

FORESIGHT SOLAR VCT PLC
ANNUAL REPORT AND ACCOUNTS

30 JUNE 2014



Foresight Solar VCT plc
Company number: 07289280



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Important information: the Company currently conducts its affairs so that the shares issued by Foresight Solar 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 30 June 2014 was 101.9p after payments of 6.0p in dividends (30 June 2013: 115.7p).
- Net asset value per C Share at 30 June 2014 was 98.0p (30 June 2013: 99.4p).
- Total net asset value return (including dividends paid since launch) at 30 June 2014 is 112.9p for the Ordinary Shares fund and 98.0p for the C Shares fund.

Ordinary Shares Fund

- Two interim dividends of 3.0p per Ordinary Share each were paid on 25 October 2013 and 4 April 2014 based on ex-dividend dates of 9 October 2013 and 19 March 2014, and record dates of 11 October 2013 and 21 March 2014 respectively.
- An interim dividend of 3.0p per Ordinary Share will be paid on 14 November 2014 based on an ex-dividend date of 30 October 2014 and a record date of 31 October 2014.

C Shares Fund

- The C Shares fund closed in February 2014 having issued 12,511,089 C Shares in total.
- An interim dividend of 2.5p per C Share will be paid on 14 November 2014 based on an ex-dividend date of 30 October 2014 and a record date of 31 October 2014.

Dividend History

Ordinary Shares	Dividend per share
14 November 2014	3.0p
4 April 2014	3.0p
25 October 2013	3.0p
12 April 2013	2.5p
31 October 2012	2.5p

C Shares	Dividend per share
14 November 2014	2.5p



Chairman's Statement

“The total return for the Ordinary Shares fund as at 30 June 2014 was 112.9p per Ordinary Share. It is disappointing to report a decrease in NAV for the year to 30th June for the Ordinary Shares fund and slower progress than we would have liked with our investment plans for the C Shares fund. However, we are optimistic about achieving our investment objectives for both funds during the current financial year and, as a result, continue progress towards realising the target returns outlined in the launch prospectuses.”

David Hurst-Brown Chairman

Strategic Report

This is the first time 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 – Ordinary Shares Fund

Excluding the 6.0p dividend per Ordinary Share paid during the year, the underlying net asset value decreased by a further 7.8p per Ordinary Share.

Of this total approximately 60% resulted from the effects of legislation in Spain and Italy which imposed retrospective cuts or taxes on electricity prices or feed-in-tariffs in those countries. Foresight Group, on the basis of specialist legal advice, has issued formal notices to the governments of Spain and Italy for breaching the protections available under the Energy Charter Treaty and international law, and causing Foresight's investments to suffer significant loss. This may in due course lead to international arbitration proceedings similar to those already brought by other international solar investors.

The valuation of the UK portfolio fell by approximately £1 million (2.7p per Ordinary Share) as the proceeds of the bond refinancing completed last year have not yet been invested. However, I am pleased to report that several assets, that will be acquired with the bond proceeds, have now been identified and the completion of their purchase will be announced in due course.

The overall performance of the Ordinary Shares fund remains robust and the total return as at 30 June 2014 was 112.9p per Ordinary Share. Following the acquisition of the new investments noted above, the Board and the Manager expect returns to be enhanced restoring progress towards the fund's original target return of 130.0p per Ordinary Share.

I am pleased to be able to announce an interim dividend of 3.0p per Ordinary Share from the profits of the portfolio, further details of which are contained on the following page.

i. Movement in Net Asset Value of the Ordinary Shares Fund

During the year, the net asset value of the Ordinary Shares fund decreased to 101.9p per share (£39.1 million) at 30 June 2014 from 115.7p per share (£44.4 million) at 30 June 2013. The main reason behind the fall in net assets was the aggregate performance of the investment portfolio decreasing by 7.5p, two dividend payments totalling 6.0p and income less expenses of 0.3p. This is summarised further in the table below:

	£'000	P
NAV at 30 June 2013	44,372	115.7
Dividends paid	(2,302)	(6.0)
UK investments valuation decrease	(1,053)	(2.7)
Italian investments valuation decrease	(1,352)	(3.5)
Spanish investments valuation decrease	(516)	(1.3)
Other	(94)	(0.3)
NAV at 30 June 2014	39,055	101.9

ii. Cash & Deal Flow

During the year the Ordinary Shares fund made no new investments.

Cash Availability

The Ordinary Shares fund had cash and liquid resources of £0.2 million at 30 June 2014, although substantial liquid resources are held within the investment companies following last year's bond refinancing. The Company receives regular interest and loan stock payments and dividends from these underlying investments enabling it to continue to fund its attractive dividend policy as well as meeting expenses in the ordinary course of business as they fall due.

iii. Investment Gains & Losses

There were no realised gains or losses during the year for the Ordinary Shares fund.

During the year the Ordinary Shares fund incurred unrealised losses of £2.9 million. Further information regarding the breakdown of this amount is contained in the Manager's Report.

iv. Running Costs

The annual management fee of the Ordinary Shares fund is 1.5%. During the year the management fees totalled £648,000, of which £162,000 was charged to the revenue account and £486,000 was charged to the capital account. At 2.4% the total expense ratio of the Ordinary Shares fund for the year to 30 June 2014 compares very favourably with its VCT peer group.

v. Ordinary Share Dividends

The Board originally planned to pay dividends of 5.0p per Ordinary Share each year throughout the life of Foresight Solar VCT plc after the first year, payable bi-annually via dividends of 2.5p per Ordinary Share in April and October each year. The level of dividends is not, however, guaranteed.

Ahead of original expectations, two interim dividends of 3.0p per Ordinary Share were paid to shareholders on 25 October 2013 and 4 April 2014 making 6.0p per Ordinary Share in total.

The Board is pleased to announce that the next interim dividend, of 3.0p per Ordinary Share will be paid on 14 November 2014. The dividend has an ex-dividend date of 30 October 2014 and a record date of 31 October 2014. This forms the first part of the annual target dividend for 2014/15.

vi. Ordinary Share Issues & Buybacks

There were no Ordinary share issues during the year.

During the year under review 34,296 Ordinary Shares were repurchased for cancellation at a cost of £37,000 at an average discount to NAV of 3.4%. The Board and Manager consider share buybacks to be an effective way to manage the share price discount to NAV at which Ordinary Shares trade.

vii. Summary Post Year End Update

Following the year end there have been no material matters, with operational and financial performance continuing to meet expectations. The focus of the Manager has been on negotiating new investment opportunities. Due to the decreasing value of the Company's foreign investments the VCT realised its currency options after the year end making a profit of £0.7 million.

Outlook – Ordinary Shares Fund

The proceeds of the Bond refinancing last year have been allocated to new projects currently in execution, benefiting from the ROC regime in the United Kingdom. These new investments will enable the Company to enhance shareholder returns over the next two years, before shareholders will be asked whether they wish to elect to hold onto, or sell, their Ordinary Shares.

Performance – C Shares Fund

The net asset value per C Share decreased to 98.0p per C Share at 30 June 2014 from 99.4p per C Share at 30 June 2013, principally due to expenses incurred during the year. £10 million has been invested into acquisition vehicles preparing to trade. The Manager has indicated to the Board that it has identified several UK based assets that it hopes to complete over the next few months.

i. Movement in Net Asset Value of the C Shares Fund

During the year, the net assets of the C Shares fund increased to £12.3 million at 30 June 2014 from £5.7 million at 30 June 2013, as a result of the Offer for Subscription originally launched in February 2013.

Over the year, the net asset value of the C Shares fund decreased to 98.0p per share at 30 June 2014 from 99.4p per share at 30 June 2013. This is summarised further in the table below:

	£'000	P
NAV at 30 June 2013	5,697	99.4
Funds raised net of issue expenses	6,731	0.0
Net loss for the year	(171)	(1.4)
NAV at 30 June 2014	12,257	98.0

ii. Cash & Deal Flow

During the year £10 million was invested into acquisition vehicles preparing to trade. A further update on these investments will be given in the Interim Report to 31 December 2014.

iii. Investment Gains & Losses

There were no realised gains or losses during the year.

iv. Running Costs

The annual management fee of the C Shares fund is 1.75%. During the year the management fees totalled £155,000, of which £39,000 was charged to the revenue account and £116,000 was charged to the capital account. The total expense ratio of the C Shares fund, for the year ended 30 June 2014 was 2.1%, which compares very favourably with its VCT peer group.

v. C Share Dividends

The Board originally planned to pay dividends of 5.0p per C Share each year throughout the life of Foresight Solar VCT plc after the first year, payable bi-annually via dividends of 2.5p per C Share in April and October each year. The level of dividends is not, however, guaranteed.

The Board is pleased to announce that the first interim dividend, of 2.5p per C Share will be paid on 14 November 2014. The dividend has an ex-dividend date of 30 October 2014 and a record date of 31 October 2014. This forms the first part of the annual target dividend for 2014/15.

vi. C Shares Issue & Buybacks

The prospectus for the C Shares fund-raising launched in February 2013 was extended in February 2014 and closed in April 2014. During



Chairman's Statement continued

the year 6,779,396 C Shares were issued based on an issue price of 100.0p per C Share. At 30 June 2014 there were 12,511,089 C Shares in issue.

There were no C Share buybacks during the year under review.

vii. Summary Post Year End Update

Following the year end, a total of £1.8 million was invested, by way of secured loans, to solar plants under construction. These loans attract an annual interest rate of 8.5%. These loans carry with them an option to invest in the completed projects.

Outlook – C Shares Fund

The proceeds of the C Share offer have been fully allocated to new projects currently in execution, benefiting from the ROC regime in the United Kingdom and further details on these investments and their underlying performance will be provided when they have completed.

VCT legislation

The European Commission is currently undertaking a review of the state aid regulations including the risk capital guidelines under which VCTs are approved at the European level. The aim of the review is to set out a clear framework to allow member states to grant aid without the need for the European Commission to be involved.

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 has been completed. This will not affect the current arrangements with Foresight Group who will continue to report to the Board and manage the Company's investments.

Annual General Meeting

The Company's Annual General Meeting will take place on 18 December 2014 at 2pm. I look forward to welcoming you to the meeting, which will be held at the offices of Foresight Group in London. Details can be found on page 52.

Outlook

The market for Photovoltaic Solar plants in the UK has grown exponentially over the last three years, which has both advantages and disadvantages for the Company. On the one hand, as demand has increased the value of the UK assets held by the fund increases but on the other hand, as competition for these assets increases, it has taken longer to invest wisely the Company's available cash resources. The Manager has, however, indicated that it expects the remaining cash resources of the Company in both the Ordinary & C Share funds to be invested over the next few months and for the fund's full potential to be achieved and I look forward to reporting further progress in this regard in due course.

David Hurst-Brown

Chairman

23 October 2014

Strategic Report

Introduction

This Strategic Report, on pages 5 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 Solar VCT plc Ordinary Shares Fund

Foresight Solar VCT plc originally raised £37.8 million through an Ordinary Share issue in 2010/2011 and 2011/2012. This fund currently has investments and assets totalling £39.1 million. The number of Ordinary Shares in issue at 30 June 2014 was 38,331,956.

Foresight Solar VCT plc C Shares Fund

In 2012/2013 and 2013/2014, £13.1 million was raised for the C Shares fund. The number of C shares in issue at 30 June 2014 was 12,511,089.

Summary of the Investment Policy

Foresight Solar VCT plc will invest mainly in unquoted companies that generate electricity from solar power systems and benefit from long-term government-related price guarantees.

Investment Objectives

Ordinary Shares Fund

The key objective of the Ordinary Shares fund is to distribute 130.0p per share, through a combination of tax-free income, buy-backs and tender offers before the sixth anniversary of the closing date of the offer.

C Shares Fund

The key objective of the C Shares fund is to distribute 120.0p per share, through a combination of tax-free income, buy-backs and tender offers before the sixth anniversary of the closing date of the offer.

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 below and on the following page. The total expense ratio in the period was 2.3% and the average discount at which shares were repurchased in the market was 3.4%. The level of these KPIs compare favourably with the wider VCT marketplace based on independently published information.

A review of the Company's performance during the financial 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.

