



Annual Report and Accounts
31 March 2016

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

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

Summary Financial Highlights

- Net asset value per Ordinary Share at 31 March 2016 was 70.4p (31 March 2015: 83.9p), after allowing for the 4.0p per share dividend paid on 18 December 2015.
- On 10 August 2015 the O and C Share funds were merged. On the basis of the conversion ratio of 1.022646, 19,101,896 new Ordinary Shares were allotted.
- A 25.0p dividend per C Share was paid to C Shareholders on 6 August 2015.
- Seven new investments were made by the fund totalling £7.2 million and two follow-on investments were made totalling £0.2 million.
- The fund realised £0.9 million from sales and loan redemptions from four portfolio companies.



Chairman's Statement

Performance

In the year to 31 March 2016, the net asset value per Ordinary Share decreased by 11.3% to 70.4p from 83.9p at 31 March 2015, after allowing for the 4.0p per share dividend paid in December 2015.

Overall, the Board is pleased with the composition of the portfolio, particularly the prospects for the recent addition of seven new investments for a total consideration of £7.2 million. Of these new investments made during the year, several are already making encouraging progress, particularly **Itad** and **Specac**. Reflecting the Board and Manager's confidence in the current portfolio, the performance in the last quarter of the year under review showed an increase in underlying NAV of 2.5%. We believe the portfolio is well placed to deliver growth, underpin future dividends and enhance shareholder returns.

The overall fall in the year is, however, disappointing and was largely due to the performance of one portfolio company, **Aerospace Tooling**, which saw a reduction or delay in orders as some of its customers were severely impacted by the significant drop in the price of oil. Although it did not feel the impact as acutely as Aerospace Tooling, TFC Europe also suffered a drop in revenues from market driven factors related to the fall in the price of oil. Aerospace Tooling was reduced by £4.6 million or 7.9p per share. Some encouraging progress has been made in winning orders and acquiring new customers but this process and the related sales cycles inevitably takes time. A new, experienced, CEO was appointed in January 2016 and the company is now returning to profitability. Despite the further provisions against the valuation following the period of sustained difficult trading conditions, I would like to remind Shareholders that the Company has previously repaid the entire cost of the original investment to the VCT.

Derby-based **Datapath Group** is the largest holding in the portfolio, being valued at £8.7 million and is a world leading innovator in the field of computer graphics and video-wall display technology utilised in a number of international markets. The company is increasing market share in control rooms, betting shops and signage and entering other new areas such as the medical market. For the year to 31 March 2015, an operating profit of £6.8 million was achieved on sales of £20.3 million, with the North American division trading ahead of budget. The Board and Manager continue to focus on derisking large portfolio exposures such as Datapath and, in November 2015, Datapath paid a special dividend of £2.1 million to the Company. This was met principally from the company's own cash resources and management loans which are expected to be repaid from internally generated cash flow over the next year.

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

Dividends

Prior to the merger, on 6 August 2015, a special dividend of 25.0p per C Share was paid to C Shareholders, following good performance of the portfolio including the sale of Defaqto Group Limited on 30 March

2015 for £9.5 million, as announced on 31 March 2015. Holders of C Shares receiving this dividend were also given the opportunity to reinvest their dividend proceeds into new Ordinary Shares by way of a top up offer.

An interim dividend of 4.0p per Ordinary Share for the year ended 31 March 2016 was paid on 18 December 2015 to the Shareholders on the register on 3 December 2015. It continues to be the Company's policy to provide a flow of tax-free dividends, generated from income and from capital profits realised on the sale of investments. Distributions will, however, inevitably be dependent on cash being generated from portfolio investments and successful realisations.

The recent and continuing success in generating cash from portfolio investments within the fund gives the Board confidence that it will be able to maintain the future payment of dividends to Shareholders.

Merger, Top-up Share Issues and Share Buy-backs

On 10 August 2015 the O and C share funds were merged, based on the net asset value of the Company's C Shares as at 31 March 2015 of 85.8p per C Share (being the audited NAV per C Share of 110.8p as at 31 March 2015, adjusted to take account of the 25.0p per C Share dividend paid on 6 August 2015) and the NAV of the Company's Ordinary Shares as at 31 March 2015 of 83.9p. The conversion ratio was 1.022646. On the basis of this conversion ratio, 19,101,896 new Ordinary Shares were allotted.

In accordance with the terms of the dividend reinvestment offer referred to above, on 11 August 2015, 423,717 Ordinary Shares were allotted at 83.9p per share.

During the period under review 434,528 Ordinary Shares were repurchased for cancellation at a cost of £266,000. These were purchased at a discount to NAV ranging from 20.9% to 30.1%.

Shareholder Communication

As part of its ongoing commitment to improving shareholder communication the Board has solicited shareholder views by means of a survey in 2016 and has also held a successful Shareholder Forum in June 2016. As the event was oversubscribed we will be in touch later this year about opportunities to attend similar events.

VCT Legislation

As previously discussed, changes to VCT regulations were finally confirmed on 18 November 2015. There were no material changes to those detailed in my interim report. One of the principal purposes of the changes was to prevent VCT investment being used to acquire existing shares or the principal trade or assets of businesses.

The key aspects of the proposed new rules are as follows:

- Introducing an 'age of company' restriction of a maximum of seven years at the time of first VCT investment;
- Introducing a lifetime state aided investment limit of £12 million; and

- Prohibiting VCT investment financing acquisitions (as mentioned above).

Although the recent rule changes preclude VCTs investing in replacement capital transactions, the Treasury and HMRC have since agreed to review this policy following representations from *inter alia* the British Venture Capital Association, the Association of Investment Companies, a number of legal firms and VCT managers, including Foresight Group.

Rather than an absolute restriction on replacement capital transactions, this review will consider relaxing the current rules to enable VCTs to invest an element of replacement capital alongside a significant element of growth capital in any particular transaction, possibly up to a maximum of 50% of the total amount invested. Agreement for the change is currently expected to take up to two years and shareholders will be kept informed of any significant developments.

If concluded satisfactorily, the range of potential investment opportunities for VCTs would be widened, compared to the more restrictive regime that currently applies.

Brexit

There are two principal areas where the implementation of Brexit could impact the VCT:

1. Investee Companies – there has been much debate on the possible impact on trade between Europe and the UK following the Brexit vote and how this will impact UK corporates. Although it is much too early to say how large or small the impact may ultimately be, we do not believe that the impact will be material in the short to medium term; and
2. Regulation – many parts of the current VCT legislation has been cast from EU State Aid Directives, however, we do not believe that even following Brexit that changing VCT legislation will be a priority for the UK Government and therefore we do not expect any changes to the existing legislation in the short to medium term.

Merger Consideration

The Board has been closely monitoring the successful merger of Foresight VCT plc and Foresight 2 VCT plc following Shareholder approval in December 2015. Although the Board has not formally engaged with another company at this time, it is considering whether a merger and the benefits therefrom would be in Shareholders long term interests and hopes to provide a further update in that regard in due course.

Restatement of reserves

The Company completed a cancellation of £30,963,251 and £1,750,587 of the amounts standing to the credit of share premium account and capital redemption reserve respectively on 29 November 2012. The amounts so cancelled created additional distributable reserves which could be used to support dividend payments or distributions, buy-backs, set off losses against and for other corporate purposes. The cancellation has not been reflected in the financial statements for the years ended 31 March 2013 to 31 March 2015 and has now been corrected in the enclosed financial statements.

Annual General Meeting

The Company's Annual General Meeting will take place on 30 September 2016 at 1.00pm. I look forward to welcoming you to the Meeting, which will be held at the offices of Shakespeare Martineau LLP in London. Details can be found on page 62 of the Annual Report and Accounts.

Prior to the formal business of the Annual General Meeting, Foresight Group, the investment Manager and two investee companies will give presentations between 12.00pm and 1.00pm.

Outlook

Although there is still considerable uncertainty in continental Europe as a result of stresses within the Euro area the UK economy is in reasonable health and many businesses are making steady progress. The recent decision resulting from the referendum on 23 June, for the UK to begin negotiations to leave the European Union has also given rise to further uncertainty and it will take time to gauge the full effect that this may have for the Company. Many of the familiar risks, both financial and political, remain and there can be no grounds for complacency as all of our investments operate in competitive environments.

We hope that the effect of the improvement in the economy over the last few years continues, as this has been reflected in the improving performance of the private equity part of the portfolio. Within the portfolio, there is an ongoing focus on performance and realisations, refinancings, dividends and loan repayments which underpin the Board's dividend commitment to Shareholders. It has also enabled several new investments to be made which we anticipate will further enhance Shareholder returns.

Philip Stephens

Chairman
29 July 2016



Strategic Report

Introduction

This Strategic Report, on pages 4 to 9, has been prepared in accordance with the requirements of Section 414 of the Companies Act 2006 and best practice. Its purpose is to inform the members of the Company and help them to assess how the Directors have performed their duty to promote the success of the Company, in accordance with Section 172 of the Companies Act 2006.

Foresight 4 VCT plc

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

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

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

On 10 August 2015 the O and C Share funds were merged and C Shares were converted into Ordinary Shares.

The number of Ordinary Shares in issue at 31 March 2016 was 57,375,499.

Summary of the Investment Policy

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

Investment Objective

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

Performance and key performance indicators (KPIs)

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

A record of some of these indicators is contained on the following page. The ongoing charges ratio in the period was 3.4%. Share buy-backs, (excluding enhanced buybacks), have been completed for 434,528 shares, at an average discount of 25.6%. The level of these KPIs are then compared with the wider VCT marketplace, based on independently published information, for reasonableness.

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

	31 March 2016		31 March 2015	
	Ordinary Shares	C Shares	Ordinary Shares	C Shares
Net asset value per share	70.4p	n/a	83.9p	110.8p
Net asset value total return (including all dividends paid [†])	170.7p	n/a	180.2p	110.8p

	Ordinary Shares		C Shares	
	Ordinary Shares	C Shares	Ordinary Shares	C Shares
Share price	49.0p	n/a	52.0p	72.0p
Share price total return (including all dividends paid [†])	149.3p	n/a	148.3p	72.0p

	Ordinary Shares		C Shares	
	Ordinary Shares	C Shares	Ordinary Shares	C Shares
Dividends paid	100.3p	25.0p	96.3p	—
Dividends paid in the year	4.0p	25.0p	—	—
Dividend yield %	8.2%	n/a	—	—

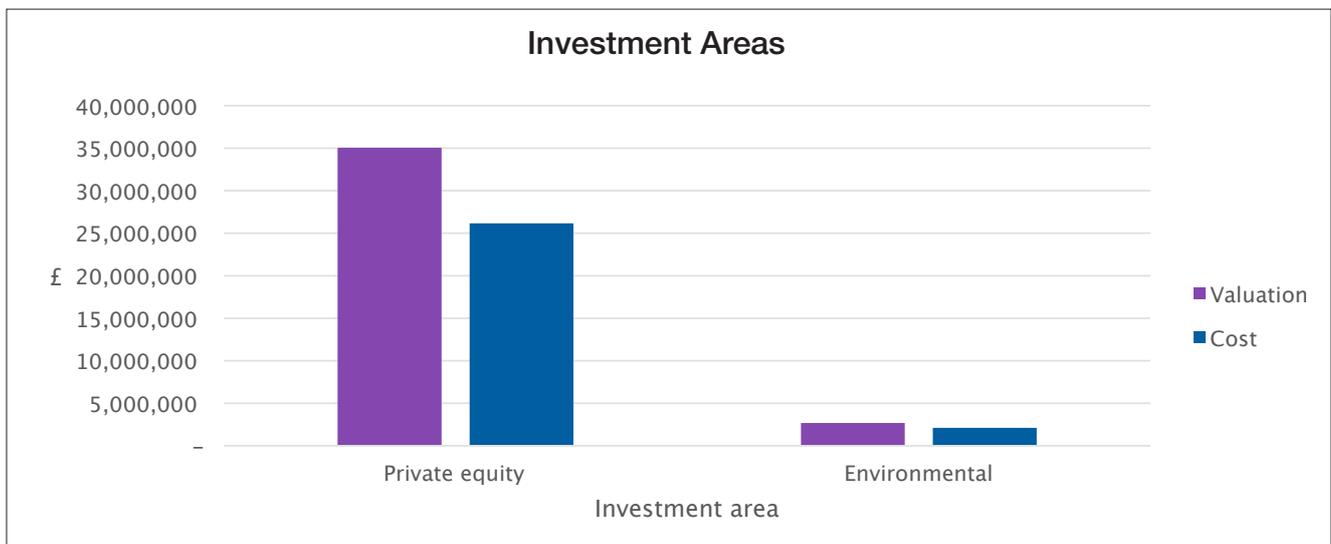
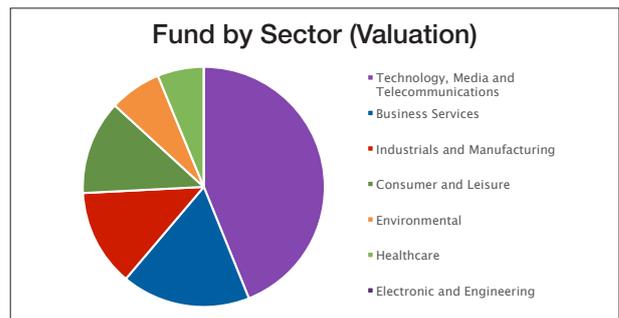
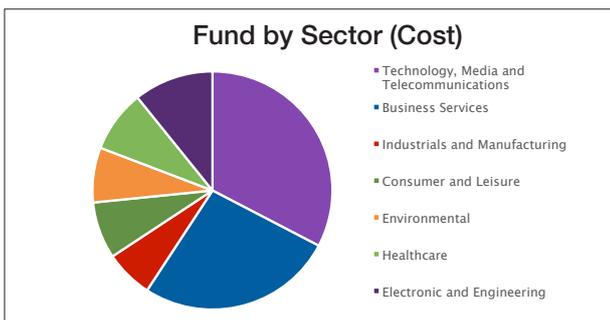
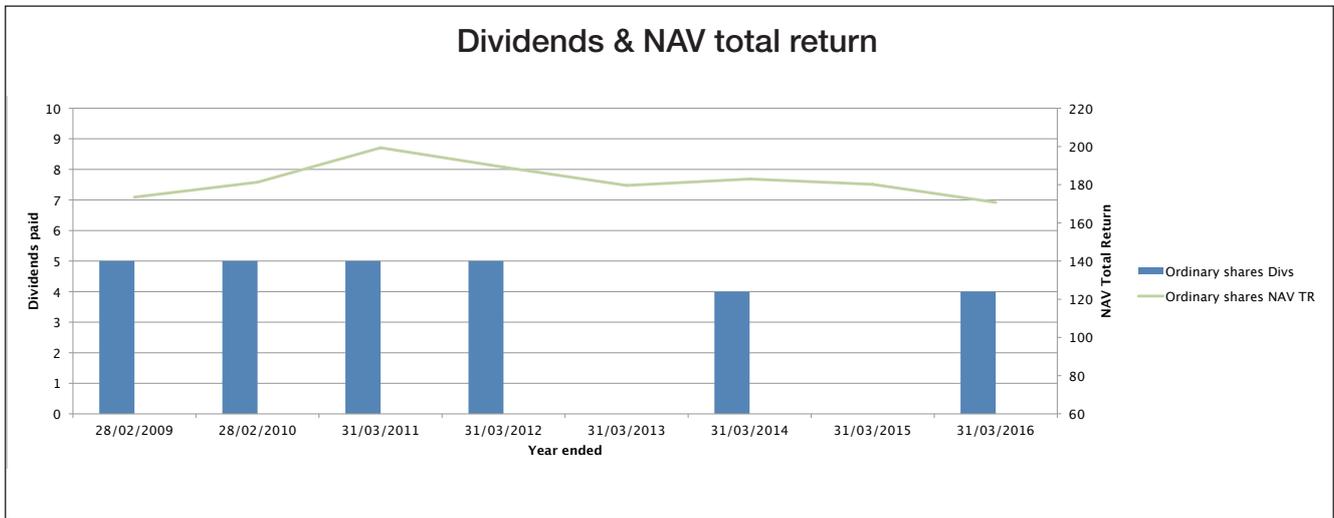
[†] Since the date of the merger on 6 February 2012, for the C Shares fund.

