



Foresight
group

FORESIGHT 4 VCT plc

ANNUAL REPORT AND ACCOUNTS

31 MARCH 2018

Shareholder Information

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

ENQUIRIES

Foresight Group is always keen to hear from investors. If you have any feedback about the service you receive or any queries relating to Foresight 4 VCT plc, please contact the Investor Relations team:

020 3667 8159

**InvestorRelations@
foresightgroup.eu
www.foresightgroup.eu**

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. Please contact us if you are interested.



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

KEY DATES

Annual General Meeting	11 October 2018
Interim Results to 30 September 2018	November 2018
Annual Results to 31 March 2019	July 2019

DIVIDENDS

Shareholders who wish to have dividends paid directly into their bank account rather than by cheque to their registered address can complete a Mandate Form for this purpose. Mandates can be obtained by contacting the Company's registrar, Computershare Investor Services plc.

Shareholders who wish to have their dividends reinvested in further Shares can do so under the dividend reinvestment scheme which is available in respect of dividends declared after 30 September 2018. Further details can be found on Computershare's website.

WWW.INVESTORCENTRE.CO.UK

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

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

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

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

[Bank Details Update](#) Choose to receive dividend payments directly into your bank account instead of by cheque

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

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

Alternatively you can contact Computershare by phone on 0370 703 6385

TRADING SHARES

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

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

You can contact Panmure Gordon by phone on 020 7886 2500

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

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Summary Financial Highlights

Total Net Assets
as at 31 March 2018

£77.9m

Increase in Portfolio Value
in year to 31 March 2018

£1.6m

Dividend paid
in year to 31 March 2018

4.0p

- Diversified portfolio of 27 actively managed companies.
- Total net assets £77.9 million.
- Net Asset Value per Share increased by 0.1p to 73.6p as at 31 March 2018 after adding back the 4p dividend paid during the year. The portfolio has seen an uplift in valuation of £1.6 million over the year.
- One follow-on investment of £0.7 million was made during the year.
- £9.8 million was realised from sales and loan redemptions from eight portfolio companies.
- On 22 June 2017 Foresight 4 VCT plc acquired the assets and liabilities of Foresight 3 VCT plc.
- Following the merger, there has been a reduction in the management fee, from 2.25% to 2.0% of net assets, and the annual expenses cap has reduced from 3.5% to 2.95% of net assets.
- A special dividend of 4.0p per Share was paid on 17 July 2017 based on an ex-dividend date of 29 June 2017 and a record date 30 June 2017.
- £12 million raised during the year through the issue of Shares.

- A further £17 million raised through the issue of shares post year end bringing the total raised under the offer to £29 million.
- Since the end of the reporting period, the Company has completed three new investments, totalling £2.4 million and exited one investment, realising £1.1 million. £2 million of funds have been raised under the new offer, dated 14 June 2018. Further details are provided in the Manager's Review on page 6.

