio Summary

As at 31 March 2020 the Company's portfolio comprised 32 investments (including the Special Purpose Vehicles "SPVs") with a total cost of £52.5 million and a valuation of £66.2 million. The portfolio

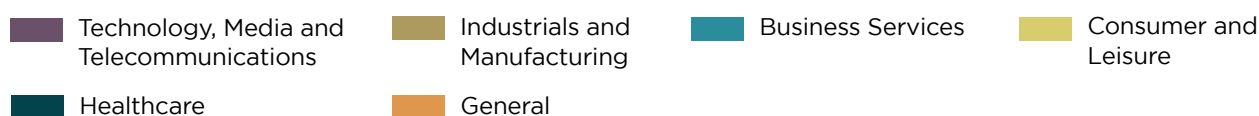
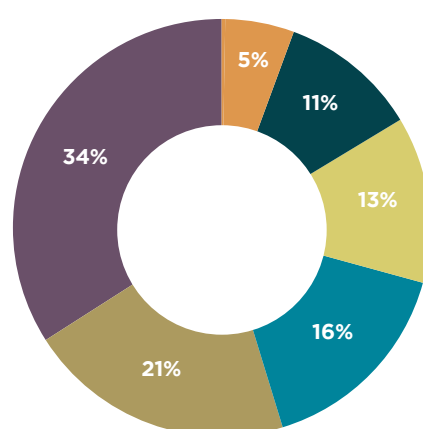
is diversified by sector, transaction type and maturity profile. Details of the ten largest investments by valuation, including an update on their performance, are provided on pages 10 to 14 of the accounts.

PORTFOLIO DIVERSIFICATION

Sector by Cost



Sector by Valuation



NEW INVESTMENTS

The Company maintained investment momentum throughout the financial year, investing a total of c.£7.6 million in five new businesses: Fourth Wall Creative, a technology-led sports merchandising business; Ten Health, a group of boutique fitness studios offering a range of services including physiotherapy, massage therapy and fitness classes;

Biotherapy Services, a pharmaceutical biotech company specialising in wound treatment medicine; Rovco, a technology company focused on subsea surveying and Roxy Leisure, a group of games orientated bars.



fourth wall creative

In April 2019 the Company invested £2.0 million in Fourth Wall Creative, a technology-led sports merchandising business. Its core business is the design and distribution of membership welcome packs on behalf of football clubs. The investment will fund growth through the development of new services, expanding the customer base and exploring other sports opportunities.



TEN HEALTH & FITNESS

In June 2019 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. 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.



In November 2019, the Company invested £1.5 million in Biotherapy Services, a pharmaceutical biotech company specialising in wound treatment regenerative medicine, with a focus on treating chronic diabetic foot ulcers and complex wounds. The investment will support the completion of clinical trials and facilitate product development and launch.



In December 2019, the Company invested c.£1.0 million in Rovco, a company which provides subsea surveying services. Established in 2015, the business seeks to disrupt the industry with new technology that significantly increases automation. The investment will support the growth of the business's commercial and operational capabilities and its international expansion.



In December 2019, the Company invested £1.5 million in Roxy Leisure, a games focused bar group operating eight sites across the Midlands and Northern England. Founded in 2013, the sites provide a range of entertainment facilities including pool tables, ping-pong, bowling, shuffleboard, mini-golf, arcade gaming and karaoke. The investment will be used to support the business's expansion.

FOLLOW ON INVESTMENTS

Follow-on investments totalling c.£0.8 million were also made in three existing portfolio companies throughout the year. Further details are provided below.



During the year the Company made a c.£0.2 million follow-on investment in Fertility Focus, a fertility monitoring device business. This was to support new product launches planned for 2020.



In December 2019 the Company made a c.£0.4 million follow-on investment in Luminet, providers of fixed wireless internet access to businesses across London. The investment was required to help the business fulfil its pipeline of new contracts.



Also in December 2019, the Company made a £0.3 million follow-on investment in Biofortuna, a molecular diagnostics business which manufactures DNA tests. The investment was required to provide additional working capital and support an asset purchase. Biofortuna, has also been presented with a number of opportunities to help manufacture Covid-19 Polymerase Chain Reaction (PCR) test kits and will explore further commercial possibilities in the space.

Manager's Review

PIPELINE

At 31 March 2020, the Company had cash balances of £41.9 million available to fund new and follow-on investments, buybacks and running expenses.

Depending on the length and severity of the Covid-19 outbreak and associated restrictions, we expect to see a higher proportion of the Company's deployment focused on follow-on investments in the short to medium term. We anticipate that the onset

of a downturn may result in lower new investment activity in the coming months and a disciplined approach to investment valuations will be maintained.

As the economy recovers from the worst effects of the virus, we expect valuations to be attractive and demand for funding to increase, driving some particularly interesting opportunities for investment.

EXITS AND REALISATIONS

During the period, proceeds of c.£0.4 million were generated from the successful exit of one investment.



In December 2019, the Company completed a successful sale of its holding in Flowrite Refrigeration Holdings Limited, a company focused on the

design, installation and servicing of air conditioning equipment throughout the UK, to Airedale Catering Equipment Group Limited. With our support, Flowrite has become a market leader in the refrigeration and air conditioning service market. The company has an enviable customer base, including some of the UK's largest restaurant chains, pub groups and retailers. Overall, the investment generated a 1.4x return on cash and a double-digit IRR, when taking into account previous proceeds.

DISPOSALS IN THE YEAR ENDED 31 MARCH 2020

Company	Detail	Original Cost/ Take-On Value £	Proceeds £	Gain/(loss) £*	Valuation at 31 March 2019 £
Autologic Diagnostics Group Limited	Dissolved	2,162,787	—	(2,162,787)^	—
Evance Wind Turbines Limited	Dissolved	1,490,420	—	(1,490,420)^	—
Vector Command Limited	Dissolved	1,468,750	—	(1,468,750)^	—
The Naked Deli Ltd	Loan Repayment	81,000	81,000	—	81,000
Flowrite Refrigeration Limited	Full Disposal	513,368	353,101	(160,267)	352,981
Total disposals		5,716,325	434,101	(5,282,224)	433,981

*In addition to the above, the Company received deferred consideration of £31,287 (Trilogy Communications Limited).

^This loss refers to the transfer on disposal between unrealised and realised reserves and has no impact on NAV in the current year.

KEY PORTFOLIO DEVELOPMENTS

Overall, the value of investments held reduced from £74.6m to £66.2m during the year, driven by a decrease in value of existing investments by £16.3 million and balanced by new investments and disposal proceeds aggregating to £7.9 million.

Updates on the companies that have seen a material change in valuation are included below, or in the Top

Ten Investments section on page 10 of the accounts. Valuations, many of which are calculated using listed comparable companies, have been impacted in the short-term, reflecting the broader effects of the coronavirus outbreak on market sentiment. Material changes in valuation are defined as increasing or decreasing by over £0.5 million since 31 March 2019.

Company	Valuation Methodology	Valuation Change (£)
Innovation Consulting Group Limited*	Discounted earnings multiple	623,254
The Naked Deli Ltd	Nil value	(669,000)
Specac International Limited	Discounted earnings multiple	(680,564)
Procam Television Holdings Limited	Nil Value	(1,300,255)
Biofortuna Limited	Discounted revenue multiple	(1,192,139)
Datapath Group Limited	Discounted earnings multiple	(2,004,371)
TFC Europe Limited	Discounted earnings multiple	(3,261,814)
Ixaris Group Holdings Limited	Discounted revenue multiple	(6,594,177)

*Formerly known as The Business Advisory Limited.

BIOFORTUNA

Biofortuna is a molecular diagnostics business that manufactures freeze-dried DNA tests. The drop in valuation can predominately be attributed to a slowdown in trading, with two key clients delaying projects. Following the Covid-19 outbreak, Biofortuna is exploring opportunities to produce testing kits. This should greatly improve the business's cash position.

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 2020, with both sales and gross margins lower than budget.

THE NAKED DELI LIMITED

The Naked Deli Limited is a healthy eating food chain predominantly targeting lunchtime trade. Prior to

COVID-19, the business implemented a turnaround plan with a new CEO and a revised menu format to try to improve performance. This strategy began to show some positive results and the business was able to pay £120k of accumulated interest and loan note principal to F4. Since March however, The Naked Deli closed all its stores in line with government guidance. The outlook for the sector is subdued for the longer term with uncertainties regarding footfall in town centres, particularly for lunchtime trade with employees still working from home. Due to the difficult outlook as well as the remaining uncertainty around the business model, the investment valuation has been written down to zero pending improved visibility on re-opening performance and recovery of the sector.

OUTLOOK

Despite a brief improvement in sentiment immediately following the election, a significant new threat has emerged in the form of Covid-19. We have been working closely with the Company's portfolio to identify risk areas and are encouraging businesses to take the necessary precautions. Covid-19 will lead to significantly weaker consumer and business spending and in many cases, companies missing forecasts. Given the above, we are asking our portfolio businesses to stress-test their cash positions to ensure that where possible they can withstand a significant downturn in trading. We are ensuring that the finance directors at our portfolio companies are tightly managing central overheads, reducing capital expenditure and preparing both short and long-term cost reduction plans.

A proportion of our portfolio companies are particularly at risk due to the sectors they operate in, such as Ixaris in the travel sector or The Naked Deli in the consumer and leisure space. We are paying particular attention to these, leveraging the experience and skillset of the wider investment team to assist the management teams in preserving and maximising cash. We are working closely with certain management teams to take decisive steps to significantly reduce cash burn in the short and medium term.

There are also a number of companies, namely in the healthcare and life sciences sectors, which are trading strongly during this period due to the increased demand for the services they offer. Examples of this include Mologic, which recently received a grant of

c.£1m to fund Covid related diagnostic development. Molecular diagnostics business and Biofortuna, has also been presented with a number of opportunities to help manufacture Covid-19 Polymerase Chain Reaction (PCR) test kits and will explore further commercial possibilities in the space. Another of our portfolio companies, Hospital Services Limited, has seen increased demand for mobile x-ray machines, as chest x-rays are part of the treatment pathway for Covid-19.

The Company's portfolio is diversified by sector and market, and the SME sector has historically proven to be resilient and nimble enough to weather periods of volatility.

Notwithstanding these events, we continue to see encouraging levels of activity from smaller UK companies seeking growth capital and expect this to increase as companies begin to recover from the impact of Covid-19 with requirements for permanent funding to working capital. VCTs continue to be viewed by many entrepreneurs as an attractive source of capital that provides scale-up funding to businesses at an early stage of their growth, when other sources of funding may not be readily available or alongside other sources of funding, including the recently announced government measures for supporting businesses during Covid-19. Despite the current challenges for Covid-19 in the medium and long term the UK remains an excellent place to start, scale and sell a business, with broad pools of talent and an entrepreneurial culture.

Russell Healey

Partner and Head of Private Equity
Foresight Group LLP
22 July 2020

Manager's Review

Top Ten Investments

By value as at 31 March 2020. 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 2020 Update

Prior to the outbreak of Covid-19, Datapath continued to generate material profits, helped by an improved gross margin. The company has invested in new product development and its sales channels over recent years, notably a strengthening its Worldwide sales team, particularly in the US. Datapath has a good balance sheet cash position, following the payment of a special dividend in February 2020 of £2.8m returning a total of £10.8m over the course of the investment to date. Whilst Covid-19 will create some short-term volatility, the company has an exciting product roadmap which will position the business well for the long term.

*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.

Initial Investment*	September 2007
Amount invested (£)*	2,000,000
Accounting cost (£)**	11,081,243
Investment value (£)	14,123,905
Basis of valuation	Discounted earnings multiple
Equity held (%)	26.7%
Income received and receivable in the year (£)	2,806,820
Cash returned up to 31 March 2020 (£)***	10,770,283

£000	Year ended 31 March 2019	Year ended 31 March 2018
Sales	27,652	28,076
Profit before tax	3,332	4,789
Retained Profit	3,063	4,360
Net assets	28,775	25,728

SPECAC INTERNATIONAL LIMITED
www.specac.com **KENT**



SECTOR:
INDUSTRIALS &
MANUFACTURING



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

31 March 2020 Update

After a poor start, Specac finished its financial year to March strongly. March was a record month of trading for the business, providing encouragement to the management team. The order book is currently healthy and the company continues to export a large proportion of its production. Specac quickly put in place social distancing processes to remain fully operational during Covid-19.