	2016	2015
Discount to NAV at 31 March*	30.4%	38.0%
Average discount on buybacks	25.6%	33.7%
Shares bought back during the year under review	434,528	285,000
Increase/(decrease) in net asset value during year		
'Old' Ordinary Shareholders (after adding back 4.0p dividend)	(11.3)%	(3.2)%
'New' Ordinary Shareholders (after adding back 25.0p and 4.0p dividend)	(10.3)%	67.6%
Ongoing charges ratio*	3.4%	3.3%

* 2016 and comparative statistics quoted are for the Ordinary Shares fund only.



Strategic Report continued



Strategies for achieving objectives

Investment policy

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

Investment securities

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

UK companies

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

Asset mix

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

Risk diversification and maximum exposures

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

Investment style

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

Borrowing powers

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

Co-investment

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

VCT regulation

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

Management

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

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

Strategic Report continued

Environmental, Human Rights, Employee, Social and Community Issues

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

Gender diversity

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

The Manager has an equal opportunities policy and currently employs 87 men and 52 women.

Dividend policy

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

Purchase of own shares

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

Principal risks, risk management and regulatory environment

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

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

Further detail on these principal risks is given in note 15 on page 52. The Board regularly reviews the principal risks and uncertainties facing the Company which the Board and the Manager have identified and the Board sets out delegated controls designed to manage those risks and uncertainties. Key risks within investment strategy are managed by the Board through a defined investment policy, with guidelines and restrictions, and by the process of oversight at each Board meeting. Operational disruption, accounting and legal risks are also covered at least annually and regulatory compliance is reviewed at each Board meeting.

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

Viability Statement

In accordance with principle 21 of the AIC Code of Corporate Governance published by the AIC in February 2015, the Directors have assessed the prospects of the Company over the three year period to 31 March 2019. This three year period is used by the Board during the strategic planning process and is considered reasonable for a business of its nature and size.

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

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

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

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

Based on the Company's processes for monitoring cash flow, share price discount, ongoing review of the investment objective and policy, asset allocation, sector weightings and portfolio risk profile, the Board has concluded that there is a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the three years to 31 March 2019.

Performance-related incentives

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

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

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

No performance incentive was paid in the year (2015: £nil paid).

Valuation policy

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

VCT Tax Benefit for Shareholders

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

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

Venture Capital Trust Status

Foresight 4 VCT plc has been granted approval as a Venture Capital Trust (VCT) under S274—S280A of the Income Tax Act 2007 for the year ended 31 March 2015. The next complete review will be carried out for the year ended 31 March 2016. It is intended that the business of the Company be carried on so as to maintain its VCT status.

The Directors have managed, and continue to manage, the business in order to comply with the legislation applicable to VCTs. In addition, the Board has appointed Shakespeare Martineau LLP as taxation adviser to the Company to provide further independent assurance of compliance with venture capital tax legislation and to provide guidance on changes in taxation legislation affecting Foresight 4 VCT plc. As at 31 March 2016 the Company had 81.9% of its funds in such VCT qualifying holdings.

Future Strategy

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

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

Philip Stephens

Chairman
29 July 2016



Manager's Report

In the year under review for 31 March 2016, the net asset value per Ordinary Share decreased by 11.3% to 70.4p per share from 83.9p per share as at 31 March 2015 (after taking into account the 4.0p per share dividend paid in December 2015). During the year the Company was negatively impacted in particular by a £4.6 million reduction in the valuation of one investment, Aerospace Tooling Holdings, due to a lower level of orders from its two largest customers, but benefitted from good performances by several portfolio companies and the receipt of a £2.1 million dividend from Datapath and a recapitalisation of £710,000 from TFC.

On 10 August 2015, the merger of the Ordinary Share and C Share classes was completed. A special dividend of 25.0p per C Share was paid on 6 August 2015 reflecting the performance of the C Share class portfolio and, in particular, the sale of Defaqto Group Limited on 30 March 2015 for £9.5 million. The merger was effected by converting the C Shares into new Ordinary Shares on a relative net asset value basis using the audited NAVs of the Ordinary Share and C Share as at 31 March 2015, adjusted for any material movements up to the date of conversion. Based on the audited net asset value as at 31 March 2015 of 85.8p per C share (being the audited NAV per C Share of 110.8p as at 31 March 2015, adjusted to take into account of the above mentioned 25.0p per share dividend) and the NAV per Ordinary Share as at 31 March 2015 of 83.9p, the conversion ratio was 1.022646.

An interim dividend of 4.0p per Ordinary Share was paid on 18 December 2015 to shareholders on the Register on 3 December 2015.

Having realised a significant number of investments over recent years, the principal focus in the year under review was making new investments. Seven new investments were made, several of which are already making encouraging progress, particularly Itad and Specac. Further details of these new investments can be found in the Portfolio Review later in this report.

Foresight Group continues to see a number of high quality private equity investment opportunities. Foresight believes that, with the UK and US economies slowly recovering, investing in growing, well managed private companies should, based on past experience, generate attractive returns over the longer term. Based on its current deal flow, Foresight believes that attractive deals are currently available.

The recent Brexit referendum results on the United Kingdom leaving the European Union is not expected to result in any immediate material changes to the overall portfolio. Any prolonged weakness in Sterling will benefit those companies in the portfolio with a high proportion of exports.

Impact of recent changes to VCT legislation

The budget in July 2015 introduced a number of significant changes to VCT legislation. Following receipt of EU State Aid approval, these regulatory changes took effect from 18 November 2015, the date of Royal Assent to the Finance Act 2015. Two of these changes in particular are expected to impact the future management of all

VCTs. First the restriction on the age of a company that is eligible for investment by a VCT (generally no more than seven years from the date of the company's first commercial sale) and second, restrictions on VCT funds being used in acquiring an interest in another company or existing business. By precluding replacement capital transactions, such as shareholder recapitalisations, management buy-outs or buy-ins and funding acquisitions by investee companies, the restrictions are designed to encourage more development capital transactions and investment in generally younger, less mature companies.

Foresight VCTs already invest in all these types of transactions so, although the proposed changes will result in a change of investment emphasis, they are not expected to have a material impact. Foresight VCTs will continue to focus on investing in established, growing, profitable companies with an attractive risk/return profile as at present but will change emphasis from replacement capital transactions to development capital investments, including investing in earlier stage companies with a clear path to profitability. It will not be the policy, except in exceptional circumstances, to invest in start up companies.

Foresight Group has a strong track record in development capital transactions, having invested in both growth capital and replacement capital transactions since its formation over 30 years ago. For example, 40% of all investments made since 2010 were development capital transactions. Since then, 14 of these investments have been successfully realised, generating an average return of 2.2 times original cost.

With this long and successful track record, Foresight's marketing efforts have been refocused towards finding suitable, later stage development capital investment opportunities, with the aim of accelerating their growth. A number of such opportunities are currently under active consideration. Foresight remains confident that sufficient, suitable new and attractive investment opportunities can be sourced which will meet its return criteria and comply with the VCT rules.

While the full implications of the new rules have yet to be established, it is clear that, over the medium term, as existing investments are realised, this change in investment emphasis and the nature of new investments may lead to an increase in the VCTs' risk profile. Over the medium term, however, any such increase in risk profile could be tempered by a favourable outcome to the proposed VCT policy review, as mentioned below. The rule changes will, however, make the VCTs' operating environment more complicated and could limit the number of opportunities available for investment. Similarly, the Company may not necessarily be able to provide further investment funds for companies already in its portfolio.

Proposed VCT Policy Review

Although the recent rule changes preclude VCTs investing in replacement capital transactions, the Treasury and HMRC have since agreed to review this policy following representations from *inter alia* the British Venture Capital Association, the Association of Investment Companies and a number of legal firms and consider relaxing the

current rules to enable VCTs to invest an element of replacement capital alongside a significant element of growth capital in any particular transaction. At this stage, it is not possible to forecast the outcome of the review, and Shareholders will be kept informed of any significant developments.

If this review concludes satisfactorily, the range of potential investment opportunities for VCTs would be widened, compared to the more restrictive regime that currently applies.

Portfolio Review

1. New Investments

Company	£
ABL Investments Limited	1,000,000
FFX Group Limited	1,372,000
Hospital Services Limited	1,200,000
Itad Limited	1,000,000
Protean Software Limited	1,000,000
Specac International Limited	650,000
The Business Advisory Limited	1,000,000
Total	7,222,000

During the year, £7.2 million was invested in the above seven companies, each well established, growing and profitable.

In September 2015, as part of a £4.2 million round alongside other Foresight VCTs, the Company invested £1.0 million in **ABL Investments Limited** ("ABL") to support its continuing growth. ABL, based in Wellingborough, Northants and with a manufacturing subsidiary in Serbia, manufactures and distributes office power supplies and distributes monitor arms, cable tidies and CPU holders to office equipment manufacturers and distributors across the UK.

In September 2015, as part of a £3.9 million round alongside other Foresight VCTs, the Company invested £1.4 million in FFX Group Limited to support the continuing growth of this Folkestone based multi-channel distributor of power tools, hand tools, fixings and other building products. Since launching its ecommerce channel in 2011, FFX has grown rapidly supplying a wide range of tools to builders and tradesmen nationally.

In September 2015, as part of a £4.5 million round alongside other Foresight VCTs, the Company invested £1.2 million in Hospital Services Limited (HSL) to support its continuing growth. Based in Belfast and Dublin, HSL distributes, installs and maintains high quality healthcare equipment supplied by global partners such as Hologic, Fujifilm and Shimadzu, as well as supplying related consumables.

In September 2015, as part of a £4.0 million round alongside other Foresight VCTs, the Company invested £1.0 million in **Itad Limited**, a long established consulting firm which monitors and evaluates the impact of international development and aid programmes, largely in developing countries. Customers include the UK Government's

Department for International Development, other European governments, philanthropic foundations, charities and international NGOs. Most contracts are long term, providing good revenue visibility, while more than half of the employees being experienced consultants.

In July 2015, the Company invested £1.0 million as part of a £4.0 million round alongside other Foresight VCTs to finance a management buy-in/buy-out of Coventry based **Protean Software Limited** ("Protean") and fund planned growth. Protean develops and sells business management and field service management software for organisations involved in the supply, installation and maintenance of equipment, across sectors including facilities management, HVAC and elevator installation. Foresight has introduced two experienced software executives as CEO and Chairman respectively, who are working alongside three of the current directors to drive the business forward and execute growth plans.

In April 2015, the Company and Foresight 3 VCT each invested £650,000 in shares and loan notes, alongside a further a £1.3 million investment by Foresight VCT, in **Specac International Limited** ("Specac") to finance a £2.6 million management buy-out of Specac Limited from Smiths Group plc. The three Foresight VCTs together acquired a majority equity shareholding with the management team holding the remaining equity.

Specac, based in Orpington, Kent, is a long established, scientific instrumentation accessories business, manufacturing high specification sample analysis and sample preparation equipment used across a broad range of applications in testing, research and quality control laboratories and other end markets worldwide. The company's products are primarily focused on supporting IR Spectroscopy, an important analytical technique widely used in research and commercial / industrial laboratories.

In September 2015, as part of a £3.3 million round alongside other Foresight VCTs, the Company invested £1.0 million in **The Business Advisory Limited**. This company provides a range of advice and support services to UK based small businesses seeking to gain access to Government tax incentives, largely on a contingent success fee basis. With a large number of small customers signed up under medium term contracts, the company enjoys a high level of recurring income and good visibility on future revenues.

2. Follow-on funding

Company	£
The SkillsGroup (formerly named AtFutsal Group)	34,000
Autologic Diagnostic Group Limited*	160,000
Total	194,000

*Representing capitalised interest.

3. Realisations

In July 2015, TFC Europe effected a successful recapitalisation and share reorganisation, through which the Foresight VCTs were repaid



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all their outstanding loans, together with all accrued interest and a redemption premium. The Company was repaid £710,000 and increased its shareholding from 17.87% to 22.23%.

An amount of £58,000 was received from the administrators of i-plas Group during the year.

During the year, 62,982 ordinary shares in AIM listed Zoo Digital were sold, realising £7,000.

In November 2015, the Company received a dividend of £2.1 million from **Datapath**.

In March 2016 the Company's interest in **O-Gen Acme Trek** was sold to Blackmead Infrastructure Limited, a subsidiary of Foresight's Inheritance Tax Solution, at book value for an initial cash consideration of £107,000 and a deferred consideration of £516,000.

4. Material Provisions to a level below cost in the year

Company	£
Aerospace Tooling Corporation Limited	4,560,000
AlwaysOn Group Limited	182,000
Autologic Diagnostics Group Limited	306,000
Trilogy Communications Holdings Limited	60,000
The SkillsGroup (formerly named AtFutsal Group)	412,000
VectorCommand Limited	302,000
Total	5,822,000

The valuation of the investment in **Aerospace Tooling Holdings Limited** was reduced by £4.6 million to £987,000 during the year due to a lower level of orders from its two largest customers. The cost of investment at the year-end was £150,000. The full original cost of the investment has already been repaid to Foresight 4 VCT plc.

5. Performance Summary

The net asset value per Ordinary Share decreased by 11.3% to 70.4p per share as at 31 March 2016 from 83.9p per share as at 31 March 2015 (after incorporating the 4.0p per share dividend paid in December 2015). As explained below, the net asset value was negatively impacted by a £4.6 million reduction in the valuation of **Aerospace Tooling Holdings**. However, during the year the Company benefitted from good performances by several portfolio companies. Together with **Itad** and **Specac**, **Blackstar Amplification Holdings Limited**, **CoGen Limited**, **Ixaris Systems Limited**, **Positive Response Communications Limited**, and **The Bunker Secure Hosting Limited** all performed well, supporting an increase in their aggregate valuation of over £2.3 million. Seven new investments totalling £7.2 million were made during the year and are already making encouraging progress, particularly **Itad** and **Specac**. **Itad** has won several large long term contracts, providing good revenue visibility for the current and future years, while **Specac** successfully launched new products and increased sales, particularly in the important US market.

TFC's valuation was reduced by £706,000 during the year reflecting reduced demand from the Oil & Gas sector in marked contrast to

positive signs of improvement across a variety of other industry sectors. As a consequence of the VCT rule changes referred to above, Foresight's marketing efforts have already been refocused towards finding more suitable, later stage development capital investment opportunities, with the aim of accelerating the growth of established, profitable companies. A number of such opportunities are currently under active consideration. The M&A market continues to be active, providing opportunities for future realisations.

Portfolio Company Highlights

In September 2015, as part of a £4.2 million round alongside other Foresight VCTs, the Company invested £1.0 million in **ABL Investments Limited** ("ABL") to support further growth. ABL, based in Wellingborough, Northants and with a manufacturing subsidiary in Serbia, manufactures and distributes office power supplies and distributes monitor arms, cable tidies and CPU holders to office equipment manufacturers and distributors across the UK. Founded in 2003, ABL has grown strongly over the last five years, achieving an EBITDA of £1.9 million on sales of £5.5 million in its financial year to 31 August 2015, reflecting a strong focus on customer service, speed of delivery and value for money. Growth is forecast to be achieved by broadening the product range and customer base in the UK, improving efficiency, marketing materials and the website and, in due course, expanding internationally. A new Chairman with experience of the office supplies market has been appointed to the Board, alongside a new Finance Director, with plans in hand to recruit a COO. A Financial Controller and additional salesmen have been recruited.

In June 2013, the Company invested £1.5 million alongside other Foresight VCTs in a £3.5 million investment in Dundee-based **Aerospace Tooling Holdings** ("ATL"), a well-established specialist engineering company. ATL provides repair, refurbishment and remanufacturing services to large international companies for components in high-specification aerospace and turbine engines. With a heavy focus on quality assurance, the company enjoys well established relationships with companies serving the aerospace, military, marine and industrial markets. In the year to 30 June 2014, a number of large orders underpinned exceptional growth, with turnover doubling and EBITDA profits increasing significantly to a record £4.3 million.