	30 June 2014		30 June 2013	
	Ordinary Shares	C Shares	Ordinary Shares	C Shares
Net asset value per share	101.9p	98.0p	115.7p	99.4p
Net asset value total return	112.9p	98.0p	120.7p	99.4p
	Ordinary Shares	C Shares	Ordinary Shares	C Shares
Share price	107.5p	100.0p	99.0p	100.0p
Share price total return	118.5p	100.0p	104.0p	100.0p
	Ordinary Shares	C Shares	Ordinary Shares	C Shares
Dividends paid*	11.0p	0.0p	5.0p	0.0p
Dividends paid in the year	6.0p	0.0p	5.0p	0.0p
Dividend yield %	5.6	—	5.1	—

* from inception to 30 June 2014



Strategic Report continued

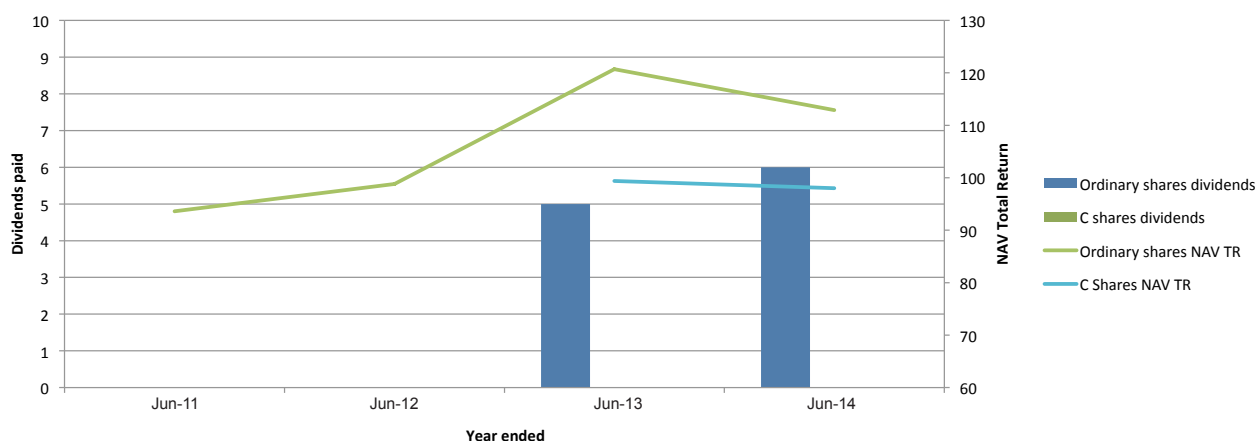
Ordinary Shares Fund

Share price premium to NAV at 30 June 2014	5.5%
Average discount on buybacks	3.4%
Shares bought back during the year under review	34,296
Decrease in net asset value during year (after adding back 6.0p dividend)	6.7%
Total expense ratio	2.4%

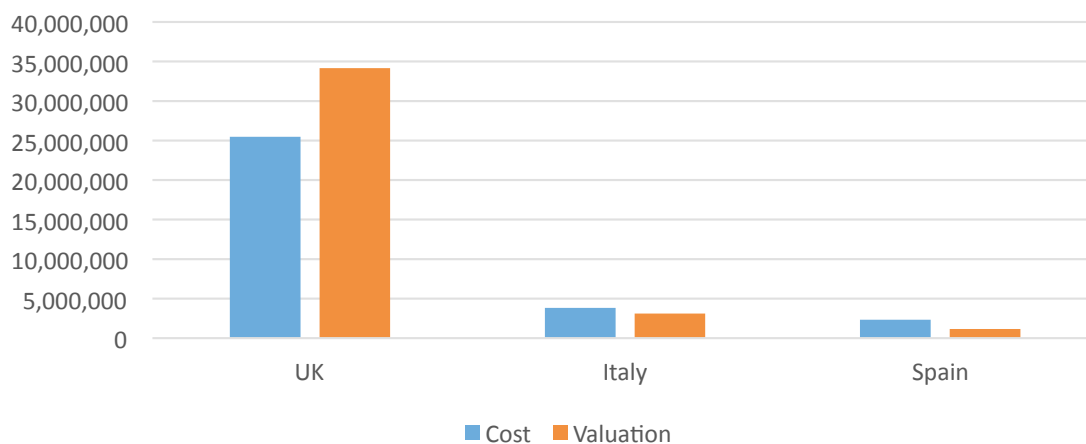
C Shares Fund

Share price premium to NAV at 30 June 2014	2.0%
Average discount on buybacks	N/A
Shares bought back during the year under review	N/A
Decrease in net asset value during year	1.4%
Total expense ratio	2.1%

Dividends & NAV total return



Investment Areas (Company)



Strategies for achieving objectives

Investment Policy

Foresight Solar VCT plc will invest mainly in unquoted companies that generate electricity from solar power systems and benefit from long-term government-related price guarantees.

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. 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 investment to investee companies and other assets where Foresight Group believes 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. The companies in which investments are made must have no more than £15 million of gross assets at the time of investment for funds raised after 6 April 2012 (or £7 million if the funds being invested were raised after 5 April 2006 but before 6 April 2012) to be classed as a VCT qualifying holding.

Asset mix

The Company invests in unquoted companies that seek to generate solar electricity and benefit from long-term government-backed price guarantees. Investments may be made in companies seeking to generate renewable energy from other sources provided that these benefit from similar long-term government-backed price guarantees. No investments of this nature have been made to date. The Board has ensured that at least 70% of net funds raised under the Offer have been invested in companies whose primary business is the generation of solar electricity. Any uninvested funds are held in cash, interest bearing securities or other investments.

Risk diversification and maximum exposures

Risk is spread by investing in a number of different companies and by targeting a variety of separate locations for the solar power assets. The maximum amount invested by the Company in any one company is limited to 15% of the portfolio at the time of investment. The value of an investment is expected to increase over time as a result of trading progress and a continuous assessment is made of its suitability for sale. Solar projects can in aggregate exceed this limit but suitable structures are put in place so that individual corporate investments do not. Although risk is spread across different companies, concentration risk is fairly high, given that a significant portion are all UK Solar projects.

Borrowing powers

The Company's Articles permit borrowing, to give a degree of investment flexibility. The Board's current policy is not to use borrowing. In any event, under the Company's Articles no money may be borrowed without the sanction of an ordinary resolution if the principal amount outstanding of all borrowings by the Company and its subsidiary undertakings (if any), then exceeds, or would as a result of such borrowing exceed, a principal amount equal to the aggregate of the share capital and consolidated reserves of the Company and each of its subsidiary undertakings as shown in the audited consolidated balance sheet. The underlying portfolio companies in which Foresight Solar VCT plc invests may utilise bank borrowing or other debt arrangements to finance asset purchases but such borrowing would be non-recourse to Foresight Solar VCT plc.

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 in a single company more than 15% of its gross assets at the time of making any investment 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 value in aggregate must be in ordinary shares which carry no preferential rights (although only 10% of any individual investment needs to be in the ordinary shares of that Company).

Management

The Board has engaged Foresight Group as discretionary investment manager. Foresight Fund Managers Limited also provides or procures the provision of company secretarial, administration and custodian services to the Company.

Foresight Fund Managers Limited is the secretary of 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.

A review of the investment portfolio and of market conditions during the year is included within the Manager's Report.

Environmental, Human Rights, Employee, Social and Community Issues

The Company's investments have been made in clean energy and environmental infrastructure projects which have clear environmental benefits.

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.



Strategic Report continued

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 53 men and 25 women.

Dividend policy

The Board plans to pay dividends of 5.0p per share each year throughout the life of Foresight Solar VCT plc after the first year, payable bi-annually via dividends of 2.5p per share in April and October each year. The level of dividends is not however, guaranteed.

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 — events such as an economic recession and movement in interest rates could affect 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 capital gains 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. The Company would also lose its exemption from corporation tax on capital gains.
- Investment and strategic — inappropriate strategy, poor asset allocation or consistent weak stock selection might lead to under performance and poor returns to shareholders. Changes in the rates of Feed-in Tariffs (FiTs) or Renewable Obligation Certificates (ROCs) could impact the underlying returns of the Company's investments.
- Regulatory — the Company is required to comply with the Companies Act 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.
- Natural disasters — severe weather/natural disaster could lead to reduction in performance and value of the assets.
- Reputational — inadequate or failed controls might result in breaches of regulations or loss of shareholder trust.
- Operational — failure of the Manager's accounting systems or disruption to its business might lead to an inability to provide accurate reporting and monitoring.

- Fraud — inadequate controls might lead to misappropriation of assets.
- Theft — inadequate security and control could lead to the theft of assets.
- Financial — inappropriate accounting policies might lead to misreporting or breaches of regulations. Additional financial risks, including interest rate, credit, market price and currency, are detailed in note 15 of the financial statements.
- Market risk — investment in 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 smaller 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 — the Company's investments, being unquoted, may be difficult to realise.
- Currency risk — short-term currency risk, such as that associated with the investments in Spain and Italy, is mitigated by taking out options that convert the capital investment proceeds back into sterling at the same rate as the original sterling investment was converted into Euros when making the original investment. This ensures no currency loss on the investment up to original cost. The cost of the option is covered by the returns on the investment.

The Board seeks to mitigate the internal risks by setting policy, regular review of performance, enforcement of contractual obligations and monitoring progress and compliance. In the mitigation and management of these risks, the Board applies the principles detailed in the UK Corporate Governance Code. Details of the Company's internal controls are contained in the Corporate Governance and Internal Control sections.

Performance-related incentives

Ordinary Shares fund

After distributions of 100.0p per Ordinary Share issued under the Offer and remaining in issue at the date of calculation have been paid to Ordinary shareholders of the Company, Foresight Group will become entitled to a performance incentive which will be calculated at the rate of 20% of distributions in excess of 100.0p until total distributions reach 130.0p per share and 30% above that level.

C Shares fund

After distributions of 100.0p per C Share issued under the Offer and remaining in issue at the date of calculation have been paid to C shareholders by the Company, Foresight will become entitled to a performance incentive which will be calculated at the rate of 20% of distributions in excess of 100.0p per C Share until total distributions reach 120.0p, and 30% above that level.

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. The portfolio valuations are prepared by Foresight Group, reviewed and approved by the Board quarterly and subject to review by the auditors annually.

A broad range of assumptions are used in our valuation models. These assumptions are based on long-term forecasts and are not affected by short-term fluctuations in inputs, be it economic or technical. Under the normal course of events, we would expect asset valuations to reduce each period due to the finite nature of the cash flows.

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 Solar 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 30 June 2012. Approval for the year ended 30 June 2013 is expected to be received before the end of December 2014. The next complete review will be carried out for the year ended 30 June 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. The Board has appointed RW Blears LLP to monitor and provide continuing advice in respect of the Company's compliance with applicable VCT legislation and regulation. As at 30 June 2014 the Company had 78.9% of its funds in such VCT qualifying holdings.

Future Strategy

The Company will continue to invest in photovoltaic solar unquoted companies which it believes will achieve the objective of producing attractive returns for its shareholders.

David Hurst-Brown

Director

23 October 2014



Manager's Report

UK Assets

During the year the Department of Energy & Climate Change finalised plans in connection with the transition from the Renewables Obligation (RO) subsidy mechanism for solar projects to Contracts for Difference (CfD). From 1 April 2015 large scale solar farms over 5MW in size will fall under the CfD scheme. This subsidy evolution has led to solar farm developers focusing resources on assets that are generally larger in size before the deadline which in many cases result in projects that are too big to meet the investment profile of the Company. This focus has already started to shift towards smaller and more appropriate sized assets for the Company as the March deadline approaches. These subsidy changes will have no impact on the VCTs existing asset portfolio. Additionally, the changes to VCT rules regarding Solar will have no impact on funds already raised by the VCT.

Despite the dynamics above, assets have been identified that are of an appropriate size to conclude the re-investment of the bond proceeds in the Ordinary Shares fund and the investment of the C Shares fund. This investment programme should be completed during Q4 2014 and Q1 2015.

The bond proceeds continue to be held in the companies representing the original investments made into four solar power plants in Kent, Somerset and Wiltshire pending re-investment into new solar assets. The four plants are the principal assets of the Ordinary Shares fund and are all trading successfully benefitting from index linked Feed-in Tariffs (FITs) over 25 years. Because of the favourable differential between the yield on new ROC based plants and the cost of the bond, investors in Foresight Solar VCT's Ordinary Shares fund are expected to benefit from higher dividends and greater capital appreciation as a result of this refinancing, increasing the target return above 130.0p per share by 2016. £10 million of the proceeds of the C Shares fund issue have been invested in new VCT qualifying companies pending onward investment predominantly into new solar power plants.

During the year the UK assets performed slightly above expectations with strong technical performance making the most of the good levels of solar irradiation seen across the year. Production across the whole portfolio was 3.3% above expectations.

European Assets

Although the Foresight Solar VCT Ordinary Shares fund is predominantly comprised of UK solar assets, the Company also has exposure to several assets in both Italy and Spain accounting in aggregate for c.11% of the portfolio value.

Italian assets continue to outperform technically against base case by around 6%, however income is below forecasts by 3% due to the market price of electricity.

During the period the Italian solar sector was characterised by increasing political risk and the expectation that it would need to adapt to less favourable economic incentives due to a greater focus on reducing the cost of renewable energy to consumers. Previously attractive incentives together with rapid deployment of solar, in the context of a severe economic downturn, have created an unexpected burden on domestic consumers who are indirectly funding the subsidy. As a result, the Italian Government retroactively cut subsidies in the form of the Feed-in-Tariff. This became law in August 2014.

Foresight Group is evaluating the effects of this legislation on returns but believes a reduction of c. 3% on Italian asset IRRs (from c. 11%) and a yield decrease of 5% (from 10% previously) will be seen. Foresight Group will continue to work towards minimising the impact of the regulatory changes by looking at opportunities to re-structure project level debt.

