



Annual Report and Accounts
31 March 2014

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

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

Summary Financial Highlights

- Net asset value per Ordinary Share at 31 March 2014 was 86.7p after a 4.0p dividend (31 March 2013: 87.3p).
- Net asset value per C Share at 31 March 2014 was 66.1p (31 March 2013: 95.8p).

Ordinary Shares fund

- The Ordinary Shares fund provided follow-on funding totalling £1.3 million to seven portfolio companies and £1.4 million for three new investments.
- The Ordinary Shares fund realised £0.7 million from sales and loan redemptions from six portfolio companies.

C Shares fund

- Three new investments were made by the C Shares fund totalling £1.8 million and four follow-on investments were made totalling £1.6 million.
- The C Shares fund realised £1.1 million from sales and loan redemptions from two portfolio companies and £3.7 million from the repayment of loans and equity from three special purpose vehicles.



Chairman's Statement

“Despite the setbacks in the environmental sector, Foresight Group remains positive about the prospects for a number of the remaining investments in this portfolio.”

Philip Stephens Chairman

Strategic Report

This is the first time that my annual Statement has been produced under the recently introduced UK ‘narrative reporting’ framework. This includes a requirement to provide a separate Strategic Report with certain prescribed content in accordance with regulations made under the provisions of the Companies Act 2006. This now brings together various governance disclosures and related matters and you will find it immediately following this statement. Some of the information previously contained in my statement will therefore be found elsewhere in the Report and Accounts.

Performance

During the year, our private equity investments benefited from the recent economic upturn both in the UK and traditional export markets. Their performance outweighed the poor performance of the environmental investments such that the overall net asset value of the Ordinary Shares fund at 31 March 2014 increased by 3.9% to 86.7p per share from 87.3p per Ordinary Share at 31 March 2013, after adjusting for the interim dividend of 4.0p per share paid on 26 April 2013.

The C Shares fund net asset value decreased by 31.0% to 66.1p per share at 31 March 2014 from 95.8p per C Share at 31 March 2013, mainly due to the write off of The Fin Machine Company.

It has been another difficult year for the environmental investments in the Ordinary Shares portfolio, although the Ordinary Shares fund's exposure is limited to just three remaining investments, namely Closed Loop Recycling, O-Gen Acme Trek and O-Gen UK. When our Manager, Foresight Group, started to focus on investments in environmental infrastructure in 2007 it appeared there would be attractive opportunities to develop substantial new businesses particularly through the application of technologies used elsewhere in the world. As I said in my statement with the half year accounts, however, it has proved very difficult with the capital available to create viable businesses in the power generation and materials recycling sectors in which the Company has invested. This has been partly because the technology needed more development effort than any of those originally involved had anticipated and in part because following the severe problems in the banking sector the additional loan finance needed to set up full scale facilities was not forthcoming.

As noted in last years' interim reports and accounts, the principal loss in the C Shares fund was caused by the entry into administration of The Fin Machine Company, which is covered in greater detail in the Manager's Report.

For a detailed review of all of the Company's investments I refer you to the Manager's Report that starts on page 10.

Dividends

It continues to be the Company's policy to provide a flow of tax-free dividends, generated from income and from capital profits realised on the sale of investments. Distributions will however inevitably be dependent on cash being generated from portfolio investments and successful realisations. Unfortunately, since the payment of a 4.0p per Ordinary Share dividend on 26 April 2013, realisations have been limited and therefore the Board elected not to declare a dividend at the current time but continues to be conscious of the need to make distributions to investors as soon as reasonably practical.

Top-up Share Issues and Share Buy-backs

The Company launched an Ordinary Share top-up offer on 3 December 2012 and 401,724 Ordinary Shares were allotted during the year ended 31 March 2014, based on prices ranging from 84.0p to 92.6p per Ordinary Share. These allotments raised gross proceeds of £366,133.

During the period under review 150,000 Ordinary Shares were repurchased for cancellation at a cost of £108,001.

Enhanced Buyback

I am pleased to report that there was a significant take up by shareholders of the enhanced buyback offer with shareholders representing 2,277,357 Ordinary Shares and 2,171,765 C Shares taking up the offer between April 2013 and June 2013.

Alternative Investment Fund Management Registration

The Board has considered the impact on the Company of an EU directive regulating Alternative Investment Fund Managers (AIFM) which applies to most UK investment funds including the Company. To minimise the regulatory and financial cost of compliance, as a ‘full scope UK AIFM’, with this legislation the Board has decided that the Company will register directly with the Financial Conduct Authority as permitted by the rules as a ‘small registered UK AIFM’. The application process, which

must be completed by July 2014, has been completed. This will not affect the current arrangements with the Manager who will continue to report to the Board and manage the Company's investments on a discretionary basis.

Management Fees

During the year, the Board and Foresight Group agreed that investment management fees would be reduced by 0.25%, from 2.5% to 2.25% per annum. The effective date for the reduction in management fees was 1 October 2013.

Valuation Policy

Investments held by the Company have been valued in accordance with the International Private Equity and Venture Capital Valuation ("IPEVVCV") guidelines (December 2012) developed by the British Venture Capital Association and other organisations. Through these guidelines, investments are valued as defined at 'fair value'. Ordinarily, unquoted investments will be valued at cost for a limited period following the date of acquisition, being the most suitable approximation of fair value unless there is an impairment or significant accretion in value during the period. Quoted investments and investments traded on AiM and ISDX Growth Market are valued at the bid price as at 31 March 2014. The portfolio valuations are prepared by Foresight Group, reviewed and approved by the Board quarterly and subject to review by the auditors annually.

Annual General Meeting

Prior to the Annual General Meeting, two investee companies will give presentations between 3.00 pm and 4.00 pm.

The Company's Annual General Meeting will take place on 25 September 2014 at 4.00 pm. I look forward to welcoming you to the Meeting, which will be held at the offices of SGH Martineau in London. Details can be found on page 66.

Outlook

It is encouraging that the UK economy is continuing to recover and we believe that this should help the development of the businesses in which we have invested. We have a number of well managed companies in the portfolio which are well placed to continue their successful expansion. Many of the familiar risks, both financial and political, remain and there can be no grounds for complacency as all of our investments operate in competitive environments.

The Manager continues to concentrate on improving the performance of the existing portfolio and look for appropriate opportunities to realise gains from the disposal of successful investments, which will, in turn, lead to the Board returning to the payment of dividends to Shareholders.

The C Shares fund will be managed separately to the Ordinary Shares fund for another year, at which point it is expected that the C Shares fund will be merged with the Ordinary Shares fund on a relative net asset value basis using the audited net asset values of each fund as at 31 March 2015.

Philip Stephens

Chairman
24 July 2014



Strategic Report

Introduction

This Strategic Report, on pages 4 to 9, 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.

Foresight 4 VCT plc – Ordinary Shares fund

In August 2004, Foresight was appointed to manage Advent 2 VCT plc, which was subsequently renamed Foresight 4 VCT plc.

On 6 February 2012, Foresight Clearwater VCT plc was merged into the existing Ordinary Share class.

The number of Ordinary Shares in issue at 31 March 2014 was 38,569,414.

Foresight 4 VCT plc – C Shares fund

On 6 February 2012, Acuity VCT 3 plc and Foresight 5 VCT plc merged into a new “C” Share class within Foresight 4 VCT plc.

The number of C Shares in the Company in issue at 31 March 2014 was 18,680,907.

Summary of the Investment Policy

The Manager (Foresight Group) will target investments in UK unquoted companies which it believes will achieve the objective of producing attractive returns for shareholders.

Investment Objectives

Ordinary Shares fund

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.

C Shares fund

To achieve capital gains and maximise UK tax-free income to its shareholders from dividends and capital distributions. It is intended that this objective will be achieved by investing the majority of the funds in a portfolio of qualifying investments.

Performance and key performance indicators (KPIs)

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

A record of some of these indicators is contained on the following page. The on going charges ratio in the period was 3.5%. Share buy-backs, (excluding enhanced buybacks), have been completed at a discount of 17.5%. The level of these KPIs are then compared with the wider VCT marketplace, based on independently published information, for reasonableness.

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

	31 March 2014		31 March 2013	
	Ordinary Shares	C Shares	Ordinary Shares	C Shares
Net asset value per share	86.7p	66.1p	87.3p	95.8p
Net asset value total return (including all dividends paid [†])	183.0p	66.1p	179.6p	95.8p
	Ordinary Shares	C Shares	Ordinary Shares	C Shares
Share price	62.0p	36.0p	82.6p	64.0p
Share price total return (including all dividends paid [†])	158.3p	36.0p	174.9p	64.0p
	Ordinary Shares	C Shares	Ordinary Shares	C Shares
Dividends paid	96.3p	—	92.3p	—
Dividends paid in the year	4.0p	—	—	—
Dividend yield %	6.5	—	—	—

[†] Since the date of the merger on 6 February 2012, for the C Shares fund.

Ordinary Shares fund

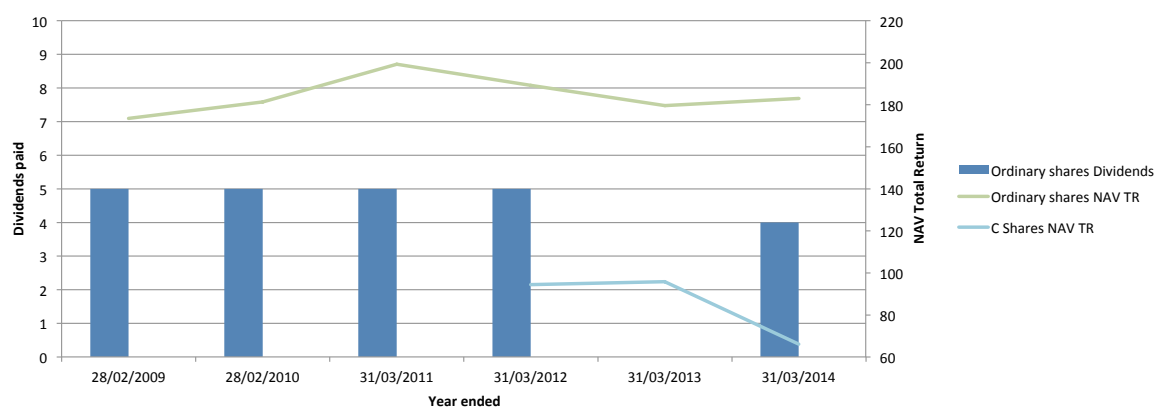
Discount to NAV at 31 March 2014	28.4%
Average discount on buybacks	17.5%
Shares bought back during the year under review	150,000
Increase in net asset value during year (after adding back 4.0p dividend)	3.9%
Ongoing charges ratio (Company/Fund)	3.5%/3.3%

C Shares fund

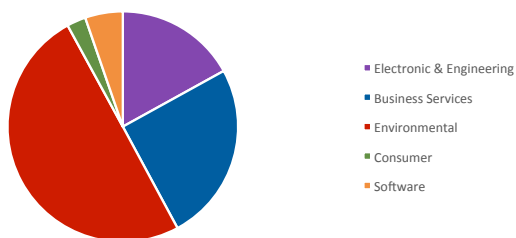
Discount to NAV at 31 March 2014	45.5%
Decrease in net asset value during year	31.0%
Ongoing charges ratio (Company/Fund)	3.5%/4.1%

Strategic Report continued

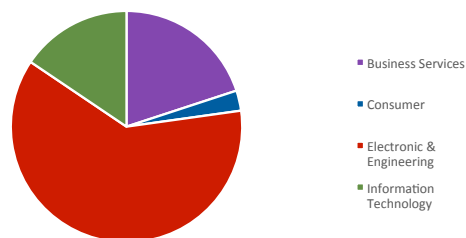
Dividends & NAV total return



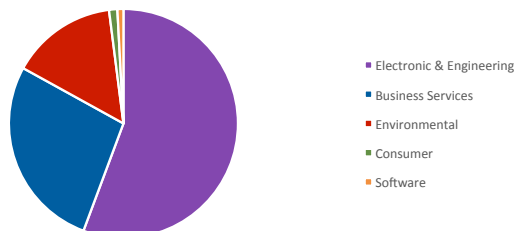
Ordinary Shares fund by Sector (Cost)



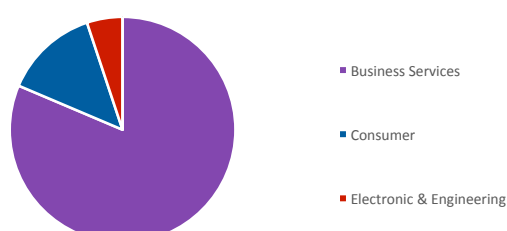
C Shares fund by Sector (Cost)



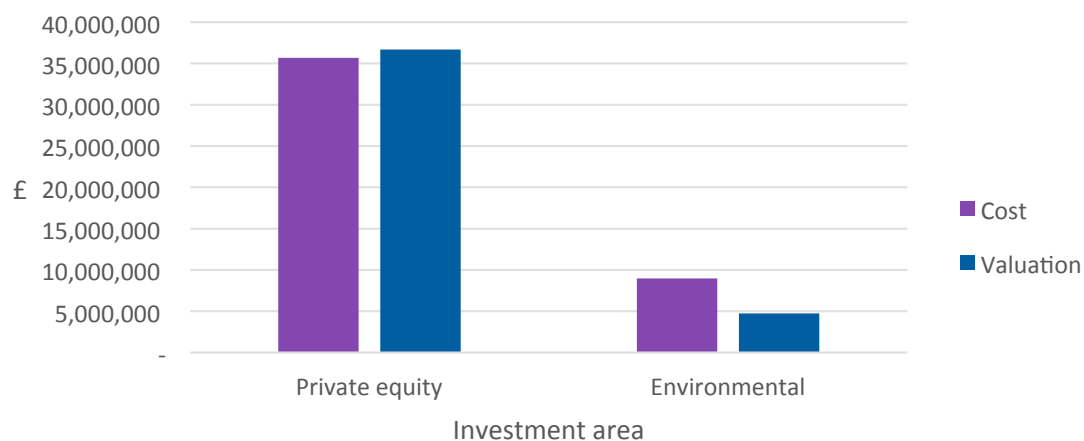
Ordinary Shares fund by Sector (Valuation)



C Shares fund by Sector (Valuation)



Investment Areas (Company)



Strategies for achieving objectives

Investment policy

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

Investment securities

The Company invests in a range of securities including, but not limited to, ordinary and preference shares, loan stock, convertible securities, and fixed-interest securities as well as cash. Unquoted investments are usually structured as a combination of ordinary shares and loan stock, while AiM investments are primarily held in ordinary shares. Pending investment in unquoted or AiM listed securities, cash is primarily held in interest bearing money market open ended investment companies (OEICs) as well as in a range of non-qualifying companies. Non-qualifying investments may include holdings in money market instruments, short-dated bonds, unit trusts, OEICs, structured products, guarantees to banks or third parties providing loans or other investments into investee companies and other assets where it is believed that the risk/return portfolio is consistent with the overall investment objectives of the portfolio.

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 have no more than £7 million of gross assets at the time of investment (or £15 million depending on applicable HMRC rules) to be classed as a VCT qualifying holding.

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, interest bearing securities and a range of non-qualifying investments. It is intended that the significant majority (no less than 70%) of any funds raised by the Company will ultimately be invested in VCT qualifying investments.

Risk diversification and maximum exposures

Risk is spread by investing in a range of different businesses within different industry sectors 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 investments into investee companies, is limited to 15% of the portfolio, 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 an investor director on investee company boards.

Borrowing powers

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

Co-investment

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

VCT regulation

The investment policy is designed to ensure that the Company continues to qualify and is approved as a VCT by HM Revenue & Customs. Amongst other conditions, the Company may not invest more than 15% of its investments (by VCT value at the time of the investment) in a single company and must have at least 70% by value of its investments throughout the period in shares or securities in qualifying holdings, of which 30% by VCT value (70% for funds raised after 5 April 2011) in aggregate must be in ordinary shares which carry no preferential rights (although only 10% of any individual investment needs to be in the ordinary shares of that company).

Management

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

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



Strategic Report continued

Environmental, Human Rights, Employee, Social and Community Issues

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

Gender diversity

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

The Manager has an equal opportunities policy and currently employs 46 men and 23 women.

Dividend policy

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

Purchase of own shares

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

Principal risks, risk management and regulatory environment

The Board believes that the principal risks faced by the Company are:

- Economic risk
- Loss of approval as a Venture Capital Trust
- Investment and strategic
- Regulatory
- Reputational
- Operational
- Financial
- Market risk
- Liquidity risk

Further detail on these principal risks is given in note 15 on page 56. The Board regularly reviews the principal risks and uncertainties facing the Company which the Board and the Manager have identified and the Board sets out delegated controls designed to manage those risks and uncertainties. Key risks within investment strategy are managed by the Board through a defined investment policy, with guidelines and restrictions, and by the process of oversight at each Board meeting. Operational disruption, accounting and legal risks are also covered at least annually and regulatory compliance is reviewed at each Board meeting.

The Directors have adopted a framework of internal controls which is designed to monitor the principal risks and uncertainties facing the Company and to provide a monitoring system to enable the Directors to mitigate these risks as far as possible. Details of the Company's internal controls are contained in the Corporate Governance and Internal Control sections.

Performance-related incentives

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

After each distribution is made to Ordinary Shareholders where a performance incentive is paid to Foresight Group, the High Watermark required to be achieved by the Company to trigger a further performance incentive fee increases by a per Ordinary Share amount equivalent to the aggregate amount of the dividend paid less the 15% performance fee paid to Foresight Group.

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

No performance incentive was paid in the year (2013: £nil paid).

There is no performance incentive for the C Shares fund.

Valuation policy

Investments held by the Company have been valued in accordance with the International Private Equity and Venture Capital Valuation ("IPEVCV") guidelines (December 2012) developed by the British Venture Capital Association and other organisations. Through these guidelines, investments are valued as defined at 'fair value'. Ordinarily, unquoted investments will be valued at cost for a limited period following the date of acquisition, being the most suitable approximation of fair value unless there is an impairment or significant accretion in value during the period. Quoted investments and investments traded on AiM and ISDX Growth Market are valued at the bid price as at 31 March 2014. The portfolio valuations are prepared by Foresight Group, reviewed and approved by the Board quarterly and subject to review by the auditors annually.

VCT Tax Benefit for Shareholders

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

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

Venture Capital Trust Status

Foresight 4 VCT plc has been granted approval as a Venture Capital Trust (VCT) under S274—S280A of the Income Tax Act 2007 for the year ended 31 March 2013. The next complete review will be carried out for the year ended 31 March 2014. It is intended that the business of the Company be carried on so as to maintain its VCT status.

The Directors have managed, and continue to manage, the business in order to comply with the legislation applicable to VCTs. In addition, the Board has appointed SGH Martineau LLP as taxation adviser to the Company to provide further independent assurance of compliance with venture capital tax legislation and to provide guidance on changes in taxation legislation affecting Foresight 4 VCT plc. As at 31 March 2014 the Company had 78.9% of its funds in such VCT qualifying holdings.

Future Strategy

The Board and the Manager believe that the strategy of focusing on traditional private equity investments is in the best interests of Ordinary and C 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 and benchmarks will depend on the Manager's ability to allocate the Company's assets effectively, and manage its liquidity appropriately.