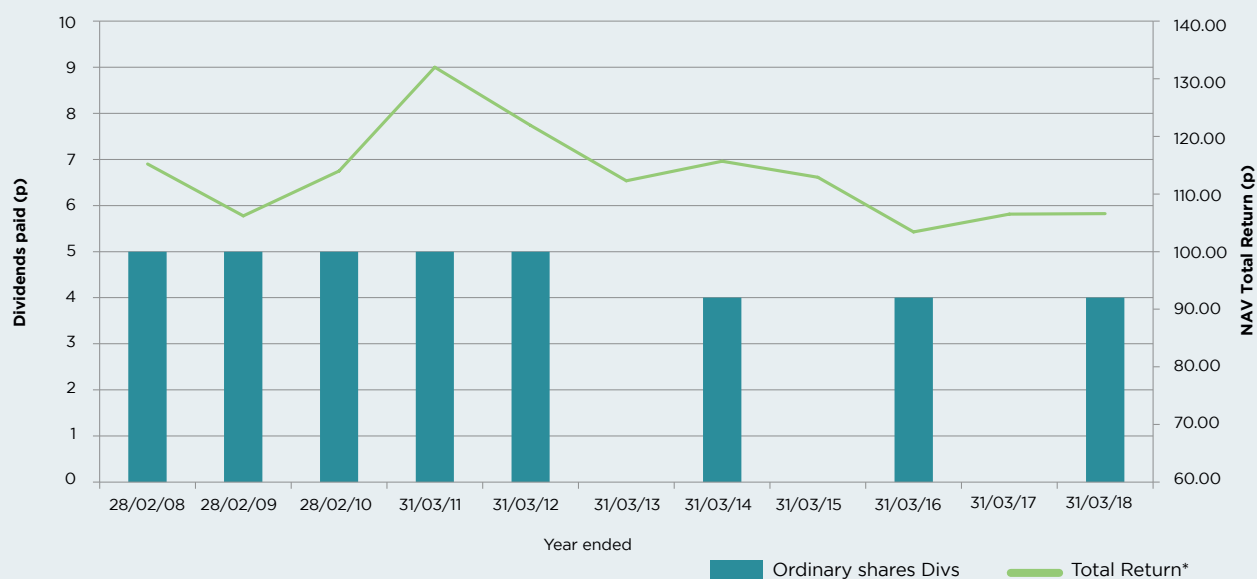
KEY METRICS

	31 March 2018	31 March 2017
Total net assets	£77.9m	£42.2m
Net asset value per share	69.6p	73.5p
Net asset value total return	174.0	173.9
Share price	61.8p	59.0p
Share price total return	166.2	159.4
Dividends paid in the year	4.0p	n/a
Dividend yield %	6.5%	n/a
Shares in issue	112,052,405	57,375,499

	2018	2017
Discount to NAV at 31 March	11.2%	19.7%
Average discount on buybacks	8.3%	n/a
Shares bought back during the year under review	10,716,701	—
(Decrease)/increase in net asset value during year	(5.3%)	4.4%
Ongoing charges ratio	2.8%	3.0%

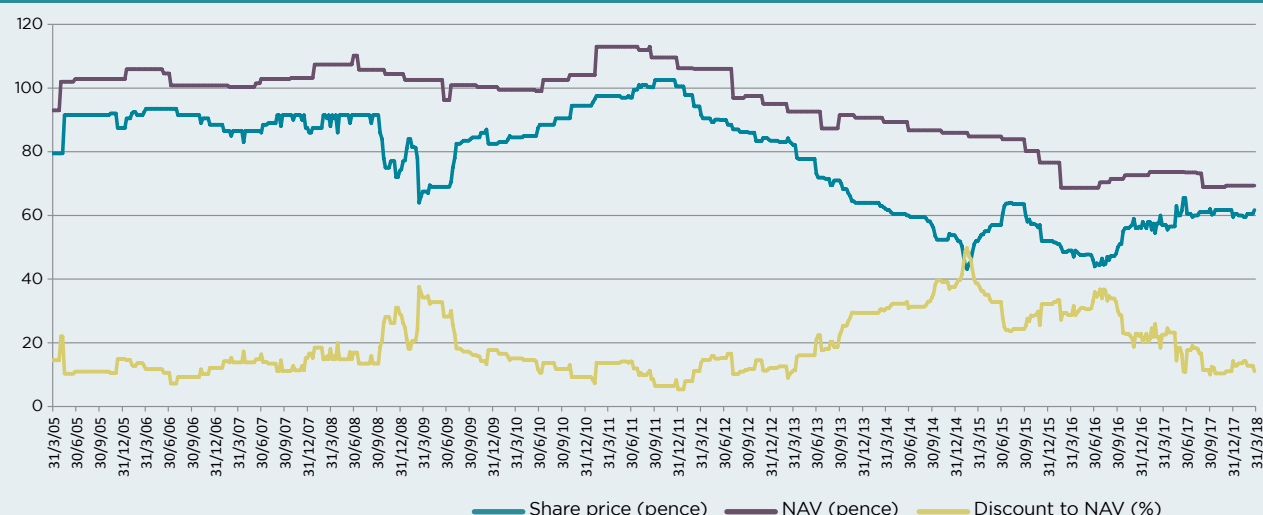
	As at 31 March 2018		
NAV Total Return (%)	1 year	3 years	5 years
Shares	0.1	(5.6)	(5.1)

Dividends Paid and NAV Total Return (pence)