*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 (£)	5,778,906
Basis of valuation	Discounted earnings multiple
Equity held (%)	39.2%
Income received and receivable in the year (£)	119,320
Cash returned up to 31 March 2020 (£)***	581,551

£000	Year ended 31 March 2019	Year ended 31 March 2018
Sales	12,744	10,777
Profit before tax	1,625	695
Retained profit	1,395	621
Net assets	3,730	2,319

Please note no accounts available yet for the new company structure on Companies House.



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

31 March 2020 Update

TFC's trading has been relatively flat with sales just behind prior year. Focus remains on improving sales and marketing processes, with a view to taking market share in the UK and Germany. As an essential supplier, providing parts for ventilator manufacturers amongst others, TFC has continued to trade through the Covid-19 outbreak, albeit on materially reduced revenues. The company continues to focus on providing a quality service to its customers, with revenues expected to recover as the broader economy recovers over time.

*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 (£)	5,530,146
Basis of valuation	Discounted earnings multiple
Equity held (%)	42.5%
Income received and receivable in the year	—
Cash returned up to 31 March 2020 (£)***	2,148,968

£000	Year ended 31 March 2019	Year ended 31 March 2018
Sales	23,793	22,579
Profit before tax	2,399	1,464
Retained profit	1,774	1,047
Net assets	6,402	4,601



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

31 March 2020 Update

Ixaris had a strong financial year to December 2019 but has since seen a severe downturn in trading as the travel sector enters a challenging period. The company quickly reacted to Covid-19, implementing significant cost saving measures.

*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 Group Holdings Limited at the point it was transferred from F3 to the Company as part of the merger in June 2017.

Initial Investment*	March 2006
Amount invested (£)*	2,047,817
Accounting cost (£)**	3,479,188
Investment value (£)	3,962,806
Basis of valuation	Discounted revenue multiple
Equity held (%)	12.3%
Income received and receivable in the year (£)	—
Cash returned up to 31 March 2020 (£)	—

£000	Year ended 31 December 2018	Year ended 31 December 2017
Sales	25,062	22,486
Profit before tax	1,600	2,429
Retained profit	1,902	3,027
Net assets	9,474	7,572

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 and general building products.

31 March 2020 Update

FFX continues to trade strongly, with revenue and EBITDA up significantly compared to prior year. The multi-channel sales approach is making good progress and the team continues to expand. Management reconfigured the business and warehouse to allow for safe operation during Covid-19 and the impact on sales has been mixed with reduced direct sales to building sites offset by increased online sales.

Initial Investment	September 2015
Amount invested (£)	1,372,002
Accounting cost (£)	1,372,002
Investment value (£)	3,298,781
Basis of valuation	Discounted earnings multiple
Equity held (%)	16.9%
Income received and receivable in the year (£)	—
Cash returned up to 31 March 2020 (£)	71,990

£000	Year ended 30 September 2019	Year ended 30 September 2018
Sales	58,938	48,991
Profit before tax	1,501	449
Retained profit	1,221	249
Net assets	4,747	3,488

INNOVATION CONSULTING GROUP LIMITED
www.govgrant.co.uk **HERTFORD**



SECTOR:
BUSINESS SERVICES



Innovation Consulting Group Limited (trading as GovGrant) provides support services and contingent advice to UK-based SME businesses seeking to gain access to Government tax incentives.

31 March 2020 Update

GovGrant achieved strong growth in the first half of its financial year, with revenues ahead of budget. This was driven by a larger sales team and a shift in the marketing strategy. The impact of Covid-19 has been relatively modest to date, however R&D claims are predicted to be lower in the next few years which could impact future trading. During the period the Manager executed a debt-backed buyout of the founders who are no longer actively involved in the business which resulted in an increased shareholding for the Company.

Initial Investment*	September 2015
Amount invested (£)*	1,650,000
Accounting cost (£)**	1,938,046
Valuation (£)	3,099,139
Basis of valuation	Discounted earnings multiple
Equity held (%)	14.0%
Income received and receivable in the year (£)	148,907
Cash returned up to 31 March 2020 (£)***	656,248

£000	Year ended 30 September 2019	Year ended 30 September 2018
Sales	N/A	N/A
Profit/(loss) before tax	N/A	N/A
Retained profit/(loss)	N/A	N/A
Net assets	N/A	N/A

*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 Innovation Consulting Group 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.

Please note that no financial statements yet filed for the new company on Companies House.



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

31 March 2020 Update

Protean continues to trade well. Recurring revenue growth remains strong and the company has also won several larger new contracts recently. The focus continues to be on developing a fully featured SaaS product. The business has thus far seen relatively limited impact from Covid-19.

*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.

Initial Investment*	July 2015
Amount invested (£)*	1,500,000
Accounting cost (£)**	1,795,229
Investment value (£)	3,006,677
Basis of valuation	Discounted revenue multiple
Equity held (%)	23.8%
Income received and receivable in the year (£)	—
Cash returned up to 31 March 2020 (£)***	90,542

£000	Year ended 31 March 2019	Year ended 31 March 2018
Sales	N/A	N/A
Profit/(loss) before tax	N/A	N/A
Retained profit/(loss)	N/A	N/A
Net assets	2,859	3,320

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



Aerospace Tooling Corporation (“ATL”) is a niche engineering company based in Dundee. ATL provides specialist inspection, maintenance, repair and overhaul (MRO) services for components in high-specification aerospace and turbine engines.

31 March 2020 Update

ATL had a positive start to the financial year, with strong trading and good cash generation. Growth has been a result of a healthy order book and serving more customers month-on-month. The company reacted quickly to Covid-19, furloughing a significant number of staff, leaving a skeleton workforce to complete customer-critical work. Whilst demand for new aircraft is expected to be subdued in the coming years, ATL’s aerospace division generally services parts for older aircraft. It should therefore be less impacted by a reduction in demand for air travel compared to some aerospace companies.

*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 Corporation 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 (£)	2,482,022
Basis of valuation	Discounted earnings multiple
Equity held (%)	28.8%
Income received and receivable in the year (£)	—
Cash returned up to 31 March 2020 (£)***	1,536,849

£000	Year ended 30 June 2019	Year ended 30 June 2018
Sales	7,191	6,524
Profit before tax	1,402	84
Retained profit/(loss)	1,278	(60)
Net assets	2,774	1,496

Manager's Review

Top Ten Investments continued

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



SECTOR:
BUSINESS SERVICES



ITAD is a specialist consulting firm focused on monitoring and evaluating the impact of international development funding and aid on behalf of governments and charities in the UK and overseas.

31 March 2020 Update

ITAD performed well this financial year, achieving revenues and profits materially ahead of budget. This was largely due to improved margins. The team proactively implemented cash management actions ahead of the Covid-19 lockdown and is weathering the situation well.

*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.

Initial Investment*	October 2015
Amount invested (£)*	1,250,000
Accounting cost (£)**	1,371,726
Investment value (£)	1,708,838
Basis of valuation	Discounted earnings multiple
Equity held (%)	11.0%
Income received and receivable in the year (£)	101,711
Cash returned up to 31 March 2020 (£)***	391,815

£000	Year ended 31 January 2019	Year ended 31 January 2018
Sales	17,610	13,985
Loss before tax	(164)	(1,099)
Retained loss	(425)	(1,204)
Net (liabilities)/ assets	(145)	384

FOURTH WALL CREATIVE LIMITED
www.fourthwallcreative.com **WIRRAL**



SECTOR: CONSUMER
& LEISURE



Fourth Wall Creative provides fan engagement services to Premier League football clubs. They specialise in the design, sourcing and fulfilment of football club membership welcome packs and related products.

31 March 2020 Update

Since investment in April 2019, Fourth Wall traded well and in line with budget. Foresight has worked to strengthen the senior management team with key hires including a Chairman, Business Development Director and Finance Director. Currently, uncertainty remains around restarting the Premier League season due to Covid-19. This may reduce additional one-off revenue streams, but it is not expected to impact the core membership business in the long term.

*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.

Initial Investment*	April 19
Amount invested (£)*	2,000,000
Accounting cost (£)**	2,000,000
Investment value (£)	1,582,050
Basis of valuation	Discounted earnings multiple
Equity held (%)	14.0%
Income received and receivable in the year (£)	—
Cash returned up to 31 March 2020 (£)	—

£000	Year ended 31 March 2019	Year ended 31 March 2018
Sales	N/A	N/A
Profit/(loss) before tax	N/A	N/A
Retained profit/(loss)	N/A	N/A
Net assets	N/A	N/A

Please note no financial statements yet filed with Companies House.



“Regenerative biological therapies are at the vanguard of innovative clinical applications and we are delighted to have Foresight as our strategic partner to support us in the development of our product that we hope may provide a new treatment option for patients, physicians and other healthcare professionals.”

*Janet Hadfield,
CEO and Co-Founder of
Biotherapy Services*

Manager's Review

Portfolio overview

Investment (by value)	Date of First Investment	Sector	31 March 2020	
			Accounting Cost £	Valuation £
Datapath Group Limited	2007	TMT	11,081,243	14,123,905*
Specac International Limited	2015	Industrials & Manufacturing	2,554,761	5,778,906*
TFC Europe Limited	2007	Industrials & Manufacturing	2,149,307	5,530,146*
Ixaris Group Holdings Limited	2006	Consumer & Leisure	3,479,188	3,962,806*
FFX Group Limited	2015	Business Services	1,372,002	3,298,781*
Innovation Consulting Group Limited (formerly The Business Advisory Limited)	2015	Business Services	1,938,046	3,099,139*
Protean Software Limited	2015	TMT	1,795,229	3,006,677*
Aerospace Tooling Corporation Limited	2013	Industrials & Manufacturing	415,255	2,482,022*
Itad Limited	2015	Business Services	1,371,726	1,708,838*
Fourth Wall Creative Limited	2019	Consumer & Leisure	2,000,000	1,582,050*
Roxy Leisure Ltd	2019	Consumer & Leisure	1,500,000	1,564,288
Hospital Services Group Limited	2015	Healthcare	1,200,000	1,557,569
Mologic Ltd	2018	Healthcare	1,059,000	1,534,161
Biotherapy Services Limited	2019	Healthcare	1,500,000	1,470,000
Steamforged Games Limited	2018	Consumer & Leisure	1,600,000	1,324,589
ABL Investments Limited	2015	Business Services	1,494,075	1,288,860
Positive Response Communications Limited	2014	Business Services	1,009,195	1,284,853
Ten Health & Fitness Limited	2019	Healthcare	1,600,000	1,230,478
Clubspark Limited	2018	TMT	860,000	1,219,079
Iphigenie Limited	2015	General	100	1,202,520
Galinette Limited	2015	General	100	1,125,122
Spektrix Limited	2018	TMT	1,500,000	1,043,713
Biofortuna Limited	2012	Healthcare	3,517,537	997,940
Rovco Ltd	2019	TMT	950,000	950,000
Accrosoft Limited	2018	TMT	750,000	810,794
Whitchurch PE 1 Limited	2014	General	378,000	651,870
Luminet Networks Limited	2018	TMT	960,000	647,923
Codeplay Software Limited	2018	TMT	300,000	599,577
Cole Henry PE 2 Limited	2014	General	200,000	369,310
Fertility Focus Limited	2018	Healthcare	525,569	363,400
Kingsclere PE 3 Limited	2014	General	100,000	212,434
Sindicatum Carbon Capital Limited	2007	Environmental	544,538	184,575
Procam Television Holdings Limited	2013	TMT	2,162,929	—
The Naked Deli Ltd	2018	Consumer & Leisure	669,000	—
Flowrite Refrigeration Limited	2012	Business Services	—	—
Vector Command Limited	2000	TMT	—	—
Evance Wind Turbines Limited	2007	Environmental	—	—
Autologic Diagnostics Group Limited	2009	TMT	—	—
			52,536,800	66,206,325