Philip Stephens

Director

24 July 2014



Manager's Report

Manager's Commentary

Compared to the start of the year, economic sentiment has improved markedly, reflected in encouraging signs of generally improving trading conditions across the Ordinary Shares fund and C Shares fund portfolios. The economic climate and business confidence in the UK have improved more quickly than expected a year ago, as demonstrated by the continuing strength of the Stock Market, the volume of new issues and high level of mergers and acquisition activity. These conditions look set to continue for the time being, although significant macroeconomic risks remain, particularly in major overseas markets.

During the year to 31 March 2014, the Ordinary Share fund performed reasonably well with the net asset value per Ordinary Share increasing by 3.9% to 86.7p from 87.3p per Ordinary Share at 31 March 2013, after adjusting for the interim dividend of 4.0p per share paid on 26 April 2013. Several investments performed strongly during the year, including Aerospace Tooling Corporation, Datapath Group, TFC Europe and The Bunker Secure Hosting, all of which achieved record profits and together generated an increase in valuation of £4.2 million. Other investments, such as Flowrite Refrigeration Holdings, Ixaris Systems and Procam Television Holdings, also performed well. Material provisions totalling £1.9 million were made against investments during the year, including alwaysON, which was merged with Data Continuity Group, Closed Loop Recycling where the ramp up to full production has been slower than expected and forecast profitability reduced and Evance Wind Turbines, to which administrators were appointed in April 2014.

During the year, the net asset value per C Share decreased by 31.0% to 66.1p from 95.8p per C Share at 31 March 2013, reflecting the impact of the failed turnaround at The Fin Machine Company, a legacy investment originally made by the previous manager and the largest single investment in the portfolio. Following the appointment of administrators on 21 August 2013, a full provision was made against the investment, reducing the net asset value by 35.8p per C Share. Extensive details on The Fin Machine Company investment were announced at the time of administration. The information on this investment published in the Unaudited Half-Yearly Financial Report for the six months to 30 September 2013 is repeated below. The promising performance of the remaining C Share portfolio was marred by the inability of Connect 2 Media, another legacy investment, to raise finance for its new B2B game development, necessitating a full provision of £1.1 million being made against the cost of this investment. Aerospace Tooling Corporation, Defaqto Group and Flowrite Refrigeration all performed notably well during the year, together generating an increase in valuation of £1.9 million. The investment in Hallmarq Systems was sold in March 2014 for £746,064, an increase of £74,305 during the year.

The C Share fund was created through the merger of Acuity Growth VCT and Acuity VCT 3 in February 2012. The C Share fund will be managed separately to the Ordinary Share fund for another year, at which point it is expected that the C Share fund will be merged with the Ordinary Share fund on a relative net asset value basis using the audited net asset values of each fund as at 31 March 2015.

Foresight Group remains positive about the prospects for both portfolios and is focused on achieving realisations from the existing investments which should help increase net asset value, facilitate shareholder distributions and provide additional funding for new investments. A summary of the portfolio investments in the Ordinary Shares fund and C Shares fund is set out below.

Portfolio Review: Ordinary Shares fund

1. New investments

Company	£
Aerospace Tooling Corporation Limited	600,000
Fire and Air Services Limited	500,000
Procam Television Holdings Limited	250,000
Total	1,350,000

2. Follow-on funding (including capitalised interest)

Company	£
alwaysON Group Limited	180,050
Autologic Diagnostics Group Limited*	98,391
Biofortuna Limited	99,066
Flowrite Refrigeration Holdings Limited*	6,591
Ixaris Systems Limited	299,799
The Bunker Secure Hosting Limited*	463,790
Trilogy Communications Holdings Limited	174,668
Total	1,322,355

*Includes capitalised interest

3. Exits and realisations

Company	£
Abacuswood Limited	29,549
Amberfin Holdings Limited	294
Flowrite Refrigeration Holdings Limited*	127,709
Global Immersion Limited	1,055
Probability plc	316,487
Zoo Digital Group plc	177,812
Total	652,906

*Includes capitalised interest

4. Material provisions to a level below cost

Company	£
alwaysON Group Limited	333,692
Closed Loop Recycling Limited	474,479
Evance Wind Turbines Limited	877,466
Trilogy Communications Holdings Limited	253,811
Total	1,939,448

Portfolio Review: C Shares fund

1. New investments

Company	£
Aerospace Tooling Corporation Limited	900,000
Fire and Air Services Limited	500,000
Procam Television Holdings Limited	400,000
Total	1,800,000

2. Follow-on funding (including capitalised interest)

Company	£
Biofortuna Limited	99,066
Connect2 Holdings Limited	650,000
Flowrite Refrigeration Holdings Limited*	16,231
The Fin Machine Company Limited	860,000
Total	1,625,297

*Includes capitalised interest

3. Exits and Realisations

Company	£
Flowrite Refrigeration Holdings Limited*	314,484
Hallmarq Systems Limited	746,064
Leisure Efficiency II Limited	675,150
Leisure Efficiency III Limited	2,000,000
Wholesale Efficiency II Limited	1,000,000
Total	4,735,698

*Includes capitalised interest

A total of £3,675,150 was repaid by Leisure Efficiency II, Leisure Efficiency III and Wholesale Efficiency II to facilitate new and follow-on investments.

4. Material provisions to a level below cost

Company	£
Connect2 Holdings Limited	1,055,020
The Fin Machine Company Limited	6,709,000
Total	7,764,020

The Fin Machine Company ("Fin")

Given the significant movement of the C Share Portfolio resulting from the failure of The Fin Machine Company, the information on this investment published in the Unaudited Half-Yearly Financial Report for the six month period ended 30 September 2013 has been repeated below.

With more than 200 employees, Fin designed and manufactured capital equipment used to manufacture heat exchangers for the worldwide automotive and air conditioning markets. Fin's global customer base

included a broad range of blue chip OEMs, automotive industry majors and Asian air conditioning companies. Fin had manufacturing facilities in Seaham, Co. Durham, in Tianjin, China, and an assembly/service centre in Indiana, USA. In any one year, Fin manufactured a relatively small number of machines, costing up to £1.5 million each, together with spares for its installed base of over 600 machines worldwide. To fund its working capital requirements, the company relied heavily on substantial stage payments from customers and a continuing flow of orders. For the year to 31 December 2012, the company incurred an unaudited EBITDA loss of £1.2 million on sales of £26.2 million, after charging exceptional costs of approximately £1.5 million, at which date it had net liabilities of over £11 million reflecting accumulated past losses. To meet the company's working capital requirements, a further £860,000 was invested during the year.

The proximate reason for the appointment of administrators was the serving of a winding-up order by HM Revenue & Customs at short notice relating to the company's failure to pay PAYE arrears, despite continuing negotiations to phase payments with HMRC. Considerable progress had been made by the company's new management team in effecting the turnaround. For example, the UK business' annual EBITDA losses reduced from £4.5 million for the year to 31 December 2010 to around breakeven over the six months to 30 June 2013. Various historic liabilities were resolved notably penalties for late delivery of machines and the cost of rectifying and commissioning already delivered machines. Production efficiency was improved and in introducing essential financial and production control systems had been implemented. Growing rumours and concerns about the company's weak financial position caused major customers to become increasingly reluctant over the last quarter to place new orders with Fin despite management's efforts to address these concerns. Within the last month, unexpected trading difficulties also came to light in the Chinese subsidiary which resulted in significant expected payments not being made to the parent company for tooling work done in the UK for shipment to China. Given the reliance on stage payments with new orders and an unexpected net cash outflow in China, the company's working capital position worsened rapidly. The Board appointed corporate financiers to seek additional sources of finance and potential acquirers but the untimely actions of HMRC cut short their work. On 21 August 2013, administrators were appointed, necessitating a full provision of £6,709,000 being made against this investment in the year.

In summary, since Foresight took over responsibility for this particularly badly managed investment in April 2011 and attempted to effect a turnaround, the full extent of the historic problems and liabilities became apparent which, when combined with the volatility of the company's large working capital requirement, were such that the C Share fund could no longer justify providing further financial support to the company.

Outlook for the Portfolios

With generally improving economic conditions, Foresight remains positive about the prospects for both portfolios and is focused on



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achieving realisations from the existing investments to generate funds for dividends and re-investment. Although Foresight is now seeing a number of high quality investment opportunities, at present, the O Share fund has limited cash resources with which to make new investments. Foresight is, however, actively seeking suitable investment opportunities for the C Share fund with the aim of generating income, capital appreciation and broadening the portfolio while diversifying risk.

Portfolio Review

In September 2012, **Adepra** was acquired by one of its longstanding US partners, the NYSE listed business analytics group FICO, for £72 million. Having received an initial £1.55 million, a further £270,892 held in escrow was received on 24 December 2013. This compared with a valuation of £1,354,235 and original cost of £1,304,718. **Held in the Ordinary Shares fund.**

In June 2013, the Ordinary Share fund invested £600,000 and the C Share fund invested £900,000 alongside other Foresight VCTs in a £3.5 million shareholder recapitalisation of Dundee based **Aerospace Tooling Corporation**, a well established specialist engineering company providing repair, refurbishment and remanufacturing services to large international companies for components in high-specification aerospace and turbine engines. The company was founded in 2007 by the former CEO, John Seaton, who, following the transaction, has assumed the role of Executive Chairman. John Green, formerly General Manager of the Dundee facility, became Operations Director, alongside a newly appointed Finance Director and Business Development Director. With a heavy focus on quality assurance, the company enjoys strong relationships with companies serving the aerospace, military, marine and industrial markets. A number of recent orders have underpinned growth, profitability and cash generation in the current financial year such that turnover is now expected to double and profits to increase significantly, supporting an increase in valuation of £503,996 in the Ordinary Share fund and £755,994 in the C Share fund during the year. **Held in the Ordinary and C Shares funds.**

For the year to 30 June 2013, **alwaysON Group** incurred an unaudited EBITDA loss of £388k on revenues of £2.9 million, reflecting inter alia considerable investment in upgrading the underlying network and recruiting additional staff for the network and applications teams. With these losses continuing, exacerbated by technical network problems, a formal sales process was initiated which culminated in acceptance of an all-share offer from the Foresight portfolio company Data Continuity Group, whose Chairman was also Finance Director of AlwaysOn Group. This merger completed in April 2014 and enabled a major reorganisation and significant cost reductions to be effected, while creating the opportunity to sell a broader range of services across both companies' customer bases. Key customers reacted positively to the merger and alwaysON shareholders received a total of 30.6% of the equity of the enlarged Data Continuity Group. As part of the transaction, a further £500,000 was invested by the Foresight VCTs into alwaysOn, including £180,050 from the Company, to ensure that the enlarged Group had sufficient resources for growth. As both companies are Foresight portfolio companies, Foresight played no part

in the negotiations or decisions. The key milestones for the enlarged Group are to resolve any outstanding operational issues arising from the merger and accelerate the sales of both Data Continuity Group's back-up services and alwaysOn's Lync SaaS service, for which there is growing interest from channel partners. Reflecting the above, a provision of £333,692 was made against the cost of the investment. **Held in the Ordinary Shares fund.**

AtFutsal Group runs a series of education programmes for 16 to 18 year olds in conjunction with Football League clubs, educational establishments and training organisations utilising three futsal arenas, an increasingly popular type of indoor football with 30 million participants worldwide and the only type of indoor football recognised by the Football Association. AtFutsal is commencing a wider range of government approved BTech courses and has developed its own education software platform so that it can provide a number of educational services previously outsourced. AtFutsal Group is also developing a separate English Colleges education programme to provide additional courses for 16-18 year olds at sixth form colleges. For the current student year which commenced in September 2013, the company registered some 1,200 students on its futsal related courses, nearly double the number of students in the previous student year. The company is now generating operating profits, with the Education division now generating significant profits and cash flow and the three arenas enjoying improved utilisation and operating at above cash breakeven. **Held in the Ordinary Shares fund.**

In April 2014, post the end of the financial year, the entire issued share capital of **Amberfin Holdings** was acquired by Dalet SA, a Paris based media asset management software company. The Ordinary Share fund received £54,148 at completion for its small 1.8% shareholding and loan and may receive up to a further £8,211 on the first anniversary, making a total of £62,359. **Held in the Ordinary Shares fund.**

Following the £48 million secondary buy-out by ISIS Private Equity in January 2012, investments in equity and loan stock, valued at £1.98 million were retained in **Autologic Diagnostics Group**. Autologic Diagnostics Group continues to generate strong profits and for the year to December 2013 achieved an EBITDA of £5.4 million on sales of £18.6 million (an EBITDA of £5.9 million on revenues of £17.2 million in 2012). However, the company underperformed against budget in 2013, reflecting strong growth in the USA, the most important market, and a slowing of sales in the UK and European markets. The company traded well in the first quarter and as at 31 March 2014, had a healthy cash balance of £4.5 million. In recent months, Autologic has further strengthened its management team, including recruiting a new Sales Director, to more effectively address the maturing UK market and focus more on continental European markets. The American market continues to perform well, largely driven by a well-structured sales effort. Management continues to develop a business model to generate recurring revenues through a new service-oriented product, with the aim of launching this in Q4 2014, thereby facilitating growth in 2015 and beyond. Over the short/medium term, the challenge is to ensure revenues, profits and cash flow do not fall as the current

product range is gradually replaced by the new service offering. In the long term, the quality of earnings should improve, helping to drive shareholder value. During the period, interest of £98,391 deferred under the terms of the loan agreement with Autologic was capitalised.

Held in the Ordinary Shares fund.

Biofortuna, a molecular diagnostics business based in the Wirral, has developed unique expertise in the important area of enzyme stabilisation, effectively hi-tech freeze drying. Its first range of products, SSPGo, is a series of genetic compatibility tests for organ transplant recipients, although the breadth of application of the technology is extremely wide. Because of the company's stabilisation and freeze drying technology, its products can be transported easily (in the post if needed) and stored at room temperature for up to two years. A £1.3 million round to finance capital expenditure and working capital was completed in August 2013, in which £99,066 was invested by each of the Ordinary Share fund and the C Share fund. The company is progressing in a number of areas, including broadening its product range, increasing manufacturing capacity and improving internal processes. Following successful FDA trials, Biofortuna has now obtained FDA approval for its SSPGo genetic testing product range in the USA, a particularly important milestone enabling access to the American market, the largest in the World, as well as obtaining FDA registration for its manufacturing site. The freeze-dried kit manufacturing service shows promise, with paid for feasibility studies and contract discussions occurring with a number of parties. **Held in the Ordinary and C Shares funds.**

In July 2012, the C Share fund invested £1.0 million in Northampton based **Blackstar Amplification** alongside £2.5 million from Foresight VCT to finance a management buy-out and provide growth capital. Blackstar Amplification was founded in 2004, by four senior members of the new product development team at Marshall Amplification, to design and manufacture a range of innovative guitar amplifiers. Following commercial launch in 2007, sales grew rapidly, reflecting new product launches and entry into new markets, and a global brand was soon established. In its financial year to 30 April 2013, the company achieved an EBITDA of £394k on sales of £9.7 million, nearly twice that achieved in the previous year. Reflecting continuing investment in new product development and marketing initiatives, a similar performance was achieved for the year to April 2014. Management is focused on product sell through in established markets while also increasing the company's presence in new, emerging markets, such as Asia and South America. The company currently has a presence in over 35 countries worldwide and its products are stocked in over 2,500 stores globally. Management is also focused on completing the portfolio of core amplifiers, whilst investigating brand extension into non-core markets. The new ID: Lite range of amplifiers, which will be the company's first products at the value end of the market, was launched to critical acclaim in the US and UK markets in February and March 2014. **Held in the C Shares fund.**

In February 2013, **Closed Loop Recycling** concluded a major new supply contract and new customer contracts worth £17 million per

annum as well as securing £12.8 million of loan finance (of which £6 million was provided by the Foresight Environmental Fund) to double capacity at the Dagenham plant. The new sorting and production equipment has now been commissioned and increased production utilising this additional capacity commenced in November 2013. Output of rHDPE has continued to increase although this ramp up in production has taken several months longer to achieve than expected. Higher market prices for feed stock have put margins under pressure reducing forecast profitability. Additional loan capital of £1.0 million was agreed with the Foresight Environmental Fund in May 2014 to provide the necessary capital to achieve the forecast production run rate. Reflecting the above factors, a provision of £474,479 has been made against the cost of the investment. Management is examining a number of avenues to improve profitability further. **Held in the Ordinary Shares fund.**

Connect 2 Media develops and publishes digital media entertainment on a range of devices, such as mobile phones and games consoles. This feature phone market is in structural decline, having been adversely impacted by the rapid growth of smartphones and free-to-play games. A new management team was appointed during 2012 to stabilise the business and change the business model. In May 2012, a new CEO was appointed whose experience included founding two US software companies and migrating from a B2C to a B2B business model. In April 2013, as part of a £1 million round to support this change in strategy, the C Share fund invested a further £650,000 to finance a B2B development platform, Game Brain. For the year to 31 December 2013, an EBITDA loss of £971,000 was incurred on sales of £2.4 million, after taking into account over £770,000 of Game Brain platform development costs (cf. an EBITDA loss of £200,000 on sales of £3.1 million in 2012). The Beta version of Game Brain, the company's Cloud based game development and publishing technology platform (which provides game developers with software tools to support their development, distribution and discovery requirements) was launched in late 2013. Provided as a highly scalable Platform as a Service (PaaS), this was designed to achieve recurring monthly revenues from games developers generating recurring revenues. In early 2014, corporate financiers were appointed to raise up to £4 million to commercialise and launch Game Brain but met with no success despite wide ranging efforts. Accordingly, development of Game Brain has ceased, a restructuring implemented and costs reduced substantially. Reflecting the above, a full provision of £1.055 million has been made against the value of this investment. **Held in the C Shares fund.**

Derby based **Datapath Group** is a World leading innovator in the field of computer graphics and video-wall display technology utilised in a number of international markets. The company is increasing its market share in control rooms, betting and signage and is entering other new markets. Management accounts for the year to 31 March 2014 show a record operating profit of £7.4 million on sales of £18.7 million, well ahead of budget (for the year ended 31 March 2013, a record operating profit of £5.1 million was achieved on sales of £14.5 million), supporting an increase in valuation of some £2.5 million during the year. With over



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£3.5m of cash currently, the company is continuing to enjoy strong demand from its main OEM partners and distributors. Terms have been agreed to acquire its US distributor and an office has been opened in Philadelphia to develop more US sales and distributorships. **Held in the Ordinary Shares fund.**

For the year to 31 March 2013, **Defaqto** returned to substantial profitability, achieving an unaudited EBITDA of £756,000 on sales of £7.2 million, which contrasts with the previous year, when an operating loss of £937,000 was incurred on sales of £8.3 million, after heavy investment in new product development. In the year to 31 March 2014, the company traded well ahead of the previous year and also budget, after a notably strong star rating season in December 2013, supporting an increase in valuation of £1.005 million during the year. A new Chairman was appointed in January 2013. The CEO, appointed in July 2012, has improved operational efficiency by focusing on tangible and financial metrics and on winning more orders and trials, including from comparison websites and major UK companies serving consumer markets. **Held in the C Shares fund.**

Evance Wind Turbines, which manufactured 5kW tree sized (up to 50 feet) wind turbines, enjoyed strong sales growth during 2012, driven primarily by the introduction of the UK Feed-in-Tariff regime. Sales and profits grew well in the year to 31 March 2013, the company delivering its fifteen hundredth machine and achieving an operating profit of £354,000 on sales of £8.6 million (£222,000 on sales of £7.25 million in 2012, over three times the level of sales in the previous year). Trading was, however, adversely affected by the reductions in the applicable Feed-in-Tariff which started in October 2012. Despite substantial cost cuts and efforts to diversify the Company's activities, significant monthly losses continued to be incurred. As a consequence, administrators were appointed on 24 April 2014 and the business sold subsequently. The reductions in the Feed-in-Tariff were essentially the sole factor in the Company going from a position of record profits to administration in less than two years. A provision of £877,466 has been made against the cost of this investment after taking into account the expected recovery proceeds. **Held in the Ordinary Shares fund.**

Following the sale of **Factory Media** in February 2012, a final sum of £779,832 held in escrow was received by the **C Share fund** in March 2014, achieving a 2.4 times cash return overall.