Reflecting particularly strong cash generation, the company effected a recapitalisation and dividend distribution in September 2014, returning the entire £3.5 million cost of the Foresight VCTs' investments made only 15 months previously. Having received full repayment of its loan of £1.4 million and dividends of £150,000 equal to the cost of its equity investment, the Company retained its original 23% equity shareholding in the company, effectively at nil cost.

Although sales and profitability were expected to be lower in the year to 30 June 2015, the actual trading results were weaker than budgeted, EBITDA of £2.5 million being achieved on sales of £8.1 million, reflecting weak trading in the final quarter of the year due to a premature reduction of work under a major defence contract. This unexpected early contract termination was subsequently followed by a significant reduction in work for an important customer in the Oil and

Gas industries, as a consequence of the falling oil price. With poor order visibility, costs were reduced, management changes made and sales efforts increased substantially.

Trading in the first half to December 2015 continued to be weak, with EBITDA losses being incurred on significantly lower sales. A new experienced CEO was appointed in January 2016 and the company has since seen improving sales, winning new customers and is now returning to profitability.

Following a merger with Data Continuity Group in April 2014, **AlwaysOn Group** implemented a major reorganisation, involving significant cost reductions and a subsequent change in the year end to June 2015. The merged business now provides data backup services, connectivity and Microsoft's Skype for Business (formerly known as Lync) collaboration software (AlwaysOn being a Microsoft Gold partner) to SMEs and larger enterprises. For the year to 31 March 2015, losses were successfully stemmed, with a small EBITDA profit being achieved on sales of £8.0 million and reasonable cash balances at that date. In the current year, trading continues at a similar level, with small losses being incurred.

Revenues for the merged entity were slightly behind budget, due to weaker product sales and data back-up renewals, while managed services performed ahead of expectations. Further cost reductions were also implemented. To improve the company's digital presence and channel sales of Lync (to be rebranded Skype for Business), a new Head of Marketing was recruited, who has had a beneficial impact on sales. With a number of significant pipeline opportunities being generated through partners for Skype for Business, performance is expected to improve significantly as these convert into orders. In view of the overall weak trading performance, a provision of £182,000 was made against the cost of the investment during the period.

Following the £48.0 million secondary buy-out of **Autologic Diagnostics Group**, an automotive diagnostics software company, by Living Bridge (formerly ISIS Private Equity) in January 2012, the Company retained investments in equity and loan stock valued at £2.0 million. For the year to 31 December 2014, Autologic reported an EBITDA of £5.4 million on sales of £19.7 million, with relatively stronger sales in the UK and Europe compared with the USA. In May 2015, a new business model was launched to generate recurring revenues and improve the quality of the company's earnings from a new product, Assist Plus, and associated Assist Plus service. This change in strategy towards a pure recurring revenue model has resulted in certain exceptional costs being incurred impacting EBITDA which fell to, £4.0 million on revenues of £18.5 million for the year to 31 December 2015, in line with expectations. At 31 March 2016, the company had cash balances of over £6.0 million. Management are transitioning the existing customer base onto the new support service platform and growing sales of the new product and service to both new and existing customers. Depending on the number of existing customers transitioning onto the new product and service and along with the level of new customer sales, this change in strategy will also impact EBITDA in 2016 but is expected to increase shareholder value over the longer

term. Initial signs are promising, with largely positive feedback from customers.

Biofortuna, established in 2008, is a molecular diagnostics business based in the North West, which has developed unique expertise in the manufacture of freeze dried, stabilised DNA tests. Biofortuna develops and sells both its own proprietary tests as well as a comprehensive range of contract manufacturing services. A £1.3 million round to finance capital expenditure and working capital was completed in August 2013, in which the Company invested £198,000 in the first tranche and a further £102,000 in the second, final tranche in April 2014. For the year to March 2015, a substantially reduced operating loss of £528,000 was incurred on higher sales of £1.1 million (2014: an operating loss of £1.1 million on sales of £325,000). Trading in the year to 31 March 2016 was well ahead of budget and the previous year, with an improved, reduced EBITDA loss, the profitable Contract Manufacturing division helping to offset investment in the proprietary products being developed by the Molecular Diagnostics division.

To finance the development of new products, a £1.6 million round was concluded in January 2015, of which £890,000 was committed by the Foresight VCTs. The Company committed to invest £429,000, of which £256,000 was invested as the first tranche. With a lower than planned cash outflow, the second, final tranche is now expected to be drawn down during late 2016.

In July 2012, the Company invested £1.0 million in Northampton based **Blackstar Amplification Holdings** alongside £2.5 million from Foresight VCT to finance a management buy-out and provide growth capital. Blackstar was founded in 2004 by four senior members of the new product development team at Marshall Amplification to design and manufacture a range of innovative guitar amplifiers. Following commercial launch in 2007, sales grew rapidly, reflecting new product launches, entry into new markets, and a global brand was soon established. In the year to 30 April 2015, the company achieved an EBITDA of £537,000 on sales of £8.6 million (2014: £323,000 EBITDA on sales of £8.6 million). Trading in the current year to 30 April 2016 resulted in an increased EBITDA on slightly lower sales, reflecting increased margins and the full impact of cost reductions made in 2014. The budget for future contracts for the current year shows further growth in profits and higher sales. Blackstar continues to be the number two guitar amplifier brand by units sold in the UK and USA. Management are focused on increasing sales, albeit in a price sensitive market, while improving margins, as well as selectively replacing distributors where appropriate.

In the first eleven months or 1 May 2015 to 31 March 2016 of the financial year ending 30 April 2016, the company recorded sales of £6.9 million and an EBITDA of £407,000. On a like-for-like basis, sales were slightly behind of the prior year and EBITDA was flat. The decline in sales is primarily a direct result of SJE, one of the Company's key Korean based suppliers, effectively entering administration. While the Company has dual and tri-source supplier arrangements in place, SJE's failure led to short term supply chain disruption. Looking ahead, the company is forecasting sales of £9.5 million and EBITDA of £900,000



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for the financial year commencing 1 May 2016. Encouraging progress continues to be made into the consumer products market.

The company currently has a presence in over 35 countries worldwide and its products are stocked in over 2,500 stores globally, including Maplins and Argos stores in the UK. New product development remains a key focus. A new division, Dist-X, has been established to leverage Blackstar's UK distribution capabilities by distributing other, non-competition Music Instrument brands.

Building on the success of its £48.0 million, 10MW Birmingham Bio Power Limited project ("BBPL") with Carbonarius (a 50:50 joint venture with Plymouth-based Una Group), O-Gen UK has become the UK's leading independent developer of Advanced Conversion Technology waste to energy projects. In March 2015, O-Gen UK and Una Group combined their two teams into a new company, **CoGen Limited**, to further develop their substantial, combined pipeline of projects. In order to accelerate growth and provide additional working capital, a new investor subscribed £750,000 for equity in CoGen, alongside a loan of £500,000 from Una Group. Funds managed by Foresight hold 22.13% of CoGen's equity, including Foresight VCT (3.53%), Foresight 3 VCT (7.73%), Foresight 4 VCT (8.55%) and the Foresight UK Sustainable EIS fund (2.32%). O-Gen UK remains the shareholder in BBPL.

In March 2015, CoGen reached financial close on a £53.0 million, 10MWe waste wood to energy plant in Welland, Northamptonshire, using the same technology and partners as BBPL. This latest project was funded with investment from Balfour Beatty plc, Equitix and Noy (an Israeli investment fund), with CoGen earning development fees on the transaction while retaining a 12.5% shareholding in the project. Also in March, CoGen completed the acquisition of the entire O-Gen Plymtrek site in Plymouth, originally developed by Carbonarius and MITIE plc, on which an £8.0 million 4.5MW waste to energy plant is planned to be built utilising much of the footprint of the existing plant. The funding for this transaction was provided by Aurium Capital Markets, with CoGen owning 50% of the acquisition vehicle and Aurium 50% but with a prior ranking return on the latter's invested capital. In October 2015, CoGen reached financial close on a £97.0 million, 21.5MW project in Ince Park, Merseyside to be fuelled with circa 160,000 tonnes per annum of recycled wood fibre. All of the funding was provided by the Bioenergy Infrastructure Group ("BIG", of which Foresight Group is a co-sponsor) through a combination of shareholder loan and shares which receive a preferential return.

Cogen is developing its pipeline of projects and funding relationships, with active support from Foresight and BIG. The market has become more uncertain with the Government's changes in renewables policy, in particular uncertainty relating to future CfD auctions. Cogen's primary deal pipeline comprises four projects in Northern England and it plans to bid in the CfD auction due at the end of 2016, with the aim of closing projects, if successful in that auction, during 2017. BIG is expected to jointly fund this process, requiring a total of £5.0 million of investment.

Project Name	Project size (£m)	Year of financial close		Shareholding
		Year of financial close	Shareholding	
Birmingham Bio Power Limited	48	2013	20.0%	
Plymouth	20	2015	50.0%	
Welland	53	2015	12.5%	
Ince Park	97	2015	20.0%	

It is unlikely that full value will be secured for Foresight VCT's stakes in Cogen and O-Gen UK until the portfolio of plants is fully operational. However, Foresight will keep this situation under review.

In February 2014, the **O-Gen Acme Trek** facility in Stoke-on-Trent was granted planning permission for an enlarged 8MW waste wood to energy plant. It was not possible, however, to finance and redevelop the site as a project qualifying for ROCs in time for the ROC deadline. In March 2016 the Company's interest in O-Gen Acme Trek was sold to Blackmead Infrastructure Limited, a subsidiary of Foresight's Inheritance Tax Solution, at book value for an initial cash consideration and a deferred consideration element.

Derby-based **Datapath Group** is a world leading innovator in the field of computer graphics and video-wall display technology utilised in a number of international markets. The company is increasing its market share in control rooms, betting shops and signage and entering other new markets such as medical. For the year to 31 March 2015, an operating profit of £6.8 million was achieved on sales of £19.3 million, with the North American division trading ahead of budget (2014: record operating profits of £7.4 million on sales of £18.7 million). In November 2015, Datapath paid dividends of £6.3 million, comprising £2.1 million to the Company and the same amount to Foresight 2 VCT and Foresight 3 VCT. This was met principally from the company's own cash resources and short term loans which are expected to be repaid from internally generated cash flow over the next year. For the year to March 2016, the company made an operating profit of £5.9 million on sales of £19.9 million.

In September 2015, as part of a £3.9 million round alongside other Foresight VCTs, the Company invested £1.4 million in **FFX Group Limited** to support the continuing growth of this Folkestone based multi-channel distributor of power tools, hand tools, fixings and other building products. Since launching its ecommerce channel in 2011, FFX has grown rapidly supplying a wide range of tools to builders and tradesmen nationally. For the year to 31 March 2015, the company achieved an EBITDA of £1.3 million on sales of £23.0 million. The management team has been strengthened by the appointment of two new Joint Managing Directors and a new Chairman, each with experience of successfully developing similar businesses. The relocation into a nearby, much larger warehouse at Lympe in early 2016 was completed successfully.

In May 2012, the Company invested £693,000 in **Flowrite Refrigeration Holdings** alongside other Foresight VCTs to finance

the £3.2 million management buy-out of Kent-based Flowrite Services Limited. Flowrite Refrigeration Holdings provides refrigeration and air conditioning maintenance and related services nationally, principally to leisure and commercial businesses such as hotels, clubs, pubs and restaurants. In the year to 31 October 2014, the company traded well, achieving an operating profit of £740,000 on sales of £10.8 million after substantial investment in new engineers and systems.

In July 2015, the company completed another recapitalisation, returning £156,000 of accrued interest to the Foresight VCTs, including £78,000 to the Company, taking total cash returned on this investment to 85% of cost. For the 14 months to 31 December 2015, the company achieved a disappointing operating profit of £404,000 on sales of £12.8 million, reflecting difficulties arising from installing a new workflow IT system to improve operational efficiency and optimise profitability. To drive the business forward, steps were taken in August 2015 to broaden the management team through the appointment of a new Chairman and a new Finance Director.

In September 2015, as part of a £4.5 million round alongside other Foresight VCTs, the Company invested £1.2 million in **Hospital Services Limited** (HSL) to support its continuing growth. Based in Belfast and Dublin, HSL distributes, installs and maintains high quality healthcare equipment supplied by global partners such as Hologic, Fujifilm and Shimadzu, as well as supplying related consumables. HSL has particular expertise in the radiology, ophthalmic, endoscopy and surgical sectors. For the year to 31 March 2015, the company achieved EBITDA of £1.7 million on revenues of £7.2 million. A new, experienced Non Executive Chairman and a Commercial Director have been appointed to the Board.

In September 2015, as part of a £4.0 million round, alongside other Foresight VCTs, the Company invested £1.0 million in Itad Limited, a long established consulting firm which monitors and evaluates the impact of international development and aid programmes, largely in developing countries. Customers include the UK Government's Department for International Development, other European governments, philanthropic foundations, charities and international NGOs. For the year to 31 January 2015, Itad achieved an EBITDA of £1.5 million on revenues of £8.8 million with significant future growth forecast. A number of significant contracts have been won recently and, as most contracts are long term, this provides good revenue visibility for the current and future years.

Ixaris Systems has developed and operates Entropay, a web-based global prepaid payment service using the VISA network. Ixaris also offers its IxSol product on a 'Platform as a Service' basis to enable enterprises to develop their own customised global applications for payments over various payment networks. During 2013, the company invested in developing and marketing its Ixaris Payment System, the platform that runs IxSol, to financial institutions. The platform enables financial institutions to offer payment services to customers based on prepaid cards. This division continues to make good progress. The first deployment went live in late 2015, the second in early 2016 and a third expected shortly. Ixaris was awarded an EU grant of €2.5 million, of

which €1.6 million will be received over three years, to help fund the existing platform technology roadmap, which highlights the innovative nature of the Payment System.

For part of the year to 31 December 2015, the company operated at around EBITDA and cash flow break even while continuing to invest further in IxSol and Ixaris Payment System. For the full year to 31 December 2015, reflecting strong trading and continuing investment in software and systems, an EBITDA loss of £501,000 was incurred on sales of £10.8 million, ahead of budget (2014: EBITDA loss of £622,000 on sales of £9.5 million).

In December 2014, the Company invested £500,000 alongside other Foresight VCTs in a £2.0 million round to finance a shareholder recapitalisation of **Positive Response Communications**. Established in 1997, the company monitors the safety of people and property from its 24 hour monitoring centre in Dumfries, Scotland. Customers include several major restaurant and retail chains. For the year ended 31 March 2015, an EBITDA of £637,000 was achieved on sales of £2.0 million. In the financial year to 31 March 2016, sales grew modestly with reduced EBITDA profits, reflecting investment in improving efficiency and systems and recruitment of more sales staff. The management team has been strengthened with the appointment of three experienced executives as Chairman, CEO and Finance Director respectively.

In April 2013, the Company invested £650,000 alongside other Foresight VCTs in a £1.8 million round to finance a management buy-out of **Procam Television Holdings**. Procam is one of the UK's leading broadcast hire companies, supplying equipment and crews for UK location TV production to broadcasters, production companies and other businesses for over 20 years. Headquartered in Acton, London, with additional facilities in Manchester, Edinburgh and Glasgow, Procam is a preferred supplier to BSkyB and an approved supplier to the BBC and ITV. Revenues and profits have grown strongly, following the introduction of new camera formats, acquisitions in both the UK and USA and increased sales and marketing efforts.

In December 2014, Procam acquired True Lens Services, based in Leicester, which specialises in the repair, refurbishment and supply of camera lenses with further support from the Foresight VCTs. In March 2015, in order to service the requirements of many of its existing UK customers and enter the large US market, Procam acquired HotCam New York City which provides camera, audio and lighting rental for TV production, plus crew and related production services. These two acquisitions were supported by a further investment of £1.3 million from the Foresight VCTs, of which the Company invested £451,385. Other acquisition opportunities are under active consideration.

In February 2016, ProCam acquired the trading assets of the film division of Take 2 Films which provides digital and film camera equipment for Film and TV. This was funded by bank debt and asset finance facilities.