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

Valuation Methodology	31 March 2019				
	Accounting cost £	Valuation £	Additions £	Disposal Proceeds £	Net valuation movement £
Discounted earnings multiple	11,081,243	16,128,276	—	—	(2,004,371)
Discounted earnings multiple	2,554,761	6,459,470	—	—	(680,564)
Discounted earnings multiple	2,149,307	8,791,960	—	—	(3,261,814)
Discounted revenue multiple	3,479,188	10,556,983	—	—	(6,594,177)
Discounted earnings multiple	1,372,002	3,368,353	—	—	(69,572)
Discounted earnings multiple	1,938,046	2,475,885	—	—	623,254
Discounted revenue multiple	1,795,229	3,149,252	—	—	(142,575)
Discounted earnings multiple	415,255	2,419,578	—	—	62,444
Discounted earnings multiple	1,371,726	1,949,296	—	—	(240,458)
Discounted earnings multiple	—	—	2,000,000	—	(417,950)
Discounted earnings multiple	—	—	1,500,000	—	64,288
Discounted earnings multiple	1,200,000	1,330,319	—	—	227,250
Discounted revenue multiple	1,059,000	1,059,000	—	—	475,161
Discounted revenue multiple	—	—	1,500,000	—	(30,000)
Discounted revenue multiple	1,600,000	1,600,000	—	—	(275,411)
Discounted earnings multiple	1,494,075	1,648,050	—	—	(359,190)
Discounted revenue multiple	1,009,195	1,286,336	—	—	(1,483)
Discounted revenue multiple	—	—	1,600,000	—	(369,522)
Discounted revenue multiple	860,000	860,000	—	—	359,079
Net assets	100	1,177,183	—	—	25,337
Net assets	100	1,116,810	—	—	8,312
Discounted revenue multiple	1,500,000	1,500,000	—	—	(456,287)
Discounted revenue multiple	3,217,535	1,890,077	300,002	—	(1,192,139)
Price of last funding round	—	—	950,000	—	—
Discounted revenue multiple	750,000	750,000	—	—	60,794
Net assets	378,000	652,603	—	—	(733)
Discounted earnings multiple	600,000	600,000	360,000	—	(312,077)
Discounted revenue multiple	300,000	300,000	—	—	299,577
Net assets	200,000	370,039	—	—	(729)
Discounted revenue multiple	375,000	375,000	150,569	—	(162,169)
Net assets	100,000	213,158	—	—	(724)
Funding round and 75% provision	544,538	184,575	—	—	—
Nil value	2,162,929	1,300,255	—	—	(1,300,255)
Nil value	750,000	750,000	—	(81,000)	(669,000)
Sold	513,368	352,981	—	(353,101)	120
Nil value	1,468,750	—	—	—	—
Dissolved	1,490,420	—	—	—	—
Dissolved	2,162,787	—	—	—	—
	49,892,554	74,615,439	8,360,571	(434,101)	(16,335,584)

Manager's Review

About The Manager

Foresight Group LLP was 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. Most recently, it won “Best Generalist VCT” at the Investment Week Tax Efficiency Awards 2018/19.

Led by Russell Healey, the growing private equity investment team of 30 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, Edinburgh, Nottingham, Cambridge, 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 LLP.

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. The Manager takes a particularly active, hands-on approach to portfolio management and as a matter of policy, seeks representation on the boards of unquoted investments plus the right to appoint a senior industry expert as chairman. The Manager works particularly closely with the investee companies in the following areas:

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

EVOLUTION OF FORESIGHT 4 VCT PLC

The strength and depth of Foresight Group LLP'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 LLP's Private Equity team was appointed to manage Advent 2 VCT plc, which was subsequently renamed Foresight 4 VCT plc. |
| 2011 | Foresight Group LLP's Private Equity team was appointed manager of Acuity Growth VCT (formerly Acuity 2 VCT plc and previously Electra Kingsway VCT 2 plc) on 24 February 2011 which was renamed Foresight 5 VCT plc. Foresight 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 Foresight 5 VCT plc and Acuity 3 VCT plc were merged into Foresight 4 VCT plc as a separate C share class. |
| 2012 | At the same time, Foresight Clearwater VCT plc was merged into the ordinary share class of Foresight 4 VCT plc. |
| 2015 | The C shares were converted into ordinary shares on 10 August 2015. |
| 2017 | On 22 June 2017, Foresight 3 VCT plc was merged into Foresight 4 VCT plc. The enlarged Foresight 4 VCT plc had combined net assets of £77.0 million. |
| 2019 | On 12 April 2019, the Company closed its latest offer for subscription after raising £51.1 million. |

Responsible Investment

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

ESG values form an integral part of the Manager’s day-to-day decision making. Central to its investment

approach are five ESG Principles which are used to evaluate investee companies throughout the life cycle of an investment. Overall 40 individual key performance indicators are considered under the five Principles. The evaluation is about both the company’s existing position and its potential to improve and develop with support. The Manager invests in a wide range of sectors and believes its approach covers the key tests that should be applied to assess a company’s ESG performance, throughout the life cycle of an investment:



STRATEGY AND AWARENESS

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



ENVIRONMENTAL

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



SOCIAL

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



GOVERNANCE

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



THIRD PARTY INTERACTION

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

The evaluation of investee companies against each of the five Principles is 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 opportunities that exist within the portfolio and aims to ensure that investments support positive environmental and social outcomes.

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

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

CREDENTIALS

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

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



Manager's Review

Responsible Investment

CASE STUDY

Below is an example of how ESG is measured, looking at the investment in Spektrix, a Software as a Service company serving the performing arts market. Spektrix works primarily with theatres, providing a platform to manage their ticketing, marketing, merchandising, memberships, and fundraising. The company has operations in the UK and US.

Spektrix



The company works with a large number of not-for-profit organisations, helping them to improve audience experience and increase revenues through both ticket sales and donations. Spektrix puts ESG at the heart of its mission statement, and is currently working towards achieving B Corp status, an accreditation for companies which balance profit with purpose.



Spektrix is currently working on an internal environmental policy that sets out clear commitments and aims to improve the company's environmental footprint. To date, the company has made steps to purchase eco-friendly products wherever possible, such as recycled printer paper, kitchen roll and hand towels. The team recycle extensively in the office but are also drafting a recycling policy to formalise this.



The company has created an Employee Engagement Group to advocate and suggest improvements to employee engagement and published an annual report on diversity within their workforce. These changes have led to a decrease in employee

turnover since investment. Spektrix also offers advice and use of their office space to a variety of not-for-profit organisations and local charities



Since investment a strong board has been recruited including a new non-executive chairman, improving oversight and management reporting. Spektrix did not previously hold formal board meetings, and now produces a detailed board pack with high quality management information. Formal policies including Health & Safety and a Risk Register have also been implemented.



Spektrix continues to invest materially in R&D, with spend of over £1m in 2019. The business is very engaged with the wider sector, publishing an annual report on insights and thought leadership from various stakeholders within performing arts. During the Covid-19 crisis, Spektrix released a new product allowing theatres to encourage customers to convert their existing tickets into a donation rather than a refund. This was made available free-of-charge to the entire sector, not just Spektrix clients, and so far has raised several million pounds for theatres during this difficult period.

CLIMATE CHANGE STATEMENT

The Manager has a long-term investing vision and its strategy aligns with the UN's Sustainable Development Goals and the decarbonisation targets set out in the Paris Agreement of 2015. As such, taking actions to mitigate the risks posed by climate change, whilst also employing measures that enable adaptation to its associated trends, must be done hand in hand. The Manager has been a signatory to the United Nations-backed Principles for Responsible Investment ("PRI") since 2013. PRI is a globally recognised voluntary framework concerned with the incorporation of ESG considerations into the investment decision making process. It provides a basis for potential and existing investors to judge the quality of a company's ESG processes and positioning within an industry sector. In 2019, the Manager received an 'A+' for Strategy and Governance, and 'A' for Private Equity and Infrastructure investments.

The Company supports the Manager's views on climate change and ESG and its vigorous process in the evaluation of an asset's environmental and social impact during due diligence and thereafter.

For each material risk identified during due diligence, a mitigation plan is proposed in the investment submission and these actions form part of the portfolio company's "100-day plan" post-investment. From an environmental perspective, analysis relating to the implementation of good industry practice in limiting and mitigating the potentially adverse environmental impact of a company's operations has four principal components:

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

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

Russell Healey

PARTNER AND HEAD OF PRIVATE EQUITY



Russell is head of the Private Equity team with overall responsibility for fund raising, new investments and the portfolio, and is a member of Foresight Group LLP's Executive Committee. He has over 20 years' experience in fund management and venture capital investing. Prior to joining Foresight Group LLP, 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 LLP in 2007 from Deloitte's Strategy Consulting team. James has 16 years of experience. At Foresight Group LLP, 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 LLP in 2010 and has 16 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 has 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 an overall NAV per share or NAV total return. Additional key performance indicators and Alternative Performance Measures ("APMs") reviewed by the Board include the discount of the share price relative to the net asset value, which shows the percentage by which the mid-market share price of the Company is lower than the net asset value per share, and total expenses as a proportion of shareholders' funds. KPIs and APMs allow performance comparisons to be made between VCTs.

A record of some of these indicators is contained in the Key Metrics section on page 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 shareholders. Share buy-backs were completed at discounts ranging from 7.5% to

10.2%. As announced in the Half Yearly Report, the Board moved to a discount of 7.5%. Further details of the Company's KPIs can be found in the Glossary of Terms on page 76.

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 and APMs 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 80% by VCT value 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 Company has appointed Foresight Group LLP ("the Manager") to provide investment management and administration services.

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

- Evidence of high-margin products or services capable of addressing fast-growing markets;
- The company's ability to sustain a competitive advantage;
- The strength of the management team;
- The existence of proprietary technology; and
- 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 the Manager's website www.foresightgroup.eu.

Please refer to the Manager's Review on pages 19 to 20 for more information on the Manager'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 Board is currently seeking to add an additional director to the Board.

The Manager has an equal opportunities policy and, as at 31 March 2020, employed 150 men and 89 women.

DIVIDEND POLICY

The Company's dividend policy has recently been updated and the Board will endeavour to pay annual dividends of at least 5% of the NAV per share per annum. The aim of the Board and the Manager is for future investment performance to support this level of distribution, whilst also maintaining the NAV per share at around its current level. In the event that significant realised gains arise on sales of investments, the Board will consider payment of special dividends.

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.

DIRECTORS' DUTY TO PROMOTE THE SUCCESS OF THE COMPANY

The Directors have a duty to promote the success of the Company for the benefit of shareholders as a whole and to describe how they have performed this duty having regard to matters set out in Section 172(1) of the Companies Act 2006. In fulfilling this duty, the Directors consider the likely consequences of their actions over the long term and on other stakeholders.

As an externally managed VCT, the Company does not have employees. Its main stakeholders therefore comprise its shareholders, who are also its customers, portfolio companies and a small number of suppliers. These suppliers are external firms engaged by the Board to provide, amongst others, investment management, secretarial, registrar and legal services. The principal relationship is with the Manager and the Manager's Report contains further information on this. Its investment management service is fundamental to the long term success of the Company through the pursuit of the investment objective. The Board reviews the investment performance of the Company and the ability of the Manager to produce satisfactory investment performance. It seeks to maintain a constructive working relationship with the Manager and on an annual basis the Management Engagement & Remuneration Committee reviews the appropriateness of the Manager's appointment. The Board receives and reviews detailed presentations and reports from the Manager to enable the Directors to exercise effective oversight of the Company's activities.