In August 2013, the Ordinary Share fund and C Share fund each invested £500,000 alongside other Foresight VCTs in a £2.5 million shareholder recapitalisation of Stockport based **Fire and Air Services**, a hard facilities management provider which designs, installs and services air conditioning and fire sprinkler systems for retail, commercial and residential properties through a national network of engineers. The company focusses primarily on the retail sector and enjoys long term customer relationships and multi-year preferred supplier contracts with various blue chip high street retailers, giving good revenue visibility. Two recent acquisitions give access to new customer relationships and the commercial real estate sector. A number of new contracts have been won recently, including two major retailers, further increasing sales prospects. **Held in the Ordinary and C Shares funds.**

In May 2012, the Ordinary Share fund and the C Share fund invested £200,000 and £492,500 respectively in **Flowrite Refrigeration Holdings** alongside other Foresight VCTs to finance the £3.2 million management buyout of Maidstone based Flowrite Services Limited, which provides refrigeration and air conditioning maintenance services nationally, principally to leisure and commercial businesses such as hotels, clubs, pubs and restaurants. Management has accelerated sales efforts, won a number of significant new contracts, a new customers and also reviewed several potential acquisitions with the aim of broadening its national coverage. In the year to 31 October 2013, reflecting a particularly busy summer, the company traded well ahead of budget, achieving an operating profit of £1.06 million on sales of £10.0 million (cf. an operating profit of £852,000 on sales of £7.9 million in 2012), and also repaid loans, including capitalised interest, of £127,709 and £314,484 respectively to the Ordinary Share fund and the C Share fund, representing some 75% of original cost of investment, after only 18 months from the MBO. During the year, interest of £6,591 deferred under the terms of the loan agreement was capitalised in the Ordinary Share fund and £16,231 in the C Share fund. **Held in the Ordinary and C Shares funds.**

Guildford based **Hallmarq Veterinary Imaging** is the only manufacturer of MRI systems for the standing equine market, with over 64 MRI scanners in use at equine practices throughout the world. For the year ended 31 August 2013, the company achieved a record EBITDA of £1.3 million on sales of £3.8 million, ahead of budget (compared to EBITDA of £1.2 million on sales of £3.3 million in 2012). Trading in the current year is ahead of budget. Having invested heavily in developing its PetVet scanner (an MRI scanner for the companion animal market (i.e. cats and dogs)), the first sale has now been made and the company is focussed on converting its growing sales pipeline for this new scanner into firm orders. Following an unsolicited approach and subsequent negotiations, the entire 7% shareholding in the company was sold in March 2014 for £746,064, an increase of £74,305 during the year. This, together with £1 million of loan repayments received in 2012, represents a 1.6 times return on the carrying value of £1.1 million when Foresight took responsibility for managing the investment. **Previously held in the C Shares fund.**

Ixaris Systems has developed and operates Entropay, a web based global prepaid payment service using the VISA network, and offers its new IxSol (formerly known as Opn) product on a 'Platform as a Service' basis to enable enterprises to develop their own customised global applications for payments over various payment networks. IxSol continues to demonstrate potential with a number of deployments in progress and a growing sales pipeline. IxSol is being used by companies in the affiliate marketing and travel sectors and sales efforts are now also focussing on the international e-commerce and financial services sectors, thereby reducing reliance on the gaming sector. Ixaris charges a small percentage of each transaction on the platform.

During 2013, the company invested in developing and marketing its Ixaris Payment System, the platform that runs Opn, to financial institutions. The platform enables financial institutions to offer payment services based on prepaid cards to their customers. The company has

made good progress on building a pipeline, although these sales are likely to be slow to negotiate and deploy. In the year to 31 December 2013, an EBITDA loss of £617k was incurred on sales of £9.5 million, reflecting the above mentioned investment in software and systems (cf. an EBITDA loss of £293,000 on sales of £8.4 million in the previous year). Trading in the first quarter to 31 March 2014 was ahead of budget. The management team has been strengthened by the appointments of a new Chief Operating Officer, Marketing Director and Sales Director. In January 2014, the Ordinary Share fund invested a further £299,799 as part of a £2 million equity funding round to finance further investment in the payment system. **Held in the Ordinary Shares fund.**

A total of £3,675,150 was repaid in total during the period to the C Share fund by **Leisure Efficiency II, Leisure Efficiency III and Wholesale Efficiency II** to provide funds for new and further investments. **Held in the C Shares fund.**

In February 2014, **O-Gen Acme Trek** received planning permission for the proposed rebuild of the plant in Stoke as a 7MW waste wood to energy power plant. Management is currently working with the selected technology provider and a major EPC contractor to develop the project to the next stage, with a view to reaching financial close later this year and thereafter commence construction. Discussions are being held with potential funders to raise the required £35 million to finance the project. **Held in the Ordinary Shares fund.**

O-Gen UK is a leading developer of waste wood gasification facilities in the UK and in December 2013 reached financial close on a £46 million, 10.5MW, waste wood to energy power plant project in Birmingham. Construction of the plant is progressing on schedule. The company has established a number of partnerships which have led to the development of a growing pipeline of similar opportunities at various stages of maturity, including three forecast to close during 2014 (including O-Gen Acme Trek's Stoke plant referred to above). The company continues to develop relationships with a number of technology providers and major EPC contractors. O-Gen UK will not finance the construction of these plants but will benefit from project management fees, equity shareholdings as well as fuel, operation and maintenance contracts. **Held in the Ordinary Shares fund.**

During the year, the total holding of 689,473 ordinary shares in AiM listed **Probability plc** was sold, realising proceeds of £316,487. **Previously held in the Ordinary Shares fund.**

In April 2013, the Ordinary Share fund and the C Share fund invested £250,000 and £400,000 respectively alongside other Foresight VCTs in a £1.8 million round to finance a management buy-out of **Procam Television Holdings**. Procam is one of the UK's leading broadcast hire companies, supplying equipment and crews for UK location TV production to broadcasters, production companies and corporates for over 20 years. Headquartered in Battersea, London, with additional facilities in Manchester, Edinburgh and Glasgow, Procam has supported shows including Made in Chelsea, ITV's Splash, Watch's The

Incredible Mr Goodwin, BBC2's The Great British Sewing Bee, Derren Brown and The Great British Bake Off. It is a preferred supplier to BSkyB and an approved supplier for BBC and ITV. Over the last four years revenues have more than doubled, following the introduction of new camera formats.

In September 2013, Hammerhead, a competitor with facilities in London, Manchester and Edinburgh and Glasgow, was acquired in order to broaden the customer base and national coverage and realise various synergistic benefits. The Hammerhead acquisition has now been successfully bedded in and is expected to improve profits substantially, with the Manchester and London operations all integrated within the existing Procam infrastructure.

With stronger trading in H2 2013, preliminary results for the year to 31 December 2013 show an EBITDA of £2.0 million on sales of £6.4 million, well ahead of trading in 2012. Trading in the first quarter to 31 March was strong, well ahead of the corresponding quarter in 2013. During 2014, Procam plan to open a facility in Wales and launch a 'supertruck' operating as a mobile outdoor camera facility. With a number of opportunities being pursued with both new and existing customers, further significant growth in sales and profits is forecast in the current year. **Held in the Ordinary and C Shares funds.**

On 11 March 2014, the Ordinary Share fund sold its small equity shareholding (0.31%) and loans in **Snell Corporation** in return for non interest bearing, unsecured B1 loan notes totalling £197,116 in Quantel Holdings (2010) Limited, a subsidiary of Quantel Holdings Limited, redeemable on a sale of the enlarged group. Following the acquisition of Snell Corporation, Quantel Holdings (2010) will be a major global broadcast equipment manufacturer, thereby creating a more attractive investment. **Held in the Ordinary Shares fund.**

TFC Europe, a leading distributor of technical fasteners in the UK and Germany, performed well during the year to 31 March 2014, again achieving record operating profits of £2.75 million on sales of £19.5 million, with all UK service centres performing well (cf. a record operating profit of £2.45 million on sales of £18.1 million in 2013). In September 2013, a small Scottish distribution business was acquired, thereby improving national coverage. Management's current focus is to generate greater sales and broaden the existing customer base in Southern Germany. A new full service centre was opened in Bochum near Dusseldorf in October 2013 and existing customers are already discussing expanding the number of parts supplied through this service centre. A possible acquisition is also being pursued in Southern Germany. A strong physical presence will greatly assist TFC Europe in growing its sales and profits in Europe's largest manufacturing market. **Held in the Ordinary Shares fund.**

The Bunker Secure Hosting, which operates two ultra secure data centres, continues to generate substantial profits. For the year to 31 December 2013, a record EBITDA of £2.2 million was achieved on sales of £9.25 million, ahead of budget (cf. in 2012, an EBITDA of £1.77 million on sales of £8.5 million). Sales growth slowed, however, reflecting increased competition and higher than expected contract



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attrition rates. Recurring annual revenues currently exceed £9 million. In the current year to date, trading continues ahead of budget, with a much reduced attrition rate. To meet growing customer demand, a number of new Cloud based services have recently been launched while the sales and marketing strategy has been reassessed and sales efforts strengthened. Investment continues in upgrading the existing infrastructure. In April 2013, the Ordinary Share fund purchased a number of shares from two minority shareholders for £128,200. In September 2013, interest of £335,590 deferred under the terms of the loan agreement was capitalised. **Held in the Ordinary Shares fund.**

Trilogy Communications achieved strong trading results in the two years to 29 February 2012, following a number of defence contract orders from partners such as Northrop Grumman and Raytheon. Trading in the year to 28 February 2013 was adversely affected by the deferral of expected orders under long-term defence programmes, particularly from the US, reflecting uncertainties about reductions in US defence spending. These uncertainties continued to impact trading in the year to February 2014, the company incurring an EBITDA loss of £808k on sales of £3.8 million with most of the losses being incurred in the first quarter. Following further cost reductions and a recovery in defence orders, the company is now trading at or above breakeven EBITDA and the budget for the current year shows a return to a positive EBITDA. Discussions are in progress with regard to further defence programmes and the company continues to develop its range of communication equipment and related services, including the launch of a software only variant. The broadcast division continues to win orders and trade satisfactorily. To reflect the recent trading performance, a further provision of £253,811 has been made against the cost of the investment in the Ordinary Shares fund. During the year, as part of a £1 million funding round in three tranches, the Ordinary Shares fund advanced loans totalling £174,668. **Held in the Ordinary Shares fund.**

On 31 October 2013, the investment of £233,250 6% Unsecured Convertible Redeemable Loan note in AiM listed **Zoo Digital Group** was sold for £177,812 plus interest of £5,831. **Held in the Ordinary Shares fund.**

David Hughes

Foresight Group

Chief Investment Officer

24 July 2014

Investment Summary

Ordinary Shares Fund

Investment	31 March 2014		Valuation Methodology	31 March 2013	
	Amount invested £	Valuation £		Amount invested £	Valuation £
Datapath Group Limited	73,250	10,165,609 *	Discounted price/earnings multiple	73,250	7,667,320
The Bunker Secure Hosting Limited	2,134,267	4,087,140 *	Discounted revenue multiple	1,670,477	3,410,968
TFC Europe Limited	782,577	3,497,163 *	Discounted price/earnings multiple	782,577	2,471,267
Closed Loop Recycling Limited	4,025,053	3,299,649 *	Discounted cash flow	4,025,053	3,774,128
Autologic Diagnostics Group Limited	2,230,696	2,849,713 *	Discounted price/earnings multiple	2,132,305	2,940,100
Ixaris Systems Limited	1,181,432	2,171,405 *	Price of recent funding round	881,633	1,653,116
Aerospace Tooling Corporation Limited	600,000	1,103,996 *	Discounted price/earnings multiple	—	—
O-Gen UK Limited	345,014	412,540 *	Discounted cash flow	345,014	408,000
Fire and Air Services Limited	500,000	500,000 *	Cost	—	—
O-Gen Acme Trek Limited	4,893,444	423,000 *	Asset basis	4,893,444	423,000
Biofortuna Limited	411,597	411,597	Price of recent funding round	312,503	312,503
			Price of recent funding round less		
Sindicatum Carbon Capital Limited	200,063	393,825	impairment	200,063	525,100
AtFutsal Group Limited	738,323	369,162	Cost less impairment	738,323	369,162
Trilogy Communications Limited	776,383	343,771	Discounted revenue multiple	601,715	422,914
VectorCommand Limited	1,468,750	269,840	Discounted revenue multiple	1,468,750	292,517
Procam Television Holdings Limited	250,000	250,000	Cost	—	—
Zoo Digital Group plc (AIM listed)	893,384	212,325	Bid price	1,126,633	473,337
Flowrite Refrigeration Holdings Limited	86,543	206,482	Discounted price/earnings multiple	207,661	265,356
AlwaysON Group Limited (subsequently merged into Data Continuity Group Limited)	550,240	202,060	Discounted revenue multiple	370,190	355,702
Quantel Holdings (2010) Limited (formerly Snell Corporation Limited)	235,762	197,116	Cost less impairment	235,762	223,817
Evance Wind Turbines Limited	1,745,910	187,500	Disposal proceeds	1,745,910	1,064,966
Amberfin Holdings Limited	115,583	54,148	Cost less impairment	115,583	89,665
Abacuswood Limited	925,043	16,000	Disposal proceeds	954,593	—
	25,163,312	31,624,041		22,881,439	27,142,938

Those companies sold, in liquidation or at £nil value are not included within the table above. At 31 March 2014 these companies represent a cost of £2,610,937 (2013: £4,985,841) and a value of £nil (2013: £540,956).

* Top ten investments by value shown on pages 20 to 22.



Investment Summary

C Shares Fund

Investment	31 March 2014		Valuation Methodology	31 March 2013	
	Amount invested £	Valuation £		Amount invested £	Valuation £
Defaqto Group Limited	3,890,945	4,991,582	* Discounted price/earnings multiple	3,890,945	3,986,436
Aerospace Tooling Corporation Limited	900,000	1,655,994	* Discounted price/earnings multiple	—	—
Blackstar Amplification Limited	1,000,000	1,322,973	* Discounted price/earnings multiple	1,000,000	1,290,000
Flowrite Refrigeration Holdings Limited	213,112	508,464	* Discounted price/earnings multiple	511,365	653,437
Fire and Air Services Limited	500,000	500,000	* Cost	—	—
Biofortuna Limited	411,597	411,597	* Cost	312,503	312,503
Procam Television Holdings Limited	400,000	400,000	* Cost	—	—
	7,315,654	9,790,610		5,714,813	6,242,376

Those companies sold, in liquidation or at £nil value are not included within the table above. At 31 March 2014 these companies represent a cost of £9,559,960 (2013: £12,411,018) and a value of £nil (2013: £10,600,929).

Amount invested refers to the valuation of these investments at acquisition and therefore the price paid by Foresight 4 VCT plc, plus additions and disposals made under Foresight Group Management.

* All investments with a carrying value shown on pages 23 to 24.

Investment Summary Realisation Summary

Disposals

In the year ended 31 March 2014

Company	Detail	Original Cost/ Take-On Value £'000	Proceeds £'000	Gain/(loss) £'000	Exit Multiple	Valuation at 31 March 2013 £'000
Ordinary Shares Fund						
Abacuswood Limited	Administration proceeds	30	30	—	1.0	30
Anberfin Holdings Limited	Administration distribution	1	1	—	1.0	1
Crumb Rubber Limited	Sold	373	—	(373)	—	0
Flowrite Refrigeration Holdings Limited	Loan repayment	128	128	—	1.0	122
Global Immersion Limited	Administration proceeds	1	1	—	1.0	1
Probability plc (AiM listed)	Full disposal	598	316	(282)	0.5	507
Vertal Limited	Dissolved	1,313	—	(1,313)	—	0
Zoo Digital plc (AiM Listed)	Loan repayment	231	178	(53)	1.0	128
Total Ordinary disposals		2,675	654	(2,021)	0.2	789
C Shares fund						
Flowrite Refrigeration Holdings Limited	Loan repayment	314	314	—	1.0	302
Hallmarq Systems Limited	Full disposal	686	746	60	1.1	672
Leisure Efficiency II Limited	Full disposal	675	675	—	1.0	675
Leisure Efficiency III Limited	Full disposal	2,000	2,000	—	1.0	2,000
Wholesale Efficiency II Limited	Full disposal	1,000	1,000	—	1.0	1,000
Total C disposals		4,675	4,735	60	1.0	4,649
Total disposals		7,350	5,389	(1,961)	0.7	5,438

In addition to the above, deferred consideration of £270,892 and £1,340 was received by the Ordinary Shares fund from the sales of Adepra Limited and Snell Corporation Limited respectively.

A total of £779,832 of deferred consideration was received by the C Shares fund from the sale of Factory Media Limited.



Investment Summary

Ordinary Shares Portfolio

Top ten investments by value as at 31 March 2014 are detailed below:

The results included are extracted from the most recent financial statements on Companies House.

Datapath Group Limited



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

First investment	September 2010	Year ended:	31 March 2013
			£'000
% Equity/Voting Rights	12.9%	Sales	14,480
Income received and receivable in the year	£—	Profit before Tax	4,090
Equity at cost	£73,250	Retained Profit	3,580
Loan stock at cost	£—	Net Assets	16,096

The Bunker Secure Hosting Limited



provides ultra secure IT data centre and managed services to companies from owned and leased facilities totalling 41,500 square feet in bunkers previously constructed for military use at Ash, Kent and Greenham Common, Berkshire. With particular expertise in Open Source and Microsoft software and systems, web and digital security, The Bunker builds, hosts and manages ultra secure, high availability IT infrastructure platforms for its customers and provides secure co-location services to host customers' servers or back-up servers. The Bunker is highly regarded for its technical skills by its customers, which include top financial, telecoms and web-based businesses, concerned with data security who have made the decision to outsource their mission critical IT systems. A number of new cloud based ultra secure services have recently been introduced. The Bunker continues to make good progress in increasing revenues from existing customers and winning new customers under term contracts which generate high visibility of future revenues.