For the year to 31 December 2014, the company achieved an EBITDA of £2.3 million on revenues of £8.1 million, ahead of the prior year,



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reflecting organic growth and the integration of the Hammerhead acquisition. Trading in the year to 31 December 2015 was strong with an EBITDA of £3.3 million being achieved on sales of £11.5 million, reflecting both organic growth, driven principally by the strong performance of the London office, and impact of the acquisitions.

In July 2015, as part of a £4.0 million round alongside other Foresight VCTs, the Company invested £1.0 million in Coventry-based **Protean Software**. Protean develops and sells business management and field service management software, together with related support and maintenance services, to organisations involved in the supply, installation and maintenance of equipment, across a number of sectors including facilities management, HVAC and elevator installation. Protean's software suite offers both desktop and mobile variants used on engineers' Android devices. A new CEO and an experienced Chairman were appointed at completion and a new Financial Controller recruited subsequently. For the year to 31 March 2015, EBITDA of £900,000 was achieved on sales of £3.0 million. Trading in the year to 31 March 2016 was ahead of the previous year while profits were in line with the previous year, reflecting increased investment.

In April 2015, Foresight funds invested £2.6 million in shares and loan notes in **Specac International** ("Specac") to finance a management buy-out of Specac Limited from Smiths Group plc. The Company invested £650,000, alongside £1.3 million from Foresight VCT and £650,000 from Foresight 3 VCT, together acquiring a majority equity shareholding with the management team holding the remaining equity. Based in Orpington, Kent, Specac is a long established, leading scientific instrumentation accessories business, manufacturing high specification sample analysis and sample preparation equipment used for a broad range of applications in testing, research and quality control laboratories and other end markets Worldwide. The company's products are primarily focused on supporting IR Spectroscopy, an important analytical technique widely used in research and commercial/ industrial laboratories.

For the year to 31 July 2015, the company achieved EBITDA of £906,000 on sales of £6.9 million. Trading in the current year has exceeded expectations with profit growth ahead of forecast, reflecting greater focus on sales and costs. The company has accelerated new product development and successfully launched new products. A non-executive Chairman has also been appointed with a strong sales and marketing background in the scientific instrumentation market who will complement the existing management team and assist in developing the business.

TFC Europe, a leading distributor of technical fasteners in the UK and Germany, performed satisfactorily during the year to 31 March 2015, achieving an operating profit of £2.8 million on sales of £20.3 million (2014: operating profit of £2.8 million on sales of £19.5 million). Trading in the year to 31 March 2016, however, was appreciably weaker than budgeted due to a general downturn in the UK manufacturing sector, particularly the Oil and Gas sector.

In July 2015, the company effected a successful recapitalisation, as

a result of which £2.4 million was received by the Foresight VCTs, repaying all their outstanding loans, together with accrued interest and a redemption premium. The overall Foresight shareholding increased from 53.6% to 66.7%. The Company received £710,000 and increased its shareholding from 17.87% to 22.23%. A number of senior management changes and promotions were made to facilitate the planned retirement of the Chairman, helping the CEO to drive strategic growth projects, particularly in Germany and to focus on new customer targets within the aerospace sector. In April 2015, two senior managers were promoted to Sales Director and Commercial Director roles. A Group Operations Manager has been appointed to drive cost efficiencies and introduce best operational practice across the Group. A new, experienced Chairman joined the Board in January 2016 and is evaluating TFC's sales strategy and industry focus.

The Bunker Secure Hosting, which operates two ultra-secure data centres, continues to generate substantial profits at the EBITDA level. For the year to 31 December 2015, an EBITDA of £2.2 million was achieved on sales of £9.6 million (2014: EBITDA of £2.2 million on sales of £9.1 million). Recurring annual revenues presently exceed £9.3 million while cash balances remain healthy. On 31 March 2015, The Bunker repaid all its shareholder loans and outstanding interest totalling £6.5 million, financed through a £5.7 million secured medium term bank loan plus £1.0 million from its own cash resources. In total, £5.1 million was repaid to the Foresight VCTs, comprising £3.0 million of loan principal and £2.1 million of interest. The Company received £2.0 million, comprising £1.5 million of loan principal and £503,000 of interest. The company has now commenced a trial with a large distributor which serves many value added resellers. A new, experienced Sales Manager has been recruited to lead channel sales. A number of acquisitions have been reviewed with a view to increasing the scale of operations.

In September 2015, as part of a £3.3 million round alongside other Foresight VCTs, the Company invested £1.0 million in **The Business Advisory Limited**. This company provides a range of advice and support services to UK-based small businesses seeking to gain access to Government tax incentives, largely on a contingent success fee basis. With a large number of small customers signed up under medium term contracts, the company enjoys a high level of recurring income and good visibility on future revenues.

For the year to 30 September 2015, the Company achieved a net profit before tax of £1.4 million on sales of £4.2 million, well ahead of the prior year. Management has been strengthened by the appointment of a new COO in January 2016 and a new experienced, non-executive Chairman.

In August 2013, the Company invested £1.0 million alongside Foresight VCT in a £2.5 million shareholder recapitalisation of Stockport based **Thermotech Solutions** (formerly Fire and Air Services). Thermotech is a hard facilities management provider with two divisions, Mechanical Services and Fire Protection, which designs, installs and services air conditioning and fire sprinkler systems for retail, commercial and residential properties through a national network of engineers. The

company focusses primarily on the retail sector and enjoys long term customer relationships and multi-year preferred supplier contracts with various blue chip high street retailers, giving good revenue visibility. Since investment, good progress has been made in diversifying and rebalancing the spread of revenues, with greater emphasis on service and maintenance. For the year to 31 March 2015, an EBITDA of £1.1 million was achieved on sales of £7.8 million, some 40% ahead of the previous year (2014: an EBITDA of £714,000 on sales of £5.6 million), reflecting significant contract wins and resultant strong cash generation.

For the year to 31 March 2016, both the Fire Protection and Mechanical Services divisions experienced good performances. However, the Mechanical Services first quarter was lower than expected due to delays on three projects. EBITDA for the year was slightly behind last year as a consequence but the project pipeline for the current year is encouraging.

Good progress has been made in further developing the business, including revamping the brand, optimising the website, introducing telesales and strengthening various functions. A new non-executive Chairman has been appointed, bringing extensive experience from the facilities management and business services sectors. Terms have been agreed on an attractively priced acquisition and a large proportion of the consideration will be paid on a deferred basis. Bank funding is currently being sought to finance the acquisition.

Trilogy Communications continues to face a difficult trading environment, with both broadcast market and defence revenues weaker than twelve months ago. Despite strong trading results up to 2012 reflecting large defence contract orders from partners such as Northrop Grumman and Raytheon, the company's trading has since been badly affected by delays in long-term US defence programme orders. For the year to February 2015, an EBITDA loss of £509,000 was incurred on sales of £3.9 million. For the year to February 2016, revenues of £2.9 million were incurred on a normalised EBITDA loss of £537k reflecting a fall in defense revenues.

The departure of the CEO, who was already under review by Foresight, has not adversely impacted the business, but has facilitated the appointment of a new Sales Director. Between them they have secured the first of five expected \$900k orders, to be placed throughout calendar 2016. If received this would underpin a profitable result for FY 2017. Additional orders from Lockheed Martin and Northrop Grumman indicate a strong defence pipeline, with the Company being confident that a total of £4.8m of defence orders will be placed during the current financial year.

A provision of £60,000 was made against the cost of the investment during the period reflecting, poor results.

Reflecting continued difficult trading conditions and reducing sales of its fire and emergency simulation software, **Vector Command**, an investment inherited from the acquisition of Advent VCT in August 2004, was placed into administration in May 2016, with no prospect of any recoveries. A full provision of £302,000 was accordingly made against this investment.

Russell Healey

Head of Private Equity
Foresight Group
29 July 2016



Investment Summary

Investment	31 March 2016			31 March 2015	
	Amount invested £	Valuation £	Valuation Methodology	Amount invested £	Valuation £
Datapath Group Limited	73,250	8,695,823	* Discounted price/earnings multiple	73,250	10,209,100
Ixaris Systems Limited	1,181,432	3,044,133	* Discounted revenue multiple	1,181,432	2,222,007
The Bunker Secure Hosting Limited	584,987	2,287,373	* Discounted price/earnings multiple	584,987	2,203,251
CoGen Limited	390,928	2,283,291	* Discounted cash flow	390,928	1,923,978
TFC Europe Limited	156,370	2,195,436	* Discounted price/earnings multiple	782,577	3,611,647
Autologic Diagnostics Group Limited	2,488,785	2,191,350	* Discounted price/earnings multiple	2,329,087	2,338,020
Procam Television Holdings Limited	1,101,385	1,963,851	* Discounted price/earnings multiple	1,101,385	2,190,858
Blackstar Amplifications Holdings Limited	1,000,000	1,828,368	* Discounted price/earnings multiple	1,000,000	1,386,163
FFX Group Limited	1,372,002	1,372,002	* Cost	—	—
Specac International Limited	650,000	1,218,567	* Discounted price/earnings multiple	—	—
Hospital Services Limited	1,200,000	1,200,000	Cost	—	—
Thermotech Solutions Limited	1,000,000	1,186,781	Discounted price/earnings multiple	1,000,000	1,403,282
Biofortuna Limited	1,181,052	1,181,052	Price of recent funding round	1,181,052	1,181,052
ABL Investments Limited	1,000,000	1,000,000	Cost	—	—
Itad Limited	1,000,000	1,000,000	Cost	—	—
Protean Software Limited	1,000,000	1,000,000	Cost	—	—
The Business Advisory Limited	1,000,000	1,000,000	Cost	—	—
Aerospace Tooling Corporation Limited	150,000	986,800	Discounted price/earnings multiple	150,000	5,546,390
Positive Response Communications Limited	500,000	603,157	Discounted price/earnings multiple	500,000	500,000
Flowrite Refrigeration Holdings Limited	295,000	460,773	Discounted price/earnings multiple	295,000	787,866
Sindicatum Carbon Capital Limited	200,063	393,825	Price of recent funding round less impairment	200,063	393,825
Zoo Digital Group Limited	827,148	281,807	Bid price	847,021	288,577
Quantel Holdings (2010) Limited	235,762	197,116	Cost	235,762	197,116
AlwaysON Group Limited	680,240	84,902	Discounted revenue multiple	680,240	266,815
Trilogy Communications Holdings Limited	776,383	81,107	Discounted revenue multiple	776,383	140,872
Amanite Limited	100	100	Cost	—	—
Gomette Limited	100	100	Cost	—	—
Iphigenie Limited	100	100	Cost	—	—
Global Immersion Limited	532,283	—	Nil value	532,283	—
The Skills Group Limited (formerly AtFutsal Group Limited)	789,344	—	Nil value	755,330	377,665
Abacuswood Limited	879,597	—	Nil value	879,597	—
VectorCommand Limited	1,468,750	—	Nil value	1,468,750	301,836
Evance Wind Turbines Limited	1,513,098	—	Nil value	1,513,098	—
The Fin Machine Company Limited	3,036,814	—	Nil value	3,036,814	—
O-Gen Acme Trek Limited	—	—	Sold	4,860,174	753,015
Aigis Blast Protection Limited	—	—	Dissolved	347,226	—
i-plas Group Limited	—	—	Dissolved	732,363	—
Closed Loop Recycling Limited	—	—	Sold	4,722,767	—
	28,264,973	37,737,814		32,157,569	38,223,335

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

Investment Summary Realisation Summary

Disposals

In the year ended 31 March 2016

Company	Detail	Original Cost/	Proceeds	Gain/(loss)	Exit	Valuation at
		Take-On Value				2015
		£'000	£'000	£'000	Multiple	£'000
Aigis Blast Protection Limited*	Full disposal	347	—	(347)	—	—
Closed Loop Recycling Limited*	Full disposal	4,723	—	(4,723)	—	—
i-Plas Group Limited*	Full disposal	733	58	(675)	0.1	—
O-Gen Acme Trek Limited*	Full disposal	4,860	107**	(4,753)***	0.0	753
TFC Europe Limited	Loan repayment	626	710	84	1.1	626
Zoo Digital Group plc	Part disposal	20	7	(13)	0.2	7
Total disposals		11,309	882	(10,427)	0.2	1,386

In addition to the above, deferred consideration of £7,000 was received by the fund from the sale of Amberfin Holdings Limited.

* These investments had previously been written down to below cost and the provision held within unrealised losses. The 'gain/(loss)' amount in the above table merely refers to the transfer on disposal between the realised and unrealised reserves and had virtually no impact upon NAV.

** An additional £516,000 was recognised in the accounts for deferred consideration not yet received. This is not included in the above.

*** £4,753,000 was recognised as a realised loss in the year but an unrealised gain of £516,000 was also recognised in respect of deferred consideration which has not yet been received. The unrealised gain is not included in the above.

Investment Summary

Top ten investments by value as at 31 March 2016 are detailed below:

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

Datapath Group Limited



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

First investment	September 2007	Year ended:	31 March 2015
			£'000
% Equity/Voting Rights	12.94%	Sales	20,300
Income received and receivable in the year	£2,111,929	Profit before tax	5,570
Equity at cost	£73,250	Retained profit	4,651
Loan stock at cost	£—	Net assets	25,908

Ixaris Systems Limited



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

First investment	March 2006	Year ended:	31 December 2014
			£'000
% Equity/Voting Rights	7.23%	Sales	9,397
Income received and receivable in the year	£—	Loss before tax	(1,089)
Equity at cost	£1,181,432	Retained loss	(948)
Loan stock at cost	£—	Net assets	2,311

The Bunker Secure Hosting Limited



provides ultra secure IT data centre and managed services to companies from owned and leased facilities in bunkers previously constructed for military use at Ash, Kent and Newbury, Berkshire. With particular expertise in Open Source and Microsoft software and systems, web and digital security, The Bunker Secure Hosting builds, hosts and manages ultra secure, high availability IT infrastructure platforms for its customers and provides secure co-location services to host customers' servers or back-up servers. The Bunker Secure Hosting is highly regarded for its technical skills by its customers, which include top financial, telecoms and web-based businesses concerned with data security which have decided to outsource their mission critical IT systems. A number of new cloud based ultra secure services have recently been introduced. The Bunker Secure Holding has recently been accredited with the G Cloud framework to provide its service to public sector organisations, opening a large potential market. A range of new Ultra Secure Services are now being launched.

First investment	May 2006	Year ended:	31 December 2014
			£'000
% Equity/Voting Rights	12.65%	Sales	9,333
Income received and receivable in the year	£—	Loss before tax	(388)
Equity at cost	£584,987	Retained loss	(388)
Loan stock at cost	£—	Net assets	1,226

CoGen Limited



develops, builds, owns and operates waste to energy and combined heat and power ('CHP') plants. The market is driven by government regulation regarding waste disposal and renewable energy incentives. Specifically, landfill tax, which is driving waste operators towards cheaper and more efficient methods of waste disposal. The electricity generated from processing the wood will be sold to Utility offtakers and attracts Renewable Obligation Certificates ('ROCs') which generate further revenue. Cogen is building on its successful development of the £48m Birmingham Bio Power deal, which closed in December 2013, the £53m Welland deal, which closed in March 2015, and the acquisition of the Plymouth site also in March 2015.

Cogen was formed to bring together the underlying shareholdings in O-Gen UK and its joint venture partner Una Group, which had previously collaborated through Carbonarius limited (a 50:50 JV).