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

Strategic Report

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 Regional Investment Fund	Foresight Williams Technology EIS Fund	Total Equity Managed by Foresight
	£	£	£	£	£	£	%
ABL Investments Limited	2,750,000	1,494,075	—	—	—	—	57.3
Accrosoft Limited	1,724,138	750,000	—	—	—	—	25.0
Aerospace Tooling Corporation Limited	150,000	415,255	—	—	—	—	50.4
Biofortuna Limited	1,172,517	3,517,537	—	—	—	—	48.3
Biotherapy Services Limited	1,477,833	1,500,000	—	—	—	—	31.3
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	—	—	—	—	40.0
Fertility Focus Limited	1,301,779	525,569	—	—	—	—	14.8
FFX Group Limited	2,676,426	1,372,002	—	—	—	—	49.9
Fourth Wall Creative Limited	2,955,655	2,000,000	—	—	—	—	35.0
Hospital Services Group Limited	3,320,000	1,200,000	—	—	—	—	61.6
Innovation Consulting Group Limited	1,605,000	1,938,046	—	—	—	—	27.5
Itad Limited	2,750,000	1,371,726	—	—	—	—	35.0
Ixaris Group Holdings Limited	2,266,036	3,479,188	—	—	—	—	17.9
Kingsclere PE 3 Limited	100,000	100,000	—	—	—	—	49.9
Luminet Networks Limited	3,783,251	960,000	—	—	—	—	49.9
Mologic Limited	2,434,483	1,059,000	—	—	—	—	21.4
Positive Response Communications Limited	1,000,000	1,009,195	—	—	—	—	65.1
Procam Television Holdings Limited	1,664,893	2,162,929	1,000,000	—	—	—	57.7
Protean Software Limited	2,500,000	1,795,229	—	—	—	—	63.5
Rovco Limited	935,961	950,000	—	—	—	2,000,000	22.6
Roxy Leisure Limited	1,477,833	1,500,000	—	—	—	—	10.9
Sindicatum Carbon Capital Limited	246,075	544,538	—	—	—	—	1.0
Specac International Limited	1,300,000	2,554,761	—	—	—	—	78.4
Spektrix Limited	3,448,276	1,500,000	—	—	—	—	13.5
Steamforged Games Limited	2,364,532	1,600,000	—	—	1,000,000	—	32.6
Ten Health and Fitness Limited	2,364,532	1,600,000	—	—	—	—	29.2
TFC Europe Limited	3,614,612	2,149,307	—	—	—	—	70.9
The Naked Deli Ltd	1,536,139	669,000	—	—	—	—	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 shareholding companies 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 & Technology VCT plc, Foresight Nottingham Fund LP, Foresight Environmental Fund LP, Foresight Solar Fund Limited, Foresight Inheritance Tax Solutions, Foresight AD EIS, Foresight Energy Infrastructure EIS, Foresight Regional Investment LP, Foresight Williams Technology EIS Fund, Foresight Italian Green Bond Fund, MEIF ESEM Equity LP, Scottish Growth Scheme - Foresight Group Equity Partners LP, NI Opportunities LP, John Laing Environmental Assets Group Limited, Foresight Energy Infrastructure Partners S.C.Sp and Foresight Regional Investment II LP.

DIRECTORS' DUTY TO PROMOTE THE SUCCESS OF THE COMPANY (continued)

To help the Board in its aim to act fairly between the Company's members, it encourages communications with all shareholders. The Annual and Half-Yearly Reports are issued to shareholders and are available on the Company's website together with other relevant information including quarterly factsheets. The Manager and members of the Board are available to meet the shareholders at investor forums held throughout the year. Directors are also available to meet with shareholders at the AGM, although this will not be possible this year.

Shareholders' views are considered during the Board's annual strategy reviews. The Board has also established guidelines in accordance with which the Manager implements share buy-backs at a target discount to NAV. In addition, the Board has adopted a target dividend policy of 5% of NAV per share per annum in the longer term.

As described in more detail within the Corporate Governance Report, the Board is committed to maintaining and demonstrating high standards of corporate governance in relation to the Company's business conduct. The Board also expects high standards at the companies in which the Company is invested. In this regard, it is satisfied that the Manager consistently and proactively engages with investee companies on environmental, social and governance matters, where these are material to the investment case and therefore to the long-term success of the Company. More detail on this can be found in the responsible investment section of the Manager's Review.

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

an integrated element of its investment process. The team of 30 investment professionals is well resourced and, collectively, has a deep knowledge and understanding across corporate finance, consulting, accountancy and private equity.

While the Manager supports the aims and objectives of the Stewardship Code, it is not currently a signatory to the Code. A statement explaining their position has been published on the Managers website at www.foresightgroup.eu/responsible-investing/corporate-social-responsibility/stewardship-code.

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

PRINCIPAL RISKS, RISK MANAGEMENT AND REGULATORY ENVIRONMENT

The Board carries out regular reviews of the risk environment, including emerging risks, in which the Company operates. The principal risks and uncertainties identified by the Board which might affect the Company's business model and future performance, and the steps taken with a view to their mitigation, are as follows:

Economic risk: Events such as economic recession, external shocks 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 quarterly basis.

Valuation of unquoted investments: Unquoted companies are unlisted and there is no published market price for their

Strategic Report

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. Sensitivity analysis is disclosed in note 15. 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.

Emerging risks that have been considered include that of the Covid-19 Coronavirus and climate change. Further details on climate change are provided in the Climate Change Statement in the Manager's Report on page 20. The potential impact of Covid-19 on the companies

in which the Company invests is under ongoing assessment, although many have already been impacted. Both the Manager and the Company's other key service providers have implemented their business continuity plans and do not currently expect a noticeable disruption to services.

VIABILITY STATEMENT

In accordance with principle 21 of the AIC Code of Corporate Governance published by the AIC in February 2019, the Directors have assessed the prospects of the Company over the three year period to 31 March 2023. 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 and emerging 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 specifically considered the impact of the Covid-19 pandemic when carrying out its assessment.

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 2023.

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, 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 (2019: 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. 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 (2019: £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 foreseeable future.

VALUATION POLICY

Investments held by the Company have been valued in accordance with the International Private Equity and Venture Capital ("IPEV") Valuation Guidelines (December 2018 and further Covid-19 guidance for March 2020) developed by the British Venture Capital Association and

other organisations. Through these guidelines, investments are valued as defined at 'fair value'. Where the investment being valued was itself made recently, its cost may provide a good starting point for estimating fair value. At each measurement date, fair value is estimated using appropriate valuation techniques. Investments quoted or traded on a market are valued at bid price. The portfolio valuations are prepared by the Manager, reviewed and approved by the Board quarterly and are subject to annual review by the external auditor.

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 investors;
- Capital gains on disposal of VCT shares by qualifying investors are tax-free, whenever the disposal occurs.

The upfront income tax relief will be forfeited by shareholders if the shares are not held for five years.

VENTURE CAPITAL TRUST STATUS

Foresight 4 VCT plc has been granted approval as a Venture Capital Trust (VCT) under Sections 274–280A of the Income Tax Act 2007 for the year ended 31 March 2019. The next complete review will be carried out for the year ended 31 March 2020. 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 2020 the Company had approximately 91.1% (by VCT Value) of its applicable 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.

This report has been approved for and issued by the Board.

Raymond Abbott

Chairman
22 July 2020

Governance

Board of Directors

“The challenges to the portfolio from Brexit and Covid-19 continue to impact the portfolio. However, the focus is now moving from downside protection to looking at new opportunities in the portfolio that are emerging to drive future growth.”

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 29 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. Non Executive Director of Schroder UK Public Private Trust PLC.

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.

Other positions

Simon served as Chairman of Foresight 4 VCT plc from 31 March 2017 to 22 June 2017.

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

Directors' Report

The Directors present their report and the financial statements of the Company for the year ended 31 March 2020.

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 2019 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 loss attributable to shareholders for the year amounted to £15,431,000 (2019: profit of £2,962,000). The Board paid a dividend of 4.0p per share on 16 August 2019.

NET ASSET VALUE TOTAL RETURN

During the year ended 31 March 2020 the Company's principal indicator of performance, net asset value total return, decreased by 11.8% per share.

SHARE ISSUES

During the year 22,848,885 shares and 1,192,686 shares were issued pursuant to an offer for subscription and the dividend reinvestment scheme respectively. Shares were issued at issue prices ranging from 63.8p to 67.0p per share. At 31 March 2020 the Company had 194,826,224 shares in issue.

SHARE BUYBACKS

During the year the Company repurchased 2,786,153 shares for cancellation at a cost of £1,674,000. No shares bought back by the Company are held in

treasury. Share buy-backs have been completed at discounts ranging from 7.5% to 10.2%.

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

The Company has appointed Foresight Group LLP ("the Manager") to provide investment management 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 25 June 2020.

The principal terms of the management agreement are set out in note 3 to the accounts. Following the fundraising in the year, the Manager agreed to reduce the annual expenses cap to 2.35%

of net assets from 27 January 2020, which resulted in a rebate of £452,000 (2019: nil) to the Company.

No Director has an interest in any contract to which the Company is a party. Foresight Group CI Limited, which acted as investment manager to the Company until 27 January 2020 earned fees of £2,175,000 (2019: £1,992,000). Foresight Group LLP, who was appointed as investment manager on 27 January 2020 earned fees of £3,000 up to 31 March 2020 (2019: nil). Foresight Group LLP indirectly received £169,000 excluding VAT (2019: £166,000 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 £306,000 (2019: £248,000) and directors' fees of £446,000 (2019: £382,000) 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

Shakespeare Martineau LLP provides legal advice and assistance in relation to the maintenance of VCT tax status of the Company, including reviews of the investment portfolio to ensure continuing compliance. Reviews of prospective investments are carried out by advisers assisting on the relevant investment transaction.

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.

LIKELY FUTURE DEVELOPMENTS

Please refer to the Manager's Report on page 9 for more details on likely future developments.

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 (2019: 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 22 July 2020 was 193,309,754 ordinary shares of 1 penny each.

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

Voting Rights in the Company's shares

Details of the voting rights in the Company's shares at the date of this report are given in note 5 in the Notice of Annual General Meeting on page 74.

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 Board has decided to propose the appointment of Deloitte

LLP as auditor and a resolution concerning this will be proposed at the Annual General Meeting.

COMPANIES ACT 2006 DISCLOSURES

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

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

CONFLICTS OF INTEREST

The Directors have declared any conflicts or potential conflicts of interest to the Board which has the authority to approve such conflicts. The Company Secretary maintains the Register of Directors' Conflicts of Interest which is reviewed quarterly by the Board and when changes are

Governance

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, with particular focus on the impact of Covid-19 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 10 September 2020 can be found on pages 72 to 75. **In light of the continuing Covid-19 situation, the meeting will be held by way of a closed virtual meeting and shareholders will not be permitted to attend. Shareholders are encouraged to vote by way of proxy and send any questions to the Managers Investor Relations team, as further set out in the notice.**

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 to 9 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 supplement and renew share issue and buyback authorities granted at previous general meetings of the Company and, together with resolution 9, 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 (representing 62.1% of the issued share capital of the Company as at the date of this report). 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 to Foresight Group LLP and relevant individuals of Foresight Group LLP at a subscription price which may be less than net asset value per share 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 2021 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 28,803,154 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 2021 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.

RESOLUTION 9

Resolution 9 seeks the authority from shareholders (as required under the Companies Act 2006)

to reduce the share premium account of the Company by £12.5 million.

Cancelling share premium allows a company to create a special reserve that can be used to write or set off losses, facilitate distributions and buybacks and for other corporate purposes. The Company has previously cancelled share premium for these purposes and has, over time, utilised the special reserves created from these cancellations. The issue of shares pursuant to recent fundraisings has resulted in the creation of further share premium. The Board proposes to reduce the share premium account to create further special reserves.

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

The amount to be cancelled is related to share premium created by the issue of shares on or before 31 March 2018. Of the amount to be canceled £11.4 million is regarded under VCT legislation as restricted capital which should not be used to make, directly or indirectly, payments to shareholders. until April 2021, when it becomes unrestricted.

This report has been approved for issue by the Board.

Foresight Group LLP

Secretary
22 July 2020

Governance

Corporate Governance

The Board of Foresight 4 VCT plc has considered the Principles and Provisions of the AIC Code of Corporate Governance ("AIC Code"). The AIC Code addresses the Principles and Provisions set out in the UK Corporate Governance Code ("the AIC Code") issued by the Financial Reporting Council, as well as setting out additional Provisions on issues that are of specific relevance to the Company.

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

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

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

Unless noted as an exception below, the requirements of the AIC Code were complied with throughout the year ended 31 March 2020.