* These figures have been rebased at 31 March 2008

Foresight 4 VCT plc - NAV & Closing Share Prices



DIVIDEND HISTORY (SINCE SHARE CONSOLIDATION IN 2005)

Ordinary Shares		C Shares	
Date	Dividend per share (p)	Date	Dividend per share (p)
17 July 2017	4.0	6 August 2015	25.0
18 December 2015	4.0		
26 April 2013	4.0		
24 February 2012	5.0		
4 February 2011	5.0		
18 December 2009	5.0		
26 December 2008	5.0		
28 December 2007	5.0		
15 December 2006	2.5		
30 December 2005	5.0		
Cumulative	44.5		

Chairman's Statement



Raymond Abbott
Chairman of
Foresight 4 VCT plc

I am pleased to present the audited Annual Report for Foresight 4 VCT plc for the year ended 31 March 2018. I would also like to welcome our new shareholders to the Company following a successful share issue.

The Company has transformed over the last year with a number of significant events which are detailed below. This has enabled the Board to recommence dividend payments, share buy-backs and investment into new opportunities. All of these are beneficial to shareholder value and long term performance.

SUCCESSFUL MERGER WITH FORESIGHT 3 VCT PLC

The merger of Foresight 4 VCT plc and Foresight 3 VCT plc became effective on 22 June 2017 following approval from the shareholders of both companies. The merger has created a larger portfolio facilitating cost savings and administrative efficiencies. The annual management fee has reduced from 2.25% to 2.0% of net assets and the annual expenses cap has reduced from 3.5% to 2.95% of net assets from 22 June 2017.

In support of the new fundraising referred to below, the Company and Manager¹ have agreed, subject to raising at least £30 million under the offer, to the annual expenses cap on the normal expenses of the Company being reduced to 2.5% of the Company's net assets.

The increased scale of the Company also gives it the critical mass to better generate sufficient income and realisations to meet the Board's expectations of achieving its dividend target of 5% of net asset value per annum, as well as maintaining a regular programme of share buybacks aimed at maintaining an initial discount to NAV in the region of 10%.

DIVIDEND

On 12 July 2017 a 4.0p per share dividend, which was conditional on the merger

becoming effective, was paid to all shareholders of the enlarged entity as at 30 June 2017. Having completed the merger and paid the dividend, the Company now has net assets of nearly £78 million.

SHARE BUY-BACKS

On 21 July 2017, a Tender Offer of up to £5 million was launched, providing investors with an opportunity to sell their shares back to the Company at a discount to NAV of 7.5%. This took place on 22 September for 7,813,537 shares at 63.99p.

Further share buybacks took place which have enabled the enlarged VCT to achieve its target discount to NAV.

- 16 August 2017 (500,000 shares at 62.0p)
- 28 September 2017 (187,600 shares at 62.25p)
- 29 September 2017 (365,564 shares at 62.25p)
- 23 October 2017 (750,000 shares at 62.25p)
- 19 December 2017 (475,000 shares at 62.0p)
- 22 December 2017 (125,000 shares at 62.0p) and
- 29 March 2018 (500,000 shares at 62.25p)

The Board has provided a potential exit event via an additional Tender Offer that was launched on 16 July 2018. The Board has targeted a discount to NAV of 7.5% for up to £5 million of shares. Further details can be found in the circular on Computershare's website.

As previously disclosed, the Board's long term target is to reduce the discount to NAV for buybacks to 5%.

FUNDRAISING

The offer for subscription dated 19 May 2017, which raised £29 million, closed on 18 May 2018. The Company is currently seeking to raise up to £50 million (with

¹ References to the "Manager" or "Investment Manager" are to Foresight Group CI Limited and shall, where the context requires, also include its investment advisor, Foresight Group LLP.

a £30 million over-allotment facility) through the issue of new shares, through another offer for subscription, which will close on 30 April 2019. This will provide existing Shareholders and new investors with the opportunity to invest in the Company and benefit from the tax reliefs available to qualifying investors. As at 18 July 2018, £2 million had been raised.

Funds raised under the offer dated 19 May 2017 have allowed the Company to take advantage of further attractive investment opportunities and increase portfolio diversification in line with the ongoing strategy of the Company. The issue of the new offer will result in further opportunities for the Company. Full details of the new offer can be found in the Prospectus issued by the Company on 14 June 2018, which is also available on Foresight's website.