First investment	December 2008	Year ended:	31 August 2015
			£'000
% Equity/Voting Rights	8.55%	Sales	Not publicly available
Income received and receivable in the year	£66,301	Profit before tax	Not publicly available
Equity at cost	£34,524	Retained profit	Not publicly available
Loan stock at cost	£356,404	Net assets	503

TFC Europe Limited



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

First investment	March 2007	Year ended:	31 March 2015
			£'000
% Equity/Voting Rights	22.23%	Sales	20,878
Income received and receivable in the year	£97,362	Profit before tax	1,525
Equity at cost	£156,370	Retained profit	1,022
Loan stock at cost	£—	Net assets	4,713

Autologic Diagnostics Group Limited



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

First investment	February 2009	Year ended:	31 December 2014
			£'000
% Equity/Voting Rights	5.4%	Sales	19,043
Income received and receivable in the year	£159,697	Loss before tax	(2,346)
Equity at cost	£24,716	Retained loss	(2,498)
Loan stock at cost	£2,464,069	Net liabilities	(2,579)

Procam Television Holdings Limited



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

First investment	April 2013	Period:	From 3 May 2013 to 31 December 2014
			£'000
% Equity/Voting Rights	19.23%	Sales	8,031
Income received and receivable in the year	£—	Profit before tax	272
Equity at cost	£110,135	Retained profit	229
Loan stock at cost	£991,250	Net assets	3,335

Blackstar Amplification Holdings Limited



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

First investment	July 2012	Year ended:	30 April 2015
			£'000
% Equity/Voting Rights	11.5%	Sales	8,631
Income received and receivable in the year	£90,248	Loss before tax	(765)
Equity at cost	£100,000	Retained loss	(737)
Loan stock at cost	£900,000	Net assets	1,047

FFX Group Limited



is a multi-channel supplier of high quality hand tools, power tools and accessories, fixings, fasteners and general building products. Headquartered in Folkestone, FFX supplies contractors, building firms and the DIY sector. Initially founded as a traditional 'bricks and mortar' supplier at its Folkestone site, FFX launched its ecommerce channel in 2009 and has since grown rapidly.

First investment September 2015

% Equity/Voting Rights	16.70%	No accounts filed since
Income received and receivable in the year	£48,257	incorporation
Equity at cost	£497,002	
Loan stock at cost	£875,000	

Specac International Limited



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

First investment April 2015

% Equity/Voting Rights	18.74%	No accounts filed since
Income received and receivable in the year	£55,456	incorporation
Equity at cost	£65,000	
Loan stock at cost	£585,000	

Investment Summary continued

at 31 March 2016

Co-investing funds

Foresight Group also manages or advises Foresight VCT plc, Foresight 3 VCT plc, Foresight Solar VCT plc, Foresight Nottingham Fund LP, Foresight Environmental Fund LP, Foresight Solar Fund Limited, Foresight European Solar Fund LP, Foresight Solar EIS, Foresight Solar EIS2, Foresight Solar EIS3, Foresight Solar EIS4, Foresight Solar EIS5, Foresight Inheritance Tax Solutions, Foresight Energy Infrastructure EIS, UK Waste Resources and Energy Investments LP, Foresight AD EIS, Foresight Regional Investment LP, The Waste Asset LP, Recycling and Waste LP and Energy Investments LP and Foresight Sustainable UK Investment Fund ('Foresight Sustainable'). Investments have been made by the funds that Foresight Group advises and manages, as follows:

	Foresight VCT O, PE & Infra Shares £	Foresight 3 VCT £	Foresight 4 VCT £	Foresight Sustainable £	Total held by Foresight %
ABL Investments Limited	2,750,000	475,000	1,000,000		40.0
Aerospace Tooling Holdings Limited	150,000	50,000	150,000		53.7
AlwaysON Group Limited	3,313,241		680,240		67.2
Autologic Diagnostics Group Limited	4,330,020	2,488,965	2,488,785		18.4
Biofortuna Limited	590,529	590,495	1,181,052		35.3
Blackstar Amplification Holdings Limited	2,500,000		1,000,000		40.2
CoGen Limited	1,603,491	351,539	390,928	1,315,000	22.0
Datapath Group Limited	7,563,365	73,250	73,250		38.8
FFX Group Limited	2,676,426		1,372,002		49.5
Flowrite Refrigeration Holdings Limited	209,801	85,199	295,000		35.0
Hospital Services Group Limited	3,320,000		1,200,000		62.5
Itad Limited	2,750,000	250,000	1,000,000		35.0
Ixaris Systems Limited	2,266,036	866,385	1,181,432		18.2
Positive Response Communications Limited	1,000,000	500,000	500,000		60.8
Procam Television Holdings Limited	1,664,893	423,608	1,101,385		55.7
Protean Software Limited	2,500,000	500,000	1,000,000		63.5
Sindicatum Carbon Capital Limited	246,075	174,993	200,063		1.0
Specac International Limited	1,345,000	650,000	650,000		75.0
TFC Europe Limited	3,614,612	125,096	156,370		66.7
The Bunker Secure Hosting Limited	1,537,348	475,300	584,987		31.6
The Business Advisory Limited	1,650,000	650,000	1,000,000		27.5
Thermotech Solutions Limited	1,500,000		1,000,000		25.5
Trilogy Communications Limited	2,245,684		776,383		48.7
Zoo Digital Group plc	44,123	1,098,585	827,148		15.3

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

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



Board of Directors

Philip Henry Peter Stephens

Chairman

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

Peter Frederick Dicks

Peter Dicks was a founder director of Abingworth plc a successful venture capital company in 1973. He is currently a director of a number of quoted and unquoted companies, including Private Equity Investor plc and Unicorn AIM VCT plc where he is chairman, Mears Group plc and Graphite Enterprise Trust plc. In addition, he has been a director of Foresight VCT plc and Foresight Solar Fund Limited since their respective launches in 1997 and 2013 and has been a director of Foresight 3 VCT plc and Foresight 4 VCT plc since July 2004. Peter is a member of the Audit, Nomination and Management Engagement & Remuneration Committees.

Simon Jamieson

Simon spent 28 years at Robert Fleming Holdings and subsequently at Fleming Family and Partners where he focused on Private Equity investing. In 1983 he joined Glenwood Management, a Californian based Venture Capital Fund, and subsequently joined Robert Fleming in 1985 on the fund management side. In 2000 he joined Fleming Family and Partners Asset Management Limited where he was responsible for \$500 million of Private Equity Investments, including both fund investments and directly held co investments. Since leaving FF&P in 2013, Simon Chairs an Investment Committee of a U.S. family Office and Co-Chairs an Investment Committee of an African focused Private Equity Manager, 54 Capital. Simon is Chairman of the Audit, Nomination and Management Engagement & Remuneration Committees.

Directors' Report

The Directors present their report and the audited accounts of the Company for the year ended 31 March 2016.

Activities and status

The principal activity of the Company during the period was the making of investments in unquoted or AIM-listed companies in the United Kingdom. The Company is an investment company within the meaning of Section 833 of the Companies Act 2006. It has satisfied the requirements as a Venture Capital Trust under sections 274–280A of the Income Tax Act 2007. Confirmation of the Company's compliance as a Venture Capital Trust has been received up to 31 March 2015 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 £5,550,000 (2015: return of £7,272,000).

Net asset value total return

During the year ended 31 March 2016 the Company's principal indicator of performance, net asset value total return, decreased 5.3% from 180.2p per Ordinary Share at 31 March 2015 to 170.7p per Ordinary Share at 31 March 2016.

Share issues

On 10 August 2015 the Ordinary and C Share funds were merged. On the basis of the conversion ratio, detailed in the Chairman's statement, 19,101,896 new Ordinary Shares were allotted.

On 11 August 2015 the Company allotted 423,717 Ordinary Shares at 83.9p per share in accordance with a top up after made to C Shareholders on 3 July 2015, giving them the opportunity to reinvest dividend proceeds for new Ordinary Shares.

At 31 March 2016 the Company had 57,375,499 Ordinary Shares in issue. There are no restrictions on the transfer of any class of share.

Share buybacks

During the year, the Company repurchased 434,528 Ordinary Shares for cancellation at a cost of £266,000. No shares bought back by the Company are held in treasury. Share buy-backs have been completed at an average discount of 25.6%.

Global greenhouse gas emissions

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

Principal risks, risk management and regulatory environment

A summary of the principal risks faced by the Company is set out on page 8 of the Strategic Report with further detail being given in note 15 on page 52.

Management

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

Annually, the Management Engagement and Remuneration Committee reviews the appropriateness of the Manager's appointment. In carrying out its review, the Management Engagement and Remuneration Committee considers the investment performance of the Company and the ability of the Manager to produce satisfactory investment performance. It also considers the length of the notice period of the investment management contract and fees payable to the Manager, together with the standard of other services provided which include Company Secretarial services. It is the Directors' opinion that the continuing appointment of the Manager on the terms agreed is in the interests of shareholders as a whole. The last review was undertaken on 28 June 2016. Foresight Fund Managers is the Secretary of the Company. The principal terms of the management agreement is set out in note 3 to the accounts.

No Director has an interest in any contract to which the Company is a party. Foresight Group CI acts as manager to the Company in respect of its investments and earned fees of £1,118,000 (2015: £1,059,000) during the year. Foresight Fund Managers received £157,000 excluding VAT (2015: £157,000 excluding VAT) during the year in respect of secretarial, administrative and custodian services to the Company. Foresight Group also received from investee companies arrangement fees of £217,000 (2015: £42,000).

At the time of writing, Foresight Group staff held a total of 99,459 shares in the Company.



Directors' Report continued

VCF Partners, an associate of Foresight Group, received from investee companies, Directors' fees of £156,000 (2015: £187,000).

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

VCT status monitoring

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

Substantial shareholdings

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

Financial instruments

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

Directors indemnification and insurance

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

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

Policy of paying creditors

The Company does not subscribe to a particular code but follows a policy whereby suppliers are paid by the due date and investment purchases are settled in accordance with the stated terms. At the year end trade creditors represented an average credit period of 9 days (2015: 22 days). Foresight Group, which provides investment management services, was the only trade creditor of the Company at the year end.

Alternative Investment Fund Managers Directive (AIFMD)

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

Audit Information

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

Section 992 of the Companies Act

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

Capital Structure

The Company's issued share capital as at 29 July 2016 was 57,375,499 Ordinary Shares.

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

Voting Rights in the Company's shares

Details of the voting rights in the Company's shares at the date of this report are given in note 5 in the Notice of Annual General Meeting on page 64.

Notifiable interests in the Company's voting rights

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

Auditor

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

Companies Act 2006 Disclosures

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

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

providing for compensation for loss of office that may occur following a takeover bid or for any other reason.

Conflicts of interest

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

Whistleblowing

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

Going concern

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

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

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

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

Directors remuneration

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

Annual General Meeting

A formal notice convening the Annual General Meeting on 30 September 2016 can be found on pages 62 to 64. Resolutions 1 to 7 will be proposed as ordinary resolutions meaning that for each resolution to be passed more than half of the votes cast at the meeting must be in favour of the resolution. Resolutions 8 and 9 will be proposed as special resolutions meaning that for each resolution to be passed at least 75% of the votes cast at the meeting must be in favour of the resolution. Resolutions 7 to 9 will be in substitution for the existing authorities and are explained below.

Resolution 7

Resolution 7 will authorise the Directors to allot relevant securities generally, in accordance with Section 551 of the Companies Act 2006, up to an aggregate nominal amount of £175,000 (representing 30.5% of the current issued share capital of the Company). This authority will be used for the purposes listed under the authority requested under Resolution 8. This includes authority to issue shares pursuant to performance incentive fee arrangements with Foresight Group and top-up offers for subscription to raise new funds for the Company if the Board believes this to be in the best interests of the Company. Any offer is intended to be at an offer price linked to NAV. The authority conferred by Resolution 7 will expire (unless renewed, varied or revoked by the Company in a general meeting) on the fifth anniversary of the passing of the resolution.

Resolution 8

Resolution 8 will sanction, in a limited manner, the disapplication of pre-emption rights in respect of the allotment of equity securities with an aggregate nominal value of up to £175,000 pursuant to offer(s) for subscription, (ii) with an aggregate nominal value of up to 10% of the issued share capital of the Company pursuant to performance incentive arrangements with Foresight Group and (iii) otherwise than pursuant to (i) or (ii) with an aggregate nominal value of up to 10% of the issued share capital of the Company from time to time for general purposes, in each case where the proceeds of such issue may be used in whole or part to purchase the Company's shares. This authority will expire (unless renewed, varied or revoked by the Company in a general meeting) at the conclusion of the Annual General Meeting to be held in 2017, or, if earlier, on the date falling 15 months after the passing of the resolution, save that the Company may allot equity shares after such date in pursuance of a contract or contracts made prior to this expiration of this authority.



Directors' Report continued

Resolution 9

It is proposed by Resolution 9 that the Company be authorised to make market purchases of the Company's own shares. Under this authority the Directors may purchase up to 8,600,587 shares, (representing approximately 14.99% of the Company's shares in issue at the date of this Annual Report) or, if lower, such number of shares (rounded down to the nearest whole share) as shall equal 14.99% of the issued share capital at the date the resolution is passed. When buying shares, the Company cannot pay a price per share which is more than 105% of the average of the middle market quotation for an a share taken from the London Stock Exchange daily official list on the five business days immediately before the day on which shares are purchased or, if greater, the amount stipulated by Buyback and Stabilisation Regulation 2003. This authority will expire (unless renewed, varied or revoked by the Company in a general meeting) at the conclusion of the Annual General Meeting to be held in 2017, or, if earlier on the date falling 15 months after the passing of the resolution, save that the Company may purchase its shares after such date in pursuance of a contract or contracts made prior to the expiration of this authority.

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

By order of the Board

Foresight Fund Managers Limited

Secretary

29 July 2016

Corporate Governance

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

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

The Board

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

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

Division of responsibilities

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

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

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

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

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

	Board	Audit	Nomination	Remuneration
Philip Stephens	4/4	2/2	1/1	1/1
Peter Dicks	4/4	2/2	1/1	1/1
Simon Jamieson	4/4	2/2	1/1	1/1

Meeting attendance

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

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



Corporate Governance continued

Board committees

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

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

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

The Audit Committee has performed an assessment of the audit process and the auditor's report in the Audit Committee Report on page 36.

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

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

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

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

The Management Engagement & Remuneration Committee (which has responsibility for reviewing the remuneration of the Directors) comprises

Simon Jamieson (Chairman), Peter Dicks and Philip Stephens and meets at least annually to consider the levels of remuneration of the Directors, specifically reflecting the time commitment and responsibilities of the role. The Management Engagement & Remuneration committee also undertakes external comparisons and reviews to ensure that the levels of remuneration paid are broadly in line with industry standards. The Management Engagement & Remuneration Committee also reviews the appointment and terms of engagement of the Manager and, as previously noted, amended the management fees on 1 October 2013 following a review of terms.

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

Board evaluation

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

Relations with Shareholders

The Company communicates with shareholders and solicits their views where it considers it is appropriate to do so. Individual shareholders are welcomed to the Annual General Meeting where they have the opportunity to ask questions of the Directors, including the Chairman, as well as the Chairman of the Audit, Remuneration and Nomination Committees. The Board may from time to time seek feedback through shareholder questionnaires and an open invitation for shareholders to meet the Manager. During the year, as part of the Shareholder Communication Strategy, on 23 June 2016 Foresight held an Investor Day. This event was oversubscribed and so, to meet demand, a further two Investor Days will be held. In addition, approximately two thousand shareholders responded to the Shareholder Survey circulated in the year. These responses will be used to inform future decisions. The Company is not aware of any institutions owning shares in the Company.

Internal control

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

The Board's appointment of Foresight Group as accountant and administrator has delegated the financial administration to Foresight Group. It has an established system of financial control, including

internal financial controls, to ensure that proper accounting records are maintained and that financial information for use within the business and for reporting to shareholders is accurate and reliable and that the Company's assets are safeguarded.

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

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

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

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

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

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

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

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

Directors' Professional Development

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

UK Stewardship Code

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

Bribery Act 2010

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

Philip Stephens

Director
29 July 2016



Directors' Remuneration Report

Introduction

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

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

Annual Statement from the Chairman of the Remuneration Committee.

The Board which is profiled on page 24 consists solely of non-executive directors and considers at least annually the level of the Board's fees.

The Committee concluded following a review of the level of Directors' fees there would be no increase for the year ending 31 March 2016.

Consideration by the Directors of matters relating to Directors' Remuneration

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

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

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

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

Directors are not involved in deciding their own individual remuneration.