THE BOARD

The Board comprises three directors, all of whom are non-executive and independent of the Manager and considered independent for the purposes of the AIC Code and the Listing Rules. The Chairman has served on the Board for less than nine years from the date of his appointment in June 2017. The Board therefore considers the Chairman independent in character and judgement and his re-election is sought every three years. The Nomination Committee meets annually to discuss the appropriateness of the Board appointments and considers there to be no other circumstances which are likely to impair the Chairman's independence.

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

DIVISION OF RESPONSIBILITIES

The Board is responsible to shareholders for the proper management of the Company and meets at least quarterly and on an ad hoc basis as required. It has formally adopted a schedule of matters that are required to be brought to it for decision, thus ensuring that it maintains full and effective control over appropriate strategic, financial, operational and compliance issues. A management agreement between the Company and the Manager sets out the

matters over which the Manager has authority, including monitoring and managing the existing investment portfolio and the limits above which Board approval must be sought. All other matters are reserved for the approval of the Board of Directors. The Manager, in the absence of explicit instruction from the Board, is empowered to exercise discretion in the use of the Company's voting rights.

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

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

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

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

	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

In light of the responsibilities retained by the Board and its committees and of the responsibilities delegated to the Manager, Shakespeare Martineau LLP and other service providers, the Company has not appointed a chief executive officer, deputy Chairman or a senior independent non-executive Director as recommended by the AIC Code. The provisions of the AIC Code which relate to the division of responsibilities between a 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), Raymond Abbott and Michael Gray all of whom are considered to have sufficient recent and relevant financial experience to discharge the role, and meets at least twice a year to consider, amongst other things, the following:

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

- Implement and review the Company's policy on the engagement of the external auditor to supply non-audit services.

As disclosed in the Half-Yearly report the Board launched a tender for the Company's audit contract. The previous auditor, KPMG LLP, was invited to tender alongside several other firms. Following this tender process, the Board appointed Deloitte LLP for the year ended 31 March 2020.

The Audit Committee has performed an assessment of the audit process and the auditor's report in the Audit Committee Report. The Directors have decided to recommend the appointment of Deloitte LLP as auditor and a resolution concerning this will be proposed at the Annual General Meeting. Blick Rothenberg Limited provides the Company's taxation services.

The 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. More details can be found in the Directors' Remuneration Report. The Management Engagement & Remuneration Committee also reviews the appointment and terms of engagement of the Manager. The Board has decided that the entire Board of Directors should fulfil the role of the Management Engagement & Remuneration Committee due to its size.

The Nomination Committee comprises 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. The Board has decided

that the entire Board of Directors should fulfil the role of the Nomination Committee due to its size. The Board are in the final stages of adding a fourth Director to the Board and more details will be circulated upon completion.

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

BOARD EVALUATION

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

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.

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

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

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

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

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

the controls employed to counter those risks. A residual risk rating is then applied.

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

The Audit Committee has carried out a 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' investments and the Company's assets, is maintained. In addition, the Company's financial statements are audited by external auditors. The Board has therefore concluded that it is not necessary to establish an internal audit function at present but this policy will be kept under review.

UK STEWARDSHIP CODE

While the Manager supports the aims and objectives of the Stewardship Code, it is not currently a signatory to the Code. A statement explaining their position has been published on the Managers website at www.foresightgroup.eu/responsible-investing/corporate-social-responsibility/stewardship-code.

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.

Due to the impact of Covid-19, this year's Annual General Meeting will be held by way of a closed virtual meeting and shareholders will not be permitted to attend. Shareholders are encouraged to send any questions to the Directors through the Manager's investor relations team, more details can be found in the formal notice on page 72. 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.

Raymond Abbott
Chairman
22 July 2020

“

It has been a pleasure working with Foresight's experienced investment team, who understood our business quickly and demonstrated a strong appetite to support our plans. Their pragmatic approach and experience in working with businesses and management teams in our sector made them stand out as the right investor for us.

*Matt and Ben Jones,
Founders of Roxy*



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, Deloitte 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.

During the year, remuneration for Directors was increased following shareholder approval of the remuneration policy and remuneration report at the Annual General Meeting. The Committee concluded following a review of the level of Directors' fees there would be no increase for the year ending 31 March 2021.

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 2020 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 17 September 2019 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 10 September 2020.

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 95.7% 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:

2020 AGM	2021 AGM	2022 AGM
M Gray	-	-
-	S Jamieson	-
-	-	R Abbott

SHAREPRICE TOTAL RETURN

The graph below charts the total shareholder return to 31 March 2020, on the hypothetical value of £100, invested on 1 April 2015. The return is compared to the total shareholder return on a notional investment of £100 in the AIC VCT Generalist sector.

DETAILS OF INDIVIDUAL EMOLUMENTS AND COMPENSATION

The emoluments in respect of qualifying services of each person who served as a Director during

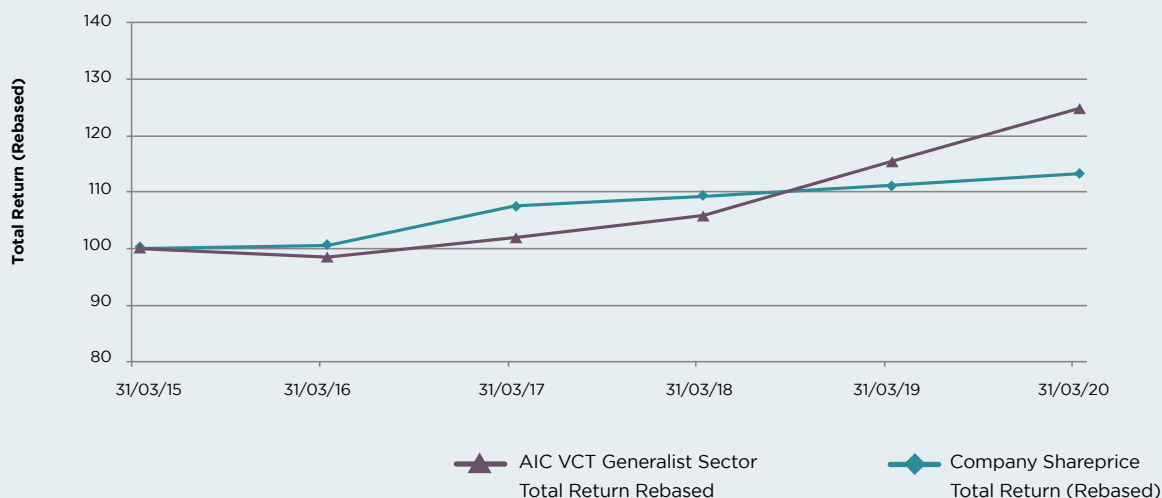
the year are shown on page 40. No Director has waived or agreed to waive any emoluments from the Company in either the current or previous year.

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)



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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 2020 Shares	31 March 2019 Shares
Michael Gray	28,448	28,448
Raymond Abbott	60,818*	60,818*
Simon Jamieson	34,841	34,841
Total	124,107	124,107

*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 2020 and the date of this report.

In accordance with the Articles of Association and the requirements of the UK Corporate Governance Code, Mr Gray 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 Gray'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 51.

	Directors' fees year ended 31 March 2020 (£)^	Directors' fees year ended 31 March 2019 (£)
Raymond Abbott	31,363	27,500
Simon Jamieson	27,625	22,000
Michael Gray	24,550	22,000
Total	83,538	71,500

^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 2020 after consideration of fees paid to other VCT directors and available independent research. During the year, the annual remuneration for Directors was increased following shareholder approval of the remuneration policy and remuneration report at the Annual General Meeting. Prior to this increase, Directors remuneration had not been increased since the year ended 31 March 2013.

Votes cast For and Against the Directors' Remuneration Report for the year ended 31 March 2019

Shares and Percentage of votes cast For	Shares and Percentage of votes cast Against	Number of votes withheld
95.7%	4.3%	
15,795,454 votes	706,262 votes	588,441 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 2020	Year ended 31 March 2019
Dividends	£7,827,000	£5,941,000
Share buybacks	£1,674,000	£6,541,000
Total Shareholder distributions	£9,501,000	£12,482,000
Directors fees	£83,538	£71,500
Directors fees % of Shareholder distributions	0.88%	0.57%

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 22 July 2020 and is signed on its behalf by Michael Gray (Director).

On behalf of the Board

Michael Gray

Chairman of the Nomination, Management, Engagement & Remuneration Committees
22 July 2020

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

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

VALUATION OF UNQUOTED INVESTMENTS

The Directors have met quarterly to assess the appropriateness of the estimates and judgements made by the Manager in the investment valuations. As a 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 IPEV 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.

EXISTENCE OF UNQUOTED INVESTMENTS

For all investments made, both share certificates and loan stock documentation are held by the Manager in the Company's own

name and regular reconciliations are carried out by the Manager to ensure that valid documents of title are held.

VENTURE CAPITAL TRUST STATUS

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

The Manager confirmed to the Audit Committee that the conditions for maintaining the Company's status as an approved VCT had been met throughout the year. The Manager seeks approval in advance for all qualifying investments and reviews the Company's qualifying status in advance of realisations being made and throughout the year. The Audit Committee is in regular contact with the Manager and any potential issues with 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 Deloitte LLP has carried out its duties as auditor in a diligent and professional manner. During the year, the Audit Committee assessed the effectiveness of the current external audit process by assessing and discussing specific audit documentation presented

to it in accordance with guidance issued by the Auditing Practices Board. The audit partner is rotated every five years ensuring that objectivity and independence is not impaired. The current audit partner, Chris Hunter, assumed responsibility for the audit in 2019. Deloitte LLP was appointed as auditor on 25 November 2019, with their first audit for the year ended 31 March 2020. No tender for the audit of the Company has been undertaken since this date and the Audit Committee does not intend to put the audit out to tender during the next financial year. As part of its review of the continuing appointment of the auditor, the Audit Committee considers the need to put the audit out to tender, its fees and independence from the Manager along with any matters raised during each audit. Deloitte LLP is not engaged for non-audit services.

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

The Audit Committee met in June 2019 to review the annual audited accounts for the year ended 31 March 2019 and the Company's risk register and in November 2019 to review the interim report and the Company's risk register.

Simon Jamieson

Audit Committee Chairman
22 July 2020

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 its 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;
- 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
22 July 2020

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

Report on the audit of the financial statements

1. OPINION

In our opinion the financial statements of Foresight 4 VCT plc (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 March 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the income statement;
- the reconciliation of movement in shareholders' funds;
- the balance sheet;
- the cash flow statement; and
- the related notes 1 to 20.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

2. BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We confirm that the non-audit services prohibited by the FRC's Ethical Standard were not provided to the company.

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

3. SUMMARY OF OUR AUDIT APPROACH

Key audit matters	The key audit matter that we identified in the current year was valuation of unquoted investments.
Materiality	The materiality that we used in the current year was £1.09 million which was determined on the basis of 1% of net assets as at 31 March 2020.
Scoping	Audit work to respond to the risks of material misstatement was performed directly by the audit engagement team.

4.CONCLUSIONS RELATING TO GOING CONCERN, PRINCIPAL RISKS AND VIABILITY STATEMENT

4.1. Going concern

We have reviewed the directors' statement in note 1a to the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them and their identification of any material uncertainties to the company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements.

We considered as part of our risk assessment the nature of the company, its business model and related risks including where relevant the impact of the Covid-19 pandemic and Brexit, the requirements of the applicable financial reporting framework and the system of internal control. We evaluated the directors' assessment of the company's ability to continue as a going concern, including challenging the underlying data and key assumptions used to make the assessment, and evaluated the directors' plans for future actions in relation to their going concern assessment.

We are required to state whether we have anything material to add or draw attention to in relation to that statement required by Listing Rule 9.8.6R(3) and report if the statement is materially inconsistent with our knowledge obtained in the audit.

Going concern is the basis of preparation of the financial statements that assumes an entity will remain in operation for a period of at least 12 months from the date of approval of the financial statements.

We confirm that we have nothing material to report, add or draw attention to in respect of these matters.