First investment	May 2006	Year ended:	31 December 2012
			£'000
% Equity/Voting Rights	12.7%	Sales	8,510
Income received and receivable in the year	£490,519	Loss before Tax	(323)
Equity at cost	£584,986	Retained Loss	(323)
Loan stock at cost	£1,549,281	Net Assets	8,368

TFC Europe Limited



is one of Europe's leading technically based suppliers of fixing and fastening products. It supplies injection moulded technical fasteners and ring and spring products to customers across a wide range of industries, including aerospace, automotive, hydraulics and petrochemicals and works with some of the leading manufacturers of technical products such as Smalley® Steel Ring Company.

First investment	March 2007	Year ended:	31 March 2013
			£'000
% Equity/Voting Rights	17.8%	Sales	18,053
Income received and receivable in the year	£49,476	Profit before Tax	888
Equity at cost	£156,370	Retained Profit	511
Loan stock at cost	£626,207	Net Assets	2,712

Investment Summary continued

Closed Loop Recycling Limited



is the only company in the UK to recycle both PET and HDPE plastic bottles into food grade packaging material. Following a series of investment rounds, the 35,000 tonne capacity plant in Dagenham (East London) is now fully operational. The company is enjoying strong market demand and is pursuing its expansion plans. The company is processing 100 tonnes per day of plastic bottles and supplying product to a range of customers including Nampak, Alpla, M&S and Britvic for the manufacture of food packaging, drinks bottles and milk bottles.

First investment	February 2007	Year ended:	30 June 2013
			£'000
% Equity/Voting Rights	10.7%	Sales	15,424
Income received and receivable in the year	£—	Loss before Tax	(5,666)
Equity at cost	£583,333	Retained Loss	(5,666)
Loan stock at cost	£3,441,720	Net Liabilities	(10,534)

Autologic Diagnostics Group Limited



was founded in 1999 and develops and sells sophisticated automotive diagnostic software and hardware that enables independent mechanics, dealerships and garages to service and repair vehicles. As cars have become increasingly sophisticated and more reliant on electronic systems, mechanics need to be able to communicate to the in-car computer running the process or system, which in turn requires a diagnostic tool. Autologic Diagnostics supplies its 'Autologic' product for use with well-known car brands including Land Rover, BMW, Mercedes, Jaguar, VAG (VW, Audi, Skoda) and Porsche.

First investment	February 2009	Year ended:	31 December 2012
			£'000
% Equity/Voting Rights	4.9%	Sales	17,218
Income received and receivable in the year	£196,248	Profit before Tax	684
Equity at cost	£24,715	Retained Profit	685
Loan stock at cost	£2,205,981	Net Assets	4,648

Ixaris Systems Limited



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

First investment	March 2006	Year ended:	31 December 2012
			£'000
% Equity/Voting Rights	6.8%	Sales	8,392
Income received and receivable in the year	£—	Loss before Tax	(624)
Equity at cost	£1,181,432	Retained Loss	(559)
Loan stock at cost	£—	Net Assets	1,833



Investment Summary continued

Aerospace Tooling Corporation Limited



is a specialist engineering company based in Dundee. The company provides specialist repair and refurbishment servicing for components in high-specification aerospace and turbine engines. Specifically the company targets 'legacy' components and engines that have ceased production, but are still in widespread use.

First investment June 2013

% Equity/Voting Rights	9.0%	No accounts filed since the
Income received and receivable in the year	£41,573	investment was made
Equity at cost	£60,000	
Loan stock at cost	£540,000	

O-Gen UK Limited

generates renewable electricity from biomass using advanced technology. It plans to build 15 plants around the country, helping the UK achieve its target of 20% renewable energy by 2020.

First investment December 2008 Year ended: 31 December 2012

			£'000
% Equity/Voting Rights	31.7%	Sales	825
Income received and receivable in the year	£-	Loss before Tax	(86)
Equity at cost	£34,514	Retained Loss	(86)
Loan stock at cost	£310,500	Net Liabilities	(848)

Fire and Air Services Limited



is a Hard Facilities Management provider, designing, installing and maintaining customised air conditioning and fire sprinkler systems for retail, commercial and residential properties. The company operates within the £5.3bn UK Fire and heating, ventilation and air conditioning markets with a network of engineers across the UK enabling the company to service its nationwide customer base.

First investment August 2013

% Equity/Voting Rights	5.2%	No accounts filed since
Income received and receivable in the year	£24,219	the investment was made
Equity at cost	£100,000	
Loan stock at cost	£400,000	

O-Gen Acme Trek Limited

Develops, builds, owns and operates waste wood to energy and combined heat and power ('CHP') plants. The market is driven by government regulation and incentives. Specifically, landfill tax, which is driving waste operators towards cheaper and more efficient methods of waste disposal such that gate fees will be received by O-Gen from the waste wood (biomass) suppliers. The electricity generated from processing the wood will be sold to the National Grid and attracts Renewable Obligation Certificates ('ROCs') which generate further revenue.

First investment August 2007 Year ended: 30 June 2013

			£'000
% Equity/Voting Rights	18.0%	Sales	10
Income received and receivable in the year	£-	Loss before Tax	(10,339)
Equity at cost	£329,002	Retained Loss	(10,339)
Loan stock at cost	£4,564,442	Net Liabilities	(17,856)

Investment Summary

C Shares Portfolio

All investments with carrying value at 31 March 2014 are detailed below:

Defaqto Group Limited



an independent financial research company specialising in rating, comparing and analysing consumer financial products. The company analyses the level of cover or benefits offered within a financial product and awards a Star Rating from 1 to 5. Defaqto Star Ratings help consumers and their advisers decide which product suits their specific needs, rather than comparing purely on price. The company sells access to this data to government agencies, financial product providers, financial intermediaries and data aggregators through a number of subscription-based online software products and data feeds.

First investment	February 2012*	Year ended:	31 March 2013
			£'000
% Equity/Voting Rights	33.5%	Sales	7,184
Income received in the year	£—	Loss before Tax	(1,395)
Equity at cost	£710,016	Retained Loss	(1,213)
Loan stock at cost	£3,180,929	Net Liabilities	(14,319)

Aerospace Tooling Corporation Limited



is a specialist engineering company based in Dundee. The company provides specialist repair and refurbishment servicing for components in high-specification aerospace and turbine engines. Specifically the company targets 'legacy' components and engines that have ceased production, but are still in widespread use.

First investment	June 2013		
% Equity/Voting Rights	13.5%		No accounts filed since
Income received and receivable in the year	£62,000		the investment was made
Equity at cost	£90,000		
Loan stock at cost	£810,000		

Blackstar Amplification Limited



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

First investment	July 2012	Year ended:	30 April 2013
			£'000
% Equity/Voting Rights	10.3%	Sales	8,136
Income received in the year	£30,822	Loss before Tax	(424)
Equity at cost	£100,000	Retained Loss	(419)
Loan stock at cost	£900,000	Net Assets	3,405

* The first investment date is the date of the merger on 6 February 2012.



Investment Summary continued

Flowrite Refrigeration Holdings Limited



is a refrigeration and air conditioning service, maintenance and installation company, specialising in the leisure, commercial and retail industries across the UK. The company provides emergency reactive repairs, planned maintenance and installation for commercial refrigeration and air conditioning equipment. Flowrite is headquartered in Maidstone, Kent with a small logistics centre in Lichfield, Staffordshire. The company employs uniformed engineers driving branded vehicles throughout the UK. Flowrite prides itself on the quality of service and level of information it provides to its customers, in a fragmented industry where there are a large number of second tier, regional operators providing a relatively low quality alternatives to customers.

First investment	May 2012	Year ended:	31 October 2013
			£'000
% Equity/Voting Rights	12.4%	Sales	10,012
Income received in the year	£48,577	Profit before Tax	327
Equity at cost	£163,329	Retained Profit	210
Loan stock at cost	£49,783	Net Assets	635

Fire and Air Services Limited



is a Hard Facilities Management provider, designing, installing and maintaining customised air conditioning and fire sprinkler systems for retail, commercial and residential properties. The company operates within the £5.3bn UK Fire and heating, ventilation and air conditioning markets with a network of engineers across the UK enabling the company to service its nationwide customer base.

First investment	August 2013		
% Equity/Voting Rights	18.5%		No accounts filed since
Income received and receivable in the year	£24,219		the investment was made
Equity at cost	£100,000		
Loan stock at cost	£400,000		

Biofortuna Limited



is a molecular diagnostics business with particular expertise in the development of stabilised, freeze dried tests. Biofortuna's user friendly tests can be transported and stored at ambient temperature, rather than frozen or chilled as is the case with competing products, and only require a simple one-step protocol to use. Biofortuna's first range of products is a series of genetic compatibility tests for organ transplantation, distributed through global partner Abbott Molecular.

First investment	March 2012	Year ended:	31 March 2014
			£'000
% Equity/Voting Rights	5.8%	Sales	325
Income received in the year	£—	Loss before Tax	(1,133)
Equity at cost	£411,597	Retained Loss	(1,035)
Loan stock at cost	£—	Net Assets	646

Procam Television Holdings Limited



is one of the UK's leading broadcast hire companies, supplying equipment and crew for location TV production. Clients include the major studios (e.g. ITV Studios), independent TV production companies, public broadcasters (e.g. BBC) and smaller niche broadcasters.

First investment	April 2013	Year ended:	31 December 2013
			£'000
% Equity/Voting Rights	10.6%	Sales	5,151
Income received and receivable in the year	£36,779	Loss before Tax	(40)
Equity at cost	£40,000	Retained Loss	(33)
Loan stock at cost	£360,000	Net Assets	338

Investment Summary continued

at 31 March 2014

Co-investing funds

Foresight Group also manages or advises Foresight VCT plc, Foresight 2 VCT plc, Foresight 3 VCT plc, Foresight Solar VCT plc, Albany Ventures Fund III LP, Foresight Nottingham Fund LP, Foresight Environmental Fund LP, Foresight Solar Fund Limited, Foresight European Solar Fund LP, Foresight Solar EIS, Foresight Solar EIS2, Foresight Solar EIS3, Foresight Solar EIS4, Foresight Solar EIS5, Foresight Inheritance Tax Solutions, UK Waste Resources and Energy Investments LP and Foresight Sustainable UK Investment Fund. Investments have been made by the funds that Foresight Group advises and manages, as follows:

	Foresight VCT O, PE & Infra Shares £	Foresight 2 VCT O, PE & Infra Shares £	Foresight 3 VCT £	Foresight 4 VCT O & C Shares £	Foresight Sustainable £	Foresight Environmental Fund	Total held by Foresight %
Abacuswood Limited	677,781	1,809,783	—	925,043	2,400,436	—	96.4
Aerospace Tooling Corporation Limited	1,500,000	—	500,000	1,500,000	—	—	52.6
AtFutsal Group Limited	369,161	2,166,693	738,323	738,323	—	—	44.1
Autologic Diagnostics Group Limited	1,673,040	2,231,975	2,231,754	2,230,696	—	—	18.4
Biofortuna Limited	411,598	—	411,598	823,194	—	—	23.2
Blackstar Amplification Holdings Limited	2,500,000	—	—	1,000,000	—	—	36.0
Closed Loop Recycling Limited	2,502,986	5,423,334	5,848,628	4,025,053	2,944,127	6,000,000	55.2
Data Continuity Group Limited	1,247,149	2,509,819	—	550,240	—	—	67.2
Datapath Group Limited	—	73,250	73,250	73,250	—	—	38.8
Evance Wind Turbines Limited	—	1,513,123	1,396,728	1,745,910	603,448	—	24.4
Fire and Air Services Limited	1,500,000	—	—	1,000,000	—	—	26.2
Flowrite Refrigeration Holdings Limited	213,112	—	86,543	299,655	—	—	35.0
Ixaris Systems Limited	—	822,858	866,385	1,181,432	—	—	18.2
O-Gen Acme Trek Limited	—	2,070,652	4,425,873	4,893,444	1,291,667	—	64.3
O-Gen UK Limited	—	530,007	310,012	345,014	1,315,000	—	69.3
Procam Television Holdings Limited	800,000	100,000	250,000	650,000	—	—	47.5
Sindicatum Carbon Capital Limited	—	125,006	174,993	200,063	—	—	1.0
TFC Europe Limited	—	939,092	626,061	782,577	—	—	53.5
The Bunker Secure Hosting Limited	—	1,468,562	1,734,009	2,134,267	—	—	32.9
Trilogy Communications Limited	1,974,744	2,355,734	—	776,383	—	—	48.7
Zoo Digital Group plc	—	196,190	1,189,573	893,384	—	—	17.2

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

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



Board of Directors

Philip Henry Peter Stephens (72)

Chairman

Philip Stephens retired from Williams de Broe plc in 2002 where he was joint head of corporate finance. He was previously a Managing Director at UBS, which he joined in 1989. He was involved in corporate finance and corporate broking for over thirty-five years. He is currently Non-Executive Chairman of Egdon Resources PLC and Neptune-Calculus Income & Growth VCT plc. Philip is a member of the Audit, Nomination and Remuneration Committees.

Peter Frederick Dicks (71)

Peter Dicks was a founder director of Abingworth plc a successful venture capital company in 1973. He is currently a director of a number of quoted and unquoted companies, including Private Equity Investor plc where he is chairman, Mears plc and Graphite Enterprise Trust plc. In addition, he has been a director of Foresight VCT plc and Foresight 2 VCT plc since their launch in 1997 and 2004 respectively and is a director of Foresight 3 VCT plc, Foresight 4 VCT plc and Foresight Solar Fund Limited. He is also chairman of Unicorn AIM VCT plc.

Raymond James Abbott (55)

Raymond Abbott is the former Managing Director of Alliance Trust Equity Partners (ATEP). He has over 20 years experience in private equity, including direct and fund investing. He has been responsible for strategy and investment for over fourteen years and has built and sold his own venture capital business. Raymond's background encompasses fund investments, divestments, direct venture and development capital. He has also acted as non-executive director in public and private businesses and is currently non-executive director of The Scottish Building Society, Galleria Holdings Limited and Essex Services plc. Raymond is the Chairman of the Audit, Nomination and Remuneration Committees.

Directors' Report

The Directors present their report and the audited accounts of the Company for the year ended 31 March 2014.

Activities and status

The principal activity of the Company during the period was the making of investments in unquoted or AiM-listed companies in the United Kingdom. The Company is an investment company within the meaning of Section 833 of the Companies Act 2006. It has satisfied the requirements as a Venture Capital Trust under sections 274–280A of the Income Tax Act 2007. Confirmation of the Company's compliance as a Venture Capital Trust has been received up to 31 March 2013 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 equity shareholders for the year amounted to £4,357,000 (2013: £3,412,000). The Board paid an interim dividend of 4.0p per Ordinary Share on 26 April 2013.

Net asset value total return

During the year ended 31 March 2014 the Company's principal indicator of performance, net asset value, increased 1.9% from 179.6p per Ordinary Share at 31 March 2013 to 183.0p per Ordinary Share at 31 March 2014.

The net asset value per C Share has decreased 31.0% to 66.1p per share at 31 March 2014 from 95.8p per share at 31 March 2013.

Share issues

At 31 March 2014 the Company had 38,569,414 Ordinary Shares and 18,680,907 C Shares in issue. There are no restrictions on the transfer of any class of share.

Share buybacks

During the year, the Company repurchased 150,000 Ordinary Shares for cancellation at a cost of £108,000. No shares brought back by the Company are held in treasury. Share buy-backs have been completed at a discount of 17.5%.

Global greenhouse gas emissions

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

Principal risks, risk management and regulatory environment

A summary of the principal risks faced by the Company is set out on page 8 of the Strategic Report with further detail being given in note 15 on page 56.

Management

Foresight Group is the Manager of the Company and provides investment management and other administrative services.

Annually, the Management Engagement and Remuneration Committee reviews the appropriateness of the Manager's appointment. In carrying out its review, the Management Engagement & 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 26 September 2013 at which point the Manager's fees were reduced from 2.5% to 2.25% from 1 October 2013 to reflect current market conditions. Foresight Fund Managers is the Secretary of the Company. The principal terms of the management agreement is set out in note 3 to the accounts.

No Director has an interest in any contract to which the Company is a party. Foresight Fund Manager acts as manager to the Company in respect of its investments and earned fees of £1,162,000 (2013: £1,294,000) during the year. Foresight Fund Managers received £155,000 excluding VAT (2013: £155,000 excluding VAT) during the year in respect of secretarial, administrative and custodian services to the Company. Foresight Group also received from investee companies arrangement fees of £147,845 (2013: £126,429).



Directors' Report continued

VCF Partners, an associate of Foresight Group, received from investee companies, Directors' fees of £205,270 (2013: £222,349).

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

VCT status monitoring

The Company has retained SGH Martineau LLP (London and Birmingham based solicitors) as legal advisers on, inter alia, compliance with legislative requirements. The Directors monitor the Company's VCT status at meetings of the Board.

Substantial shareholdings

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

Financial instruments

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

Directors indemnification and insurance

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

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

Policy of paying creditors

The Company does not subscribe to a particular code but follows a policy whereby suppliers are paid by the due date and investment purchases are settled in accordance with the stated terms. At the year end trade creditors represented an average credit period of 8 days (2013: 18 days). Foresight Group, which provides investment management services, was the only trade creditor of the Company at the year end.

Alternative Investment Fund Managers Directive (AIFMD)

The AIFMD came into force on 22 July 2013 and sets out the rules for the authorisation and on-going regulation of managers (AIFMs) that manage alternative investment funds (AIFs) in the EU. The Company qualifies as an AIF and so will be required to comply, although additional cost and administration requirements are not expected to be material. Transitional provisions for existing AIFs are such that an extra year is allowed (until 22 July 2014) before the regulatory provisions become mandatory.

Audit Information

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

Section 992 of the Companies Act

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

Capital Structure

The Company's issued share capital as at 24 July 2014 was 38,569,414 Ordinary Shares, and 18,680,907 C Shares.

The Ordinary Shares represent 67% of the total share capital, and the C Shares represent 33% of the total share capital. Further information on the share capital of the Company is detailed in note 11 of the notes to the financial statements

Voting Rights in the Company's shares

Details of the voting rights in the Company's shares at the date of this report are given in note 11 in the Notice of Annual General Meeting on page 68.

Notifiable interests in the Company's voting rights

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

Auditors

The Company's independent auditor, KPMG Audit Plc has instigated an orderly, wind-down of its own business. The Directors have decided to propose the appointment of KPMG LLP as auditor in succession to KPMG Audit Plc and a resolution concerning this will be proposed at the Annual General Meeting.

Companies Act 2006 Disclosures

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

- the Company's capital structure and voting rights are summarised above, and there are no restrictions on voting rights nor any agreement between holders of securities that result in restrictions on the transfer of securities or on voting rights;
- there exist no securities carrying special rights with regard to the control of the Company;
- the rules concerning the appointment and replacement of directors, amendment of the Articles of Association and powers to issue or buy back the Company's shares are contained in the Articles of Association of the Company and the Companies Act 2006;
- the Company does not have any employee share scheme;

- There exist no agreements to which the Company is party that may affect its control following a takeover bid; and
- there exist no agreements between the Company and its Directors providing for compensation for loss of office that may occur following a takeover bid or for any other reason.

Conflicts of interest

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

Whistleblowing

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

Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report on pages 4 to 9. The financial position of the Company, its cash flows, liquidity position and borrowing facilities are referred to in the Chairman's Statement, Strategic Report and Notes to the Accounts. In addition, the financial statements include the Company's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposures to credit risk and liquidity risk.