Remuneration policy

The Board's policy is that the remuneration of Non-Executive Directors should reflect time spent and the responsibilities borne by the Directors for the Company's affairs and should be sufficient to enable candidates of high calibre to be recruited. The levels of Directors' fees paid by the Company for the year ended 31 March 2016 were agreed during the year.

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

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

None of the Directors has a service contract but, under letters of appointment dated 30 July 2004 for Peter Dicks, 4 February 1998 for Philip Stephens and 3 October 2014 for Simon Jamieson, they may resign by giving six months' notice in writing to the Board or by mutual consent. No compensation is payable to Directors on leaving office.

The above remuneration policy was subject to Shareholder approval and will continue for the financial years ended 31 March 2017 and 2018.

Shareholders' views in respect of Directors' remuneration are communicated at the Company's Annual General Meeting and are taken into account in formulating the Directors' remuneration policy. At the last Annual General Meeting 84.8% of Shareholders voted for the resolution approving the Directors' Remuneration Report, showing significant shareholder support.

Retirement by rotation

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

P Dicks, P Stephens, S Jamieson	AGM 2016
P Dicks, P Stephens, S Jamieson	AGM 2017
P Dicks, P Stephens, S Jamieson	AGM 2018

Shareprice total return

The graph on the following page charts the total shareholder return to 31 March 2016, on the hypothetical value of £100, invested by an Ordinary Shareholder since 28 February 2009. The return is compared to the total shareholder return on a notional investment of £100 in the FTSE AIM All-Share Index, which is considered an appropriate broad index against which to measure the Company's performance given that the profiles of many AIM companies being similar to those held by the Company.

Details of individual emoluments and compensation

The emoluments in respect of qualifying services of each person who served as a Director during the year and those forecasted for the year ahead are shown on page 34. No Director has waived or agreed to waive any emoluments from the Company in either the current or previous year.

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

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

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

Directors' Remuneration Report continued

Directors

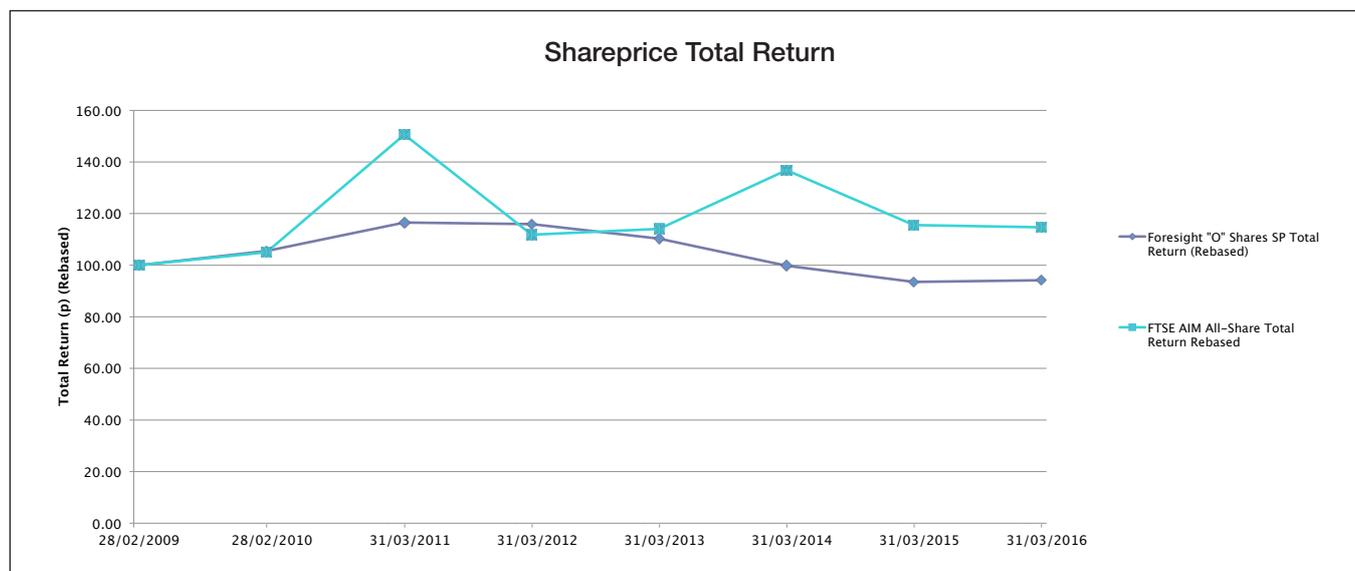
The Directors who held office during the year and their interests in the issued shares of 1p each of the Company were as follows:

	31 March 2016	31 March 2015
	Shares	Shares
Philip Stephens (Chairman)	14,930	14,930
Peter Dicks	54,050	34,050
Simon Jamieson (appointed 3 October 2014)	25,000	25,000

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

There have been no changes in the Directors' share interests between 31 March 2016 and the date of this report.

In accordance with the Articles of Association and the requirements of the UK Corporate Governance Code, Mr Dicks, Mr Stephens and Mr Jamieson must retire through rotation and, being eligible, offer themselves for re-election. Biographical notes on the Directors are given on page 24. The Board believes that Mr Dicks', Mr Stephens' and Mr Jamieson's skills, experience and knowledge continue to complement each other and add value to the Company and recommends their re-election to the Board. None of the Directors has a contract of service with the Company.



Audited Information

The information below has been audited, with the exception of those fees forecasted for the year to 31 March 2017. See the Independent Auditors' Report on page 38.

	Anticipated Directors' fees year ending 31 March 2017 (£)	Audited Directors' fees year ended 31 March 2016 (£)	Audited Directors' fees year ended 31 March 2015 (£)
Philip Stephens (Chairman)	27,500	27,500	27,500
Peter Dicks	22,000	22,000	22,000
Simon Jamieson (appointed 3 October 2014)	22,000	22,000	11,000
Raymond Abbott (resigned 3 October 2014)	—	—	11,000
Total	71,500	71,500	71,500

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

Votes cast for and against the Directors' Remuneration Report for the year ended 31 March 2015

Shares & Percentage of votes cast	Shares & Percentage of votes cast	Number of votes withheld
For	Against	
84.8%	15.2%	
5,549,747 votes	993,297 votes	438,837 votes

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

	Year ended 31 March 2016	Year ended 31 March 2015
Dividends	£6,969,915	£nil
Share buybacks	£265,679	£163,000
Total Shareholder distributions	£7,235,594	£163,000
Directors fees	£71,500	£71,500
Directors fees % of Shareholder distributions	1.0%	43.9%

Approval of report

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

This Directors' Remuneration Report was approved by the Board on 29 July 2016 and is signed on its behalf by Philip Stephens (Director).

On behalf of the Board

Philip Stephens

Director

29 July 2016



Audit Committee Report

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

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

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

Valuation of unquoted investments

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

Venture capital trust status

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

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

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

Auditors assessment

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

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

Simon Jamieson

Audit Committee Chairman
29 July 2016

Statement of Directors' Responsibilities

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

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

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

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

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

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

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

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

Statement of Directors' in respect of the Annual Financial Report

We confirm that to the best of our knowledge:

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

On behalf of the Board

Philip Stephens

Chairman

29 July 2016



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

Opinions and conclusions arising from our audit

1. *Our opinion on the financial statements is unmodified*

We have audited the financial statements of Foresight 4 VCT Plc for the year ended 31 March 2016 set out on pages 40 to 59. In our opinion, the financial statements:

- give a true and fair view of the Company's affairs as at 31 March 2016, and of its loss for the year then ended;
- have been properly prepared in accordance with UK Accounting Standards including FRS 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

2. *Our assessment of risks of material misstatement*

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

Valuation of Unquoted Investments: £37.5 million (2015: £37.9 million) risk vs 2015 ←→

Refer to page 36 (Audit Committee Report), page 44 (accounting policy) and pages 49 to 50 and 52 to 58 (financial statements).

The risk: 93% of the Company's total assets (by value) is held in investments where no quoted market price is available. Unquoted investments are measured at fair value, which is established in accordance with the International Private Equity and Venture Capital Valuation Guidelines by using measurements of value such as price of recent orderly transactions, earnings multiples, discounted cash flow measurements, and net assets. There is a significant risk over the valuation of these investments and this is the key judgemental area that our audit focused on.

Our response: Our procedures included:

- Documenting and assessing the design and implementation of the investment valuation processes and controls in place.
- Assessing the investment realisations in the period, comparing actual sales proceeds to prior year end valuations to understand the reasons for significant variances and determining whether they are indicative of bias or error in the Company's approach to valuations.
- 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 challenged the appropriateness of the valuation basis selected as well as the underlying assumptions, such as discount factors and the choice of benchmark for earnings multiples.
 - We compared key underlying financial data inputs to external sources, investee company audited accounts and management information as applicable.

- We challenged the assumptions around the sustainability of earnings based on the plans of the investee companies and whether these are achievable, and we obtained an understanding of existing and prospective investee company cash flows to understand whether borrowings can be serviced or refinancing may be required.
- Where a recent transaction was used to value any holding, we obtained an understanding of the circumstances surrounding those transactions and whether they were considered to be on an arms-length basis and suitable as an input into a valuation. Our work included consideration of events which occurred subsequent to the year end up until the date of this audit report.
- Attending the year end Audit Committee meeting where we assessed the effectiveness of the Audit Committee's challenge and approval of unlisted investment valuations; and
- Consideration of the appropriateness, in accordance with relevant accounting standards, of the disclosures in Note 15 in respect of unquoted investments and the effect of changing one or more inputs to reasonable possible alternative valuation assumptions.

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

The materiality for the financial statements as a whole was set at £0.4 million (2015: £1.1 million), determined using a benchmark of Total Assets, of which it represents 1% (2015: 2%), reflecting industry concerns levels.

We report to the Audit Committee any corrected and uncorrected identified misstatements exceeding £21,000 (2015: £53,000) in addition to other identified misstatements that warrant reporting on qualitative grounds.

Our audit of the Company was undertaken to the materiality level specified above and was performed at the offices of the Manager, Foresight Group 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; and
- the information given in the Corporate Governance Statement set out on pages 29 to 31 with respect to internal control and risk management systems in relation to financial reporting processes and about share capital structures is consistent with the financial statements.

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

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

Based on the knowledge we acquired during our audit, we have nothing material to add or draw attention to in relation to: the directors' viability statement on page 8, concerning the principal risks, their management, and, based on that, the directors' assessment and expectations of the company's continuing in operation over the 3 years to 31 March 2019; or the disclosures in Notes 1 of the financial statements concerning the use of the going concern basis of accounting.

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

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

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

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

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

- proper accounting records have not been kept by the Company, or
- the financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records;
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- a Corporate Governance Statement has not been prepared by the company.

Under the Listing Rules we are required to review:

- the directors' statement, set out on pages 27, in relation to going concern and long term viability; and
- the part of the Corporate Governance Statement, on page 29 to 31, relating to the company's compliance with the ten provisions of the 2014 UK Corporate Governance Code specified for our review.

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

Scope and responsibilities

As explained more fully in the Directors' Responsibilities Statement set out on page 37, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate. This report is made solely to the company's members as a body and is subject to important explanations and disclaimers regarding our responsibilities, published on our website at www.kpmg.com/uk/auditscopeukco2014a, which are incorporated into this report as if set out in full and should be read to provide an understanding of the purpose of this report, the work we have undertaken and the basis of our opinions.

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

Chartered Accountants

15 Canada Square

London

E14 5GL

29 July 2016



Income Statement

for the year ended 31 March 2016

	Notes	Year ended 31 March 2016			Year ended 31 March 2015		
		Revenue	Capital	Total	Revenue	Capital	Total
		£'000	£'000	£'000	£'000	£'000	£'000
Investment holding gains	8	—	3,931	3,931	—	9,322	9,322
Realised losses on investments	8	—	(10,434)	(10,434)	—	(1,701)	(1,701)
Income	2	2,570	—	2,570	1,147	—	1,147
Investment management fees	3	(279)	(839)	(1,118)	(265)	(794)	(1,059)
Transaction costs		—	—	—	(11)	—	(11)
Other expenses	4	(499)	—	(499)	(426)	—	(426)
Return/(loss) on ordinary activities before taxation		1,792	(7,342)	(5,550)	445	6,827	7,272
Taxation	5	—	—	—	(61)	61	—
Return/(loss) on ordinary activities after taxation		1,792	(7,342)	(5,550)	384	6,888	7,272
Return per share:							
Ordinary Share	7	3.1p	(12.7p)	(9.6p)	0.4p	(3.2)p	(2.8)p
C Share	7	n/a	n/a	n/a	1.3p	43.5p	44.8p

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 44 to 59 form part of these financial statements.

Reconciliation of Movements in Shareholders' Funds

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

	Called-up share capital £'000	Share premium account (restated) £'000	Capital redemption reserve (restated) £'000	Profit and loss account (restated) £'000	Total £'000
Restated					
Year ended 31 March 2015					
Company					
As at 1 April 2014	573	4,918*	258*	40,056*	45,805
Expenses in relation to previous years share issues**	—	(71)	—	—	(71)
Repurchase of shares	(3)	—	3	(163)	(163)
Return for the year	—	—	—	7,272	7,272
As at 31 March 2015	570	4,847	261	47,165***	52,843

The notes on pages 44 to 59 form part of these financial statements.

* Refer to note 19

** Trail commission payable to financial advisors in the year.

*** Of this amount £20,949,000 (2015: £37,665,000) is realised and distributable.



Balance Sheet

at 31 March 2016

Registered Number: 03506579

	Notes	As at 31 March 2016 £'000	Restated As at 31 March 2015 £'000
Fixed assets			
Investments held at fair value through profit or loss	8	37,738	38,223
Current assets			
Debtors	9	959	736
Money market securities and other deposits		1,773	4,400
Cash		62	9,632
		2,794	14,768
Creditors			
Amounts falling due within one year	10	(167)	(148)
Net current assets		2,627	14,620
Net assets		40,365	52,843
Capital and reserves			
Called-up share capital	11	574	570
Share premium account		5,147	4,847*
Capital redemption reserve		265	261*
Profit and loss account		34,379	47,165*
Equity shareholders' funds		40,365	52,843
Net asset value per share:			
Ordinary Share	12	70.4p	83.9p
C Share	12	n/a	110.8p

* Refer to note 19

The financial statements were approved by the Board of Directors and authorised for issue on 29 July 2016 and were signed on its behalf by:

Simon Jamieson
Director

The notes on pages 44 to 59 form part of these financial statements.

Cash Flow Statement

for the year ended 31 March 2016

	Year ended 31 March 2016 £'000	Year ended 31 March 2015 £'000
Cash flow from operating activities		
Investment income received	563	1,000
Dividends received from investments	2,117	150
Deposit and similar interest received	24	4
Investment management fees paid	(1,118)	(1,059)
Secretarial fees paid	(157)	(117)
Other cash payments	(379)	(260)
Net cash inflow/(outflow) from operating activities and returns on investment	1,050	(282)
Returns on investment and servicing of finance		
Purchase of unquoted investments	(7,256)	(1,766)
Net proceeds on sale of investments	717	13,742
Net proceeds on deferred consideration	7	87
Net proceeds on liquidation of investments	58	—
Net capital (outflow)/inflow from financial investment	(6,474)	12,063
Equity dividends paid	(6,970)	—
Management of liquid resources		
Movement in money market funds	2,627	(3,763)
	2,627	(3,763)
Financing		
Proceeds of fund raising	355	—
Expenses of fund raising for previous years	(47)	(71)
Repurchase of own shares	(111)	(163)
Net cash inflow/(outflow) from financing activities	197	(234)
Net (outflow)/inflow of cash for the year	(9,570)	7,784
Reconciliation of net cash flow to movement in net funds		
(Decrease)/increase in cash for the year	(9,570)	7,784
Net cash at start of year	9,632	1,848
Net cash at end of year	62	9,632

Analysis of changes in net debt

	At 1 April 2015 £'000	Cash flow £'000	At 31 March 2016 £'000
Cash and cash equivalents	9,632	(9,570)	62

The notes on pages 44 to 59 form part of these financial statements.