4.2. Principal risks and viability statement

Based solely on reading the directors' statements and considering whether they were consistent with the knowledge we obtained in the course of the audit, including the knowledge obtained in the evaluation of the directors' assessment of the company's ability to continue as a going concern, we are required to state whether we have anything material to add or draw attention to in relation to:

- the disclosures on pages 25-26 that describe the principal risks, procedures to identify emerging risks, and an explanation of how these are being managed or mitigated;
- the directors' confirmation on page 27 that they have carried out a robust assessment of the principal and emerging risks facing the company, including those that would threaten its business model, future performance, solvency or liquidity; or
- the directors' explanation on page 27 as to how they have assessed the prospects of the company, over what period they have done so and why they consider 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.

We are also required to report whether the directors' statement relating to the prospects of the company required by Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit.

Viability means the ability of the company to continue over the time horizon considered appropriate by the directors.

We confirm that we have nothing material to report, add or draw attention to in respect of these matters.

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

5. KEY AUDIT MATTERS

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

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

5.1. Valuation of unquoted investments <>

Key audit matter description	The Company holds unquoted investments of £66.2m, representing 60.9% of the entity's net assets (2019: £74.6m, 63.4%). The unquoted investments are valued in line with International Private Equity and Venture Capital (IPEV) Guidelines and may carry a higher degree of judgement. This risk has been identified as a potential fraud risk as incorrect valuations could result in a material misstatement of the net asset value of the Company. Refer to note 1b to the financial statements for the accounting policy on unquoted investments and details of the investments are disclosed in note 8 to the financial statements. The valuation of investment risk is included within the Audit Committee report on page 42.
How the scope of our audit responded to the key audit matter	We performed the following procedures to address the valuation of investments key audit matter: - We assessed the design and implementation of controls in place over the valuation of unquoted investments through enquiry of management and performed a detailed review of documentation of the relevant controls; - We assessed the valuation methodology applied for compliance with the IPEV Guidelines and assessed the assumptions adopted, enquiring with the Manager on the assumptions where appropriate; - We tested the judgemental inputs around the maintainable Revenue/EBITDA and multiple against management accounts and other available market data, whilst considering the potential impact of Brexit and the Covid-19 pandemic. We reviewed the suitability and accuracy of the multiples from a basket of comparable transactions/quoted companies; - We tested a sample of unquoted investee company data (e.g. financial information and capital structures) to supporting documentation; and - We assessed whether any critical judgement or sources of estimation uncertainty were applied and appropriately disclosed.
Key observations	Based on the work performed we concluded that the valuation of unquoted investments is reasonable.

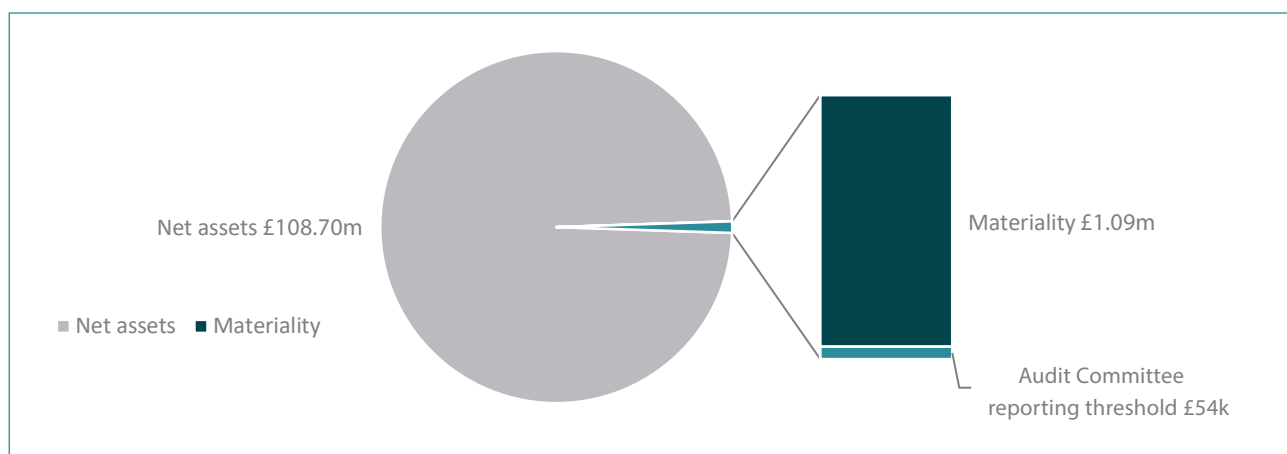
6. OUR APPLICATION OF MATERIALITY

6.1. Materiality

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

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

Materiality	£1.09 million
Basis for determining materiality	1% of net assets.
Rationale for the benchmark applied	Net assets has been chosen as it is considered the most relevant benchmark for investors and is a key driver of shareholder value.



6.2. Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole. Performance materiality was set at 60% of materiality for the 2020 audit. In determining performance materiality, we considered our risk assessment, including our assessment of the company's overall control environment. We also considered that this is our first year audit, the company is a listed entity and that there has been a low number of corrected and uncorrected misstatements identified in the prior year.

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

6.3. Error reporting threshold

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £54k as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

7. AN OVERVIEW OF THE SCOPE OF OUR AUDIT

7.1. Scoping

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

7.2. Our consideration of the control environment

Based on this assessment, we focused our audit scope primarily on the key audit matter described above. The investment management and accounting and reporting operations were undertaken by the Manager. We have obtained an understanding of the Manager's systems of internal controls and considered in our risk assessment the overall control environment.

8. OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

In this context, matters that we are specifically required to report to you as uncorrected material misstatements of the other information include where we conclude that:

- **Fair, balanced and understandable** – the statement given by the directors that they consider 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, is materially inconsistent with our knowledge obtained in the audit; or
- **Audit committee reporting** – the section describing the work of the audit committee does not appropriately address matters communicated by us to the audit committee; or
- **Directors' statement of compliance with the UK Corporate Governance Code** – the parts of the directors' statement required under the Listing Rules relating to the company's compliance with the UK Corporate Governance Code containing provisions specified for review by the auditor in accordance with Listing Rule 9.8.10R(2) do not properly disclose a departure from a relevant provision of the UK Corporate Governance Code.

We have nothing to report in respect of these matters.

9. RESPONSIBILITIES OF DIRECTORS

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

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

10. AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud and non-compliance with laws and regulations are set out below.

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

11. EXTENT TO WHICH THE AUDIT WAS CONSIDERED CAPABLE OF DETECTING IRREGULARITIES, INCLUDING FRAUD

We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and then design and perform audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

11.1. Identifying and assessing potential risks related to irregularities

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

- the nature of the industry and sector, control environment and business performance including the design of the company's remuneration policies, key drivers for directors' remuneration, bonus levels and performance targets;
- results of our enquiries of management and the audit committee about their own identification and assessment of the risks of irregularities;
- any matters we identified having obtained and reviewed the company's documentation of their policies and procedures relating to:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
 - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
- the matters discussed among the audit engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

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

11.1. Identifying and assessing potential risks related to irregularities (continued)

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

We also obtained an understanding of the legal and regulatory frameworks that the company operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the UK Companies Act, Listing Rules and tax legislation including the Company's qualification as a Venture Capital Trust under tax legislation.

11.2. Audit response to risks identified

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

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

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

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

Report on other legal and regulatory requirements

12. OPINIONS ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

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

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

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

13. MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

13.1. Adequacy of explanations received and accounting records

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

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

13.2. Directors' remuneration

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

14. OTHER MATTERS

We have nothing to report in respect of these matters.

14.1. Auditor tenure

Following the recommendation of the audit committee, we were appointed by the Board of Directors on 25 November 2019 to audit the financial statements for the year ended 31 March 2020 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is 1 year covering the year ended 31 March 2020.

14.2. Consistency of the audit report with the additional report to the audit committee

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

15. USE OF OUR REPORT

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

Chris Hunter CA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Edinburgh, United Kingdom
22 July 2020

Financial Statements

Income Statement

FOR THE YEAR ENDED 31 MARCH 2020

	Notes	Year ended 31 March 2020			Year ended 31 March 2019		
		Revenue	Capital	Total	Revenue	Capital	Total
		£'000	£'000	£'000	£'000	£'000	£'000
Investment holding (losses)/gains	8	—	(11,081)	(11,081)	—	5,292	5,292
Realised losses on investments	8	—	(5,251)	(5,251)	—	(514)	(514)
Income	2	3,673	—	3,673	744	—	744
Investment management fees	3	(545)	(1,633)	(2,178)	(498)	(1,494)	(1,992)
Other expenses	4	(594)	—	(594)	(568)	—	(568)
Profit/(loss) on ordinary activities before taxation		2,534	(17,965)	(15,431)	(322)	3,284	2,962
Taxation	5	—	—	—	—	—	—
Profit/(loss) on ordinary activities after taxation		2,534	(17,965)	(15,431)	(322)	3,284	2,962
Profit/(loss) per share:	7	1.3p	(9.2)p	(7.9)p	(0.2)p	2.2p	2.0p

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

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

The notes on pages 56 to 71 form part of these financial statements.

Reconciliation of Movements in Shareholders' Funds

	Called-up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Special distributable reserve* £'000	Capital reserve* £'000	Revaluation reserve £'000	Total £'000
Company							
As at 1 April 2019	1,736	63,676	475	70,094	(43,106)	24,750	117,625
Share issues in the year	240	16,481	—	—	—	—	16,721
Expenses in relation to share issues	—	(714)	—	—	—	—	(714)
Repurchase of shares	(28)	—	28	(1,674)	—	—	(1,674)
Realised losses on disposal of investments	—	—	—	—	(5,251)	—	(5,251)
Investment holding losses	—	—	—	—	—	(11,081)	(11,081)
Dividends paid	—	—	—	(7,827)	—	—	(7,827)
Management fees charged to capital	—	—	—	—	(1,633)	—	(1,633)
Revenue return for the year	—	—	—	2,534	—	—	2,534
As at 31 March 2020	1,948	79,443	503	63,127	(49,990)	13,669	108,700

The notes on pages 56 to 71 form part of these financial statements.

*Reserve is available for distribution, total distributable reserves at 31 March 2020 are £13,137,000 (2019: £26,988,000).

	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

Financial Statements

Balance Sheet

AT 31 MARCH 2020

Registered number: 03506579

	Notes	As at 31 March 2020 £'000	As at 31 March 2019 £'000
Fixed assets			
Investments held at fair value through profit or loss	8	66,206	74,615
Current assets			
Debtors	9	726	10,331
Cash and cash equivalents		41,872	33,185
		42,598	43,516
Creditors			
Amounts falling due within one year	10	(104)	(506)
Net current assets		42,494	43,010
Net assets		108,700	117,625
Capital and reserves			
Called-up share capital	11	1,948	1,736
Share premium account		79,443	63,676
Capital redemption reserve		503	475
Special distributable reserve		63,127	70,094
Capital reserve		(49,990)	(43,106)
Revaluation reserve		13,669	24,750
Equity shareholders' funds		108,700	117,625
Net asset value per share:	12	55.8p	67.8p

The financial statements were approved by the Board of Directors and authorised for issue on 22 July 2020 and were signed on its behalf by:

Raymond Abbott
Chairman
22 July 2020

The notes on pages 56 to 71 form part of these financial statements.

Cash Flow Statement

FOR THE YEAR ENDED 31 MARCH 2020

	Notes	Year ended 31 March 2020 £'000	Year ended 31 March 2019 £'000
Cash flow from operating activities			
Loan interest received on investments	2	559	549
Dividends received from investments	2	2,835	35
Deposit and similar interest received	2	238	149
Investment management fees paid	3	(2,579)	(2,104)
Secretarial fees paid	4	(169)	(166)
Other cash payments	4	(418)	(450)
Net cash inflow/(outflow) from operating activities		466	(1,987)
Cash flow from investing activities			
Purchase of investments	8	(8,361)	(8,281)
Net proceeds on sale of investments	8	434	2,082
Net proceeds on deferred consideration	8	31	513
Net cash outflow from investing activities		(7,896)	(5,686)
Cash flow from financing activities			
Proceeds of fund raising	11	25,586	43,562
Expenses of fund raising	11	(336)	(972)
Repurchase of own shares	11	(2,067)	(6,480)
Equity dividends paid	6	(7,066)	(5,907)
Net cash inflow from financing activities		16,117	30,203
Net inflow of cash for the year		8,687	22,530
Reconciliation of net cash flow to movement in net funds			
Increase in cash and cash equivalents for the year		8,687	22,530
Net cash and cash equivalents at start of year		33,185	10,655
Net cash and cash equivalents at end of year		41,872	33,185

Analysis of changes in net debt

	At 1 April 2019 £'000	Cash flow £'000	At 31 March 2020 £'000
Cash and cash equivalents	33,185	8,687	41,872

The notes on pages 56 to 71 form part of these financial statements.