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

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

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

Directors remuneration

Following changes to the Companies Act 2006, UK investment companies must comply with new regulations in relation to directors' remuneration. Directors' fees can only be paid in accordance with a remuneration policy which has been approved by shareholders. The company must also publish a Directors' Remuneration Report which complies with a new set of disclosure requirements. The new disclosure requirements for the Directors' Remuneration Report are applicable for financial years ending on or after 30 September 2013.

Annual General Meeting

Prior to the Annual General Meeting, two investee companies will give presentations between 3.00 pm and 4.00 pm.

A formal notice convening the Annual General Meeting on 25 September 2014 can be found on pages 66 to 68. Resolutions 1 to 7 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 8 and 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 7 to 9 renew share issue and buyback authorities for the Ordinary Shares and C Shares.

Resolution 7

Resolution 7 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 (i) £175,000 in respect of Ordinary Shares (representing 45.4% of the current issued share capital of the Company) and (ii) £25,000 in respect of C Shares (representing 13.4% of the issued C Share capital of the Company), which in aggregate represents 34.9% of the issued share capital of the Company. This authority will be used for the purposes listed under the authority requested under Resolution 8. This includes authority to issue shares pursuant to performance incentive fee arrangements with Foresight Group and top-up offers for subscription to raise new funds for the Company if the Board believes this to be in the best interests of the Company. Any offer is intended to be at an offer price linked to NAV. The authority conferred by Resolution 7 will expire (unless renewed, varied or revoked by the Company in a general meeting) on the fifth anniversary of the passing of the resolution.

Resolution 8

Resolution 8 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 £175,000 in respect of Ordinary Shares and £25,000 in respect of C Shares, in each case pursuant to offer(s) for subscription, (ii) with an aggregate nominal value of up to 10% of the issued Ordinary Share capital in the Company pursuant to performance incentive arrangements with Foresight Group and (iii) otherwise than pursuant to (i) or (ii) with an aggregate nominal value of up to 10% of the issued share capital in each class of share in 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 2015, or, if earlier, on the



Directors' Report continued

date falling 15 months after the passing of the resolution, save that the Company may allot its Ordinary Shares or C Shares (as relevant) after such date in pursuance of a contract or contracts made prior to the expiration of the authority.

Resolution 9

It is proposed by Resolution 9 that the Company be authorised to make market purchases of the Company's own shares. Under this authority the Directors may purchase up to 5,781,555 Ordinary Shares, and 2,800,267 C Shares (representing approximately 14.99% of each share class at the date of this Annual Report) or, if lower, such number of Ordinary Shares or C Shares (as relevant, and in each case rounded down to the nearest whole share) as shall equal 14.99% of each share class at the date the resolution is passed. When buying shares, the Company cannot pay a price per share which is more than 105% of the average of the middle market quotation for an Ordinary Share or C Share (as relevant) 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 2015, or, if earlier on the date falling 15 months after the passing of the resolution, save that the Company may purchase its Ordinary Shares or C Shares (as relevant) after such date in pursuance of a contract or contracts made prior to the expiration of this authority.

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

Separate Meetings of the Ordinary Shareholders and C Shareholders

Formal notices convening separate meetings of Ordinary Shareholders, and C Shareholders also to be held on 25 September 2014, can be found on pages 69 to 72. The resolutions proposed at these meetings, if passed, will approve the passing of Resolutions 7 and 9 (as applicable to each of the Ordinary Shares and C shares respectively) to be proposed at the Annual General Meeting and will sanction any modification of the rights attaching to Ordinary Shares and C Shares resulting therefrom.

The resolutions to be proposed at the separate meetings 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.

By order of the Board

Foresight Fund Managers Limited

Secretary
24 July 2014

Corporate Governance

The Directors of Foresight 4 VCT plc confirm that the Company has taken the appropriate steps to enable it to comply with the Principles set out in Section 1 of the UK Corporate Governance Code on Corporate Governance ('UK Corporate Governance Code') issued by the Financial Reporting Council in June 2010, as appropriate for a Venture Capital Trust.

As a Venture Capital Trust, the Company's day-to-day responsibilities are delegated to third parties and the Directors are all Non-Executive. Thus not all the procedures of the UK Corporate Governance Code are directly applicable to the Company. Unless noted as an exception below, the requirements of the UK Corporate Governance Code were complied with throughout the year ended 31 March 2014. The Annual General Meeting was convened on at least 24 days, notice but not 20 business days, notice as recommended in the UK Corporate Governance Code.

The Board

The Company has a Board of three Non-Executive Directors, all of whom (other than Peter Dicks who is considered non-independent under the listing rules by virtue of being a director of several Foresight VCTs which are all managed by Foresight Group) are considered to be independent.

Peter Dicks is also a Director of Foresight VCT plc, Foresight 2 VCT plc, Foresight 3 VCT plc and Foresight Solar Fund Limited. The Board believes, having regard to the specialist nature of VCTs and the fact that the Manager advises a number of VCTs, that it is in the best interests of shareholders if, on each of the boards of the VCTs advised by the Manager, there is a Director who is common. A common Director is able to assess how the Manager performs in respect of one fund with the valuable background knowledge of how well or badly the Manager is performing in relation to other funds for which he is also a Director. Where conflicts of interest arise between the different funds then the common Director would seek to act fairly and equitably between different groups of shareholders. Where this is difficult or others might perceive that it was so, then decisions would be taken by the Directors who are not common Directors. The most likely source of potential conflicts would normally be the allocation of investment opportunities but as these are allocated by the Manager pro rata to the cash raised by each fund, subject to the availability of funds, in practice such conflicts should not arise. Additionally, 'specialist funds' may be allocated investments specific to their investment policy in priority to more generalist funds.

Division of responsibilities

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

empowered to exercise discretion in the use of the Company's voting rights.

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

Individual Directors may, at the expense of the Company, seek independent professional advice on any matter that concerns them in the furtherance of their duties. In view of its Non-Executive nature and the requirements of the Articles of Association that Directors retire by rotation at the Annual General Meeting, the Board considers that it is not appropriate for the Directors to be appointed for a specific term as recommended by provision B.2.3 of the UK Corporate Governance Code. However, the Board has agreed that each Director will retire and, if appropriate, may seek re-election after each year. Non-independent Directors are required to retire annually.

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

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

	Board	Audit	Nomination	Remuneration
Philip Stephens	4/4	2/2	1/1	1/1
Peter Dicks	4/4	2/2	1/1	1/1
Raymond Abbott	4/4	2/2	1/1	1/1

Meeting attendance

In addition to the above, further meetings were held in relation to the publication of corporate documents and in relation to investments where Foresight Group manages more than 50% of voting rights.

In the light of the responsibilities retained by the Board and its committees and of the responsibilities delegated to Foresight Group, Foresight Fund Managers and SGH Martineau LLP, the Company has not appointed a chief executive officer, deputy Chairman or a senior independent non-executive Director as recommended by provision A.4.1 of the UK Corporate Governance Code. The provisions of the UK Corporate Governance Code which relate to the division of responsibilities between a chairman and a chief executive officer are, accordingly, not applicable to the Company.



Corporate Governance continued

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 Raymond Abbott (Chairman), Peter Dicks and Philip Stephens, all of whom are considered to have sufficient recent and relevant financial experience to discharge the role, and meets at least twice a year, amongst other things, to consider the following:

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

KPMG LLP prepares the Company's tax returns in addition to carrying out the Company's external audit. This is completed after signing off on the annual accounts. The Audit Committee is of the opinion that KPMG LLP are best placed to provide these taxation services. These non-audit services are non-material in value compared to the audit, and the Audit Committee believes that they do not compromise the objectivity or independence of the external auditors.

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

The Nomination Committee comprises Raymond Abbott (Chairman), Peter Dicks and Philip Stephens and meets at least annually to consider the composition and balance of skills, knowledge and experience of the Board and to make nominations to the Board in the event of a vacancy. New Directors are required to resign at the Annual General Meeting following appointment and then seek re-election thereafter every three years.

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

The Management Engagement & Remuneration Committee (which has responsibility for reviewing the remuneration of the Directors) comprises Raymond Abbott (Chairman), Peter Dicks and Philip Stephens and meets at least annually to consider the levels of remuneration of the Directors, specifically reflecting the time commitment and responsibilities of the role. The Management Engagement & Remuneration committee also undertakes external comparisons and

reviews to ensure that the levels of remuneration paid are broadly in line with industry standards. The Management Engagement & Remuneration Committee also reviews the appointment and terms of engagement of the Manager and, as previously noted, amended the management fees on 1 October 2013 following a review of terms.

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

Board evaluation

The Board undertakes a formal evaluation of its own performance and that of its committees and individual Directors on a rolling three year basis. This methodology is a departure from principal B.6 of the UK Corporate Governance Code, which requires annual evaluation. Initially, the evaluation takes the form of a questionnaire for the Board (and its committees) and individual Directors. The Chairman then discusses the results with the Board (and its committees) as a whole and Directors individually. Following completion of this second stage of the evaluation, the Chairman will take appropriate action to address any issues arising from the process.

Relations with Shareholders

The Company communicates with shareholders and solicits their views where it considers it is appropriate to do so. Individual shareholders are welcomed to the Annual General Meeting where they have the opportunity to ask questions of the Directors, including the Chairman, as well as the Chairman of the Audit, Remuneration and Nomination Committees. The Board may from time to time seek feedback through shareholder questionnaires and an open invitation for shareholders to meet the Manager. The Company is not aware of any institutions owning shares in the Company.

Internal control

The Directors of Foresight 4 VCT plc have overall responsibility for the Company's system of internal control and for reviewing its effectiveness. The internal controls system is designed to manage rather than eliminate the risks of failure to achieve the Company's business objectives. The system is designed to meet the particular needs of the Company and the risks to which it is exposed and by its nature can provide reasonable but not absolute assurance against misstatement or loss.

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

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

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

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

Following publication of Internal Control: Guidance for Directors on the UK Corporate Governance Code (the Turnbull guidance), the Board confirms that there is an continuous process for identifying, evaluating and managing the significant risks faced by the Company, that has been in place for the year under review and up to the date of approval of the annual report and financial statements, and that this process is regularly reviewed by the Board and accords with the guidance. The process is based principally on the Manager's existing risk-based approach to internal control whereby a test matrix is created that identifies the key functions carried out by the Manager and other service providers, the individual activities undertaken within those functions, the risks associated with each activity and the controls employed to minimise those risks. A residual risk rating is then applied. The Board is provided with reports highlighting all material changes to the risk ratings and confirming the action, that has been, or is being, taken. This process covers consideration of the key business, operational, compliance and financial risks facing the Company and includes consideration of the risks associated with the Company's arrangements with Foresight Group, Foresight Fund Managers and SGH Martineau LLP.

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

Such review procedures have been in place throughout the full financial year and up to the date of approval of the accounts, and the Board is satisfied with their effectiveness. These procedures are designed to manage, rather than eliminate, risk and, by their nature, can only provide reasonable, but not absolute, assurance against material misstatement or loss. The Board monitors the investment performance of the Company in comparison to its objective at each Board meeting. The Board also reviews the Company's activities since the last Board meeting to ensure that the Manager adheres to the agreed investment policy and approved investment guidelines and, if necessary, approves changes to such policy and guidelines.

The Board has reviewed the need for an internal audit function. It has decided that the systems and procedures employed by the Manager, the Audit Committee and other third party advisers provide sufficient assurance that a sound system of internal control, which safeguards shareholders' investment and the Company's assets, is maintained. In

addition, the Company's financial statements are audited by external auditors. An internal audit function, specific to the Company, is therefore considered unnecessary.

Directors' Professional Development

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

UK Stewardship Code

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

Bribery Act 2010

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

Philip Stephens

Director

24 July 2014



Directors' Remuneration Report

Introduction

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

The law requires the Company's auditor, KPMG Audit Plc, 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 page 26 consists solely of non-executive directors and considers at least annually the level of the Board's fees.

The Committee concluded following a review of the level of Directors' fees there will be no increase for the year ending 31 March 2015.

Consideration by the Directors of matters relating to Directors' Remuneration

The Management Engagement & Remuneration Committee comprises three Directors: Raymond Abbott (Chairman), Peter Dicks and Philip Stephens.

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

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

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

Directors are not involved in deciding their own individual remuneration.

Remuneration policy

The Board's policy is that the remuneration of Non-Executive Directors should reflect time spent and the responsibilities borne by the Directors for the Company's affairs and should be sufficient to enable candidates of high calibre to be recruited. The levels of Directors' fees paid by the Company for the year ended 31 March 2014 were agreed during the year.

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

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

None of the Directors has a service contract but, under letters of appointment dated 30 July 2004 for Peter Dicks, 4 February 1998 for Philip Stephens and 1 March 2012 for Raymond Abbott, 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.

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 25 September 2014 and will continue for the financial year ended 31 March 2015 and subsequent years.

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 82.4% of Shareholders voted for the resolution approving the Directors' Remuneration Report, showing significant shareholder support.

Retirement by rotation

All Directors are subject to retirement by rotation. As the Directors are not appointed for a fixed length of time there is no unexpired term to their appointment. However, the Directors will retire by rotation as follows:

P Dicks, P Stephens	AGM 2014
P Dicks, P Stephens	AGM 2015
P Dicks, P Stephens, R Abbott	AGM 2016

Shareprice total return

The graph on the following page charts the total shareholder return to 31 March 2014, on the hypothetical value of £100, invested by an Ordinary Shareholder since 28 February 2009, or a C Share holder since 31 March 2012. The return is compared to the total shareholder return on a notional investment of £100 in the FTSE AiM All-Share Index, which is considered an appropriate broad index against which to measure the Company's performance given that the profiles of many AiM companies being similar to those held by the Company.

Details of individual emoluments and compensation

The emoluments in respect of qualifying services of each person who served as a Director during the year and those forecasted for the year ahead are shown on page 36. 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.



Directors' Remuneration Report continued

Directors

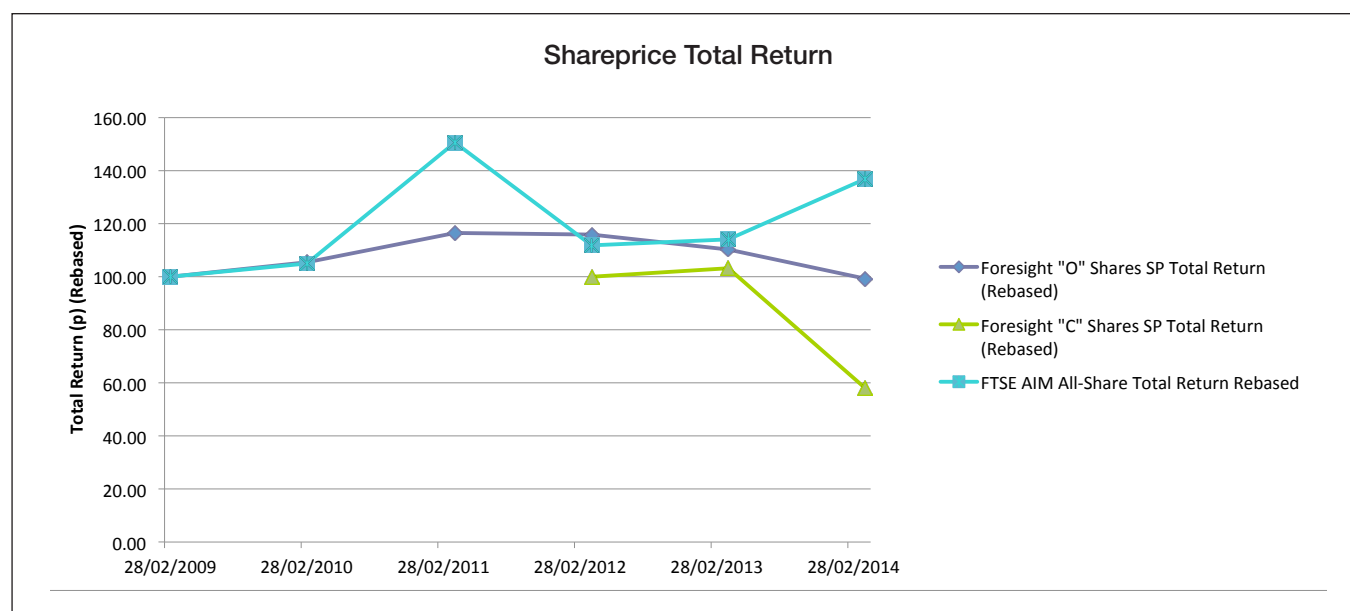
The Directors who held office during the year and their interests in the issued Ordinary Shares and C Shares of 1p each of the Company were as follows:

	31 March 2014 Ordinary Shares	31 March 2014 C Shares	31 March 2013 Ordinary Shares	31 March 2013 C Shares
Philip Stevens (Chairman)	14,930	—	14,930	—
Peter Dicks	34,050	—	34,050	—
Raymond Abbott	10,744	—	10,744	—

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

There have been no changes in the Directors' share interests between 31 March 2014 and the date of this report

In accordance with the Articles of Association and the requirements of the UK Corporate Governance Code, Mr Dicks and Mr Stephens must retire through rotation and, being eligible, offer themselves for re-election. Biographical notes on the Directors are given on page 26. The Board believes that Mr Dicks' and Mr Stephens' skills, experience and knowledge continue to complement each other and add value to the Company and recommends their re-election to the Board. None of the Directors has a contract of service with the Company.



Audited Information

The information below has been audited, with the exception of those fees forecasted for the year to 31 March 2015. See the Independent Auditors' Report on page 42.

	Anticipated Directors' fees year ending 31 March 2015 (£)	Audited Directors' fees year ended 31 March 2014 (£)	Audited Directors' fees year ended 31 March 2013 (£)
Philip Stephens (Chairman)	27,500	27,500	27,500
Peter Dicks	22,000	22,000	22,000
Raymond Abbott	22,000	22,000	23,667
Roger Brooke	—	—	15,174
Total	71,500	71,500	88,341

The Directors are not eligible for pension benefits, share options or long-term incentive schemes.

Votes cast for and against the Directors' Remuneration Report for the year ended 31 March 2013

Shares & Percentage of votes cast	Shares & Percentage of votes cast	Number of votes withheld
For	Against	
82.4%	17.6%	
4,858,234 votes	1,035,264 votes	443,437 votes

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

	Year ended 31 March 2014	Year ended 31 March 2013
Dividends	£1,543,000	—*
Share buybacks	£108,000	£590,000
Total Shareholder distributions	£1,651,000	£590,000
Directors fees	£71,500	£88,341
Directors fees % of Shareholder distributions	4.3%	15.0%

* 5.0p dividend was paid 24 February 2012.

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. In addition to this, Resolution 2, which is seeking shareholder approval for the Directors' Remuneration Policy, will, if approved, take effect from the AGM and will be valid for a period of three years unless renewed, varied or revoked by the Company at a general meeting.

This Directors' Remuneration Report was approved by the Board on 24 July 2014 and is signed on its behalf by Philip Stephens (Director).