Notes to the Accounts

for the year ended 31 March 2016

1 Accounting policies

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

a) Basis of accounting

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

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS102") as issued in August 2014 and the requirements of the Companies Act 2006. The amendments to FRS102 issued in July 2015 and effective immediately have been applied.

In preparing the financial statements for the period ending 31 March 2016, the Company has transitioned to FRS102 from Old UK GAAP. The Company has made no measurement and recognition adjustments

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

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

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

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

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

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

- (i) Where a value is indicated by a material arms-length transaction by an independent third party in the shares of a company, this value will be used.
- (ii) In the absence of i), and depending upon both the subsequent trading performance and investment structure of an investee company, the valuation basis will usually move to either:
 - a) an earnings multiple basis. The shares may be valued by applying a suitable price-earnings ratio to that company's historic, current or forecast post-tax earnings before interest and amortisation (the ratio used being based on a comparable sector but the resulting value being adjusted to reflect points of difference identified by the Investment Manager compared to the sector including, inter alia, a lack of marketability);
 - or
 - b) where a company's underperformance against plan indicates a diminution in the value of the investment, provision against cost is made, as appropriate. Where the value of an investment has fallen permanently below cost, the loss is treated as a permanent impairment and as a realised loss, even though the investment is still held. The Board assesses the portfolio for such investments and, after agreement with the Investment Manager, will agree the values that represent the extent to which an investment loss has become realised. This is based upon an assessment of objective evidence of that investment's future prospects, to determine whether there is potential for the investment to recover in value.

(iii) Premiums on loan stock investments are accrued at fair value when the Company receives the right to the premium and when considered recoverable.

(iv) Where an earnings multiple or cost less impairment basis is not appropriate and overriding factors apply, discounted cash flow, a net asset valuation, or industry specific valuation benchmarks may be applied. An example of an industry specific valuation benchmark would be by applying a suitable turnover multiple to that company's historic, current and forecast turnover (the multiple used based on a comparable sector but the resulting value being adjusted to reflect points of difference identified by the Investment Manager compared to the sector including, inter alia, a lack of marketability).

1 Accounting policies (continued)

c) Income

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

d) Expenses

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

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

e) Financial Instruments

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

Basic financial instruments

Trade and other debtors

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

Trade and other creditors

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

Investments in preference and ordinary shares

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

Cash and cash equivalents

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

Other financial instruments

Financial instruments not considered to be Basic financial instruments (Other financial instruments)

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



Notes to the Accounts continued

for the year ended 31 March 2016

1 Accounting policies (continued)

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

h) Investment recognition and derecognition

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

2 Income

	Year ended 31 March 2016 £'000	Year ended 31 March 2015 £'000
Loan stock interest	428	993
Dividends receivable	2,117	150
Overseas based Open Ended Investments Companies ("OEICs")	24	4
Bank deposits	1	—
	2,570	1,147

3 Investment management fees

	Year ended 31 March 2016 £'000	Year ended 31 March 2015 £'000
Investment management fees charged to the revenue account	279	265
Investment management fees charged to the capital account	839	794
	1,118	1,059

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

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

Foresight Fund Managers Limited is the Secretary of the Company and receives annual fees, paid quarterly in advance, for the services provided of £157,000 (2015: £157,000). The annual secretarial fee (which is payable together with any applicable VAT) is adjusted annually in line with the UK Retail Prices Index.

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

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

4 Other expenses

	Year ended 31 March 2016 £'000	Year ended 31 March 2015 £'000
Secretarial services (excluding VAT)	157	157
Directors' remuneration including employer's National Insurance contributions	76	76
Auditors' remuneration (excluding VAT)		
— audit services*	28	30
— taxation services	11	6
Legal and professional fees**	133	93
Other	94	64
	499	426

* Audit fee for year ended 31 March 2015 was over accrued.

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

5 Tax on ordinary activities

	Year ended 31 March 2016			Year ended 31 March 2015		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Current tax						
Corporation tax	—	—	—	(61)	61	—
Total current tax	—	—	—	(61)	61	—
Deferred tax	—	—	—	—	—	—
Total tax	—	—	—	—	—	—

b) Factors affecting current tax charge for the year:

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

The differences are explained below:

	Year ended 31 March 2016 £'000	Year ended 31 March 2015 £'000
Net income before taxation	(5,550)	7,272
Corporation tax at 20% (2015: 21%)	(1,110)	1,527
Effect of:		
Dividend income not taxable	(423)	(31)
Realised losses not deductible	2,087	357
Net unrealised gains not taxable	(786)	(1,958)
Movement in unutilised management expenses	232	105
Current tax charge for the year	—	—

c) There is an unrecognised deferred tax asset of approximately £1,753,450 (2015: £1,520,626). The deferred tax asset relates to the current and prior year unutilised expenses. It is considered too uncertain that there will be taxable profits in the future against which the deferred tax assets can be offset and, therefore, the asset has not been recognised.



Notes to the Accounts continued

for the year ended 31 March 2016

6 Dividends

	Year ended 31 March 2016 £'000	Year ended 31 March 2015 £'000
Ordinary Shares		
Dividends — paid in the year — 4p per share (2015: nil)	2,300	—
C Shares		
Dividends — paid in the year — 25p per share (2015: nil)	4,670	—

The Board is not recommending a final dividend on the Ordinary Shares for the year ended 31 March 2016 (2015: £nil).

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

As at 31 March 2016, reserves available for dividend distribution total £Nil (2015: £4,951,000) comprising the revenue, capital and distributable reserves less the net unrealised loss on those investments whose prices are quoted in an active market and deemed readily re-available.

In accordance with 5.259 of the Income Tax Act 2007, a Venture Capital Trust may not retain more than 15% of its qualifying income in any one accounting period. The payment of the interim dividends satisfies this requirement.

7 Return per share

	Year ended 31 March 2016	Year ended 31 March 2015	
	Ordinary Shares £'000	Ordinary Shares £'000	C Shares £'000
Total return/(loss) after taxation	(5,550)	(1,091)	8,363
Total return/(loss) per share (note a)	(9.6)p	(2.8)p	44.8p
Revenue return/(loss) from ordinary activities after taxation	1,792	149	235
Revenue return/(loss) per share (note b)	3.1p	0.4p	1.3p
Capital return/(loss) from ordinary activities after taxation	(7,343)	(1,240)	8,128
Capital return/(loss) per share (note c)	(12.7)p	(3.2p)	43.5p
Weighted average number of shares in issue in the period*	57,567,321	38,445,770	18,680,907

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

Notes:

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

8 Investments held at fair value through profit or loss

	2016 £'000	2015 £'000
Quoted investments	282	289
Unquoted investments	37,456	37,934
	37,738	38,223

	Quoted £'000	Unquoted £'000	Total £'000
Company			
Book cost at 1 April 2015	847	31,311	32,158
Investment holding (losses)/gains	(558)	6,623	6,065
Book cost as at 1 April 2015	289	37,934	38,223
Movements in the year:			
Purchases at cost*	—	7,416	7,416
Disposal proceeds***	(7)	(875)	(882)
Realised losses****	(13)	(10,414)	(10,427)
Investment holding gains**	13	3,395	3,408
Valuation at 31 March 2016	282	37,456	37,738
Book cost at 31 March 2016	827	27,438	28,265
Investment holding (losses)/gains	(545)	10,018	9,473
Valuation at 31 March 2016	282	37,456	37,738

	Quoted £'000	Unquoted £'000	Total £'000
Ordinary Shares			
Book cost as at 1 April 2015	847	24,474	25,321
Investment holding (losses)/gains	(558)	4,709	4,151
Valuation at 1 April 2015	289	29,183	29,472
Movements in the year:			
Purchases at cost*	—	6,016	6,016
Disposal proceeds***	(7)	(875)	(882)
Realised losses****	(13)	(10,414)	(10,427)
Investment holding gains**	13	4,308	4,321
Transfer of C Shares fund - book cost	—	8,237	8,237
Transfer of C Shares fund - investment holding gains	—	1,001	1,001
Valuation at 31 March 2016	282	37,456	37,738
Book cost at 31 March 2016	827	27,438	28,265
Investment holding (losses)/gains	(545)	10,018	9,473
Valuation at 31 March 2016	282	37,456	37,738

* Capitalised interest of £160,000 was recognised by the Ordinary Shares fund in the year and is included within purchases at cost.

** Investment holding gains in the income statement includes £516,000 of deferred consideration recognised in the year by the Ordinary Shares fund and £7,000 that was received and transferred from investment holding gains in the period.

*** Disposal proceeds includes £107,000 not within the cashflow statement as this amount is within debtors.

**** Realised losses in the income statement includes £7,000 that was received and transferred from investment holding gains in the period.



Notes to the Accounts continued

for the year ended 31 March 2016

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

C Shares	Quoted £'000	Unquoted £'000	Total £'000
Book cost as at 1 April 2015	—	6,837	6,837
Investment holding losses	—	1,914	1,914
Valuation at 1 April 2015	—	8,751	8,751
Movements in the year:			
Purchases at cost	—	1,400	1,400
Investment holding losses	—	(913)	(913)
Transfer to Ordinary Share fund - book cost	—	(8,237)	(8,237)
Transfer to Ordinary Shares fund - Investment holding gains	—	(1,001)	(1,001)
Valuation at 31 March 2016	—	—	—
Book cost at 31 March 2016	—	—	—
Investment holding gains	—	—	—
Valuation at 31 March 2016	—	—	—

9 Debtors

	2016 £'000	2015 £'000
Accrued income	308	590
Deferred consideration	534	26
Prepayments	9	10
Other debtors	108	110
	959	736

10 Creditors: amounts falling due within one year

	2016 £'000	2015 £'000
Trade creditors	40	90
Accruals	68	58
Other creditors	59	—
	167	148

11 Called-up share capital

	2016 £'000	2015 £'000
Allotted, called up and fully paid:		
57,375,499 Ordinary Shares of 1p each (2015: 38,284,414)	574	383
Nil C Shares of 1p each (2015: 18,680,907)	—	187

During the year the O and C Share funds were merged. On the basis of the conversion ratio detailed in the Chairman's Statement, 19,101,896 new Ordinary Shares were allotted.

During the year the Company issued 423,717 Ordinary Shares, at a cost of £355,000, as part of a top up offer made to C Shareholders, giving them the opportunity to reinvest dividend proceeds for new Ordinary Shares. (2015: no Ordinary Shares were issued).

There were no C Shares issued (2015: nil)

The Ordinary Shares fund purchased 434,528 (2015: 285,000) shares for cancellation at a cost £266,000 (2015: £163,000).

	2016 Ordinary Shares No.	2016 C Shares No.	2015 Ordinary Shares No.	2015 C Shares No.
At 1 April 2015/2014	38,284,414	18,680,907	38,569,414	18,680,907
O and C Share funds merger	19,101,896	(18,680,907)	—	—
Allotments	423,717	—	—	—
Repurchase of own shares	(434,528)	—	(285,000)	—
At 31 March 2016/2015	57,375,499	—	38,284,414	18,680,907

12 Net asset value per share

Net asset value per Ordinary Share is based on net assets at the year end of £40,364,641 (2015: £32,139,000) and on 57,375,499 (2015: 38,284,414) Ordinary Shares, being the number of Ordinary Shares in issue at that date.

13 Performance-related incentive

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

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

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

No performance incentive was paid in the year (2015: £nil).



Notes to the Accounts continued

for the year ended 31 March 2016

14 Capital commitments and contingent liabilities

The Company had no capital commitments and contingent liabilities at 31 March 2016 (31 March 2015: £nil).

15 Financial instrument risk management

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

- Economic risk — events such as an economic recession and movement in interest rates could affect smaller companies' performance and valuations. The Company mitigates this risk by investing in a diversified portfolio of companies across a variety of sectors which provides protection against such events.
- Loss of approval as a Venture Capital Trust — the Company must comply with Section 274 of the Income Tax Act 2007 which allows it to be exempted from corporation tax on investment gains. Any breach of these rules may lead to: the Company losing its approval as a VCT; qualifying shareholders who have not held their shares for the designated holding period having to repay the income tax relief they obtained; and future dividends paid by the Company becoming subject to tax in the hands of investors. The Company would also lose its exemption from corporation tax on capital gains. To mitigate this risk the company employs specialists lawyers to monitor and advise on matters that may impact qualifying status.
- Investment and strategic — inappropriate strategy, poor asset allocation or consistently weak stock selection leading to under performance and poor returns to shareholders. To mitigate this risk the Company ensures its directors have the appropriate qualities and experience to make decisions that maximise shareholder benefit.
- Regulatory — the Company is required to comply with the Companies Acts 2006, the rules of the UK Listing Authority and United Kingdom Accounting Standards. Breach of any of these might lead to suspension of the Company's Stock Exchange listing, financial penalties or a qualified audit report. To mitigate this risk the company ensures the staff of the Investment Manager have the appropriate knowledge and experience to prevent breaches of any required standards and where appropriate will seek professional advice on regulatory matters concerning the company.
- Reputational — inadequate or failed controls might result in breaches of regulations or loss of shareholder trust. To mitigate this risk the Company maintains a transparent relationship with its shareholders and regularly solicits their views.
- Operational — failure of the Manager's or Company Secretary's accounting systems or disruption to its business leading to an inability to provide accurate reporting and monitoring. To mitigate this risk the Company has a business continuity plan in place and regularly reviews all third party service providers to ensure they have similar plans and procedures in place.
- Financial — inadequate controls might lead to misappropriation or loss of assets. Inappropriate accounting policies might lead to misreporting or breaches of regulations. Additional financial risks, including interest rate, credit, market price and currency, are detailed later in this note.
- Market risk — investment in AIM traded, ISDX Growth Market traded and unquoted companies by its nature involves a higher degree of risk than investment in companies traded on the main market. In particular, smaller companies often have limited product lines, markets or financial resources and may be dependent for their management on a small number of key individuals. In addition, the market for stock in smaller companies is often less liquid than that for stock in larger companies, bringing with it potential difficulties in acquiring, valuing and disposing of such stock.
- Liquidity risk — the Company's investments, both unquoted and quoted, may be difficult to realise. Furthermore, the fact that a share is traded on AIM or ISDX Growth Markets does not guarantee that it can be realised. The spread between the buying and selling price of such shares may not reflect the price that any realisation is actually made.

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

The Company's financial instruments comprise:

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

15 Financial instrument risk management (continued)

Classification of financial instruments

The Company held the following categories of financial instruments, all of which are included in the balance sheet at fair value, at 31 March 2016:

	Company	
	2016 (Fair value) £'000	2015 (Fair value) £'000
Assets at fair value through profit and loss		
Investment portfolio	37,738	38,223
Current asset investments (money market funds)	1,773	4,400
Cash at bank	62	9,632
	39,573	52,255

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

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

The investment portfolio has a high concentration of risk towards small UK-based companies, the majority being unquoted sterling denominated equity and loan stock holdings (92.8% of net assets for the Company), or quoted on the sterling denominated UK AIM market (0.7% of net assets for the Company).

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

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

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

Interest rate risk

The fair value of the Company's fixed rate securities and the net revenue generated from the Company's floating rate securities may be affected by interest rate movements. Investments are often in early stage businesses, which are relatively high risk investments sensitive to interest rate fluctuations. Due to the short time to maturity of some of the Company's fixed rate investments, it may not be possible to reinvest in assets which provide the same rates as those currently held. When making investments of an equity and debt nature, consideration is given during the structuring process to the potential implications of interest rate risk and the resulting investment is structured accordingly. The maximum exposure to interest rate risk for the Company was £12,010,000 at 31 March 2016 (31 March 2015: £22,154,000).