Notes to the Accounts

FOR THE YEAR ENDED 31 MARCH 2020

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 October 2019..

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

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

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

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

GOING CONCERN

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report. The financial position of the Company, its cash flows, liquidity position and borrowing facilities are referred to in the 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 given due consideration to the impact of Covid-19 on the business, as set out in the Strategic Report and have reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future being at least 12 months from the date of signing of the financial statements. 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 2018 and further Covid-19 guidance for March 2020.

NOTE 1 ACCOUNTING POLICIES (CONTINUED)

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

This classification is followed as the Company's business is to invest in financial assets with a view to profiting from their total return in the form of capital growth and income.

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

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

- (i) Where a value is indicated by a material arms-length transaction by an independent third party in the shares of a company, this value will be used.
- (ii) In the absence of (i), and depending upon both the subsequent trading performance and investment structure of an investee company, the valuation basis will usually move to either:
 - a) an earnings multiple basis. The shares may be valued by applying a suitable price-earnings ratio to that company's historic, current or forecast earnings before interest, tax, depreciation and amortisation (EBITDA) (the ratio used being based on a comparable sector but the resulting value being adjusted to reflect points of difference identified by the Manager compared to the sector including, inter alia, illiquidity); or
 - b) where a company's underperformance against plan indicates a diminution in the value of the investment, a write down against cost is made, as appropriate. Where the value of an investment has fallen permanently below cost, the loss is treated as a permanent write down and as a realised loss, even though the investment is still held. The Board assesses the portfolio for such investments and, after agreement with the Manager, will agree the values that represent the extent to which a realised loss should be recognised. This is based upon an assessment of 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 including, inter alia, illiquidity).
- (v) In estimating the fair value of the investments held, the Manager has considered the potential impact the Covid-19 pandemic may have on the general economic outlook which may impact the fair value of the investments and the sectors in which they operate. The Covid-19 pandemic has had a significant impact in many sectors across the globe, and at the date of this report there is a high level of uncertainty about this impact. The Manager has applied assumptions based on a best estimate of likely outcome for each individual investment and applied discounts where it is considered necessary.

C) INCOME

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

D) EXPENSES

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

Notes to the Accounts

FOR THE YEAR ENDED 31 MARCH 2020

NOTE 1 ACCOUNTING POLICIES (CONTINUED)

E) SHARE BASED PAYMENTS

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

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

The fair value of the amount payable to the Manager is recognised as an expense, with a corresponding increase in liabilities (or equity if the share based payment is settled by the issue of shares), over the 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 measured at fair value with changes recognised 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.

NOTE 1 ACCOUNTING POLICIES (CONTINUED)

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.

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. In the Board's opinion, there was no critical accounting judgement applied. 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. Trading results of investee companies may differ from the estimates made. The underlying assumptions are reviewed on each valuation date.

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. Consideration has also been given to the impact of Covid-19 on the valuations and the recent IPEV valuation guidance released in March 2020 has been followed, for more information please refer to Note 1B. 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.

Notes to the Accounts

FOR THE YEAR ENDED 31 MARCH 2020

2 INCOME

	Year ended 31 March 2020 £'000	Year ended 31 March 2019 £'000
Loan stock interest	597	560
Dividends receivable	2,835	35
Deposit and similar interest received	241	149
	3,673	744

3 INVESTMENT MANAGEMENT FEES

	Year ended 31 March 2020 £'000	Year ended 31 March 2019 £'000
Investment management fees charged to the revenue account	545	498
Investment management fees charged to the capital account	1,633	1,494
	2,178	1,992

The Manager advises the Company on investments in qualifying companies under an agreement dated 19 December 2011 (as novated to the Manager and amended on 27 January 2020). The Manager receives management fees, paid quarterly in advance, of 2% of net assets per annum. If the annual expenses of the Company exceed 2.5% to 27 January 2020, thereafter 2.35% 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 and is borne by the Manager through a reduction in its fees, the excess being £452,000 in 2020 (2019: nil).

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 being 27 January 2023.

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

4 OTHER EXPENSES

	Year ended 31 March 2020 £'000	Year ended 31 March 2019 £'000
Accounting and secretarial services (excluding VAT)	169	166
Directors' remuneration including employer's National Insurance contributions	86	73
Auditor's remuneration (excluding VAT) ¹	45	44
Other	294	285
	594	568

¹There were no non-audit fees paid to the Company's auditor during the year (2019: nil). The auditor remuneration is for the audit of the annual financial statements.

Foresight Group LLP was appointed as Company Secretary on 6 November 2017 and received annual fees, paid quarterly in advance, for the accounting and secretarial services provided of £169,000 (2019: £166,000). The annual accounting and 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 2020			Year ended 31 March 2019		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Current tax						
Corporation tax	—	—	—	—	—	—
Total current tax	—	—	—	—	—	—
Deferred tax	—	—	—	—	—	—
Total tax	—	—	—	—	—	—

FACTORS AFFECTING THE TOTAL TAX CHARGE FOR THE YEAR:

The tax assessed on the profit on ordinary activities for the year is lower (2019: lower) than the standard rate of corporation tax in the UK of 19% (2019: 19%).

The differences are explained below:

	Year ended 31 March 2020 £'000	Year ended 31 March 2019 £'000
(Loss)/profit on ordinary activities before taxation	(15,431)	2,962
Corporation tax at 19% (2019: 19%)	(2,932)	563
Effect of:		
Dividend income not taxable	(539)	(7)
Realised capital losses not allowable	998	98
Unrealised capital losses/(gains) not taxable	2,105	(1,005)
Unutilised management expenses	368	351
Total tax charge for the year	—	—

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

The Company has not recognised an estimated deferred tax asset of £2,824,000 (2019: £1,969,000) 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 2020 £'000	Year ended 31 March 2019 £'000
Dividends — paid in the year	7,827	5,941

The Board is not recommending a final dividend for the year ended 31 March 2020 (2019: £nil). The Board is recommending an interim dividend of 2.8p for 2019/2020 financial year which is due to be paid in Summer 2020.

As at 31 March 2020, reserves available for dividend distribution total £13,137,000 (2019: £26,988,000) comprising the capital and distributable reserves. The dividend paid in the current year was paid solely from capital.

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

Notes to the Accounts

FOR THE YEAR ENDED 31 MARCH 2020

7 RETURN PER SHARE

	Year ended 31 March 2020 £'000	Year ended 31 March 2019 £'000
Total (loss)/profit after taxation	(15,431)	2,962
Total (loss)/profit per share (note a)	(7.9)p	2.0p
Revenue profit/(loss) from ordinary activities after taxation	2,534	(322)
Revenue profit/(loss) per share (note b)	1.3p	(0.2p)
Capital (loss)/profit from ordinary activities after taxation	(17,965)	3,284
Capital (loss)/profit per share (note c)	(9.2)p	2.2p
Weighted average number of shares in issue in the year	195,581,908	147,007,155

Notes:

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

	2020 £'000	2019 £'000
Unquoted investments	66,206	74,615
	66,206	74,615

	£'000
Book cost at 1 April 2019	49,892
Investment holding gains	24,723
Valuation at 1 April 2019	74,615
Movements in the year:	
Purchases at cost	8,361
Disposal proceeds	(434)
Realised losses*	(5,282)
Investment holding losses**	(11,054)
Valuation at 31 March 2020	66,206
Book cost at 31 March 2020	52,537
Investment holding gains	13,669
Valuation at 31 March 2020	66,206

*Realised losses in the income statement include deferred consideration received of £31,000 (Trilogy Communications Limited).

**Investment holding losses in the income statement have been reduced by the offset in the deferred consideration debtor of £27,000 (Trilogy Communications Limited).

9 DEBTORS

	2020 £'000	2019 £'000
Accrued income	124	86
Deferred consideration	—	27
Prepayments	18	112
Other debtors	584	10,106
	726	10,331

10 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020 £'000	2019 £'000
Trade creditors	8	2
Accruals	95	110
Other creditors	1	394
	104	506

11 CALLED-UP SHARE CAPITAL

	2020 £'000	2019 £'000
Allotted, called up and fully paid:		
194,826,224 shares of 1p each (2019: 173,570,806)	1,948	1,736

SHARE ISSUES AND SHARE BUYBACKS

During the year 22,848,885 shares and 1,192,686 shares were issued pursuant to an offer for subscription and the dividend reinvestment scheme respectively. Shares were issued at issue prices ranging from 63.8p to 67.0p 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, 2,786,153 (2019: 10,300,443) shares were purchased for cancellation at a cost of £1,674,000 (2019: £6,541,000).

	2020	2019
Share capital at 1 April 2019	173,570,806	112,052,405
DRIS	1,192,686	—
Shares allotted	22,848,885	71,818,844
Shares bought back	(2,786,153)	(10,300,443)
Share capital at 31 March 2020	194,826,224	173,570,806

12 NET ASSET VALUE PER SHARE

Net asset value per share is based on net assets at the year end of £108,700,000 (2019: £117,625,000) and on 194,826,224 (2019: 173,570,806) 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 its nature, equal to 15% of dividends paid to shareholders, subject to the total return (net asset value plus cumulative dividends paid per share) exceeding 100p ('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 2020

13 SHARE BASED PAYMENTS (CONTINUED)

As at 31 March 2020, the High Watermark was 108.5p per share (2019: 108.5p) and the total return figure was 85.8p per share (2019: 93.8p). Therefore, no performance incentive fee or share based payment was paid during the year (2019: nil). As at 31 March 2020, 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 3 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 2020 (31 March 2019: Nil).

14 CONTINGENT ASSETS AND LIABILITIES

The Company had no contingent assets and contingent liabilities at 31 March 2020 (31 March 2019: £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 2020:

	2020 £'000	2019 £'000
Investment portfolio	66,206	74,615
Total	66,206	74,615

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 2020 was £66,206,000 (31 March 2019: £74,615,000). Market price risk sensitivity analysis can be found on page 67.

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 £53,382,000 being the total value of the loan stock investments and cash as at 31 March 2020 (31 March 2019: £44,487,000). Floating rate investments relate to the interest bearing deposit account which earned interest based on the Bank of England rate of 0.1% at 31 March 2020. As at 31 March 2020 if the interest rate increased or decreased by 10 basis points the interest earned would increase or decrease by £7,500.

	Total portfolio		Weighted average interest rate		Weighted average time for which rate is fixed	
	31 March 2020 £'000	31 March 2019 £'000	31 March 2020 %	31 March 2019 %	31 March 2020 Days	31 March 2019 Days
Company Portfolio						
Loan stock						
— exposed to fixed interest risk	11,510	11,302	9.8	10.0	569	345
Loan stock —exposed to variable interest rate risk	—	—	—	—	—	—
Cash and cash equivalents	41,872	33,185	0.5	0.7	—	—
Total exposed to interest rate risk	53,382	44,487				

Notes to the Accounts

FOR THE YEAR ENDED 31 MARCH 2020

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 Manager's investment management team often sit on the boards of unquoted portfolio companies; this enables the close identification, monitoring and management of investment-specific credit risk. The maximum exposure to credit risk at 31 March 2020 was £54,090,000 (31 March 2019: £54,706,000) based on cash and cash equivalents and other receivables (amounts due on investments, dividends and interest). As at March 2020, 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 2020 £'000	31 March 2019 £'000
Loan stock investments	11,510	11,302
Deferred consideration	—	27
Other debtors (less prepayments)	708	10,192
Cash and cash equivalents	41,872	33,185
Total	54,090	54,706

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.