The Spanish assets owned by the Company have also been negatively impacted by changes in legislation, which have effectively placed a cap on the returns that Spanish solar assets can generate. This cap has been set at 7.4% (calculated as 300 basis points over the average of the 10 year Spanish Government Bond yield). The Ordinary Shares fund's exposure to the Company's only Spanish asset is 3.0% of the portfolio value. The C Shares fund has no exposure to Spanish assets. The financial impact of these regulatory changes is currently being analysed and a provision of 50% is in place against the cost of the Spanish asset held by Foresight Solar VCT plc.

Increasing Capital Value and Dividends

The overall asset scale generated from re-investing the bond proceeds and the C Shares fund proceeds is expected to enhance investor returns for both share classes, particularly in optimising ultimate sale proceeds. Once fully operational, the new solar ROC plants are expected to deliver a net 5.0p annual dividend to investors. Combined with the annual residual equity distributions from the four existing UK solar assets, this is resulting in progressive dividends for Ordinary Shares fund investors.

Each 100.0p invested in new solar ROC plants is expected to generate a total return of 120.0p. By adding this to the estimated residual net present value of the four UK solar assets, the bond refinancing and reinvestment strategy is expected to improve total returns for Ordinary Share investors. The Ordinary Shares fund benefitted from the more generous FIT subsidy mechanism available at the time of investment hence the original target of 130.0p.

Outlook

As highlighted on the previous page, the ROC regime is due to end for UK solar assets over 5MWs in size in March 2015 and will be replaced by a CfD mechanism. We have started, and will continue, to work with developers to facilitate their participation in the CfD auction process to lock-in subsidies and to put the Company in the best position to secure assets under both the ROC and CfD regime going forward. At the same time, we have confidence that the secondary market in ROC (and Feed-in-Tariff) assets will remain strong. We also expect portfolios of up to 5MW ROC assets to deliver significant pipeline volume going forward. This supports the Company's strategy of aggregating a solar portfolio of scale which can be optimised through refinancing and/or a sale.

Jamie Richards

Head of Infrastructure

Foresight Group

23 October 2014



Investment Summary

Ordinary Shares Fund

Investment	30 June 2014			30 June 2013	
	Amount Invested £	Valuation £	Valuation Methodology	Amount Invested £	Valuation £
Kent Solar Project					
Canopus Solar Ltd	4,572,273	6,325,073	Discounted cashflow	5,000,000	6,944,948
Vega Solar Ltd	4,572,272	6,320,930	Discounted cashflow	5,000,000	6,937,813
	9,144,545	12,646,003		10,000,000	13,882,761
Puriton and Bridgewater Solar Projects					
Altair Solar Ltd	4,572,273	6,334,162	Discounted cashflow	5,000,000	6,947,395
Capella Solar Ltd	4,572,273	6,210,720	Discounted cashflow	5,000,000	6,828,398
	9,144,546	12,544,882		10,000,000	13,775,793
Malmesbury Solar Project					
Rigel Solar Ltd	4,572,274	5,765,285	Discounted cashflow	4,500,000	6,386,042
Hadar Solar Ltd	2,286,135	2,879,115	Discounted cashflow	3,000,000	3,196,480
	6,858,409	8,644,400		7,500,000	9,582,522
Greensite Ltd	325,878	325,878	Cost	325,878	325,878
	325,878	325,878		325,878	325,878
Total UK****	25,473,378	34,161,163		27,825,878	37,566,954
Italian Solar Project					
Foresight VCT (Lux) 1 S.a.r.l	3,825,922	3,107,592	Discounted cashflow**	3,947,352	4,581,002
Foresight VCT (Lux) 2 S.a.r.l	10,854	10,854	Cost	10,854	10,854
	3,836,776	3,118,446		3,958,206	4,591,856
Spanish Solar Project					
Foresight Luxembourg Solar 2 S.a.r.l	2,325,786	1,162,893	Discounted cashflow***	2,325,786	1,678,936
	2,325,786	1,162,893		2,325,786	1,678,936
	31,635,940	38,442,502		34,109,870	43,837,746

* All of the above investments, with the exception of Greensite are held indirectly through investment holding companies.

**Some of the differences between the original costs and valuations relate to currency movements. However, the Company has entered into currency options to offset the currency losses, so the Company does not suffer currency gains or losses on the investment cost. The currency options are not reflected in cost but are disclosed as a current asset/(liability) on the face of the Balance Sheet. When the investments are sold the Company can exercise its option and receive back UK Sterling at the same Euro exchange rate they were purchased at. In the meantime the value of the option (derivative) varies depending on movements in the Euro and UK Sterling exchange rate and this unrealised change in value is credited or charged to the profit and loss account as a gain or loss on the value of derivatives. These options were sold when the £/€ was at 1:1.2850 on 2 October 2014, which realised a profit of £662,150 for the Company.

***Valuation based on the anticipated cashflow impact of the recent legislative changes in Spain, it is expected that this will have a negative impact on fair value of approximately 50%.

****Amount invested in solar projects has decreased since the prior year due to £2,352,500 loan stock repayments made during the year.

Details of projects by value are shown on pages 13 and 14.

C Shares Fund

At 30 June 2014, two investments of £5 million each had been made into acquisition vehicles preparing to trade. As at the date of signing this report, the acquisition vehicles have not entered into any investments. An update on any investments made will be given in the Interim Report to 31 December 2014.

Ordinary Shares Portfolio

The Ordinary Share fund has invested in the below projects via the investment vehicles listed on page 12.

Kent Solar

Kent Solar is a 4.9MW operational PV plant in Aylesford, Kent. The plant was commissioned and connected to the national grid before the 1 August 2011 FIT deadline and therefore attracts the highest FIT rate that has been available in the UK for projects of this size. Production to date is above expectation.

First investment	August 2011	Year ended	31 March 2014
			£'000
Voting rights within each project investment vehicle	49%	Income	2,016
Dividend and interest income receivable by the VCT in the year	£326,901	Profit before tax	141
Equity at cost	£3,000,000	Retained profit	129
Loan stock at cost	£6,144,545	Net assets	161
Equity and loan stock at fair value as at 30 June 2014	£12,646,003		

Puriton Solar

Puriton Solar is a 4.0MW operational PV plant in Puriton, Somerset. The plant was partially commissioned and connected to the national grid before the 1 August 2011 FIT deadline and therefore attracts the highest FIT rate that has been available in the UK for projects of this size. Production to date is above expectation.

First investment	February 2012	Year ended	31 March 2014
			£'000
Voting rights within each project investment vehicle	49%	Income	1,782
Dividend and interest income receivable by the VCT in the year	£228,830	Profit before tax	136
Equity at cost	£2,100,000	Retained profit	136
Loan stock at cost	£4,301,182	Net assets	(1,807)
Equity and loan stock at fair value at 30 June 2014	£8,696,831		

Bridgewater Solar

Bridgewater Solar is a 1.9MW operational plant in Bridgwater, Somerset. The plant was partially commissioned and connected to the national grid before the 1 August 2011 FIT deadline and therefore attracts the highest FIT rate that has been available in the UK for projects of this size. Final commissioning took place in October 2011. Production to date is above expectation.

First investment	February 2012	Year ended	31 March 2014
			£'000
Voting rights within each project investment vehicle	49%	Income	819
Dividend and interest income receivable by the VCT in the year	£98,070	Profit before tax	82
Equity at cost	£900,000	Retained profit	82
Loan stock at cost	£1,843,364	Net assets	(1,253)
Equity and loan stock at fair value at 30 June 2014	£3,848,051		

Malmesbury Solar

Malmesbury Solar is a 5.0MW operational PV plant in Wiltshire. The plant was commissioned and connected to the national grid before the 1 August 2011 FIT deadline and therefore attracts the highest FIT rate that has been available in the UK for projects of this size. Production to date is above expectation.

First investment	December 2011	Year ended	31 March 2014
			£'000
Voting rights within each project investment vehicle	49%	Income	1,978
Dividend and interest income receivable by the VCT in the year	£245,175	Profit before tax	191
Equity at cost	£2,250,000	Retained profit	191
Loan stock at cost	£4,608,409	Net assets	(2,855)
Equity and loan stock at fair value at 30 June 2014	£8,644,400		



Investment Summary continued

Ordinary Shares Portfolio

Greenersite Limited

Greenersite is a 100KW operational rooftop installation in Weobley, Hertfordshire. The installation was commissioned and connected to the grid before the 1 August 2011 FIT deadline and therefore attracts the highest FIT rate that has been available in the UK for this type of rooftop installation. Production to date is slightly behind expectation but work is in progress to increase the production.

First investment	March 2013	Year ended	31 March 2013
			£'000
Voting rights	100%	Income	48
Dividend and interest income receivable by the VCT in the year	£nil	Profit before tax	18
Equity at cost	£325,878	Retained profit	18
Loan stock at cost	£nil	Net assets	287

Italian Solar

These plants are a joint venture with VEI Capital, an investment fund owned by five Italian institutions including Generali and Intesa. CDC, the French infrastructure investor is also part of the venture.

First investment	June 2011	Year ended	31 March 2014
			€'000
% Equity/voting rights within each project investment vehicle	7.8%	Income	429
Dividend and interest income receivable by the VCT in the year	£61,254	Loss before tax	(61)
Equity at cost	} including Foresight VCT (Lux) 1 and Foresight VCT (Lux) 2	Retained loss	(66)
Loan stock at cost		£3,773,645	Net assets
Equity and loan stock at fair value at 30 June 2014	£3,118,446		

Spanish Solar

Foresight Luxembourg Solar 2 S.a.r.l is the holding vehicle for an operating Spanish solar photovoltaic plant. Foresight funds, together with the Italian family office GWM, are co-owners of the plant which has been operating since September 2008 and producing electricity that is supplied to the electricity grid. It benefits from an attractive feed-in tariff which is no longer available to new projects and is performing reliably but short term cash flows have been impacted by a retrospective cap on production enforced by the Spanish government. Foresight arranged a project finance facility alongside the equity to finance the acquisition of the plant.

First investment	June 2011	Year ended	31 March 2013
			€'000
% Equity/voting rights within each project investment vehicle	14%	Income	371
Dividend and interest income receivable by the VCT in the year	£nil	Profit before tax	1
Equity at cost	£2,325,786	Retained loss	(7)
Loan stock at cost	£nil	Net assets	77
Equity at fair value at 30 June 2014	£1,162,893		

Co-investing funds

Foresight Group also manages or advises Foresight VCT plc, Foresight 2 VCT plc, Foresight 3 VCT plc, Foresight 4 VCT plc, Albany Ventures Fund III LP, Foresight Environmental Fund LP, Foresight European Solar Fund LP, Foresight Solar EIS, Foresight Solar EIS 2, Foresight Solar EIS 3, Foresight Solar EIS 4, Foresight Solar EIS 5, Foresight Inheritance Tax Solutions, UK Waste Resources and Energy Investments LP, Foresight Sustainable UK Investment Fund, Foresight Nottingham Fund LP and Foresight Solar Fund Limited.

Board of Directors

“The differing career backgrounds and experience of the Directors is designed to bring a complementary balance of skills, knowledge and wisdom to the management of the Company’s affairs.”

David Hurst-Brown Chairman

David Hurst-Brown

Chairman

was appointed as Chairman of the Board with effect from 6 August 2012, following the death of Lord Maples. Having graduated as a Production Engineer he worked for over 25 years in the investment banking industry. Prior to his retirement from UBS in 2002 he had worked for 15 years as an executive in the corporate finance division of UBS Warburg. David is currently Chairman of Hargreave Hale AIM VCT 2 plc, and a non-executive director of Anite plc.

Mike Liston OBE

Director

has more than 20 years experience in the electricity industry and is currently non-executive chairman of Renewable Energy Generation Ltd and a non-executive director of Jersey Electricity plc. As chief executive for 17 years of this LSE-listed utility, he was involved in several major power generation, transmission and distribution infrastructure projects. Mike was also non-executive chairman of AIM-listed KSK Emerging India Energy Fund which raised almost £100 million to invest in India’s power and energy sector. He is a director of the general partner of Foresight Group’s first solar power fund, Foresight European Solar Fund GP Limited. Mike is a Fellow of the Royal Academy of Engineering and is a Fellow of The Institution of Engineering and Technology. Mike is considered non-independent by virtue of the fact that he is a Director of another Foresight Group managed fund.

Tim Dowlen

Director

is a divisional director of City-based Lloyd’s insurance broking firm Tasker & Partners, responsible for developing the firm’s retail insurance activities. Tim has been a director of insurance broking companies since 1973, was for many years the Senior Examiner in Liability Insurance to the Chartered Insurance Institute, and as a practising expert witness has given evidence in over 100 disputes. Tim has specialised in insurance for the venture capital sector since 1974, acting as insurance broker to a number of fund managers and other financial institutions. Tim is considered an independent Director under the Listing Rules by virtue of the fact that he is not a professional adviser to Foresight Group and does not handle Foresight Group business.