DIVIDEND REINVESTMENT SCHEME

The Company has recently implemented a dividend reinvestment scheme whereby shareholders can elect to have their dividends reinvested in further shares. Under the scheme, dividends are reinvested at the last published NAV per share prior to allotment (adjusted to take into account the relevant dividend to be paid unless the last published NAV already reflects the dividend to be paid). The scheme will be available in respect of dividends declared after 30 September 2018.

Full terms and conditions of the scheme can be found in the terms and mandate form on Computershare's website.

BOARD COMPOSITION

With effect from 22 June 2017, I was appointed Chairman of Foresight 4 VCT plc. My appointment was made following the approval of the merger and at the same time Peter Dicks retired from the Board. There were no other changes to Board composition during the year.

PERFORMANCE AND PORTFOLIO ACTIVITY

During the period, the net asset

value total return per Ordinary Share decreased by 6% to 69.6p from 73.5p, but this is after paying a 4p dividend during the year. At the year end the Company held 27 investments in UK based businesses across a wide range of sectors. The performance of the portfolio has been steady during the year, with a small increase of £1.6 million in value. Positive progress made by companies including Ixaris, Aerospace Tooling and TFC Europe has been offset by lower valuations for CoGen, Procarn and Datapath, as detailed in the Manager's Review and Top Ten Investment sections of this report.

No new investments were completed during the year. One follow-on investment of £674,168 was made in molecular diagnostics business Biofortuna. The Manager, Foresight Group CI Limited, continues to see a strong pipeline of potential investments sourced through its regional networks and well-developed relationships with advisors and the SME community. Following the successful fundraise launched in May 2017, the Company is in a position to fully exploit these attractive investment opportunities.

Post year end the Company invested £600,000 in Luminet Networks Limited, a provider of fixed wireless access across central London, £1,059,000 into Mologic Ltd, a health diagnostics company based in Bedford and completed a £750,000 growth capital investment into The Naked Deli, a Newcastle-based group of 'clean-eating' restaurants.

Read more on page 6

In the year to 31 March 2018, eight realisations took place, generating total proceeds of £9.8 million. Notably, Blackstar Amplification and The Bunker Secure Hosting were sold, realising a combined total of £6.0 million.

Post year end the Company exited its investment in Thermotech realising £1.1 million.

SHAREHOLDER COMMUNICATION

As part of its ongoing commitment to high quality investor relations, the Manager, will continue to host the popular investor Forums. In addition to the annual event in London, the Manager will be holding several regional Investor Forums around the country over the next twelve months. Details will be sent to investors living close to each location later in the year.

ANNUAL GENERAL MEETING

The Company's Annual General Meeting will take place on 11 October 2018 at 1.00pm. I look forward to welcoming you to the Meeting, which will be held at the offices of Foresight Group in London.

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

OUTLOOK

Over the last year, the Board believes that the Company has demonstrated the benefits of the Manager's portfolio management actions, with improving performance providing a platform to fundraise and make new investments, which in turn should contribute to driving future net asset value growth (after adding back the dividend paid). We believe the Company is well positioned to build on this momentum.

During the year the discount to NAV has reduced from 20% to 11%.

Facilitated by the merger with Foresight 3 VCT plc and the liquidity provided by the issue of new shares, the Company will be able to capitalise on the strong pipeline of attractive investment opportunities that the Manager continues to see in smaller, growth businesses across the UK.