On behalf of the Board

Philip Stephens

Director

24 July 2014



Audit Committee Report

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

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

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

Valuation of unquoted investments

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

Venture capital trust status

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

The Manager confirmed to the Audit Committee that the conditions for maintaining the Company's status as an approved venture capital trust had been met throughout the year. The Manager seeks HMRC approval in advance for all qualifying investments and reviews the Company's qualifying status in advance of realisations being made and throughout

the year. The Audit Committee is in regular contact with the Manager and any potential issues with Venture Capital Trust Status would be discussed at or between formal meetings. In addition, an external third party review of Venture Capital Trust Status is conducted by SGH Martineau LLP on a quarterly basis and this is reported to both the Board and Audit Committee and the Manager.

Auditors assessment

The Manager and auditor confirmed to the Audit Committee that they were not aware of any material misstatements. Having reviewed the reports received from the Manager and auditor, the Audit Committee is satisfied that the key areas of risk and judgement have been addressed appropriately in the financial statements and that the significant assumptions used in determining the value of assets and liabilities have been properly appraised and are sufficiently robust. The Audit Committee considers that KPMG LLP has carried out its duties as auditor in a diligent and professional manner. During the year, the Audit Committee assessed the effectiveness of the current external audit process by assessing and discussing specific audit documentation presented to it in accordance with guidance issued by the Auditing Practices Board. The audit partner is rotated every five years ensuring that objectivity and independence is not impaired. The current audit partner has been in place for four year ends. KPMG LLP was appointed as auditor in 25 January 2011, with their first audit for the year ended 28 February 2011. No tender for the audit of the Company has been undertaken since this date. As part of its review of the continuing appointment of the auditors, the Audit Committee considers the need to put the audit out to tender, its fees and independence from the Manager along with any matters raised during each audit.

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

Raymond Abbott

Audit Committee Chairman
24 July 2014

Statement of Directors' Responsibilities

Statement of Directors' Responsibilities in respect of the Annual Report and Financial Statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

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

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

Statement of Directors' in respect of the Annual Financial Report

We confirm that to the best of our knowledge:

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

On behalf of the Board

Philip Stephens

Chairman

24 July 2014



Unaudited Non-Statutory Analysis of the Share Classes

Income Statements

for the year ended 31 March 2014

	Ordinary Shares Fund			C Shares Fund		
	Revenue	Capital	Total	Revenue	Capital	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Investment holding gains/(losses)	—	3,626	3,626	—	(5,802)	(5,802)
Realised (losses)/gains on investments	—	(1,752)	(1,752)	—	340	340
Income	622	—	622	204	—	204
Investment management fees	(203)	(608)	(811)	(88)	(263)	(351)
Other expenses	(283)	—	(283)	(150)	—	(150)
Return/(loss) on ordinary activities before taxation	136	1,266	1,402	(34)	(5,725)	(5,759)
Taxation	—	—	—	—	—	—
Return/(loss) on ordinary activities after taxation	136	1,266	1,402	(34)	(5,725)	(5,759)
Return per share	0.3p	3.3p	3.6p	(0.2)p	(30.6)p	(30.8)p

Balance Sheets

at 31 March 2014

	Ordinary Shares Fund	C Shares Fund
	£'000	£'000
Fixed assets		
Investments held at fair value through profit or loss	31,624	9,791
Current assets		
Debtors	1,219	856
Money market securities and other deposits	637	—
Cash	72	1,776
	1,928	2,632
Creditors		
Amounts falling due within one year	(96)	(74)
Net current assets	1,832	2,558
Net assets	33,456	12,349
Capital and reserves		
Called-up share capital	386	187
Share premium account	10,314	25,567
Capital redemption reserve	1,938	71
Profit and loss account	20,818	(13,476)
Equity shareholders' funds	33,456	12,349
Number of shares in issue	38,569,414	18,680,907
Net asset value per share	86.7p	66.1p

At 31 March 2014 there was an inter-share debtor/creditor of £74,000 which has been eliminated on aggregation.

Unaudited Non-Statutory Analysis of the Share Classes

Reconciliations of Movements in Shareholders' Funds

for the year ended 31 March 2014

	Called-up share capital	Share premium account	Capital redemption reserve	Profit and loss account	Total
	£'000	£'000	£'000	£'000	£'000
Ordinary Shares					
As at 1 April 2013	384	8,076	1,914	23,131	33,505
Share issues in the year	26	2,408	—	—	2,434
Expenses in relation to share issues	—	(170)	—	—	(170)
Repurchase of shares	(24)	—	24	(2,169)	(2,169)
Investment transaction costs	—	—	—	(3)	(3)
Dividends	—	—	—	(1,543)	(1,543)
Profit for the year	—	—	—	1,402	1,402
As at 31 March 2014	386	10,314	1,938	20,818	33,456

	Called-up share capital	Share premium account	Capital redemption reserve	Profit and loss account	Total
	£'000	£'000	£'000	£'000	£'000
C Shares					
As at 1 April 2013	187	23,442	49	(5,714)	17,964
Share issues in the year	22	1,979	—	—	2,001
Expenses in relation to share issues	—	146	—	—	146
Repurchase of shares	(22)	—	22	(1,994)	(1,994)
Investment transaction costs	—	—	—	(9)	(9)
Loss for the year	—	—	—	(5,759)	(5,759)
As at 31 March 2014	187	25,567	71	(13,476)	12,349



Independent Auditor's Report

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FORESIGHT 4 VCT PLC ONLY Opinions and conclusions arising from our audit

1. Our opinion on the financial statements is unmodified

We have audited the financial statements of Foresight 4 VCT plc for the year ended 31 March 2014 set out on pages 44 to 63. In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2014 and of its profit for the year then ended;
- have been properly prepared in accordance with UK Accounting Standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

2. Our assessment of risks of material misstatement

In arriving at our audit opinion above on the financial statements, the risks of material misstatement that had the greatest effect on our audit were as follows:

- Valuation of Unquoted Investments: £41.203 million

Refer to page 38 (Audit Committee Report), page 48 (accounting policy) and pages 44 to 63 (financial statements)

The risk - 99% of the Company's total assets (by value) is held in investments where no quoted market price is available. Unquoted investments are measured at fair value, which is established in accordance with the International Private Equity and Venture Capital Valuation Guidelines by using measurements of value such as price of recent orderly transactions, earnings multiples and net assets. There is a significant risk over the valuation of unquoted companies and this is one of the key judgemental areas that our audit focused on.

Our response - Our procedures included, among others:

- enquiry of the Investment Manager to document and assess the design and implementation of the investment valuation processes and controls in place;
- assessment of the investment realisations in the period, comparing actual sales proceeds to prior year end valuations to understand the reasons for significant variances and consideration of whether they are indicative of bias or error in the Company's approach to valuations;
- challenging the Investment Manager on key judgements affecting investee company valuations in the context of observed industry best practice and the provisions of the International Private Equity and Venture Capital Valuation Guidelines. In particular, we focussed on the appropriateness of the valuation basis selected as well as underlying assumptions, such as discount factors and the choice of benchmark for earnings multiples. We compared key underlying financial data inputs to external sources and investee company audited accounts and management information as applicable. We challenged the assumptions around the sustainability of earnings based on the plans of the investee companies and whether these are achievable, and we obtained an understand-

ing of existing and prospective investee company cash flows to understand whether borrowings can be serviced or refinancing may be required. Where a recent transaction is used to value any holding, we obtained an understanding of the circumstances surrounding those transactions and whether they were considered to be on an arms-length basis and suitable as an input into a valuation. Our work included consideration of events which occurred subsequent to the year end up until the date of this audit report;

- attending the year end Audit Committee meeting where we assessed the effectiveness of the Audit Committee's challenge and approval of unlisted investment valuations; and
- consideration of the appropriateness, in accordance with relevant accounting standards, of the disclosures in respect of unlisted investments and the effect of changing one or more inputs to reasonably possible alternative valuation assumptions.

- VCT qualifying status:

Refer to page 38 (Audit Committee Report), page 48 (accounting policy) and pages 44 to 63 (financial statements)

The risk - The Company is required at all times all times to observe the conditions of the Income Tax Act 2007 for the maintenance of approved VCT status. The loss of such approval could result in the Company losing its exemption from corporation tax on capital gains giving rise to significant tax liabilities arising from investment gains that are currently unrecognised.

Our response - While we do not provide any specific assurance over the VCT status to the Company or its shareholders in this report, we perform the following procedures for the purposes of our audit:

- documenting and assessing the processes and controls in place at the investment manager to monitor VCT status compliance throughout the period; and
- examination of the relevant income and distribution ratios, based on the earnings in the period and the proposed final dividend recommended by the directors, to assess whether the Company's income has been derived wholly or mainly from shares or securities, and that it has not retained more than 15% of that income from shares or securities; and
- placing reliance on the third party VCT status report prepared by SGH Martineau LLP who were appointed by the board to evaluate the Trust's compliance with the VCT rules. We have evaluated the competency of Martineau and read their report, discussing any findings with SGH Martineau LLP and the Foresight management team.

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

The materiality for the financial statements as a whole was set at £0.92 million. This was determined using a benchmark of Total Assets (of which it represents 2%). Total Assets, which is primarily composed of the Company's investment portfolio, is considered the key driver of the Company's capital and revenue performance and, as such, we believe that it is one of the principal considerations for members of the Company in assessing its financial performance.

We agreed with the Audit Committee to report to it all corrected and uncorrected misstatements we identified through our audit with a value in excess of £38,420, in addition to other audit misstatements below that threshold that we believe warranted reporting on qualitative grounds.

Our audit of the Company was undertaken to the materiality level specified above and was all performed at the Investment Manager, Foresight Group LLP, in Sevenoaks.

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

In our opinion:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006; and
- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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

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

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

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

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

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

Under the Listing Rules we are required to review:

- the directors' statement, set out on page 29, in relation to going concern; and
- the part of the Corporate Governance Statement on pages 31 relating to the Company's compliance with the nine provisions of the 2010 UK Corporate Governance Code specified for our review.

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

Scope of report and responsibilities

As explained more fully in the Directors' Responsibilities Statement set out on page 39, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate. This report is made solely to the Company's members as a body and is subject to important explanations and disclaimers regarding our responsibilities, published on our website at www.kpmg.com/uk/auditscopeukco2013a, which are incorporated into this report as if set out in full and should be read to provide an understanding of the purpose of this report, the work we have undertaken and the basis of our opinions.

Gareth Horner (Senior Statutory Auditor) for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

15 Canada Square

London

E14 5GL

24 July 2014



Income Statement

for the year ended 31 March 2014

	Notes	Year ended 31 March 2014			Year ended 31 March 2013		
		Revenue	Capital	Total	Revenue	Capital	Total
		£'000	£'000	£'000	£'000	£'000	£'000
Investment holding losses	8	—	(2,176)	(2,176)	—	(1,107)	(1,107)
Realised losses on investments	8	—	(1,412)	(1,412)	—	(674)	(674)
Income	2	826	—	826	218	—	218
Investment management fees	3	(291)	(871)	(1,162)	(324)	(970)	(1,294)
Other expenses	4	(433)	—	(433)	(555)	—	(555)
Return/(loss) on ordinary activities before taxation		102	(4,459)	(4,357)	(661)	(2,751)	(3,412)
Taxation	5	—	—	—	—	—	—
Return/(loss) on ordinary activities after taxation		102	(4,459)	(4,357)	(661)	(2,751)	(3,412)
Return per share:							
Ordinary Share	7	0.3p	3.3p	3.6p	(1.6)p	(7.9)p	(9.5)p
C Share	7	(0.2)p	(30.6)p	(30.8)p	(0.3)p	1.4p	1.1p

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

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

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

The notes on pages 48 to 63 form part of these financial statements.

Reconciliation of Movements in Shareholders' Funds

	Called-up share capital	Share premium account	Capital redemption reserve	Profit and loss account	Total
Year ended 31 March 2013	£'000	£'000	£'000	£'000	£'000
Company					
As at 1 April 2012	565	19,949	1,851	31,857	54,222
Share issues in the year	118	11,949	—	—	12,067
Expenses in relation to share issues	—	(380)	—	—	(380)
Repurchase of shares	(112)	—	112	(11,028)	(11,028)
Loss for the year	—	—	—	(3,412)	(3,412)
As at 31 March 2013	571	31,518	1,963	17,417	51,469

	Called-up share capital	Share premium account	Capital redemption reserve	Profit and loss account	Total
Year ended 31 March 2014	£'000	£'000	£'000	£'000	£'000
Company					
As at 1 April 2013	571	31,518	1,963	17,417	51,469
Share issues in the year	48	4,387	—	—	4,435
Expenses in relation to share issues	—	(24)	—	—	(24)
Repurchase of shares	(46)	—	46	(4,163)	(4,163)
Investment transaction costs	—	—	—	(12)	(12)
Dividends	—	—	—	(1,543)	(1,543)
Loss for the year	—	—	—	(4,357)	(4,357)
As at 31 March 2014	573	35,881	2,009	7,342	45,805

The notes on pages 48 to 63 form part of these financial statements.



Balance Sheet

at 31 March 2014

Registered Number: 03506579

	Notes	As at 31 March 2014 £'000	As at 31 March 2013 £'000
Fixed assets			
Investments held at fair value through profit or loss	8	41,415	44,527
Current assets			
Debtors	9	2,001	2,746
Money market securities and other deposits		637	536
Cash		1,848	3,995
		4,486	7,277
Creditors			
Amounts falling due within one year	10	(96)	(335)
Net current assets		4,390	6,942
Net assets		45,805	51,469
Capital and reserves			
Called-up share capital	11	573	571
Share premium account		35,881	31,518
Capital redemption reserve		2,009	1,963
Profit and loss account		7,342	17,417
Equity shareholders' funds		45,805	51,469
Net asset value per share:			
Ordinary Share		86.7p	87.3p
C Share		66.1p	95.8p

The financial statements were approved by the Board of Directors and authorised for issue on 24 July 2014 and were signed on its behalf by:

Raymond Abbott

Director

The notes on pages 48 to 63 form part of these financial statements.

Cash Flow Statement

for the year ended 31 March 2014

	Year ended 31 March 2014 £'000	Year ended 31 March 2013 £'000
Cash flow from operating activities		
Investment income received	380	311
Deposit and similar interest received	2	7
Investment management fees paid	(1,157)	(1,674)
Secretarial fees paid	(155)	(155)
Other cash payments	(553)	65
Net cash outflow from operating activities and returns on investment	(1,483)	(1,446)
Returns on investment and servicing of finance		
Purchase of unquoted investments and investments quoted on AIM	(5,641)	(6,673)
Net proceeds on sale of investments	4,643	3,040
Net proceeds on deferred consideration	1,052	451
Net capital Inflow/(outflow) from financial investment	54	(3,182)
Taxation	—	—
Equity dividends paid	(1,543)	—
Management of liquid resources		
Movement in money market funds	(101)	1,003
	(101)	1,003
Financing		
Proceeds of fund raising	1,208	836
Expenses of fund raising	(77)	(114)
Repurchase of own shares	(205)	(876)
	926	(154)
Net outflow of cash for the year	(2,147)	(3,779)
Reconciliation of net cash flow to movement in net funds		
Decrease in cash for the year	(2,147)	(3,779)
Net cash at start of year	3,995	7,774
Net cash at end of year	1,848	3,995

Analysis of changes in net debt

	At 1 April 2013 £'000	Cash flow £'000	At 31 March 2014 £'000
Cash and cash equivalents	3,995	(2,147)	1,848

The notes on pages 48 to 63 form part of these financial statements.



Notes to the Accounts

for the year ended 31 March 2014

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) and the Statement of Recommended Practice (SORP): Financial Statements of Investment Trust Companies and Venture Capital Trusts issued in January 2009.

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

b) Assets held at fair value through profit or loss — investments

All investments held by the Company are classified as “fair value through profit and loss”. The Directors fair value investments in accordance with the International Private Equity and Venture Capital Valuation (“IPEVCV”) guidelines, as updated in December 2012. This classification is followed as the Company’s business is to invest in financial assets with a view to profiting from their total return in the form of capital growth and income.

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

Unquoted investments are stated at fair value by the Directors in accordance with the following rules, which are consistent with the IPEVCV guidelines:

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

- (i) Where a value is indicated by a material arms-length transaction by an independent third party in the shares of a company, this value will be used.
- (ii) In the absence of i), and depending upon both the subsequent trading performance and investment structure of an investee company, the valuation basis will usually move to either:
 - a) an earnings multiple basis. The shares may be valued by applying a suitable price-earnings ratio to that company’s historic, current or forecast post-tax earnings before interest and amortisation (the ratio used being based on a comparable sector but the resulting value being adjusted to reflect points of difference identified by the Investment Manager compared to the sector including, inter alia, a lack of marketability);
 - or
 - b) where a company’s underperformance against plan indicates a diminution in the value of the investment, provision against cost is made, as appropriate. Where the value of an investment has fallen permanently below cost, the loss is treated as a permanent impairment and as a realised loss, even though the investment is still held. The Board assesses the portfolio for such investments and, after agreement with the Investment Manager, will agree the values that represent the extent to which an investment loss has become realised. This is based upon an assessment of objective evidence of that investment’s future prospects, to determine whether there is potential for the investment to recover in value.
- (iii) Premiums on loan stock investments are accrued at fair value when the Company receives the right to the premium and when considered recoverable.
- (iv) Where an earnings multiple or cost less impairment basis is not appropriate and overriding factors apply, discounted cash flow, a net asset valuation, or industry specific valuation benchmarks may be applied. An example of an industry specific valuation benchmark would be by applying a suitable turnover multiple to that company’s historic, current and forecast turnover (the multiple used based on a comparable sector but the resulting value being adjusted to reflect points of difference identified by the Investment Manager compared to the sector including, inter alia, a lack of marketability).

1 Accounting policies (continued)

c) Income

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

d) Expenses

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

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

e) Financial Instruments

During the period the Company held non-current asset investments, shares in OEICs ('Open Ended Investment Companies'), money-market funds and cash balances and derivatives. The Company holds financial assets that comprise investments in unlisted companies, qualifying loans, and shares in companies on the Alternative Investment Market. The carrying value for all financial assets and liabilities is fair value.

f) 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.

g) Deferred Taxation

Provision is made for corporation tax at the current rates on the excess of taxable income over allowable expenses. In accordance with FRS 19 'Deferred Tax', 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.

h) 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.



Notes to the Accounts continued

for the year ended 31 March 2014

2 Income

	Year ended 31 March 2014 £'000	Year ended 31 March 2013 £'000
Loan stock interest	822	216
Overseas based Open Ended Investments Companies ("OEICs")	2	2
Bank deposits	2	—
	826	218

3 Investment management fees

	Year ended 31 March 2014 £'000	Year ended 31 March 2013 £'000
Investment management fees charged to the revenue account	291	324
Investment management fees charged to the capital account	871	970
	1,162	1,294

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

This agreement may be terminated by either party giving to the other not less than twelve months' notice, at any time after the third anniversary.

Foresight Fund Managers Limited is the Secretary of the Company and receives annual fees, paid quarterly in advance, for the services provided of £154,807 (2013: £154,562). The annual secretarial fee (which is payable together with any applicable VAT) is adjusted annually in line with the UK Retail Prices Index.