Directors' Report

The Directors present their report and the audited accounts of the Company for the year ended 30 June 2014.

Activities and status

Foresight Solar VCT plc invests and will continue to invest mainly in unquoted companies that generate electricity from solar power systems and benefit from long-term government related price guarantees.

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 30 June 2012 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 £2,971,000 (2013: profit £8,598,000). The Board paid two interim dividends of 3.0p per Ordinary Share each on 25 October 2013 and 4 April 2014. No C Share dividends were paid during the year.

Net asset value total return

During the year ended 30 June 2014 the Company's principal indicator of performance, net asset value total return (including dividends paid since launch), per Ordinary Share decreased 6.5% from 120.7p per share at 30 June 2013 to 112.9p per share at 30 June 2014.

The net asset value total return (including dividends paid since launch) per C Share has decreased 1.4% to 98.0p per share at 30 June 2014 from 99.4p per share at 30 June 2013.

Share issues

The C Share prospectus offer closed on 18 February 2014 having issued a further 5,643,705 shares in total.

The Company announced a small top-up offer of C Shares on 28 February 2014. The offer closed on 30 April 2014 having issued a further 1,135,691 C Shares. During the year a total of 6,779,396 C Shares were issued based on an issue price of 100.0p per share raising gross proceeds of £7,110,000.

At 30 June 2014 the Company had 38,331,956 Ordinary Shares and 12,511,089 C Shares.

Share buybacks

During the year the Company repurchased 34,296 Ordinary Shares for cancellation at a cost of £37,000. No shares bought back by the company are held in treasury. Share buybacks have been completed at a discount of 3.4% to net asset value.

There were no C Share buybacks during the year.

Global greenhouse gas emissions

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

Principal risks, risk management and regulatory environment

A summary of the principal risks faced by the Company are set out in the Strategic Report on page 8 with further detail being given in note 15 on page 43.

Management

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

Annually, the Management Engagement & Remuneration Committee reviews the appropriateness of the Manager's appointment. In carrying out its review, the Management Engagement & Remuneration Committee considers the investment performance of the Company and the ability of the Manager to produce satisfactory investment performance. It also considers the length of the notice period of the investment management contract and fees payable to the Manager, together with the standard of other services provided which include Company Secretarial services. It is the Directors' opinion that the continuing appointment of the Manager on the terms agreed is in the interests of shareholders as a whole. The last review was undertaken on 30 September 2014. Foresight Fund Managers Limited is the Secretary of the Company. The principal terms of the management agreement are set out in note 3 to the accounts.

No Director has an interest in any contract to which the Company is a party. Foresight Group acts as manager to the Company in respect of its investments and earned fees of £803,000 (2013: £633,000) during the year. Foresight Fund Managers Limited received £167,000 (2013: £122,000) during the year in respect of secretarial, administrative and custodian services to the Company. Foresight Group also received from investee companies arrangement fees of £300,000 (2013: £nil).

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

Substantial shareholdings

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

Financial instruments

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

Directors indemnification and insurance

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

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

Policy of paying creditors

The Company does not subscribe to a particular code but follows a policy whereby suppliers are paid by the due date and investment purchases are settled in accordance with the stated terms. At the year end trade creditors represented an average credit period of 11 days (2013: 3 days).

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.

Audit Information

Pursuant to Section 418(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 23 October 2014 was 38,331,956 Ordinary Shares and 12,511,089 C Shares.

The Ordinary Shares represent 75.4% of the total share capital and the C Shares represent 24.6% of the total share capital. Further information on the share capital of the Company is detailed in note 11 of the notes to the financial statements.

Voting Rights in the Company's shares

Details of the voting rights in the Company's shares at the date of this report are given in note 5 in the Notice of Annual General Meeting on page 53.

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

In accordance with Section 489 of the Companies Act 2006, a resolution to re-appoint KPMG LLP as the Company's auditor will be put to the forthcoming 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.



Directors' Report continued

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.

Foresight Group as investment manager, manages several funds that invest in solar projects. To ensure that projects are allocated equitably between funds, a third party review of allocation decisions is carried out by qualified risk managers.

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 5 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.

Annual General Meeting

A formal notice convening the Annual General Meeting on 18 December 2014 can be found on pages 52 to 53. Resolutions 1 to 6 will be proposed as ordinary resolutions meaning that for each resolution to be passed more than half of the votes cast at the meeting must be in favour of the resolution. Resolutions 7 and 8 will be proposed as special resolutions meaning that for each resolution to be passed at least 75% of the votes cast at the meeting must be in favour of the resolution. Resolutions 6 to 8 will be in substitute for existing authorities and are explained below.

Resolution 6

Resolution 6 will authorise the Directors to allot relevant securities generally, in accordance with Section 551 of the Companies Act 2006, up to an aggregate nominal amount of £200,000 (representing approximately 39.3% of the current issued share capital of the Company) for the purposes listed under the authority requested under Resolution 7. This includes authority to issue shares pursuant to the performance incentive fee arrangements with Foresight Group and top-up offers for subscription to raise new funds for the Company if the Board believes this to be in the best interests of the Company. Any offer is intended to be at an offer price linked to NAV. The authority conferred by Resolution 6 will expire on the fifth anniversary of the passing of the resolution.

Resolution 7

Resolution 7 will sanction, in a limited manner, the disapplication of pre-emption rights in respect of the allotment of equity securities (i) with an aggregate nominal value of up to £100,000 in each class of share in the Company pursuant to offer(s) for subscription, (ii) with an aggregate nominal value of up to £10,000 by way of issue of C Shares pursuant to any dividend investment scheme operated from time to time by the Company (resolution only passed previously for C Shares and is therefore being renewed) (iii) with an aggregate nominal value of up to 10% of the issued share capital of each class of share in the Company pursuant to the performance incentive arrangements with Foresight Group CI Limited and (iv) with an aggregate nominal value of up to 10% of the issued share capital in each class of share in the Company, in each case where the proceeds of such issue may in whole or in part be used to purchase the Company's shares. This authority will expire at the conclusion of the Annual General Meeting to be held in 2015 and will be in substitution for all other existing authorities.

Resolution 8

It is proposed by Resolution 8 that the Company be empowered to make market purchases (within the meaning of Section 693(4) of the Companies Act 2006) of its own shares. Under this authority the Directors may purchase up to 5,745,960 Ordinary Shares and 1,875,415 C Shares (representing approximately 14.99% of each share class at the date of this Annual Report). 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 shares taken from the London Stock Exchange daily official list on the five business days preceding the day on which shares are purchased or, if greater, the amount stipulated by Article 5(1) of the Buyback and Stabilisation Regulation 2003. This authority shall expire at the conclusion of the Annual General Meeting to be held in 2015.

Whilst, generally, the Company does not expect 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 an investor may be willing to pay more for new shares issued by the Company than he 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 for the benefit of new as well as existing shareholders. This authority when coupled with the ability to issue new shares for the purposes of financing a purchase of shares in the Market, enables one company to purchase shares from a shareholder and effectively to sell on those shares through the company to a new investor with the potential benefit of full VCT tax relief. In making purchases the company will deal only with member firms of the London Stock Exchange at a discount to the then prevailing net asset value per share of the company's shares to ensure that existing shareholders are not disadvantaged.

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 18 December 2014, can be found on pages 54 to 57. The resolutions proposed at these meetings, if passed, will approve the passing of Resolutions 6 and 7 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 of Ordinary Shareholders and C Shareholders will be proposed as special resolutions meaning that for each resolution to be passed at least 75% of the votes cast at the relevant meeting must be in favour of the resolution.

By order of the Board

Foresight Fund Managers Limited

Secretary
23 October 2014



Corporate Governance

The Directors of Foresight Solar 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 30 June 2014. The Annual General Meeting was convened on at least 24 days' notice.

The Board

The Company at present has a Board comprising the Chairman and two other Non-Executive Directors. The Chairman and Tim Dowlen are considered to be independent. Mike Liston is considered non-independent by virtue of the fact that he is a Director of another Foresight Group managed fund.

The Board is responsible to shareholders for the proper management of the Company and meets at least quarterly and more often 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.

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 all 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.23 of the UK Corporate Governance Code. Non-independent Directors and Directors who have been on the Board for more than nine years 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 Directors as recommended by provision B.4.1.

The Board has appointed a Company Secretary who also attends all Board meetings. A representative of the Company Secretary attends all formal Committee Meetings although the Directors may meet without the Manager being present. Informal meetings with management are also held between Committee Meetings as required. The Company Secretary ensures full information is provided to the Board in advance of each Committee Meeting.

Meeting attendance during the year

	Board	Audit
Mike Liston	5/5	2/2
Tim Dowlen	5/5	2/2
David Hurst-Brown	5/5	2/2

One meeting for each of the nomination, remuneration and risk committees took place during the year, which were attended by all three directors.

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

Board committees

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

The Audit Committee comprises Mike Liston (Chairman), David Hurst-Brown and Tim Dowlen, all of whom are considered to have sufficient recent and relevant financial experience to discharge the role, and meets, 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.

During the year Ernst & Young LLP resigned as the Company's auditor and the Board engaged KPMG LLP. In relation to taxation services, Cornel Partners Limited have been engaged by the Board.

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

The Nomination Committee comprises David Hurst-Brown (Chairman), Mike Liston and Tim Dowlen and intends to meet 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 every three years by rotation.

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 Management Engagement & Remuneration Committee (which has responsibility for reviewing the remuneration of the Directors) comprises David Hurst-Brown (Chairman), Mike Liston and Tim Dowlen and meets at least annually to consider the levels of remuneration of the Directors, specifically reflecting the time commitment and responsibilities of the role. The Management Engagement & Remuneration committee also undertakes external comparisons and reviews to ensure that the levels of remuneration paid are broadly in line with industry standards. The Management Engagement & Remuneration Committee also reviews the appointment and terms of engagement of the Manager.

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

Board evaluation

The Board undertakes a formal annual evaluation of its own performance and that of its committees, as recommended by provision B.6 of the UK Corporate Governance Code. Initially, the evaluation takes the form of a questionnaire for the Board (and its committees). The Chairman then discusses the results with the Board (and its committees) and following completion of this 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 Solar 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.

RW Blears 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 Limited was appointed by the Board as Company Secretary 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 has physical custody of documents of title relating to equity investments.

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



Corporate Governance continued

arrangements with Foresight Group, Foresight Fund Managers Limited and RW Blears 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.

The Board has concluded that, given the appointment of Foresight Group as Company accountant and the role of the Audit Committee, it is not necessary to establish an internal audit function at the current time but this policy will be kept under review.

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.

David Hurst-Brown

Director
23 October 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 for the approval of this report will be put to the members at the forthcoming Annual General Meeting.

The law requires the Company's auditor, KPMG LLP, to audit certain of the disclosures provided. Where disclosures have been audited, they are indicated as such. The auditors' 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 15 consists solely of non-executive directors and considers at least annually the level of the Boards fees.

Consideration by the Directors of matters relating to Directors' Remuneration

The Management Engagement and Remuneration Committee comprises all three Directors: David Hurst-Brown (Chairman), Mike Liston and Tim Dowlen.

The Management Engagement and 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 and 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 period neither the Board nor the Management Engagement and Remuneration Committee have been provided with advice or services by any person in respect of its consideration 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.

No Director is involved in deciding their own 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 on 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 30 June 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 as requested by any Director.

It is the intention of the Board that the remuneration policy will continue to apply in the forthcoming financial year and subsequent years.

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:

M Liston	AGM 2014
M Liston, T Dowlen, D Hurst-Brown	AGM 2015
M Liston	AGM 2016

Details of individual emoluments and compensation

The emoluments in respect of qualifying services and compensation of each person who served as a Director during the year are as shown on page 24. No Director has waived or agreed to waive any emoluments from the Company in the current year.

No other remuneration was paid or payable by the Company during the year nor were any expenses claimed or paid to them other than for expenses incurred wholly, necessarily and exclusively in furtherance of their duties as Directors of the Company.