Raymond Abbott
Chairman
18 July 2018

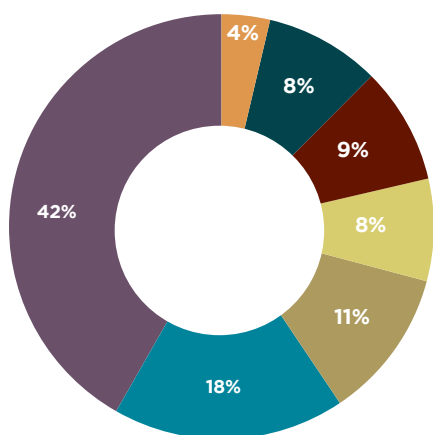
Manager's Review

Portfolio Summary

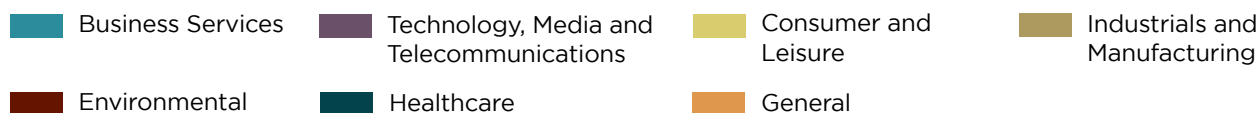
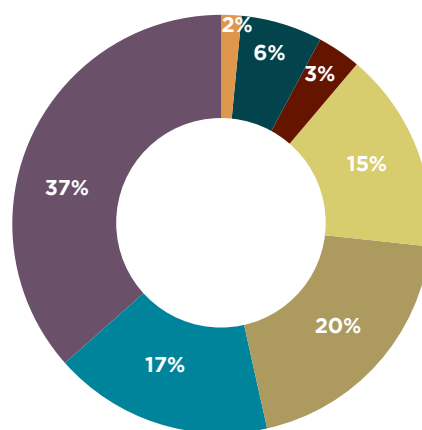
As at 31 March 2018 the Company's portfolio comprised 27 actively managed investments with a total cost of £44.7 million and a valuation of £64.1 million. The portfolio is diversified by sector, transaction type, and maturity profile. Details of the ten largest investments by valuation, including an update on their performance, are provided on page 10.

PORTFOLIO DIVERSIFICATION

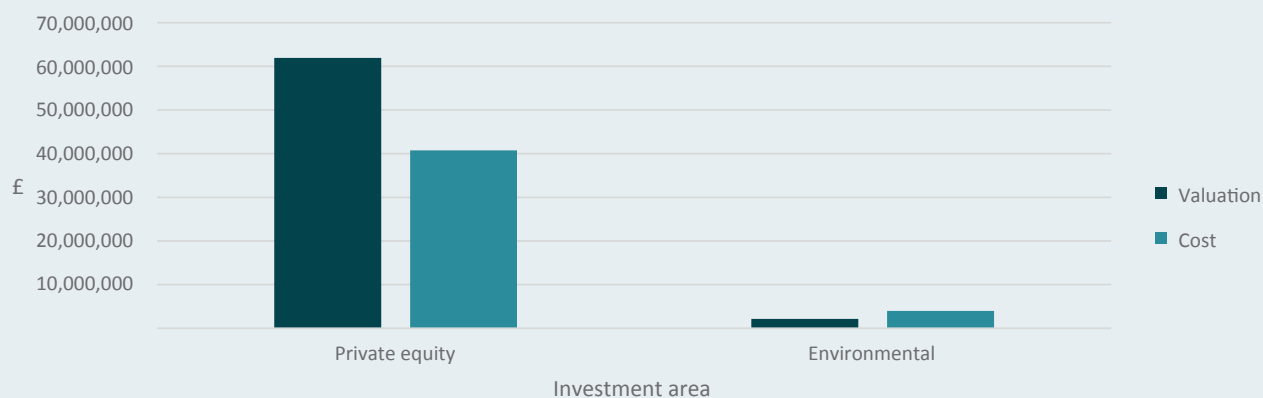
Sector by Cost



Sector by Valuation



Cost and Valuation by Investment Area



NEW INVESTMENTS AND FOLLOW-ON FUNDING

Excluding the purchase of Foresight 3 VCT's holdings, no investments in new companies were made during the year due to the lack of liquidity prior to the fundraising.

One follow-on investment of £674,168 was made in July 2017, in molecular diagnostics business Biofortuna, bringing the Company's total investment to £2,729,216. This additional capital was provided to support the development of blood typing products.

Since the end of the reporting period, the Company has completed three new investments, totalling £2.4 million.



The Company made a £600,000 development capital investment in Luminet, an award-winning provider of connectivity and managed IT services to businesses. Founded in 2005, Luminet was one of the first companies to offer commercial wireless broadband solutions to businesses and has grown its client base to more than 550. The investment will be used to scale up the company's marketing and sales functions, grow the client base and to expand the business's footprint as well as improve network density by adding additional base stations to the existing infrastructure.