Notes to the Accounts continued

for the year ended 31 March 2016

15 Financial instrument risk management (continued)

	Total portfolio		Weighted average interest rate		Weighted average time for which rate is fixed	
	31 March 2016	31 March 2015	31 March 2016	31 March 2015	31 March 2016	31 March 2015
	£'000	£'000	%	%	Days	Days
Company Portfolio						
Short-term fixed interest securities						
— exposed to cash flow interest rate risk	1,773	4,400	0.4%	0.4%	—	—
Loan stock						
— exposed to fixed interest risk	8,751	5,320	10.2%	9.5%	1,262	777
Loan stock						
— exposed to variable interest rate risk	1,424	2,802	8.3%	8.1%	—	—
Cash	62	9,632	—	—	—	—
Total exposed to interest rate risk	12,010	22,154				
Loan stock						
— not exposed to interest rate risk	—	—	—	—	—	—
Total	12,010	22,154				

	Total portfolio	
	31 March 2016	31 March 2015
	£'000	£'000
Maturity analysis:		
— in one year or less	3,410	16,152
— in more than one year but no more than two years	1,710	2,193
— in more than two years but no more than three years	1,206	2,107
— in more than three years but no more than four years	496	1,206
— in more than four years but no more than five years	5,188	496
Total	12,010	22,154

15 Financial instrument risk management (continued)

During the course of the year the Company also held cash balances. The benchmark rate, which determines the interest payments received on cash and loan balances held, is the bank base rate which was 0.5% at 31 March 2016 (0.5% at 31 March 2015).

Credit risk

Credit risk is the risk of failure by counterparties to deliver securities which the Company has paid for, or the failure by counterparties to pay for securities which the Company has delivered. The Company has exposure to credit risk in respect of the loan stock investments it has made into investee companies, most of which have no security attached to them, and where they do, such security ranks beneath any bank debt that an investee company may owe. The Board manages credit risk in respect of the current asset investments and cash by ensuring a spread of such investments in separate money market funds such that none exceed 15% of the Company's total investment assets. These money market funds are all triple A rated funds, and so credit risk is considered to be low. The Manager receives management accounts from portfolio companies, and members of the investment management team often sit on the boards of unquoted portfolio companies; this enables the close identification, monitoring and management of investment-specific credit risk. The maximum exposure to credit risk at 31 March 2016 was £12,969,000 (31 March 2015: £22,890,000) for the Company based on cash, money market funds and other receivables (amounts due on investments, dividends and interest). The majority of the Company's assets are held in its own name in certificated form and therefore custodian default risk is negligible. AIM holdings held by a third party custodian in CREST are ring fenced from the assets of the custodian or other client companies.

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

	Company	
	2016 £'000	2015 £'000
Loan stocks	10,175	8,122
Current asset investments (money market funds)	1,773	4,400
Deferred consideration	534	26
Accrued interest, prepayments and other debtors	425	710
Cash at bank	62	9,632
Total	12,969	22,890

Market price risk

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

The investments in equity and fixed interest stocks of unquoted companies are rarely traded (and AIM listed companies which the Company holds are thinly traded) and as such the prices are more volatile than those of more widely traded securities. In addition, the ability of the Company to realise the investments at their carrying value may at times not be possible if there are no willing purchasers. The ability of the Company to purchase or sell investments is also constrained by the requirements set down for Venture Capital Trusts. The potential maximum exposure to market price risk, being the value of the investment portfolio as at 31 March 2016 is: £37,738,000 for the Company (31 March 2015: £38,223,000).

Liquidity risk

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

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



Notes to the Accounts continued

for the year ended 31 March 2016

15 Financial instrument risk management (continued)

Sensitivity analysis

Equity price sensitivity

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

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

The Board considers that even the loan stocks are 'quasi-equity' in nature, as the value of the loan stocks is determined by reference to the enterprise value of the investee company. Such value is considered to be sensitive to changes in quoted share prices, in so far as such changes eventually affect the enterprise value of unquoted companies. The table below shows the impact on profit and net assets if there were to be a 15% (2015: 15%) movement in overall share prices, which might in part be caused by changes in interest rate levels, but it is not considered practical to evaluate separately the impact of changes in interest rates upon the value of the Company's portfolios of investments in small, unquoted companies.

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

	2016	2015
Company	Return and net assets	Return and net assets
If overall share prices fell by 15% (2015: 15%), with all other variables held constant — decrease (£'000)	(5,661)	(5,733)
Decrease in earnings, and net asset value, per share (in pence)	(9.87)p	(10.06)p
	2016	2015
	Return and net assets	Return and net assets
If overall share prices Increased by 15% (2015: 15%), with all other variables held constant — increase (£'000)	5,661	5,733
Increase in earnings, and net asset value, per share (in pence)	9.87p	10.06p

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

15 Financial instrument risk management (continued)

Interest rate sensitivity

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

	2016 Return and net assets	2015 Return and net assets
Company		
If interest rates were 1% lower, with all other variables held constant — decrease (£'000)	(14)	(28)
Decrease in earnings, and net asset value, per Share (in pence)	(0.02)p	(0.05)p
If interest rates were 1% higher, with all other variables held constant — increase (£'000)	14	28
Increase in earnings, and net asset value, per Share (in pence)	0.02p	0.05p

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

Fair value hierarchy

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

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

Company

As at 31 March 2016

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

As at 31 March 2015

	Level 1 £'000	Level 2 £'000	Level 3 £'000s	Total £'000
Quoted investments	289	—	—	289
Unquoted investments	—	—	37,934	37,934
Current asset investments (money market funds)	4,400	—	—	4,400
Financial assets	4,689	—	37,934	42,623



Notes to the Accounts continued

for the year ended 31 March 2016

15 Financial instrument risk management (continued)

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

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

Year ended 31 March 2016

	Company Shares fund Level 3 £'000
Valuation brought forward at 1 April 2015	37,934
Purchases	7,416
Disposal proceeds	(875)
Realised losses	(10,414)
Investment holding gains	3,395
Valuation carried forward at 31 March 2016	37,456

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

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

Transfers

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

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

If unquoted Company investments moved by 15%, this would create an increase or decrease in investments of £5.6 million.

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

16 Management of capital

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

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

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

The Company has no external imposed capital requirements.

17 Related party transactions

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

18 Transactions with the manager

Foresight Group, which acts as investment manager to the Company in respect of its investments earned fees of £1,118,000 during the year (2015: £1,059,000).

Foresight Fund Managers Limited, Company Secretary, received fees of £157,000 (2015: £157,000) during the year. The annual secretarial fee (which is payable together with any applicable VAT) is adjusted annually in line with the UK Retail Prices Index.

At the balance sheet date there was £1,000 due from (2015: £20,000 due to) Foresight Group and £Nil (2015: £40,000) due to Foresight Fund Managers Limited. No amounts have been written off in the year in respect of debts due to or from related parties.

19 Restatement of capital and reserves

On 28 November 2012, £30,963,251 of share premium, and £1,750,587 of capital redemption reserve were cancelled by order of the High Court. However, the balances were not moved to the profit and loss account at 31 March 2013. The share premium, capital redemption reserve and profit and loss account have been restated to adjust for this. There is no impact on the profit and loss account or the net asset value of the Company in this or any earlier period. The impact of this is shown in the table below:

	31 March 2015 (as reported) £'000	31 March 2015 (as restated) £'000	1 April 2014 (as reported) £'000	1 April 2014 (as restated) £'000
Share premium account	35,810	4,847	35,881	4,918
Capital redemption reserve	2,012	261	2,009	258
Profit and loss account	14,451	47,165	7,342	40,056



Shareholder Information

Dividends

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

Share price

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

Fund history

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

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

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

On 10 August 2015 the O and C Share funds were merged and C Shares were converted into Ordinary Shares.

Investor centre

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

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

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

Trading shares

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

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

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

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

Shareholder Information continued

Indicative financial calendar

September 2016	Annual General Meeting
November 2016	Announcement of interim results for the six months to 30 September 2016
July 2017	Announcement of annual results for the year ended 31 March 2017
July 2017	Posting of the Annual Report for the year ended 31 March 2017
September 2017	Annual General Meeting

Open invitation to meet the Investment Manager

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

Enquiries

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

Foresight 4 VCT plc is managed by Foresight Group CI which is 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

Order of Events

12.00pm	Portfolio company presentations
12.30pm	Manager presentation
Immediately following the Manager presentation	Formal business of the Annual General Meeting

Notice is hereby given that the Annual General Meeting of Foresight 4 VCT plc ("the Company") will be held on 30 September 2016 at 1.00pm at the offices of Shakespeare Martineau LLP, 6th Floor, 60 Gracechurch Street, London, EC3V 0HR for the purpose of considering and, if thought fit, passing the following resolutions, of which resolutions 1 to 7 will be proposed as ordinary resolutions and resolutions 8 and 9 will be proposed as special resolutions.

- Resolution 1 To receive the Report and Accounts for the year ended 31 March 2016.
- Resolution 2 To approve the Directors' Remuneration Report.
- Resolution 3 To re-elect Philip Stephens as a director.
- Resolution 4 To re-elect Peter Dicks as a director.
- Resolution 5 To re-elect Simon Jamieson as a director.
- Resolution 6 To re-appoint KPMG LLP as auditors and to authorise the directors to fix the auditors' remuneration.
- Resolution 7 That, in substitution for all existing authorities, the directors be and they are generally and unconditionally authorised in accordance with section 551 of the Companies Act 2006 to exercise all the powers of the Company to allot shares in the Company and to grant rights to subscribe for, or to convert any security into, shares in the Company ("Rights") up to an aggregate nominal amount of £175,000, provided that this authority shall expire (unless renewed, varied or revoked by the Company in a general meeting) on the fifth anniversary of the date of passing of this resolution, save that the Company shall be entitled to make offers or agreements before the expiry of such authority which would or might require shares to be allotted or Rights to be granted after such expiry and the directors shall be entitled to allot shares and grant Rights pursuant to any such offer or agreement as if this authority had not expired.
- Resolution 8 That, in substitution for all existing authorities, the directors be and they are empowered pursuant to section 570 and section 573 of the Companies Act 2006 to allot equity securities (within the meaning of section 560 of that Act) for cash either pursuant to the authority conferred by Resolution 7 above or by way of a sale of treasury shares as if section 561(1) of that Act did not apply to any such allotment, provided that this power shall be limited to:
- (a) the allotment of equity securities with an aggregate nominal amount of up to but not exceeding £175,000 pursuant to offer(s) for subscription;
 - (b) the allotment of equity securities with an aggregate nominal amount of up to but not exceeding an amount equal to 10% of the issued share capital from time to time by way of an issue of shares pursuant to performance incentive arrangements with Foresight Group, such shares to be issued at nominal value; and
 - (c) the allotment (otherwise than pursuant to sub-paragraphs (a) and (b) of this resolution) to any person or persons of equity securities with an aggregate nominal amount of up to but not exceeding an amount equal to 10% of the issued share capital from time to time.

In each case where the proceeds may be used in whole or part to purchase shares in the capital of the Company, such authority to expire on the conclusion of the annual general meeting of the Company to be held in the year 2017, or, if earlier, on the date falling 15 months after passing of this resolution, save that the Company shall be entitled to make offers or agreements before the expiry of such authority which would or might require equity securities to be allotted after such expiry and the directors shall be entitled to allot equity securities pursuant to any such offers or agreements as if the authority conferred by this resolution had not expired.

Notice of Annual General Meeting continued

Resolution 9 That, in substitution for all existing authorities, the Company be empowered to make market purchases (within the meaning of Section 693(4) of the Companies Act 2006) of its own shares on such terms and in such manner as the directors shall from time to time determine provided that:

- (i) the aggregate number of shares to be purchased shall not exceed 8,600,587 or, if lower, such number of shares (rounded down to the nearest whole share) as shall equal 14.99% of the Company's shares in issue at the date of passing of this resolution;
- (ii) the minimum price which may be paid for a share is 1 pence (the nominal value thereof);
- (iii) the maximum price which may be paid for a share is the higher of (1) an amount equal to 105% of the average of the middle market quotation for a share taken from the London Stock Exchange daily official list for the five business days immediately preceding the day on which the shares are purchased, and (2) the amount stipulated by Article 5(1) of the BuyBack and Stabilisation Regulation 2003;
- (iv) the authority conferred by this resolution shall expire (unless renewed, varied or revoked by the Company in a general meeting) on the conclusion of the annual general meeting of the Company to be held in the year 2017 or, if earlier, on the date falling 15 months after the passing of this resolution; and
- (v) the Company may make a contract to purchase shares under the authority conferred by this resolution prior to the expiry of such authority which will or may be executed wholly or partly after the expiration of such authority and may make a purchase of shares pursuant to such contract.

By order of the Board

Foresight Fund Managers Limited

Company Secretary
29 July 2016

The Shard
32 London Bridge Street
London
SE1 9SG



Notes:

1. No Director has a service contract with the Company. Directors' appointment letters with the Company will be available for inspection at the registered office of the Company until the time of the meeting and from 15 minutes before the meeting at the location of the meeting, as well as at the meeting.
2. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, entitlement to attend and vote at the meeting and the number of votes that may be cast thereat will be determined by reference to the Register of Members of the Company at the close of business on the day which is two days (excluding non-working days) before the end of the meeting or adjourned meeting. Changes to the Register of Members of the Company after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.
3. A member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend, speak and vote on his or her behalf. A proxy need not also be a member but must attend the meeting to represent you. Details of how to appoint the chairman of the meeting or another person as your proxy using the form of proxy are set out in the notes on the form of proxy which is enclosed. If you wish your proxy to speak on your behalf at the meeting, you will need to appoint your own choice of proxy (not the chairman) and give your instructions directly to them.
4. You may appoint more than one proxy, provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, (an) additional form(s) of proxy may be obtained by contacting Computershare Investor Services plc on 0870 703 6385. Please indicate in the box next to the proxy holder's name the number of shares in relation to which they are authorised to act as your proxy. Please also indicate by ticking the box provided if the proxy instruction is one of multiple instructions being given. All forms must be signed and returned together in the same envelope.
5. As at 28 July 2016 (being the last business day prior to the publication of this notice), the Company's issued share capital was 57,375,499 Ordinary Shares, carrying one vote each. Therefore, the total voting rights in the Company as at 28 July 2016 was 57,375,499.
6. Any person to whom this notice is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a 'Nominated Person') may, under an agreement between him/her and the member by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.
7. The statement of the rights of members in relation to the appointment of proxies in paragraphs 3 to 4 above does not apply to Nominated Persons. The rights described in those paragraphs can only be exercised by members of the Company.
8. Appointment of a proxy will not preclude a member from subsequently attending and voting at the meeting should he or she subsequently decide to do so. You can only appoint a proxy using the procedures set out in these notes and the notes to the form of proxy.
9. The Register of Directors' Interests will be available for inspection at the meeting.
10. Information regarding the meeting, including the information required by section 311A of the Companies Act 2006, is available from www.foresightgroup.eu.
11. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If you either select the "Discretionary" option or if no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the meeting.
12. A form of proxy and reply paid envelope is enclosed. To be valid, it should be lodged with the Company's Registrar, Computershare Investor Services plc, The Pavilions, Bridgwater Road, Bristol BS99 6ZY or the proxy must be registered electronically at www.investorcentre.co.uk/eproxy, in each case, so as to be received no later than 48 hours (excluding non business days) before the time appointed for holding the meeting or any adjourned meeting. To vote electronically, you will be asked to provide your Control Number, Shareholder Reference Number and PIN which are detailed on your proxy form. This is the only acceptable means by which proxy instructions may be submitted electronically.
13. Under section 319A of the Companies Act 2006, the Company must answer any question you ask relating to the business being dealt with at the meeting unless answering the question would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information or the answer has already been given on a website in the form of an answer to a question or it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.
14. Pursuant to Chapter 5 of Part 16 of the Companies Act 2006 (sections 527 to 531), where requested by a member or members meeting the qualification criteria the Company must publish on its website, a statement setting out any matter that such members propose to raise at the meeting relating to the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the meeting. Where the Company is required to publish such a statement on its website it may not require the members making the request to pay any expenses incurred by the Company in complying with the request, it must forward the statement to the Company's auditors no later than the time the statement is made available on the Company's website and the statement may be dealt with as part of the business of the meeting.

Corporate Information

Directors

Philip Stephens (Chairman)
Peter Dicks
Simon Jamieson

Company Secretary

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Registrar

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Bridgwater Road
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Market Maker

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EC4M 9AF

Registered Number

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Contact Numbers

Registrar's Shareholder Helpline
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— Foresight Group (020 3667 8100)



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