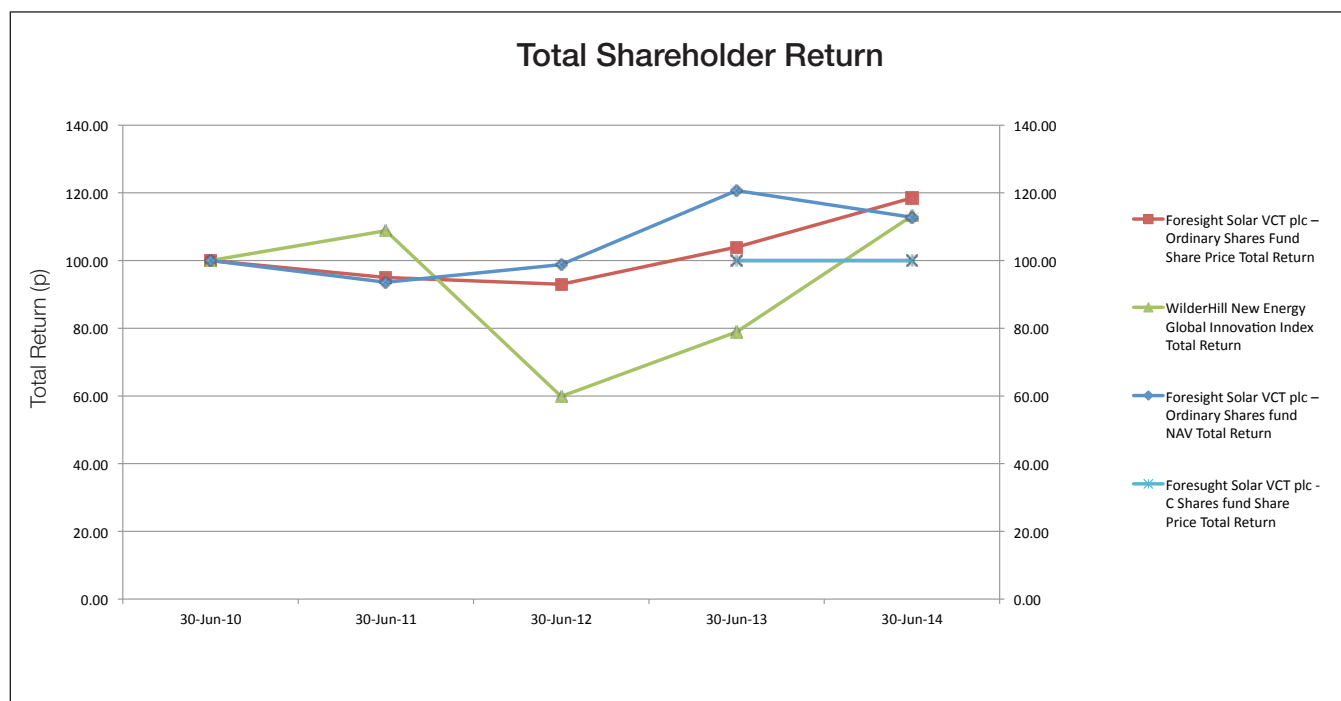
Director liability insurance is held by the Company in respect of the Directors.

Total shareholder return

The graph on the following page charts the total shareholder return from launch to 30 June 2014, on the hypothetical value of £100 invested by a shareholder. The return is compared to the total shareholder return on a notional investment of £100 in the WilderHill New Energy Global Innovation Index, which is considered by the Board an appropriate index against which to measure the Company's performance.



Directors' Remuneration Report continued



Audited Information

The information below has been audited, with the exception of those fees forecasted for the year to 30 June 2015. See the Independent Auditor's Report on pages 30 and 31.

	Anticipated Directors' (£) fees year ended 30 June 2015	Audited Directors' fees (£) for the year ended 30 June 2014	Audited Directors' fees (£) for the year ended 30 June 2013
David Hurst-Brown	27,500	26,250	22,557
Mike Liston	22,000	21,000	20,000
Tim Dowlen	22,000	21,000	20,000
Total	71,500	68,250	62,557

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 30 June 2013

Shares & percentage of votes cast	Shares & percentage of votes cast
For	Against
97.1%	2.9%
3,506,412 votes	104,590 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 30 June 2014	Year ended 30 June 2013
Dividends	£2,302,000	£1,918,000
Share buybacks	£37,000	—
Total Shareholder distributions	£2,339,000	£1,918,000
Directors fees	£68,250	£62,557
Directors fees % of Shareholder distributions	2.9%	3.3%

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 23 October 2014 and is signed on its behalf by David Hurst-Brown (Chairman).

On behalf of the Board

David Hurst-Brown

Chairman

23 October 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 requires a certain element of judgement from management, but 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 obtains legal advice from RW Blears LLP and 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 RW Blears LLP on a quarterly basis and this is reported to both the Board and Audit Committee and the Manager.

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, the auditor and RW Blears, 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 one year end. KPMG LLP was appointed as auditor during the year, with their first audit for the year ended 30 June 2014. 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 provided a high level of service and maintained a good knowledge of the venture capital trust market, making sure audit quality continued to be maintained.

Mike Liston

Audit Committee Chairman

23 October 2014

Statement of Directors' Responsibilities

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 the Directors 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 that 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 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 its 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 comply 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.

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company; and
- the Directors' Report and Strategic 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.

On behalf of the Board

David Hurst-Brown

Chairman

23 October 2014



Unaudited Non-Statutory Analysis of the Share Classes

Income Statements

for the year ended 30 June 2014

	Ordinary Shares Fund			C Shares Fund		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Investment holding losses	—	(2,921)	(2,921)	—	—	—
Income	960	—	960	81	—	81
Investment management fees	(162)	(486)	(648)	(39)	(116)	(155)
Gains on the value of derivatives	—	114	114	—	—	—
Other expenses	(303)	—	(303)	(99)	—	(99)
Return/(loss) on ordinary activities before taxation	495	(3,293)	(2,798)	(57)	(116)	(173)
Taxation	(111)	109	(2)	—	2	2
Return/(loss) on ordinary activities after taxation	384	(3,184)	(2,800)	(57)	(114)	(171)
Return/(loss) per share	1.0p	(8.3)p	(7.3)p	(0.6)p	(1.3)p	(1.9)p

Balance Sheets

at 30 June 2014

	Ordinary Shares Fund £'000	C Shares Fund £'000
Fixed assets		
Investments held at fair value through profit or loss	38,443	10,000
Current assets		
Debtors	677	316
Money market securities and other deposits	8	—
Cash	241	2,067
	926	2,383
Creditors		
Amounts falling due within one year	(314)	(126)
Net current assets	612	2,257
Net assets	39,055	12,257
Capital and reserves		
Called-up share capital	383	125
Share premium account	—	12,336
Capital redemption reserve	2	—
Profit and loss account	38,670	(204)
Equity shareholders' funds	39,055	12,257
Number of shares in issue	38,331,956	12,511,089
Net asset value per share	101.9p	98.0p

At 30 June 2014 there was an inter-share debtor/creditor of £233,000 which has been eliminated on aggregation.

Unaudited Non-Statutory Analysis of the Share Classes

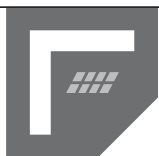
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Reconciliations of Movements in Shareholders' Funds

for the year ended 30 June 2014

	Called-up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Profit and loss account £'000	Total £'000
Ordinary Shares Fund					
As at 1 July 2013	384	—	1	43,987	44,372
Expenses in relation to share issues	—	—	—	(178)	(178)
Repurchase of shares	(1)	—	1	(37)	(37)
Dividends	—	—	—	(2,302)	(2,302)
Loss for the year	—	—	—	(2,800)	(2,800)
As at 30 June 2014	383	—	2	38,670	39,055

	Called-up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Profit and loss account £'000	Total £'000
C Shares Fund					
As at 1 July 2013	57	5,673	—	(33)	5,697
Share issues in the year	68	7,042	—	—	7,110
Expenses in relation to share issues	—	(379)	—	—	(379)
Loss for the year	—	—	—	(171)	(171)
As at 30 June 2014	125	12,336	—	(204)	12,257



Independent Auditor's Report

Opinions and conclusions arising from our audit

1 Our opinion on the financial statements is unmodified

We have audited the financial statements of Foresight Solar VCT plc for the year ended 30 June 2014 set out on pages 32 to 50. In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 June 2014 and of its loss 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: (£48,443 million)*

Refer to page 26 (Audit Committee Report), page 36 (accounting policy) and pages 41 and 44 to 49 (financial statements)

The risk - 100% 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 discounted cash flow measurements. There is a significant risk over the valuation of these investments 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 cash flow projections, inflation rates and the appropriate cost of equity and debt as discount factor. We compared key underlying financial data inputs to external sources and management information as applicable. We challenged the assumptions around the sustainability of earnings based on the plans of the investee companies and whether these are achievable, and we obtained an understanding of existing and prospective investee company

cash flows to understand whether borrowings can be serviced or refinancing may be required. Our work included consideration of events which occurred subsequent to the year end up until the date of this audit report;

- 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 26 (Audit Committee Report), page 37 (accounting policy) and page 39 (financial statements)

The risk - The Company is required at 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 R.W. Blears who were appointed by the board to evaluate the Trust's compliance with the VCT rules. We have evaluated the competency of R.W. Blears and read their report, discussing any findings with R.W. Blears 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 £1.036 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 £51,787, 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 Foresight Group LLP, The Shard, 32 London Bridge Street, London SE1 9SG.

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 18, in relation to going concern; and
- the part of the Corporate Governance Statement on page 20 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 27, 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

Canary Wharf

London

E14 5GL

23 October 2014



Income Statement

for the year ended 30 June 2014

	Notes	Year ended 30 June 2014			Year ended 30 June 2013		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Investment holding (losses)/gains		—	(2,921)	(2,921)	—	7,432	7,432
Realised losses on investments		—	—	—	—	(28)	(28)
Income	2	1,041	—	1,041	2,461	—	2,461
Investment management fees	3	(201)	(602)	(803)	(158)	(475)	(633)
Gains/(losses) on the value of derivatives		—	114	114	—	(305)	(305)
Other expenses	4	(402)	—	(402)	(329)	—	(329)
Return/(loss) on ordinary activities before taxation		438	(3,409)	(2,971)	1,974	6,624	8,598
Taxation	5	(111)	111	—	(160)	160	—
Return/(loss) on ordinary activities after taxation		327	(3,298)	(2,971)	1,814	6,784	8,598
Return/(loss) per share:							
Ordinary Share	7	1.0p	(8.3)p	(7.3)p	4.8p	17.7p	22.5p
C Share	7	(0.6)p	(1.3)p	(1.9)p	(0.4)p	(0.3)p	(0.7)p

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 36 to 50 form part of these financial statements.

Reconciliation of Movements in Shareholders' Funds

	Called-up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Profit and loss account £'000	Total £'000
Year ended 30 June 2013					
As at 1 July 2012	384	—	1	37,506	37,891
Share issues in the year	57	5,943	—	—	6,000
Expenses in relation to share issues	—	(270)	—	(232)	(502)
Dividends	—	—	—	(1,918)	(1,918)
Return for the year	—	—	—	8,598	8,598
As at 30 June 2013	441	5,673	1	43,954	50,069

	Called-up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Profit and loss account £'000	Total £'000
Year ended 30 June 2014					
As at 1 July 2013	441	5,673	1	43,954	50,069
Share issues in the year	68	7,042	—	—	7,110
Expenses in relation to share issues	—	(379)	—	(178)	(557)
Repurchase of shares	(1)	—	1	(37)	(37)
Dividends	—	—	—	(2,302)	(2,302)
Loss for the year	—	—	—	(2,971)	(2,971)
As at 30 June 2014	508	12,336	2	38,466	51,312

The notes on pages 36 to 50 form part of these financial statements.



Balance Sheet

at 30 June 2014

Registered Number: 07289280

	Notes	As at 30 June 2014 £'000	As at 30 June 2013 £'000
Fixed assets			
Investments held at fair value through profit or loss	8	48,443	43,838
Current assets			
Debtors	9	760	614
Money market securities and other deposits		8	8
Cash		2,308	5,895
		3,076	6,517
Creditors			
Amounts falling due within one year	10	(207)	(286)
Net current assets		2,869	6,231
Net assets		51,312	50,069
Capital and reserves			
Called-up share capital	11	508	441
Share premium account		12,336	5,673
Capital redemption reserve		2	1
Profit and loss account		38,466	43,954
Equity shareholders' funds		51,312	50,069
Net asset value per share			
Ordinary Share	12	101.9p	115.7p
C Share	12	98.0p	99.4p

The accounts on pages 32 to 34 were approved by the Board of Directors and authorised for issue on 23 October 2014 and were signed on its behalf by:

David Hurst-Brown

Chairman

23 October 2014

The notes on pages 36 to 50 form part of these financial statements.

Cash Flow Statement

for the year ended 30 June 2014

	Year ended 30 June 2014 £'000	Year ended 30 June 2013 £'000
Cash flow from operating activities		
Investment income received	903	2,753
Deposit and similar interest received	5	—
Investment management fees paid	(867)	(702)
Secretarial fees paid	(182)	(134)
Other cash payments	(172)	(202)
Net cash (outflow)/inflow from operating activities and returns on investment	(313)	1,715
Returns on investment and servicing of finance		
Purchase of investments	(10,000)	(333)
Net proceeds on sale of investments	2,474	410
Net capital (outflow)/inflow from financial investment	(7,526)	77
Equity dividends paid	(2,302)	(1,918)
Financing		
Proceeds of fund raising*	7,069	6,050
Expenses of fund raising	(515)	(415)
	6,554	5,635
(Decrease)/increase in cash	(3,587)	5,509
Reconciliation of net cash flow to movement in net funds		
(Decrease)/increase in cash and cash equivalents for the year	(3,587)	5,509
Net cash and cash equivalents at start of year	5,903	394
Net cash and cash equivalents at end of year	2,316	5,903

Analysis of changes in net cash

	At 1 July 2013 £'000	Cash flow £'000	At 30 June 2014 £'000
Cash and cash equivalents	5,903	(3,587)	2,316

* £7.1 million was raised during the year in relation to new share issues. Funds of £41,000 were returned during the year to a prospective investor from the previous year who decided to cancel their application.