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

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

4 Other expenses

	Year ended 31 March 2014 £'000	Year ended 31 March 2013 £'000
Secretarial services (excluding VAT)	155	155
Directors' remuneration including employer's National Insurance contributions	78	88
Auditors' remuneration (excluding VAT)		
— audit services	30	27
— taxation services	6	6
Other	164	279
	433	555

5 Tax on ordinary activities

	Year ended 31 March 2014 £'000	Year ended 31 March 2013 £'000
a) Analysis of charge in the year:		
Corporation tax	—	—
Total tax for the year	—	—

b) Factors affecting current tax charge for the year:

The tax assessed for the year is lower than the standard rate of corporation tax in the UK for a venture capital fund (23%).

The differences are explained below:

	Year ended 31 March 2014 £'000	Year ended 31 March 2013 £'000
Net income before taxation	(4,357)	(3,412)
Corporation tax at 23% (2013: 24%)	(1,002)	(819)
Effect of:		
Realised losses/(gains) not deductible	325	162
Net unrealised losses not taxable	500	265
Utilisation of brought forward excess expenses	—	22
Movement in unutilised management expenses	177	370
Current tax charge for the year	—	—

c) There is an unrecognised deferred tax asset of approximately £1,492,000 (2013: £1,502,000). The deferred tax asset relates to the current and prior year unutilised expenses. It is considered too uncertain that there will be taxable profits in the future against which the deferred tax assets can be offset and, therefore, in accordance with FRS 19, the asset has not been recognised.



Notes to the Accounts continued

for the year ended 31 March 2014

6 Dividends

	Year ended 31 March 2014 £'000	Year ended 31 March 2013 £'000
Ordinary Shares		
Dividends — paid in the year — 4.0p per share (2013: nil)	1,543	—
C Shares		
Dividends — paid in the year — nil (2013: nil)	—	—

The Board is not recommending a final dividend on the Ordinary Shares or C Shares for the year ended 31 March 2014 (2013: £nil)

An interim dividend of 4.0p per Ordinary Share was paid on 26 April 2013.

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

	Year ended 31 March 2014 £'000	Year ended 31 March 2013 £'000
Income available for distribution by way of dividends for the year	102	—
Interim revenue dividend for the year ended 31 March 2014	—	—

A dividend was not required to fulfil the requirements of Section 259 and Section 274 of the Income Tax Act 2007 (2013: nil)

7 Return per share

	Year ended 31 March 2014		Year ended 31 March 2013	
	Ordinary Shares £'000	C Shares £'000	Ordinary Shares £'000	C Shares £'000
Total return/(loss) after taxation	1,402	(5,759)	(3,617)	205
Total return/(loss) per share (note a)	3.6p	(30.8)p	(9.5)p	1.1p
Revenue return/(loss) from ordinary activities after taxation	136	(34)	(602)	(59)
Revenue return/(loss) per share (note b)	0.3p	(0.2)p	(1.6)p	(0.3)p
Capital return/(loss) from ordinary activities after taxation	1,266	(5,725)	(3,015)	264
Capital return/(loss) per share (note c)	3.3p	(30.6)p	(7.9)p	1.4p
Weighted average number of shares in issue in the period	38,590,648	18,687,245	37,965,547	18,730,684

Notes:

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

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

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

8 Investments held at fair value through profit or loss

	2014 £'000	2013 £'000
Quoted investments	212	981
Unquoted investments	41,203	43,546
	41,415	44,527

	Quoted £'000	Unquoted £'000	Total £'000
Company			
Book cost as at 1 April 2013	1,725	44,178	45,903
Investment holding losses	(744)	(632)	(1,376)
Book cost as at 1 April 2013	981	43,546	44,527
Movements in the year:			
Purchases at cost	—	6,097	6,097
Disposal proceeds	(494)	(4,895)	(5,389)
Realised losses	(338)	(1,623)	(1,961)
Investment holding gains/(losses)	63	(1,922)	(1,859)
Valuation at 31 March 2014	212	41,203	41,415
Book cost at 31 March 2014	893	43,757	44,650
Investment holding losses	(681)	(2,554)	(3,235)
Valuation at 31 March 2014	212	41,203	41,415

	Quoted £'000	Unquoted £'000	Total £'000
Ordinary Shares			
Book cost as at 1 April 2013	1,725	26,052	27,777
Investment holding (losses)/gains	(744)	651	(93)
Valuation at 1 April 2013	981	26,703	27,684
Movements in the year:			
Purchases at cost	—	2,672	2,672
Disposal proceeds	(494)	(160)	(654)
Realised losses	(338)	(1,683)	(2,021)
Investment holding gains	63	3,880	3,943
Valuation at 31 March 2014	212	31,412	31,624
Book cost at 31 March 2014	893	26,881	27,774
Investment holding (losses)/gains	(681)	4,531	3,850
Valuation at 31 March 2014	212	31,412	31,624

In addition a deferred consideration realised gain of £269,000 was recognised by the Ordinary Shares fund in the year.

Investment holding gains in the income statement includes £4,000 of deferred consideration recognised in the year. A transfer of £141,000 has also been made from investment holding gains to realised losses to recognise deferred income received. An overdraft guarantee of £180,000, which was included in debtors, has been written off and is recognised in investment holding gains.

Capitalised interest of £441,000 was recognised by the Ordinary Shares fund in the year and is included within purchases at cost.



Notes to the Accounts continued

for the year ended 31 March 2014

8 Investments held at fair value through profit or loss (continued)

C Shares	Quoted £'000	Unquoted £'000	Total £'000
Book cost as at 1 April 2013	—	18,126	18,126
Investment holding losses	—	(1,283)	(1,283)
Valuation at 1 April 2013	—	16,843	16,843
Movements in the year:			
Purchases at cost	—	3,425	3,425
Disposal proceeds	—	(4,735)	(4,735)
Realised gains	—	60	60
Investment holding losses	—	(5,802)	(5,802)
Valuation at 31 March 2014	—	9,791	9,791
Book cost at 31 March 2014	—	16,876	16,876
Investment holding losses	—	(7,085)	(7,085)
Valuation at 31 March 2014	—	9,791	9,791

Deferred consideration of £280,000 was also recognised in the year by the C Shares fund through realised gains in the income statement.

Capitalised interest of £16,000 was recognised by the C Shares fund in the year and is included within purchases at cost.

9 Debtors

	2014 £'000	2013 £'000
Deferred consideration	4	642
Prepayments	20	19
Accrued income	1,138	1,153
Other debtors	839	932
	2,001	2,746

10 Creditors: amounts falling due within one year

	2014 £'000	2013 £'000
Trade creditors	33	89
Accruals	57	47
Trail commission	—	191
Other creditors	6	8
	96	335

11 Called-up share capital

	2014 £'000	2013 £'000
Allotted, called up and fully paid:		
38,569,414 Ordinary Shares of 1p each (2013: 38,384,591)	386	384
18,680,907 C Shares of 1p each (2013: 18,744,740)	187	187

During the year the Company issued 401,724 Ordinary Shares (2013: 1,485,308) raising gross proceeds of £0.4 million (2013: £1.4 million). There were no C Shares issued (2013: 193,264 raising gross proceeds of £0.2 million). Where appropriate these funds will be used to make follow-on investments in existing portfolio companies as well as making investments in new investment opportunities.

The Ordinary Shares fund purchased 150,000 (2013: 692,486) shares for cancellation at a cost £108,000 (2013: £590,000).

A total of 2,277,357 Ordinary Shares were repurchased by the Company for prices between 83.3p and 92.6p per Share as part of the enhanced buyback scheme. As part of the transaction, 2,210,456 new Ordinary Shares were issued at between prices of 85.8p and 95.4p per share

A total of 2,171,765 C Shares were repurchased by the Company for prices between 89.8p and 95.8p per share as part of the enhanced buy back scheme. As part of the transaction, 2,107,932 new C Shares were issued at prices between 92.5 and 98.7p per share.

	2014 Ordinary Shares No.	2014 C Shares No.	2013 Ordinary Shares No.	2013 C Shares No.
At 1 April 2013/2012	38,384,591	18,744,740	37,756,345	18,693,098
Allotments	2,612,180	2,107,932	6,908,319	4,899,085
Repurchase of own shares	(2,427,357)	(2,171,765)	(6,280,073)	(4,847,443)
At 31 March 2014/ 2013	38,569,414	18,680,907	38,384,591	18,744,740

12 Net asset value per share

Net asset value per Ordinary Share is based on net assets at the year end of £33,456,000 (2013: £33,505,000) and on 38,569,414 (2013: 38,384,591) Ordinary Shares, being the number of Ordinary Shares in issue at that date.

Net asset value per C Share is based on net assets at the year end of £12,349,000 (2013: £17,964,000) and on 18,680,907 (2013: 18,744,740) C Shares, being the number of C Shares in issue at that date.

13 Performance-related incentive

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

After each distribution is made to Ordinary Shareholders where a performance incentive is paid to Foresight Group, the High Watermark required to be achieved by the Company to trigger a further performance incentive fee increases by a per Ordinary Share amount equivalent to the aggregate amount of the dividend paid less the 15% performance fee paid to Foresight Group.

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

No performance incentive was paid in the year (2013: £nil).



Notes to the Accounts continued

for the year ended 31 March 2014

14 Capital commitments and contingent liabilities

The Company had no capital commitments and contingent liabilities at 31 March 2014 (31 March 2013: £nil).

15 Financial instrument risk management

The Board believes that the principal risks faced by the Company are:

- Economic risk — events such as an economic recession and movement in interest rates could affect smaller companies' performance and valuations.
- Loss of approval as a Venture Capital Trust — the Company must comply with Section 274 of the Income Tax Act 2007 which allows it to be exempted from corporation tax on investment gains. Any breach of these rules may lead to: the Company losing its approval as a VCT; qualifying shareholders who have not held their shares for the designated holding period having to repay the income tax relief they obtained; and future dividends paid by the Company becoming subject to tax in the hands of investors. The Company would also lose its exemption from corporation tax on capital gains.
- Investment and strategic — inappropriate strategy, poor asset allocation or consistently weak stock selection leading to under performance and poor returns to shareholders.
- Regulatory — the Company is required to comply with the Companies Acts 2006, the rules of the UK Listing Authority and United Kingdom Accounting Standards. Breach of any of these might lead to suspension of the Company's Stock Exchange listing, financial penalties or a qualified audit report.
- Reputational — inadequate or failed controls might result in breaches of regulations or loss of shareholder trust.
- Operational — failure of the Manager's or Company Secretary's accounting systems or disruption to its business leading to an inability to provide accurate reporting and monitoring.
- Financial — inadequate controls might lead to misappropriation or loss of assets. Inappropriate accounting policies might lead to misreporting or breaches of regulations. Additional financial risks, including interest rate, credit, market price and currency, are detailed later in this note.
- Market risk — investment in AiM traded, ISDX Growth Market traded and unquoted companies by its nature involves a higher degree of risk than investment in companies traded on the main market. In particular, smaller companies often have limited product lines, markets or financial resources and may be dependent for their management on a small number of key individuals. In addition, the market for stock in smaller companies is often less liquid than that for stock in larger companies, bringing with it potential difficulties in acquiring, valuing and disposing of such stock.
- Liquidity risk — the Company's investments, both unquoted and quoted, may be difficult to realise. Furthermore, the fact that a share is traded on AiM or ISDX Growth Markets does not guarantee that it can be realised. The spread between the buying and selling price of such shares may not reflect the price that any realisation is actually made.

The Board regularly reviews the principal risks and uncertainties facing the Company which the Board and the Manager have identified and the Board sets out delegated controls designed to manage those risks and uncertainties. Key risks within investment strategy are managed by the Board through a defined investment policy, with guidelines and restrictions, and by the process of oversight at each Board meeting. Operational disruption, accounting and legal risks are also covered at least annually and regulatory compliance is reviewed at each Board meeting. The Directors have adopted a robust framework of internal controls which is designed to monitor the principal risks and uncertainties facing the Company and provide a monitoring system to enable the Directors to mitigate these risks as far as possible. Details of the Company's internal controls are contained in the Corporate Governance and Internal Control sections.

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, creditors and derivatives that arise directly from the Company's operations.

15 Financial instrument risk management (continued)

Classification of financial instruments

The Company held the following categories of financial instruments, all of which are included in the balance sheet at fair value, at 31 March 2014:

	Company	
	2014	2013
	(Fair value)	(Fair value)
	£'000	£'000
Assets at fair value through profit and loss		
Investment portfolio	41,415	44,527
Current asset investments (money market funds)	637	536
Cash at bank	1,848	3,995
	43,900	49,058
Receivables		
Deferred consideration	4	642
Prepayments and other debtors	1,997	2,104
Liabilities at amortised cost or equivalent		
Creditors	(96)	(335)
	45,805	51,469

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

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

The investment portfolio has a high concentration of risk towards small UK-based companies, the majority being unquoted sterling denominated equity and loan stock holdings (90.0% of net assets for the Company), or quoted on the sterling denominated UK AiM market (0.5% of net assets for the Company).

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

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

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

Interest rate risk

The fair value of the Company's fixed rate securities and the net revenue generated from the Company's floating rate securities may be affected by interest rate movements. Investments are often in early stage businesses, which are relatively high risk investments sensitive to interest rate fluctuations. Due to the short time to maturity of some of the Company's fixed rate investments, it may not be possible to reinvest in assets which provide the same rates as those currently held. When making investments of an equity and debt nature, consideration is given during the structuring process to the potential implications of interest rate risk and the resulting investment is structured accordingly. The maximum exposure to interest rate risk for the Company was £20,140,000 at 31 March 2014 (31 March 2013: £27,068,000).



Notes to the Accounts continued

for the year ended 31 March 2014

15 Financial instrument risk management (continued)

	Total portfolio		Weighted average interest rate		Weighted average time for which rate is fixed	
	31 March 2014	31 March 2013	31 March 2014	31 March 2013	31 March 2014	31 March 2013
Company Portfolio	£'000	£'000	%	%	Days	Days
Short-term fixed interest securities						
— exposed to cash flow interest rate risk	637	536	0.2%	0.4%	—	—
Loan stock						
— exposed to fixed interest risk	12,856	17,100	9.6%	11.0%	580	319
Loan stock						
— exposed to variable interest rate risk	4,799	5,437	5.8%	4.1%	—	—
Cash	1,848	3,995	—	—	—	—
Total exposed to interest rate risk	20,140	27,068				
Loan stock						
— not exposed to interest rate risk	54	64	—	—	—	—
Total	20,194	27,132				

	Total portfolio	
	31 March 2014	31 March 2013
	£'000	£'000
Maturity analysis:		
— in one year or less	11,890	16,346
— in more than one year but no more than two years	921	878
— in more than two years but no more than three years	2,977	1,187
— in more than three years but no more than four years	2,108	5,011
— in more than four years but no more than five years	2,298	3,710
Total	20,194	27,132

15 Financial instrument risk management (continued)

During the course of the year the Company also held cash balances. The benchmark rate, which determines the interest payments received on cash and loan balances held, is the bank base rate which was 0.5% at 31 March 2014 (0.5% at 31 March 2013).

Credit risk

Credit risk is the risk of failure by counterparties to deliver securities which the Company has paid for, or the failure by counterparties to pay for securities which the Company has delivered. The Company has exposure to credit risk in respect of the loan stock investments it has made into investee companies, most of which have no security attached to them, and where they do, such security ranks beneath any bank debt that an investee company may owe. The Board manages credit risk in respect of the current asset investments and cash by ensuring a spread of such investments in separate money market funds such that none exceed 15% of the Company's total investment assets. These money market funds are all triple A rated funds, and so credit risk is considered to be low. The Manager receives management accounts from portfolio companies, and members of the investment management team often sit on the boards of unquoted portfolio companies; this enables the close identification, monitoring and management of investment-specific credit risk. The maximum exposure to credit risk at 31 March 2014 was £22,195,000 (31 March 2013: £29,878,000) for the Company based on cash, money market funds and other receivables (amounts due on investments, dividends and interest). The majority of the Company's assets are held in its own name in certificated form and therefore custodian default risk is negligible. AIM holdings held by a third party custodian in CREST are ring fenced from the assets of the custodian or other client companies.

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

	Company	
	2014	2013
	£'000	£'000
Loan stocks	17,709	22,601
Current asset investments (money market funds)	637	536
Deferred consideration	4	642
Prepayments and other debtors	1,997	2,104
Cash at bank	1,848	3,995
Total	22,195	29,878

Market price risk

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

The investments in equity and fixed interest stocks of unquoted companies are rarely traded (and AIM listed companies which the Company holds are thinly traded) and as such the prices are more volatile than those of more widely traded securities. In addition, the ability of the Company to realise the investments at their carrying value may at times not be possible if there are no willing purchasers. The ability of the Company to purchase or sell investments is also constrained by the requirements set down for Venture Capital Trusts. The potential maximum exposure to market price risk, being the value of the investment portfolio as at 31 March 2014 is: £41,415,000 for the Company (31 March 2013: £44,527,000).

Liquidity risk

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

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



Notes to the Accounts continued

for the year ended 31 March 2014

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.

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

The Board considers that even the loan stocks are 'quasi-equity' in nature, as the value of the loan stocks is determined by reference to the enterprise value of the investee company. Such value is considered to be sensitive to changes in quoted share prices, in so far as such changes eventually affect the enterprise value of unquoted companies. The table below shows the impact on profit and net assets if there were to be a 15% (2013: 15%) movement in overall share prices, which might in part be caused by changes in interest rate levels, but it is not considered practical to evaluate separately the impact of changes in interest rates upon the value of the Company's portfolios of investments in small, unquoted companies.

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

	2014 Return and net assets	2013 Return and net assets
Company		
If overall share prices fell by 15% (2013: 15%), with all other variables held constant — decrease (£'000)	(6,212)	(6,679)
Decrease in earnings, and net asset value, per share (in pence)	(10.85)p	(11.69)p
	2014 Return and net assets	2013 Return and net assets
If overall share prices Increased by 15% (2013: 15%), with all other variables held constant — increase (£'000)	6,212	6,679
Increase in earnings, and net asset value, per share (in pence)	10.85p	11.69p

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.

15 Financial instrument risk management (continued)

Interest rate sensitivity

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

	2014 Return and net assets	2013 Return and net assets
Company		
If interest rates were 1% lower, with all other variables held constant — decrease (£'000)	(48)	(54)
Decrease in earnings, and net asset value, per Share (in pence)	(0.08)p	(0.10)p
If interest rates were 1% higher, with all other variables held constant — increase (£'000)	48	54
Increase in earnings, and net asset value, per Share (in pence)	0.08p	0.10p

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

Fair value hierarchy

In accordance with amendments to FRS 29, 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).

Company

As at 31 March 2014

	Level 1 £'000	Level 2 £'000	Level 3 £'000s	Total £'000
Quoted investments	212	—	—	212
Unquoted investments	—	—	41,203	41,203
Current asset investments (money market funds)	637	—	—	637
Financial assets	849	—	41,203	42,052

As at 31 March 2013

	Level 1 £'000	Level 2 £'000	Level 3 £'000s	Total £'000
Quoted investments	981	—	—	981
Unquoted investments	—	—	43,546	43,546
Current asset investments (money market funds)	536	—	—	536
Financial assets	1,517	—	43,546	45,063



Notes to the Accounts continued

for the year ended 31 March 2014

15 Financial instrument risk management (continued)

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

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

Year ended 31 March 2014

	Company Shares fund Level 3 £'000
Valuation brought forward at 1 April 2013	43,546
Purchases	6,097
Disposal proceeds	(4,895)
Realised losses	(1,623)
Investment holding losses	(1,922)
Valuation carried forward at 31 March 2014	41,203

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

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

Transfers

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

Based on recent economic volatility, the Board and Investment Manager feel that for indicative purposes, a movement of 15% in the unquoted investments within level 3 is appropriate to show how reasonably possible alternative assumptions change the fair value of the investments.