	31 March 2020 £'000	31 March 2019 £'000
Maturity analysis:		
— in one year or less	49,022	35,603
— in more than one year but no more than two years	—	6,362
— in more than two years but no more than three years	1,185	—
— in more than three years but no more than four years	1,112	1,185
— in more than four years but no more than five years	2,063	1,337
Total	53,382	44,487

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% (2019: 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 portfolio of investments held by the Company is perfectly correlated to this overall movement in share prices. This percentage reflects a number of factors, including the performance of the underlying investee companies as well as the wider market, uncertainty surrounding the UK's decision to leave the EU and the uncertainties associated with the spread of Covid-19. 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 result from changes in the market or alternatively as a result of assumptions made when valuing the portfolio or a combination of the two.

Company	2020 Return and net assets	2019 Return and net assets
If overall share prices fell by 15% (2019: 15%), with all other variables held constant — decrease (£'000)	(9,931)	(11,192)
Decrease in earnings, and net asset value, per share (in pence)	(5.10)p	(6.45)p

	2020 Return and net assets	2019 Return and net assets
If overall share prices Increased by 15% (2019: 15%), with all other variables held constant — increase (£'000)	9,931	11,192
Increase in earnings, and net asset value, per share (in pence)	5.10p	6.45p

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 2020

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 (2019: no interest rate risk).

FAIR VALUE HIERARCHY

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

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

As at 31 March 2020

	Level 1 £'000	Level 2 £'000	Level 3 £'000s	Total £'000
Unquoted investments	—	—	66,206	66,206
Financial assets	—	—	66,206	66,206

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

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 80%, 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 acted as investment manager to the Company until 27 January 2020 when Foresight Group LLP was appointed as Manager, earned fees of £2,175,000 (2019: £1,992,000), Foresight Group LLP, who was appointed as Manager on 27 January 2020 earned fees of £3,000 up to 31 March 2020 (2019: nil). No performance fee was paid or accrued for the period (2019: nil).

Foresight Group LLP is the Company Secretary (appointed in November 2017) and received, directly and indirectly, for accounting and company secretarial services fees of £169,000 (2019: £166,000) during the year.

At the balance sheet date there was £nil (2019: £nil) due to Foresight Group CI Limited and £452,000 (2019: £nil) due from Foresight Group LLP as a management fee rebate. 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 2020

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 2020. These are listed below. The percentage holding does not 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%
Accrosoft Limited	21 Jubilee Drive, Loughborough, Leicestershire, England, LE11 5XS	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%
Biotherapy Services Limited	Hyde Park House, 5 Manfred Road, London, SW15 2RS	Direct	A Ordinary 50.0% Preferred Ordinary 50.0%
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 24.0%
FFX Group Limited	Dyna House, Lympne Industrial Estate, Lympne, Hythe, Kent, CT21 4LR	Direct	A Ordinary 33.8% Preferred Ordinary 33.1%
Fourth Wall Creative	Barnston House Beacon Lane, Heswall, Wirral, United Kingdom, CH60 0EE	Direct	A Ordinary 40.0% Preferred Ordinary 40.0%
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%
Innovation Consulting Group Limited	2nd Floor Churchill House, 26-30 Upper Marlborough Road, St Albans, Hertfordshire, United Kingdom, AL1 3UU	Direct	A Ordinary 50.8%
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 Group Holdings Limited	2 Stephen Street, London, England, W1T 1AN	Direct	A Ordinary 38.4% Preference Ordinary 68.7%
Kingsclere PE 3 Limited	The Shard, 32 London Bridge Street, London, SE1 9SG	Direct	Ordinary 50%

19 RELATED UNDERTAKINGS (CONTINUED)

Name	Address	Direct/ indirect holding	Class and percentage of shares held
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%
Protean Software Limited	Units 1130-40 Elliott Court Herald Avenue, Coventry Business Park, Coventry, CV5 6UB	Direct	A Ordinary 37.5% A Preferred Ordinary 37.5%
Rovco Limited	The Quorum, Bond Street South, Bristol, England, BS1 3AE	Direct	A Ordinary 24.3%
Roxy Leisure Limited	5 Clayton Wood Court, West Park, Leeds, England, LS16 6QW	Direct	A Ordinary 20.0% Preferred Ordinary 50.0%
Specac International Limited	Unit 12, Halo Business Park, Cray Avenue, Orpington, Kent, United Kingdom, BR5 3FQ	Direct	A Ordinary 50.0%
Steamforged Games Limited	Unit 1 Kestrel Road, Trafford, Manchester, United Kingdom, M17 1SF	Direct	A Ordinary 32.0%
Ten Health & Fitness Limited	2-4 Exmoor Street, London, W10 6BD	Direct	A Ordinary 40.0% Preferred Ordinary 40.0%
TFC Europe Limited	Hale House Ghyll Industrial, Estate Heathfield, East Sussex, TN21 8AW	Direct	A Ordinary 60.0%
Whitchurch PE 1 Limited	The Shard, 32 London Bridge Street, London, SE1 9SG	Direct	Ordinary 50%

20 POST BALANCE SHEET EVENTS

During the year and also from the date of the Statement of Financial Position to the date that the Financial Statements were approved, the coronavirus (Covid-19) outbreak has caused extensive disruption to businesses and economic activities globally. The uncertainties over the emergence and spread of Covid-19 have caused market volatility on a global scale. The quantum of the effect on the unquoted investments in the portfolio is difficult to determine, however Foresight in its capacity as the Manager is monitoring the situation and considering the effect it may have on the valuation of any impacted underlying unquoted portfolio companies in the future. In accordance with the requirements of FRS 102 the fair valuations at the date of the Statement of Financial Position reflect the economic conditions in existence at that date. The next date at which a valuation of unquoted investments will be performed will be as at 30 June 2020, with an updated NAV being announced in September 2020.

On 23 April 2020 and 17 July 2020 the Company purchased 750,000 and 766,470 shares for cancellation respectively based on a NAV of 51.89p per share.

Notice of Annual General Meeting

10 SEPTEMBER 2020

We note the current travel restrictions and social distancing measures implemented as a result of the Covid-19 Coronavirus pandemic. These, at the time of writing, include social distancing and shielding guidance for those over the age of 70 or with underlying medical conditions. In line with the updated Corporate Insolvency and Governance Act passed by the Government in June 2020, the Board, together with the Manager, has taken the decision to hold the Annual General Meeting by way of a closed virtual meeting. There will be no presentation from the Manager or presentations from portfolio companies. Instead, a webinar will be available within the report and accounts section on the Manager's website www.foresightgroup.eu/retail-investors/vct/foresight-4-vct-plc/reports-and-accounts.

Voting on the resolutions will be conducted by way of a poll. Shareholders are encouraged to submit their votes by way of proxy (either through the submission of a proxy form or casting your proxy vote on-line) appointing the Chairman as their proxy (as other proxies appointed may also not be admitted to the meeting).

Shareholders are invited to contact the Foresight Group Investor Relations team at investorrelations@foresightgroup.eu with any queries which the Manager and the Board will endeavour to respond to before the proxy vote receipt deadline of 1.00pm on 8 September 2020.

Notice is hereby given that the annual general meeting of Foresight 4 VCT plc ("the Company") will be held on 10 September 2020 at 1.15pm by way of a closed virtual meeting 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 to 9 will be proposed as special resolutions.

Resolution 1 To receive the Report and Accounts for the year ended 31 March 2020.

Resolution 2 To approve the Directors' Remuneration Report.

Resolution 3 To approve the Directors' Remuneration Policy.

Resolution 4 To re-elect Michael Gray as a director.

Resolution 5 To appoint Deloitte 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 offers or agreements 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 to Foresight Group LLP and relevant individuals of Foresight Group LLP, at a subscription price which may be less than net asset value per Share; 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 2021, 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 28,803,154 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 2021 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.

Resolution 9 That the share premium account of the Company be reduced by £12.5 million.

This report has been approved for issue by the Board.

Foresight Group LLP

Company Secretary

22 July 2020

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 22 July 2020 (being the last business day prior to the publication of this notice), the Company's issued share capital was 193,309,754 shares of 1p each in the capital of the Company, carrying one vote each. Therefore, the total voting rights in the Company as at 22 July 2020 was 193,309,754.
6. Any person to whom this notice is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a 'Nominated Person') may, under an agreement between him/her and the member by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.
7. The statement of the rights of members in relation to the appointment of proxies in paragraphs 3 to 4 above does not apply to Nominated Persons. The rights described in those paragraphs can only be exercised by members of the Company.
8. Appointment of a proxy will not preclude a member from subsequently attending and voting at the meeting should he or she subsequently decide to do so. You can only appoint a proxy using the procedures set out in these notes and the notes to the form of proxy.
9. The Register of Directors' Interests will be available for inspection at the meeting.
10. Information regarding the meeting, including the information required by section 311A of the Companies Act 2006, is available from www.foresightgroup.eu.
11. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If you either select the "Discretionary" option or if no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the meeting.
12. A form of proxy and reply paid envelope is enclosed. To be valid, it should be lodged with the Company's Registrar, Computershare Investor Services plc, The Pavilions, Bridgwater Road, Bristol BS99 6ZY or the proxy must be registered electronically at www.investorcentre.co.uk/eproxy, in each case, so as to be received no later than 48 hours (excluding non business days) before the time appointed for holding the meeting or any adjourned meeting. To vote electronically, you will be asked to provide your Control Number, Shareholder Reference Number and PIN which are detailed on your proxy form. This is the only acceptable means by which proxy instructions may be submitted electronically.

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

Glossary of Terms

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 of 55.8p (2019: 67.8p) plus all dividends paid since the share consolidation in 2005 being 52.5p (2019: 48.5p). This giving a NAV Total Return of 108.3p (2019: 116.3p) based on an initial investment on 1 March 2005.

SHARE PRICE TOTAL RETURN

The sum of the current share price of 59.5p (2019: 60.3p) plus all dividends paid per share since inception share consolidation in 2005 being 52.5p (2019: 48.5p). This giving a share price total return of 112.0p (2019: 108.8p).

DIVIDEND YIELD

The sum of dividends paid during the year of 4.0p (2019: 4.0p) expressed as a percentage of the mid-market share price at the year end date of 59.5p (2019: 60.3p). This giving a dividend yield of 6.7% (2019: 6.6%).

AVERAGE DISCOUNT ON BUYBACKS

The average of the percentage by which the buyback price is lower than the Net Asset Value per share at the point of the buyback.

PREMIUM/DISCOUNT TO NAV

A premium / (discount) to NAV is the percentage by which the mid-market share price of the Company of 59.5p (2019: 60.3p) is higher / lower than the net asset value per share of 55.8p (2019: 67.8p). This giving a premium / (discount) to NAV of 6.6% (2019: (11.1)%).

ONGOING CHARGES RATIO

The sum of expenditure incurred in the ordinary course of business being £2.7m (2019: £2.6m) expressed as a percentage of the average Net Asset Value being £124.5m (2019: £105.0m).

DIVIDENDS PAID IN THE YEAR

The total dividends paid in the year per share of 4.0p (2019: 4.0p).

SHARES BOUGHT BACK IN THE YEAR

The total number of shares which were bought back in the financial year being 2,786,153 (2019: 10,300,443).

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

Foresight Group LLP as the Company's manager.

References to "the Manager" throughout this report refer to the activities of Foresight Group LLP and, in relation to activities prior to 27 January 2020 when the investment management and administration arrangements were novated from Foresight Group CI Limited to the Manager, include the activities of Foresight Group CI Limited when acting as the Company's previous manager.

Beware of share fraud

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

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

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

How to avoid share fraud

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

9 Think about getting independent financial and professional advice before you hand over any money.

10 Remember: if it sounds too good to be true, it probably is!

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

Report a scam

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

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

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

In association with:

icsa.
Registrars
Group

Notes

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 LLP
The Shard
32 London Bridge Street
London
SE1 9SG

AUDITOR

Deloitte LLP (appointed 25 November 2019)
20 Castle Terrace
Edinburgh
EH1 2DB

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.

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

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www.foresightgroup.eu

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