Notes to the Accounts

for the year ended 30 June 2014

1 Accounting policies

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

a) Basis of accounting

The financial statements have been prepared under the Companies Act 2006, and in accordance with the United Kingdom Generally Accepted Accounting Practice (UK GAAP) and the Statement of Recommended Practice: 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 details of the performance of the Company split between items of a revenue and 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 or 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.

All unquoted investments are initially held at cost for an appropriate period where there is considered to have been no change in fair value. Where such a basis is no longer appropriate, unquoted investments are stated at fair value in accordance with the following rules which are consistent with the IPEVCV guidelines.

The fair value of investments are determined by using discounted cash flow valuation techniques. The directors base the fair value of the investments on information received from the Investment Manager. The Investment Manager’s assessment of fair value of investments is determined in accordance with UK GAAP, using Discounted Cash Flow principles. This entails assumptions about Feed in tariffs (“FIT”) and Renewable Obligation Certificates (“ROCs”), purchase price agreements (“PPA”) and power price forecasts, annual irradiation performance and degradation ratios, operating, maintenance and lease costs, tax, discount rates and inflation.

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 rate basis. Redemption premiums are recognised on an effective interest rate basis where there is reasonable certainty that the redemption premium will be paid. Where uncertainty exists they will be recognised on realisation of investment.

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. The liability is recognised when the related distribution to shareholders is made.

1 Accounting policies (continued)

e) Financial instruments

During the period the Company held non-current asset investments, shares in OEICs ('Open Ended Investment Companies'), money-market funds, 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.

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 capital column of 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.

i) Cash and liquid resources

Cash, for the purpose of the cash flow statement, comprises cash in hand and deposits repayable on demand. Liquid resources are current asset investments which are disposable without curtailing or disrupting the business and are readily convertible into known amounts of cash at their carrying values. Liquid resources comprise money market funds.

j) Derivative financial instruments

Where the Company has used forward/foreign exchange contracts to hedge against its foreign exchange exposure, the Company calculates the fair value gain or loss on the contract at the end and this amount is charged to the capital column of the Income Statement. The underlying investment is restated at the closing exchange rate and any movement is charged to unrealised reserves.



Notes to the Accounts continued

for the year ended 30 June 2014

2 Income

	Year ended 30 June 2014 £'000	Year ended 30 June 2013 £'000
Bank interest	5	—
Loan stock interest	1,036	1,368
Dividends receivable	—	1,093
	1,041	2,461

3 Investment management fees

	Year ended 30 June 2014 £'000	Year ended 30 June 2013 £'000
Investment management fees charged to the revenue account	201	158
Investment management fees charged to the capital account	602	475
	803	633

Foresight Group provides investment management services to the Company under agreements dated 31 August 2010 and 18 February 2013. They received management fees, paid quarterly in advance, of 1.5% of Ordinary Share net assets and 1.75% of C Share net assets per annum. If the annual expenses of the Company exceed 3.6% 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 Group also provides administration services to the Company and received annual fees, paid quarterly in advance, for the services provided of £167,000 (2013: £122,000). The annual secretarial and accounting fee (which is payable together with any applicable VAT) is 0.3% of the net funds raised by the offer (subject to a minimum index-linked fee of £60,000) for each of the Ordinary and C Share funds.

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 industry practice, Foresight Group retains the right to charge arrangement and syndication fees and Directors' or monitoring fees ('deal fees') to companies in which the Company invests. From this, Foresight Group received from investee companies arrangement fees of £300,000 (2013: £nil) in the year.

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

4 Other expenses

	Year ended 30 June 2014 £'000	Year ended 30 June 2013 £'000
Administration services excluding VAT	167	122
Directors' remuneration including employer's National Insurance contributions	73	64
Auditors' remuneration excluding VAT		
– Fees payable to KPMG LLP, the Company's auditors for the audit of the financial statements (2013: Ernst & Young LLP)	29	26
– Non audit services regarding interim report review (2013: Ernst & Young LLP)	–	1
Other	133	116
	402	329

The Company has no employees other than the Directors.

5 Taxation

	Year ended 30 June 2014			Year ended 30 June 2013		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
a) Analysis of charge in the year:						
Corporation tax	(111)	111	–	(160)	160	–
Total tax for the period	(111)	111	–	(160)	160	–

b) Factors affecting current tax charge for the year:

The tax assessed for the period is lower (2013: lower) than the standard rate of corporation tax in the UK, for a venture capital trust of 22.5% (2013: 23.8%). The differences are explained below:

	Year ended 30 June 2014 £'000	Year ended 30 June 2013 £'000
Net (loss)/return before taxation	(2,971)	8,598
Corporation tax at 22.5% (2013: 23.8%)	(668)	2,046
Effect of:		
Capital items not taxable	657	(1,762)
Exempt income	–	(260)
Utilised losses brought forward	–	(24)
Unutilised losses carried forward	11	–
Current tax charge for the year	–	–

c) There is an unrecognised deferred tax asset of £nil (2013: £nil). The deferred tax asset related to the 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 30 June 2014

6 Dividends

	Year ended 30 June 2014 £'000	Year ended 30 June 2013 £'000
Ordinary Shares		
Dividends - paid in the year	2,302	1,918
C Shares		
Dividends - paid in the year	—	—

The board is recommending a final dividend per Ordinary Share of 0.0p (2013: 0.0p) for the year ended 30 June 2014. In line with original expectations, interim dividends of 3.0p per Ordinary Share were paid on 25 October 2013 and 4 April 2014.

Set out above are the total dividends payable in respect of the financial year, which is the basis on which the requirements of section 274 of The Income Tax Act 2007 are considered.

7 Return per share

	Year ended 30 June 2014		Year ended 30 June 2013	
	Ordinary Shares £'000	C Shares £'000	Ordinary Shares £'000	C Shares £'000
Total (loss)/return after taxation	(2,800)	(171)	8,631	(33)
Total (loss)/return per share (note a)	(7.3)p	(1.9)p	22.5p	(0.7)p
Revenue return/(loss) from ordinary activities after taxation	384	(57)	1,833	(19)
Revenue return/(loss) per share (note b)	1.0p	(0.6)p	4.8p	(0.4)p
Capital (loss)/return from ordinary activities after taxation	(3,184)	(114)	6,798	(14)
Capital (loss)/return per share (note c)	(8.3)p	(1.3)p	17.7p	(0.3)p
Weighted average number of shares in issue during the year	38,365,782	9,064,723	38,366,252	5,079,631

Notes:

- Total return per share is total return after taxation divided by the weighted average number of shares in issue during the year.
- Revenue return per share is revenue return after taxation divided by the weighted average number of shares in issue during the year.
- Capital return 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
Unquoted investments	48,443	43,838
	48,443	43,838

Company	Unquoted & Total £'000
Book cost as at 1 July 2013	34,110
Opening investment holding gains	9,728
Valuation at 1 July 2013	43,838
Movements in the year:	
Purchases at cost	10,000
Disposal proceeds	(2,474)
Investment holding losses	(2,921)
Valuation at 30 June 2014	48,443
Book cost at 30 June 2014	41,636
Closing investment holding gains	6,807
Valuation at 30 June 2014	48,443

Ordinary Shares Fund	Unquoted & Total £'000
Book cost as at 1 July 2013	34,110
Opening investment holding gains	9,728
Valuation at 1 July 2013	43,838
Movements in the year:	
Disposal proceeds	(2,474)
Investment holding losses	(2,921)
Valuation at 30 June 2014	38,443
Book cost at 30 June 2014	31,636
Closing investment holding gains	6,807
Valuation at 30 June 2014	38,443

C Shares Fund	Unquoted & Total £'000
Book cost as at 1 July 2013	—
Opening investment holding gains	—
Valuation at 1 July 2013	—
Movements in the year:	
Purchases at cost	10,000
Valuation at 30 June 2014	10,000
Book cost at 30 June 2014	10,000
Closing investment holding gains	—
Valuation at 30 June 2014	10,000



Notes to the Accounts continued

for the year ended 30 June 2014

9 Debtors

	2014 £'000	2013 £'000
Prepayments	8	8
Other debtors	244	212
Financial assets (see financial instruments note 15)	508	394
	760	614

10 Creditors: amounts falling due within one year

	2014 £'000	2013 £'000
Trade creditors	37	9
Accruals	47	141
Other creditors	123	136
	207	286

11 Called-up share capital

	2014 £'000	2013 £'000
Allotted, called up and fully paid:		
38,331,956 Ordinary Shares of 1p each (2013: 38,366,252)	383	384
12,511,089 C Shares of 1p each (2013: 5,731,693)	125	57

A total of 6,779,396 C Shares were allotted during the year, representing £7,110,000 of gross funds raised at 30 June 2014.

The Ordinary Shares fund repurchased 34,296 shares for cancellation at a cost of £37,000 during the year.

	Ordinary Shares No.	C Shares No.
At 1 July 2013	38,366,252	5,731,693
Allotment of shares	—	6,779,396
Repurchase of shares for cancellation	(34,296)	—
At 30 June 2014	38,331,956	12,511,089

12 Net asset value per share

Net asset value per Ordinary Share is based on net assets at the year end of £39,055,000 (2013: £44,372,000) and on 38,331,956 Ordinary Shares (2013: 38,366,252), 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 £12,257,000 (2013: £5,697,000) and on 12,511,089 C Shares (2013: 5,731,693), being the number of C Shares in issue at that date.

13 Performance-related incentive Ordinary Shares

After distributions of 100.0p per Ordinary Share issued under the Offer and remaining in issue at the date of calculation have been paid to Ordinary shareholders by the Company, Foresight Group will become entitled to a performance incentive which will be calculated at the rate of 20% of distributions in excess of 100.0p until total distributions reach 130.0p per share (issued under the Offer and remaining in issue at the date of calculation) and 30% above that level. No payment of the performance incentive will be made to Foresight Group until distributions exceed 100.0p (per Share issued under the Offer and remaining in issue at the date of calculation). The performance incentive may be satisfied in cash or by the issue of new shares to Foresight Group, at the discretion of Foresight Group.

If the current Ordinary Share Fund NAV of 101.9p were paid to shareholders, this coupled with the 11.0p already distributed would result in £1.0 million of performance-related incentive fees becoming payable to Foresight Group.

C Shares

After distributions of 100.0p per C Share issued under the offer and remaining in issue at the date of calculation have been paid to C shareholders by the Company, Foresight will become entitled to a performance incentive which will be calculated at the rate of 20% of distributions in excess of 100.0p per C Share until total distributions reach 120.0p, and 30% above that level.

No performance related incentive fees have been distributed to date.

14 Capital commitments and contingent liabilities

The Company had no capital commitments or contingent liabilities at 30 June 2014 (2013: £nil).

15 Financial instrument risk management

The Company's financial instruments comprise:

- Unquoted investments and qualifying loan stock held in the investment portfolio as well as cash and investments in money market funds 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.
- Ordinary and C class Shares issued to shareholders.

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 30 June 2014:

Company	2014 £'000	2013 £'000
Assets held at fair value through profit and loss/cost		
Investments held at fair value	38,106	43,501
Investments held at cost	10,337	337
Current asset investments (money market funds)	8	8
Cash at bank	2,308	5,895
	50,759	49,741
Receivables at fair value		
Financial assets	508	394
Prepayments and other debtors	252	220
	760	614
Liabilities at fair value		
Creditors	(207)	(286)
	51,312	50,069



Notes to the Accounts continued

for the year ended 30 June 2014

15 Financial instrument risk management (continued)

The investment portfolio will have a high concentration of risk towards unquoted UK-based Solar investments (as well as a smaller exposure to unquoted Spanish and Italian Solar investments), the majority expected to be in sterling denominated equity and loan stock holdings.

The main risks arising from the Company's financial instruments are credit risk, currency risk, valuation risk, regulatory risk and liquidity risk. The Board regularly reviews and agrees policies for managing each of these risks.

Detailed below is a summary of the financial risks to which the Company is exposed, and the policies agreed by the Board for management of these risks.

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 Company currently invests its cash holdings and loan stock (indirectly) with Barclays. Its money market holdings are with HSBC, Goldman Sachs (previously RBS), Blackrock and Insight Investments. The Manager receives full year 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 30 June 2014 was £26,747,000 (30 June 2013: £29,662,000) 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.