If unquoted Company investments moved by 15%, this would create an increase or decrease in investments of £6.2 million.

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

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

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

16 Management of capital

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns for shareholders and to provide an adequate return to shareholders by allocating its capital to assets commensurately with the level of risk. The Company's capital is invested in quoted and unquoted investments, cash and near cash as well as current assets.

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

Although, as the Investment Policy implies, the Board would consider levels of gearing, there are no current plans to do so. It regards the net assets of the Company as the Company's capital, as the level of liabilities are small and the management of them is not directly related to managing the return to shareholders. There has been no change in this approach from the previous year.

The Company has no external imposed capital requirements.

17 Post-balance sheet events

No post balance sheet events have taken place between the year end and 24 July 2014.

18 Related party transactions

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

19 Transactions with the manager

Foresight Group, which acts as investment manager to the Company in respect of its venture capital investments earned fees of £1,162,000 during the year (2013: £1,294,000).

Foresight Fund Managers Limited, Company Secretary, received fees of £155,000 (2013: £155,000) during the year. The annual secretarial fee (which is payable together with any applicable VAT) is adjusted annually in line with the UK Retail Prices Index.

At the balance sheet date there was £10,336 (2013: £5,432 due from) due to Foresight Group and £nil (2013: £nil) due to Foresight Fund Managers Limited. No amounts have been written off in the year in respect of debts due to or from related parties.



Shareholder Information

Dividends

Interim dividends are ordinarily paid to shareholders in December. Final dividends are ordinarily paid to shareholders in July. Shareholders who wish to have dividends paid directly into their bank account rather than by cheque to their registered address can complete a Mandate Form for this purpose. Mandates can be obtained by telephoning the Company's registrar, Computershare Investor Services (see over for details).

Share price

The Company's Ordinary and C Shares are listed on the London Stock Exchange. The mid-price of the Company's Ordinary and C Shares are given daily in the Financial Times in the Investment Companies section of the London Share Service. Share price information can also be obtained from many financial websites.

Fund history

Foresight Group was appointed manager of Advent 2 VCT plc on 1 August 2004 and the fund was renamed Foresight 4 VCT plc.

Foresight Group was appointed manager of Acuity Growth VCT (formerly Acuity VCT plc) (previously Electra Kingsway VCT plc) and Acuity VCT 2 plc (previously Electra Kingsway VCT 2 plc) on 24 February 2011 and the company was renamed Foresight 5 VCT plc. Foresight Group was also appointed manager of Acuity VCT 3 plc (formerly Electra Kingsway VCT 3 plc) on 1 April 2011. Foresight 4 VCT plc acquired the assets and liabilities of both Foresight 5 VCT plc and Acuity VCT 3 plc on 6 February 2012 and the companies were merged into Foresight 4 VCT plc as a separate C Share class.

Foresight 4 VCT plc also acquired the assets and liabilities of Foresight Clearwater VCT plc on 6 February 2012 and the Foresight Clearwater VCT plc Ordinary Shares became Foresight 4 VCT plc Ordinary Shares.

Investor centre

Investors are able to manage their shareholding online using Computershare's secure website — www.investorcentre.co.uk — to undertake the following:

- Holding Enquiry — view balances, values, history, payments and reinvestments
- Payments Enquiry — view your dividends and other payment types
- Address Change — change your registered address (communications with shareholders are mailed to the registered address held on the share register)
- Bank Details Update — choose to receive your dividend payments directly into your bank account instead of by cheque
- Outstanding Payments — reissue payments using our online replacement service
- Downloadable Forms — including dividend mandates, stock transfer, dividend reinvestment and change of address forms

Shareholders just require their Shareholder Reference Number (SRN) to access any of these features. The SRN can be found on communications previously received from Computershare.

Trading shares

The Company's Ordinary Shares and C 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.

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 call Foresight Group (see details below) if you or your adviser have any questions about this process.

Foresight Group have been made aware that some of its shareholders have received unsolicited phone calls or correspondence concerning investment matters. These are typically from overseas based 'brokers' who target UK shareholders, offering to purchase their VCTs shares at an inflated price. These 'brokers' can be very persistent and extremely persuasive and shareholders are advised to be wary of any unsolicited approaches. Details of any share dealing facilities that are endorsed by Foresight Group are included on this page.

Indicative financial calendar

November 2014	Announcement of interim results for the six months to 30 September 2014
July 2015	Announcement of annual results for the year ended 31 March 2015
July 2015	Posting of the Annual Report for the year ended 31 March 2015
September 2015	Annual General Meeting

Open invitation to meet the Investment Manager

As part of our investor communications policy, shareholders can arrange a mutually convenient time to come and meet the Company's investment management team at Foresight Group. If you are interested, please call Foresight Group (see details below).

Enquiries

Contact: Please contact Foresight Group, for any queries regarding Foresight 4 VCT plc
Telephone: 020 3667 8100
Fax: 020 3031 1383
e-mail: info@foresightgroup.eu
website: www.foresightgroup.eu

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



Notice of Annual General Meeting

Prior to the Annual General Meeting, two investee companies will give presentations between 3.00 pm and 4.00 pm. There will be an opportunity for shareholders to ask questions of the companies, the VCT Board and Investment Manager.

Notice is hereby given that the Annual General Meeting of Foresight 4 VCT plc ("the Company") will be held on 25 September 2014 at 4.00 pm at the offices of SGH Martineau LLP, One America Square, Crosswall, London, EC3N 2SG for the purpose of considering and, if thought fit, passing the following resolutions, of which resolutions 1 to 7 will be proposed as ordinary resolutions and resolutions 8 and 9 will be proposed as special resolutions.

Resolution 1 To receive the Report and Accounts for the year ended 31 March 2014.

Resolution 2 To approve the Directors' Remuneration Report.

Resolution 3 To approve the Directors' Remuneration Policy.

Resolution 4 To re-elect Philip Stephens as a director.

Resolution 5 To re-elect Peter Dicks as a director.

Resolution 6 To re-appoint KPMG LLP as auditors and to authorise the directors to fix the auditors' remuneration.

Resolution 7 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 in the Company and to grant rights to subscribe for, or to convert any security into, shares in the Company ("Rights"):

- (i) in respect of the ordinary shares of 1p each in the capital of the Company, up to an aggregate nominal amount of £175,000; and
- (ii) in respect of the C ordinary shares of 1p each in the capital of the Company, up to an aggregate nominal amount of £25,000

in each case provided that this authority shall expire (unless renewed, varied or revoked by the Company in a general meeting) on the fifth anniversary of the date of passing of this resolution, save that the Company shall be entitled to make offers or agreements before the expiry of such authority which would or might require shares to be allotted or Rights to be granted after such expiry and the directors shall be entitled to allot shares and grant Rights pursuant to any such offer or agreement as if this authority had not expired.

Resolution 8 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 7 above or by way of a sale of treasury shares as if section 561(1) of that Act did not apply to any such allotment, provided that this power shall be limited to:

- (a) the allotment of equity securities with an aggregate nominal amount of up to but not exceeding £175,000 by way of issue of ordinary shares of 1p each in the capital of the Company ("Ordinary Shares") and/or £25,000 by way of issue of C ordinary shares of 1p each in the capital of the Company ("C Shares"), in each case pursuant to offer(s) for subscription;
- (b) the allotment of equity securities with an aggregate nominal amount of up to but not exceeding an amount equal to 10% of the issued Ordinary Share capital from time to time by way of an issue of Ordinary Shares pursuant to performance incentive arrangements with Foresight Group, such shares to be issued at nominal value; and
- (c) the allotment (otherwise than pursuant to sub-paragraphs (a) and (b) of this resolution) to any person or persons of equity securities with an aggregate nominal amount of up to but not exceeding an amount equal to 10% of the issued Ordinary Share capital from time to time and/or 10% of the issued C Share capital from time to time

Notice of Annual General Meeting continued

in each case where the proceeds may be used in whole or part to purchase shares in the capital of the Company, such authority to expire on the conclusion of the annual general meeting of the Company to be held in the year 2015, 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 9

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 Ordinary Shares to be purchased shall not exceed 5,781,555 Ordinary Shares or, if lower, such number of Ordinary Shares (rounded down to the nearest whole Ordinary Share) as shall equal 14.99% of the Ordinary Shares in issue at the date of passing of this resolution;
- (ii) the aggregate number of C Shares to be purchased shall not exceed 2,800,267 C Shares or, if lower, such number of C Shares (rounded down to the nearest whole C Share) as shall equal 14.99% of the C Shares in issue at the date of passing of this resolution;
- (iii) the minimum price which may be paid for a share is 1 pence (in each case the nominal value thereof);
- (iv) the maximum price which may be paid for an Ordinary Share is the higher of (1) an amount equal to 105% of the average of the middle market quotation for an Ordinary Share taken from the London Stock Exchange daily official list for the five business days immediately preceding the day on which the Ordinary Shares are purchased, and (2) the amount stipulated by Article 5(1) of the BuyBack and Stabilisation Regulation 2003;
- (v) the maximum price which may be paid for a C Share is the higher of (1) an amount equal to 105% of the average of the middle market quotation for a C Share taken from the London Stock Exchange daily list for the five working days immediately preceding the day on which the C Shares are purchased, and (2) the amount stipulated by Article 5(1) of the BuyBack and Stabilisation Regulation 2003;
- (vi) 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 2015 or, if earlier, on the date falling 15 months after the passing of this resolution;
- (vii) the Company may make a contract to purchase Ordinary 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 Ordinary Shares pursuant to such contract; and
- (viii) the Company may make a contract to purchase C Shares under the authority conferred by this resolution prior to the expiry of such authority which will or may be executed wholly or partly such after the expiration of such authority and may make a purchase of C Shares pursuant to such contract

By order of the Board



Notes:

1. No Director has a service contract with the Company. Directors' appointment letters with the Company will be available for inspection at the registered office of the Company until the time of the meeting and from 15 minutes before the meeting at the location of the meeting, as well as at the meeting.
2. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, entitlement to attend and vote at the meeting and the number of votes that may be cast thereat will be determined by reference to the Register of Members of the Company at the close of business on the day which is two days (excluding non-working days) before the end of the meeting or adjourned meeting. Changes to the Register of Members of the Company after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.
3. A member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend, speak and vote on his or her behalf. A proxy need not also be a member but must attend the meeting to represent you. Details of how to appoint the chairman of the meeting or another person as your proxy using the form of proxy are set out in the notes on the form of proxy which is enclosed. If you wish your proxy to speak on your behalf at the meeting, you will need to appoint your own choice of proxy (not the chairman) and give your instructions directly to them.
4. You may appoint more than one proxy, provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, (an) additional form(s) of proxy may be obtained by contacting Computershare Investor Services plc on 0870 703 6385. Please indicate in the box next to the proxy holder's name the number of shares in relation to which they are authorised to act as your proxy. Please also indicate by ticking the box provided if the proxy instruction is one of multiple instructions being given. All forms must be signed and returned together in the same envelope.
5. As at 23 July 2014 (being the last business day prior to the publication of this notice), the Company's issued share capital was 38,569,414 Ordinary Shares and 18,680,907 C Shares, carrying one vote each. Therefore, the total voting rights in the Company as at 23 July 2014 was 57,250,321.
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.

Notice of Separate Meeting of Ordinary Shareholders

Notice is hereby given that a separate meeting of the holders of ordinary shares of 1p each in the capital of Foresight 4 VCT plc ("the Company") will be held on 25 September 2014 at 4.10 pm (or as soon thereafter as the annual general meeting of the Company convened for 4.00 pm on that day has been concluded or adjourned) at the offices of SGH Martineau LLP, One America Square, Crosswall, London, EC3N 2SG for the purpose of considering and, if thought fit, passing the following resolution which will be proposed as a special resolution.

The holders of the ordinary shares of 1p each in the capital of the Company ("Ordinary Shares") hereby sanction, approve and consent to:

- a) the passing and carrying into effect of resolutions 7 and 9 (as ordinary and special resolutions of the Company, as applicable) set out in the notice of annual general meeting of the Company convened for 4.00 pm on 25 September 2014 (a copy of which is produced to the meeting and signed by the Chairman for the purposes of identification) to the extent that such ordinary and special resolutions relate to the Ordinary Shares; and
- b) any effect on, variation, abrogation, dealing with and/or deemed variation or abrogation of the rights and privileges attached to the Ordinary Shares which will, or may, result from the passing and carrying into effect of the said resolutions and notwithstanding that the passing and carrying into effect of such resolutions may affect the rights and privileges attached to such Ordinary Shares.

By order of the Board

The Shard
32 London Bridge Street
London
SE1 9SG

Foresight Fund Managers Limited

Company Secretary
24 July 2014

Notes:

1. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, entitlement to attend and vote at the meeting and the number of votes which may be cast thereat will be determined by reference to the Register of Members of the Company at close of business on the day which is two days (excluding non-working days) before the day of the meeting or adjourned meeting. Changes to the Register of Members after that time shall be disregarded in determining the rights of any person to attend and vote at the meeting.
2. 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.
3. You may appoint more than one proxy, provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, (an) additional form(s) of proxy may be obtained by contacting Computershare Investor Services PLC on 0870 703 6385. Please indicate in the box next to the proxy holder's name the number of shares in relation to which they are authorised to act as your proxy. Please also indicate by ticking the box provided if the proxy instruction is one of multiple instructions being given. All forms must be signed and returned together in the same envelope.
4. A reply-paid form of proxy for your use is enclosed (Form of Proxy — Separate Meeting of Ordinary Shareholders). To be valid it should be completed, signed and sent, together with a power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power or authority, to the Company's Registrars, 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 not later than 48 hours (excluding non business days) before the time appointed for holding the meeting or any adjourned meeting or (in the case of a poll taken subsequently to the date of the meeting or adjourned meeting) so as to be received no later than 24 hours before the time appointed for taking the poll. 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.
5. As at 23 July 2014 (being the last business day prior to the publication of this notice), the issued share capital of the Ordinary Shares fund



Notice of Separate Meeting of Ordinary Shareholders

was 38,569,414 shares, carrying one vote each. Therefore, the total voting rights in the Ordinary Shares fund as at 23 July 2014 was 38,569,414 Ordinary Shares.

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 2 to 3 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. Notice is hereby further given that the necessary quorum for the above meeting shall be holders of Ordinary Shares present in person or by proxy holding not less than one-third of the paid up Ordinary Share capital and that if within half an hour from the time appointed for the above meeting a quorum is not present it shall be adjourned to 26 September 2014 at 9.00 am at the offices of Foresight Group LLP, The Shard, 32 London Bridge Street, London, SE1 9SG or as soon thereafter as may be arranged and at such adjourned meeting the holders of Ordinary Shares present in person or by proxy shall be a quorum regardless of the number of Ordinary Shares held.

Notice of Separate Meeting of C Shareholders

Notice is hereby given that a separate meeting of the holders of C shares of 1p each in the capital of Foresight 4 VCT plc ("the Company") will be held on 25 September 2014 at 4.20 pm (or as soon thereafter as the separate meeting of the holders of ordinary shares of 1p each in the capital of the Company convened for 4.10 pm on that day has been concluded or adjourned) at the offices of SGH Martineau LLP, One America Square, Crosswall, London, EC3N 2SG for the purpose of considering and, if thought fit, passing the following resolution which will be proposed as a special resolution.

The holders of the C shares of 1p each in the capital of the Company ("C Shares") hereby sanction, approve and consent to:

- a) the passing and carrying into effect of resolutions 7 and 9 (as ordinary and special resolutions of the Company, as applicable) set out in the notice of annual general meeting of the Company convened for 4.00 pm on 25 September 2014 (a copy of which is produced to the meeting and signed by the Chairman for the purposes of identification) to the extent that such ordinary and special resolutions relate to the C Shares; and
- b) any effect on, variation, abrogation, dealing with and/or deemed variation or abrogation of the rights and privileges attached to the C Shares which will, or may, result from the passing and carrying into effect of the said resolutions and notwithstanding that the passing and carrying into effect of such resolutions may affect the rights and privileges attached to such C Shares.

By order of the Board

The Shard
32 London Bridge Street
London
SE1 9SG

Foresight Fund Managers Limited
Company Secretary
24 July 2014

Notes:

1. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, entitlement to attend and vote at the meeting and the number of votes which may be cast thereat will be determined by reference to the Register of Members of the Company at close of business on the day which is two days (excluding non-working days) before the day of the meeting or adjourned meeting. Changes to the Register of Members after that time shall be disregarded in determining the rights of any person to attend and vote at the meeting.
2. 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.
3. You may appoint more than one proxy, provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, (an) additional form(s) of proxy may be obtained by contacting Computershare Investor Services PLC on 0870 703 6385. Please indicate in the box next to the proxy holder's name the number of shares in relation to which they are authorised to act as your proxy. Please also indicate by ticking the box provided if the proxy instruction is one of multiple instructions being given. All forms must be signed and returned together in the same envelope.
4. A reply paid form of proxy for your use is enclosed (Form of Proxy — Separate Meeting of C Shareholders). To be valid it should be completed, signed and sent, together with a power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power or authority, to the Company's Registrars, 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 not later than 48 hours (excluding non business days) before the time appointed for holding the meeting or any adjourned meeting or (in the case of a poll taken subsequently to the date of the meeting or adjourned meeting) so as to be received no later than 24 hours before the time appointed for taking a poll. 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.



Notice of Separate Meeting of C Shareholders

5. As at 23 July 2014 (being the last business day prior to the publication of this notice), the issued share capital of the C Shares fund was 18,680,907 shares, carrying one vote each. Therefore, the total voting rights in the C Shares fund as at 23 July 2014 was 18,680,907 C Shares.
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 2 to 3 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. Notice is hereby further given that the necessary quorum for the above meeting shall be holders of C Shares present in person or by proxy holding not less than one-third of the paid up C Share capital and that if within half an hour from the time appointed for the above meeting a quorum is not present it shall be adjourned to 26 September 2014 at 9.05 am at the offices of Foresight Group LLP, The Shard, 32 London Bridge Street, London, SE1 9SG or as soon thereafter as may be arranged and at such adjourned meeting the holders of C Shares present in person or by proxy shall be a quorum regardless of the number of C Shares held.

Corporate Information

Directors

Philip Stephens (Chairman)
Peter Dicks
Raymond Abbott

Company Secretary

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

Investment Manager

Foresight Group CI Limited
PO Box 156
Frances House
Sir William Place
St Peter Port
Guernsey
GY1 4EU

Auditors and Tax Advisers

KPMG LLP
15 Canada Square
London
E14 5GL

Solicitors and VCT Status Advisers

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

Registrar

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

Registered Number

03506579

Contact Numbers

Registrar's Shareholder Helpline
— Computershare (0870 703 6385)
General and Portfolio Queries
— Foresight Group (020 3667 8100)



Foresight 4 VCT plc

The Shard
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