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

Credit risk	Company	
	2014 £'000	2013 £'000
Loan stocks	23,671	23,145
Current asset investments (money market funds)	8	8
Financial asset	508	394
Prepayments and other debtors	252	220
Cash	2,308	5,895
Total	26,747	29,662

Currency risk

The Company entered into four currency option transactions in the year to 30 June 2012 for the Foresight VCT (Lux1) S.a.r.l investment. The strike rates obtained ranged between £1:1.1400€ and £1:1.19650€. The options ensure that when the investment is sold (in euros) that the conversion rate, back to sterling, is fixed, and therefore that the Company does not suffer any loss (or gain) from currency movements until the original cost of the investment is recovered. The cost of taking out the currency option is covered by the returns on the investments.

These options were sold when the £/€ was at 1:12850 on 2 October 2014, which realised a profit of £662,150 for the Company.

Valuation risk

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 IPEVC Valuation Guidelines.

All investments are initially held at cost for an appropriate period after which they are held at fair value. Fair value is determined by using discounted cashflow valuation techniques. Valuation risk is the risk that there will be changes in the inputs and assumptions into the discounted cashflow model. This is discussed in more detail on page 46 to 49.

15 Financial instrument risk management (continued)

Regulatory risk

During the year, the Italian and Spanish governments implemented plans to retroactively reduce the FIT rates paid to Solar projects which had a negative impact on valuations. These changes have been taken into consideration in the discounted cash flow models to determine fair value. The UK Government also proposed closing the ROC scheme to new Solar Plants with capacity above 5MW from 1 April 2015. This will also have a negative impact on valuation. The fair value of unquoted investments may also be affected by future regulatory changes.

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 one year 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.

Interest rate risk

The fair value of the Company's loan stock and cash investments may be affected by interest rate movements. This is not considered to be a significant risk as the loan stock interest rates are all fixed. The maximum exposure to interest rate risk for the Company was £25,271,000 at 30 June 2014 (30 June 2013: £29,048,000). During 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 30 June 2014 (0.5% at 30 June 2013).

Company	Total fixed portfolio		Weighted average interest rate		Weighted average time for which rate is fixed	
	30 June 2014 £'000	30 June 2013 £'000	30 June 2014 %	30 June 2013 %	30 June 2014 Days	30 June 2013 Days
Short term fixed interest securities						
— exposed to cash flow interest rate risk	8	8	0.3	0.3	—	—
Loan stock						
— exposed to fixed interest rate risk	22,955	23,145	5.0	5.3	1,080	1,362
Cash	2,308	5,895	0.5	0.5	—	—
Total exposed to interest rate risk	25,271	29,048				

Maturity analysis:	Total portfolio	
	30 June 2014 £'000	30 June 2013 £'000
- in one year or less	3,032	5,903
- in more than one year but less than two years	—	—
- in more than two years but less than three years	19,239	—
- in more than three years but less than four years	—	23,145
- in more than four years but less than five years	3,000	—
Total	25,271	29,048



Notes to the Accounts continued

for the year ended 30 June 2014

15 Financial instrument risk management (continued)

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:

- 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 30 June 2014

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Unquoted investments	—	—	48,443	48,443
Current asset investments (money market funds)	8	—	—	8
Derivative financial instruments	—	508	—	508
Financial assets	8	508	48,443	48,959

Company

As at 30 June 2013

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Unquoted investments	—	—	43,838	43,838
Current asset investments (money market funds)	8	—	—	8
Derivative financial instruments	—	394	—	394
Financial assets	8	394	43,838	44,240

Year ended 30 June 2014

	Company Level 3 £'000
Valuation at 1 July 2013	43,838
Purchases at cost	10,000
Disposal proceeds	(2,474)
Investment holding losses	(2,921)
Valuation carried forward at 30 June 2014	48,443

Transfers

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

Sensitivity analysis of changes in key inputs and assumptions which may significantly change valuations

For each class of fair valued instruments, if changing one or more of the inputs or reasonably possible alternative assumptions would change the fair value significantly, FRS 29 requires an entity to state the fact and disclose the effect of those changes.

The Company's investments are valued with reference to the discounted value of future cash flows. The Directors consider the valuation methodology used, including the key assumptions and discount rate applied, to be prudent. The Board reviews, at least quarterly, the valuation inputs and where possible, make use of observable market data to ensure valuations reflect the fair value of the investments.

A broad range of assumptions are used in the valuation models. These assumptions are based on long-term forecasts and are not affected by short term fluctuations in inputs, be it economic or technical.

The significant assumptions used in the fair value measurement categorised within Level 3 of the fair value hierarchy together with a quantitative sensitivity analysis as at 30 June 2014 are set out on pages 47 to 49. Please note, this sensitivity analysis only refers to the impact of changes in key inputs and assumptions on the valuation of the UK Solar investments which constitute 71% of the portfolio. The impact of the changes in key inputs and assumptions on the valuation of the foreign investments which constitute 9% of the portfolio has not been considered.

15 Financial instrument risk management (continued)

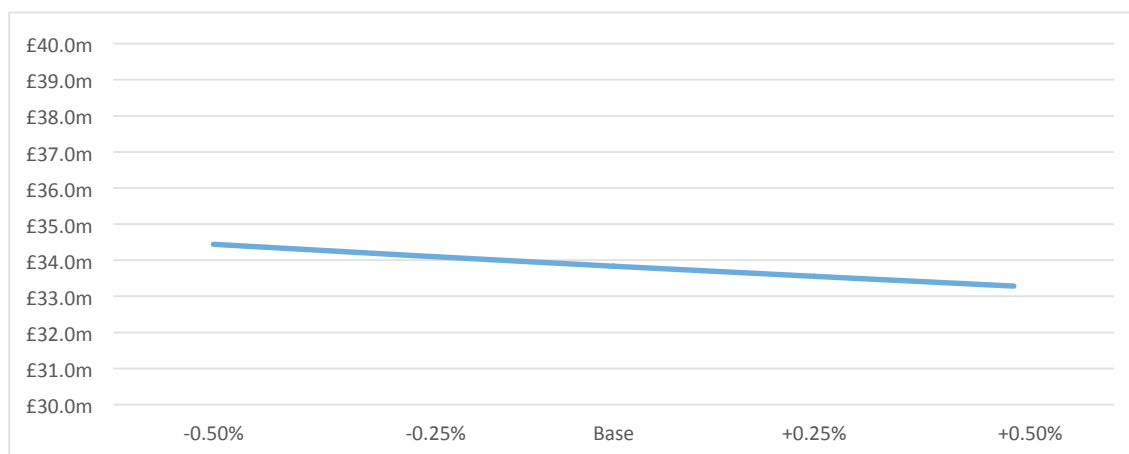
The discounted cash flow valuations of the solar assets form the majority of the NAV calculation.

Only changes in those key inputs and assumptions to the discounted cash flow models which would have a significant impact on valuation are discussed in more detail below. The valuation of investments may also be impacted by changes in other inputs to the discounted cash flow models, but these have not been discussed further as they would not have a significant impact on the valuation. The assumption sensitivities are illustrative. The actual change in these assumptions could be more or less than the amount shown.

Discount Rate Sensitivities

The weighted average discount rate used is 8.0% for the UK holdings. The Directors do not expect to see a significant change in the discount rates applied within the Solar Infrastructure sector. Therefore a variance of +/- 0.50% is considered reasonable given the current risk profile of the fund.

	-0.50%	-0.25%	Base	+0.25%	+0.50%
Directors DCF Valuation (£m)	9.63	9.32	9.03	8.74	8.47
Cash Balance (£m)	24.81	24.81	24.81	24.81	24.81
Total Valuation (£m)	34.44	34.13	33.84	33.55	33.28





Notes to the Accounts continued

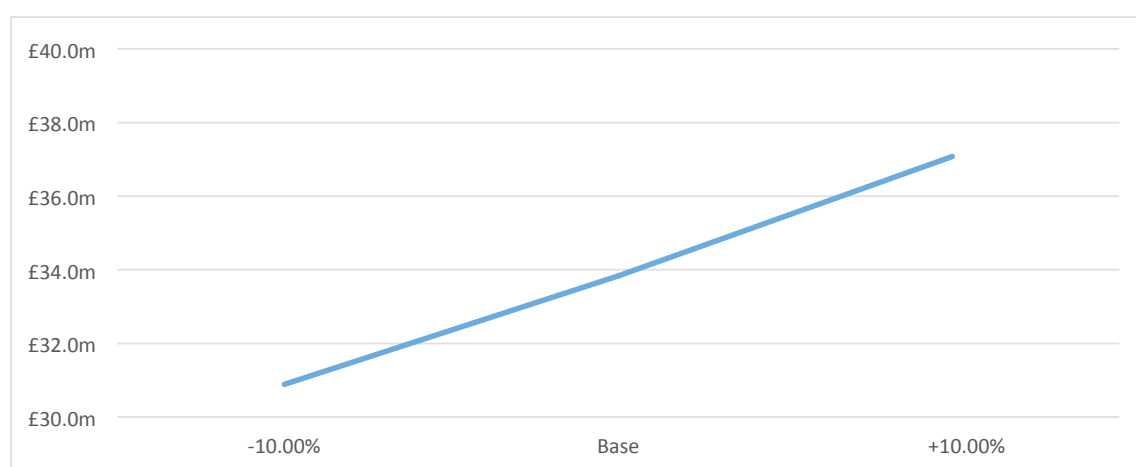
for the year ended 30 June 2014

15 Financial instrument risk management (continued)

Energy Yield Sensitivities

Energy Yield is the amount of electricity that is produced and is calculated based on irradiation multiplied by the asset performance ratio and degradation ratio for the project. Irradiation is the amount of solar energy per metre squared of plant, and the asset performance ratio and degradation ratio refer to how efficiently a plant converts irradiation into electricity on the grid.

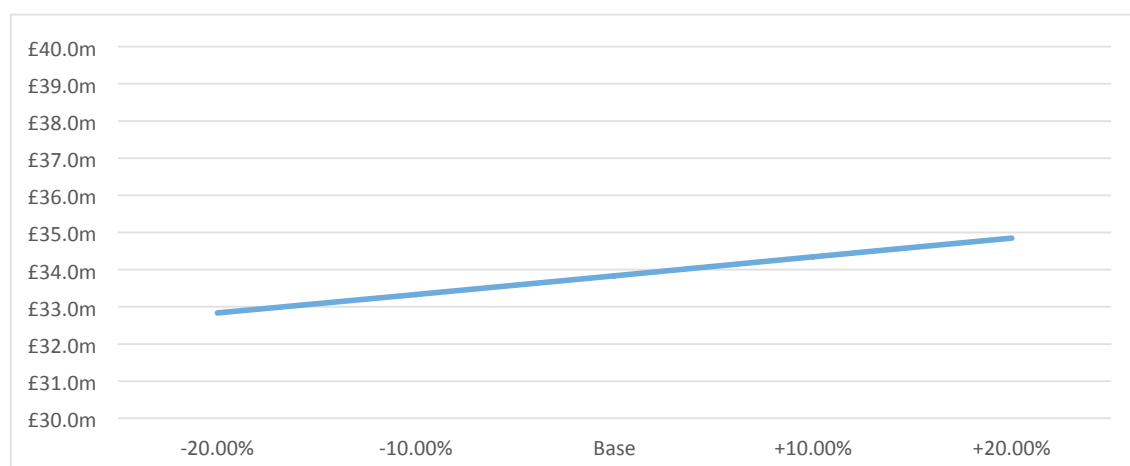
	-10.00%	Base	+10.00%
Directors DCF Valuation (£m)	6.08	9.03	12.27
Cash Balance (£m)	24.81	24.81	24.81
Total Valuation (£m)	30.88	33.84	37.08



Power Price Sensitivities

The discounted cash flow models assume that power prices are consistent with the Power Price Agreements ("PPA") currently in place. At the PPA end date the model reverts to market price. The base case power pricing is based on the current forecast real price reference curve provided by external market experts.

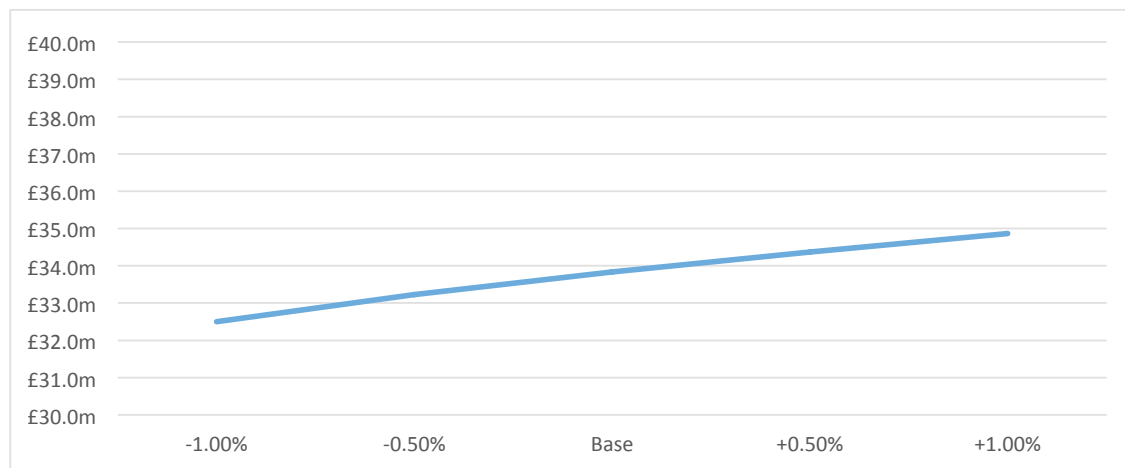
	-20.00%	-10.00%	Base	+10.00%	+20.00%
Directors DCF Valuation (£m)	8.03	8.52	9.03	9.53	10.04
Cash Balance (£m)	24.81	24.81	24.81	24.81	24.81
Total Valuation (£m)	32.83	33.33	33.84	34.34	34.85



15 Financial instrument risk management (continued)

Inflation Sensitivities

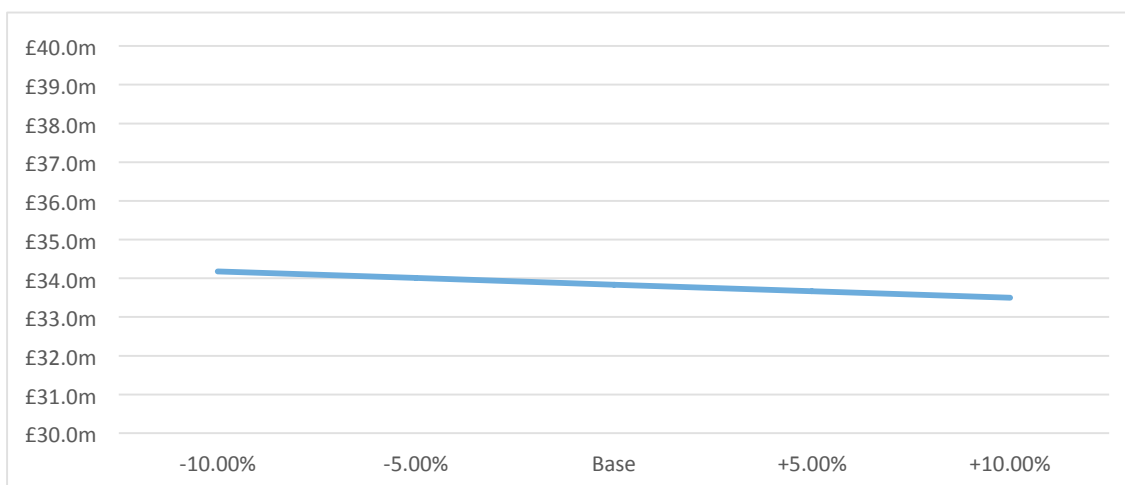
	-1.00%	-0.50%	Base	+0.50%	+1.00%
Directors DCF Valuation (£m)	7.69	8.42	9.03	9.56	10.05
Cash Balance (£m)	24.81	24.81	24.81	24.81	24.81
Total Valuation (£m)	32.50	33.23	33.84	34.37	34.86



Operating Cost Sensitivities (Investment Level)

Operating costs refers to the cost of running the plants. These are primarily fixed for the next 15 years and therefore, only sensitive to movements after this date.

	-10.00%	-5.00%	Base	+5.00%	+10.00%
Directors DCF Valuation (£m)	9.37	9.20	9.03	8.86	8.69
Cash Balance (£m)	24.81	24.81	24.81	24.81	24.81
Total Valuation (£m)	34.18	34.01	33.84	33.66	33.49





Notes to the Accounts continued

for the year ended 30 June 2014

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 commensurate with the level of risk.

Since the Company is a VCT, at least 70% of the capital of the Company (as measured under the tax legislation) must be 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 Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets if so required to maintain a level of liquidity to remain a going concern.

Although, as the Investment Policy implies, the Board would consider 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.

Financial liabilities and borrowing facilities

The Company had no committed borrowing facilities, liabilities or guarantees at 30 June 2014 or 30 June 2013. An overdraft facility of £400,000 is available on the company's bank account.

Fair value

The fair value of the Company's financial assets and liabilities at 30 June 2014 and 30 June 2013 are not different from their carrying values.

17 Transactions with the manager

Details of arrangements with Foresight Group LLP, Foresight Fund Managers Limited and Foresight Group CI Limited are given in the Directors' Report and Notes 3 and 13.

Foresight Group, which acts as investment manager to the Company in respect of its venture capital investments earned fees of £803,000 in the year (2013: £633,000).

Foresight Fund Managers Limited provides administration services to the Company, and received fees of £167,000 during the year (2013: £122,000). The annual administration and accounting fee (which is payable together with any applicable VAT) is 0.3% of the net funds raised by the offer (subject to a minimum index-linked fee of £60,000 for each of the Ordinary and C Share funds).

At the balance sheet date there was £26,000 due to Foresight Group (2013: £96,000).

Foresight Group is responsible for external costs such as legal and accounting fees, incurred on transactions that do not proceed to completion ('abort expenses'). In line with industry 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. From this, Foresight Group received from investee companies arrangement fees of £300,000 in the year (2013: £nil).

18 Post Balance Sheet events

There were no significant post balance sheet events to report.

Shareholder Information

Dividends

Dividends are ordinarily paid to shareholders in April and October. 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 plc (see back cover 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 Shares is 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.

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 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 Solar 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 financial adviser.

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

Foresight Group has 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 VCT 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

December 2014	Annual General Meeting
February 2015	Announcement of interim results for six months to 31 December 2014
October 2015	Announcement of annual results for the year ended 30 June 2015
October 2015	Posting of the Annual Report for the year ended 30 June 2015

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

Please contact Foresight Group, for any queries regarding Foresight Solar VCT plc:

Telephone: 020 3667 8100

e-mail: info@foresightgroup.eu

website: www.foresightgroup.eu

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



Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of Foresight Solar VCT plc ("the Company") will be held on 18 December 2014 at 2 pm at the offices of Foresight Group, The Shard, 32 London Bridge Street, London, SE1 9SG for the purpose of considering and, if thought fit, passing the following resolutions, of which resolutions 1 to 6 will be proposed as ordinary resolutions and resolutions 7 and 8 will be proposed as special resolutions.

- Resolution 1 To receive the Report and Accounts for the year ended 30 June 2014.
- Resolution 2 To approve the Directors' Remuneration Policy.
- Resolution 3 To approve the Directors' Remuneration Report.
- Resolution 4 To re-elect Michael Liston as a director.
- Resolution 5 To re-appoint KPMG LLP as auditor and to authorise the directors to fix the auditor's remuneration.
- Resolution 6 That, in substitution for all existing authorities, the directors be and they are authorised to allot relevant securities generally, in accordance with Section 551 of the Companies Act 2006, up to a nominal amount of £200,000 (representing approximately 39.3% of the current issued share capital) provided that the authority and power conferred by this Resolution 6 will expire on the fifth anniversary of the passing of this resolution.
- Resolution 7 That, in substitution for all existing authorities, the directors be and they are empowered pursuant to section 570 and section 573 of the Companies Act 2006 to allot equity securities (within the meaning of section 560 of that Act) pursuant to the authority conferred by Resolution 6 as if section 561(1) of that Act did not apply to any such allotment, provided that this power shall be limited to:
- (i) the allotment of equity securities with an aggregate nominal value of up to £100,000 by way of issue of ordinary shares of 1p each ("Ordinary Shares") and/or £100,000 by way of issue of C ordinary shares of 1p each ("C Shares"), in each case pursuant to offer(s) for subscription;
 - (ii) the allotment of equity securities with an aggregate nominal value of up to £10,000 by way of issue of C Shares pursuant to any dividend investment scheme operated by the Company from time to time;
 - (iii) the allotment of equity securities with an aggregate nominal value of up to 10% of the issued share capital of the Company by way of an issue of Ordinary Shares and/or C Shares pursuant to the performance incentive arrangements with Foresight Group CI Limited; and
 - (iv) the allotment of equity securities with an aggregate nominal value of an amount up to or equal to 10% of the issued Ordinary Share capital of the Company and/or 10% of the issued C Share capital of the Company from time to time,
- in each case where the proceeds of such issue may in whole or part be used to purchase the Company's shares. This authority will expire at the conclusion of the Annual General Meeting to be held in 2015.
- Resolution 8 That, in substitution for all existing authorities the Company be empowered to make market purchases (within the meaning of Section 693(4) of the Companies Act 2006) of its own shares provided that:
- (i) the aggregate number of shares to be purchased shall not exceed 5,745,960 Ordinary Shares and 1,875,412 C Shares or, if lower such number of shares rounded down to the nearest whole share as shall equal 14.99% of the Company's; Ordinary Shares and C Shares in issue at the date of passing this resolution;
 - (ii) the minimum price which may be paid for a share is 1 pence (the nominal value thereof);
 - (iii) the maximum price which may be paid for shares is the higher of (1) an amount equal to 105% of the average of the middle market quotation for shares taken from the London Stock Exchange daily official list for the five business days immediately preceding the day on which the shares are purchased, and (2) the amount stipulated by Article 5(1) of the BuyBack and Stabilisation Regulation 2003;
 - (iv) the authority conferred by this resolution shall expire on the conclusion of the Annual General Meeting of the Company to be held in the year 2015 unless such authority is renewed prior to such time; and
 - (v) the Company may make a contract to purchase shares under the authority conferred by this resolution prior to the expiry of such authority which will or may be executed wholly or partly after the expiration of such authority and may make a purchase of shares pursuant to such contract.

By order of the Board

Foresight Fund Managers Limited
Company Secretary
23 October 2014

The Shard
32 London Bridge Street
London
SE1 9SG

Notes:

1. No Director has a service contract with the Company. Directors' appointment letters with the Company will be available for inspection at the registered office of the Company until the time of the meeting and from 15 minutes before the meeting at the location of the meeting, as well as at the meeting.
2. To be entitled to attend and vote at the meeting (and for the purposes of the determination by the Company of the votes they may cast), members must be registered in the Register of Members of the Company at 6.00 pm on 16 December 2014 (or, in the event of any adjournment, 6.00 pm on the date which is two (excluding non-business days) days before the time of the 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 707 4017. 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 the publication of this notice, the Company's issued share capital was 38,331,956 Ordinary Shares and 12,511,089 C Shares carrying one vote each. Therefore, the total voting rights in the Company as at the date of this notice is 50,843,045.
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. If you wish to attend the Annual General Meeting in person, please bring the proxy form with you to the meeting.
10. The Register of Directors' Interests will be available for inspection at the meeting.
11. Information regarding the meeting, including the information required by Section 311A of the Companies Act 2006, is available from www.foresightgroup.eu.
12. 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.
13. 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 working 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.
14. 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.
15. 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.
16. Except as provided above, members who have general queries about the meeting should use the following means of communication (no other methods of communication will be accepted):
Telephone number: 020 3667 8100
You may not use any electronic address provided either:
 - i) in this notice of Annual General Meeting; or
 - ii) any related documents (including the Chairman's letter and proxy form), to communicate with the Company for any purposes other than those expressly stated.



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 Solar VCT plc ("the Company") will be held on 18 December at 2.10 pm (or as soon thereafter as the annual general meeting of the Company convened for 2.00 pm on that day has been concluded or adjourned) at the offices of Foresight Group, The Shard, 32 London Bridge Street, London, SE1 9SG 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 6 and 8 (as ordinary and special resolutions of the Company, as applicable) set out in the notice of annual general meeting of the Company convened for 2.00 pm on 18 December 2014 (a copy of which is produced to the meeting and signed by the Chairman for the purposes of identification); 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

23 October 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 entries on 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 707 4017. 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 2.10pm on the day which is two days (excluding non-working days) before the date of the meeting or 9.00 am on the day which is two days (excluding non-working days) before the date of the 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 October 2014 (being the last business day prior to the publication of this notice), the issued share capital of the Ordinary Shares fund was 38,331,956 shares, carrying one vote each. Therefore, the total voting rights in the Ordinary Shares fund as at 23 October 2014 was 38,331,956 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 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. 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 19 December 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 Solar VCT plc ("the Company") will be held on 18 December 2014 at 2.15 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 2.10 pm on that day has been concluded or adjourned) at the offices of Foresight Group LLP, The Shard, 32 London Bridge Street, SE1 9SG 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 6 and 8 (as ordinary and special resolutions of the Company, as applicable) set out in the notice of annual general meeting of the Company convened for 2.00 pm on 18 December 2014 (a copy of which is produced to the meeting and signed by the Chairman for the purposes of identification); 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
23 October 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 entries on 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 707 4017. 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 2.15pm on the day which is two days (excluding non-working days) before the date of the meeting or 9.05 am on the day which is two days (excluding non-working days) before the date of the 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.

5. As at 23 October 2014 (being the last business day prior to the publication of this notice), the issued share capital of the C Shares fund was 12,511,089 shares, carrying one vote each. Therefore, the total voting rights in the C Shares fund as at 23 October 2013 was 12,511,089 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 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. 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 19 December 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.

 **Foresight Solar VCT plc**
c/o Foresight Group
The Shard
32 London Bridge Street
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SE1 9SG



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