The Company committed £1,059,000 to a Foresight-led £4.0 million growth capital investment round in Bedford-based Mologic. The business is a Point of

Care diagnostics company that provides contract research and manufacturing services. Mologic is also developing a broad and promising portfolio of proprietary products, including diagnostics for infectious diseases, respiratory disease exacerbations and sepsis, which affect hundreds of millions of people around the world every year. The investment will enable the management team to focus on expanding the contract research activities and revenues while driving its own products through to commercialisation.



THE NAKED DELI

In May 2018, the Company completed a £750,000 growth capital investment in The Naked Deli, a Newcastle-based group of 'clean eating' restaurants offering eat-in casual dining and grab-and-go options. Established in 2014, The Naked Deli serves a tasty range of healthy gluten and dairy-free, vegan and paleo dishes. The group uses unprocessed whole and natural state foods, with a clear pathway from origin to plate. This 'clean eating' concept has demonstrated attractive growth in recent years, driven by increased health concerns around processed foods. The investment will be used to bolster systems and infrastructure, and continue the rollout of additional sites around the UK.

PIPELINE

Through the offer of subscription launched on 19 May 2017, which raised a total of £28.8 million, the Company is now well positioned to continue pursuing the potential investment opportunities in the manager's pipeline.

Foresight² continues to work hard generating high quality SME deal flow across the UK. Foresight's strategy is focused on building relationships with advisors and professional service firms, attending and organising networking events as well as approaching

businesses directly. This has been bolstered through the recent recruitment of Matthew Evans-Young, previously at Synova Capital and KPMG, as an Origination Manager. Matthew will lead on the establishment of a dedicated direct origination practice within Foresight's private equity team. The aim of this initiative is to deliver proprietary, off-market deals, through a proactive and structured approach, which will complement the existing intermediary network of the wider team.

² References to "Foresight Group", "Group" and "Foresight" are to Foresight Group CI Limited and shall, where the context requires, also include its investment advisor, Foresight Group LLP.

Manager's Review

EXITS AND REALISATIONS

During the year, total proceeds of £9.8 million were generated from the disposal of eight investments. Of this, the realisation of Blackstar and The Bunker, both in July 2017, returned a total of £6.0 million.

Blackstar[®]

AMPLIFICATION

The Company successfully exited its investment in Northampton-based designer and manufacturer of innovative guitar amplifiers Blackstar Amplification generating a return of 1.6x cost. Under the Company's ownership Blackstar expanded internationally, more than doubled turnover, established itself as the number two amplifier brand in the UK and USA and broadened its product catalogue.



Ultra[®] secure

The Bunker

The Bunker Secure Hosting, provider of IT infrastructure platforms, was sold to Palatine Private Equity for a return of 1.7x cost. The Company first invested in May 2006, growing annual revenues from £1.8 million to in excess of £9 million. During this time The Bunker scaled its data storage facilities and built an expert reputation in the specialist FinTech space.



In August 2017, the Company also exited its investment in leading provider of customer and field service technology mplsystems (previously The Message Pad), generating proceeds of £1.9 million.



In September 2017, the sale of Autologic's operating subsidiaries was agreed with Opus Group AB, a Swedish company which provides vehicle environmental and safety testing services globally. Although the value of this realisation was in line with the reduced valuation, the sale took total overall returns on this investment to 4.6x initial cost, including the partial sale of the investment to a mid-market private equity firm in 2012.



In the second half of the year, ICA Limited, which provides document management solutions to businesses in London and the South East, was acquired by Automated Systems Ltd, a large independent reprographics print solution supplier, generating proceeds of £1.1 million.



Thermotech

Post year end, the Company completed the successful sale of facilities management provider Thermotech to Servest Group, a global facilities management group headquartered in South Africa, generating a return of 1.3x. Thermotech provides customised air conditioning and fire sprinkler systems for retail, commercial and residential properties, with clients including M&S, John Lewis and Selfridges & Co. Under the Company's ownership Thermotech was able to expand its high-quality customer base and develop further recurring maintenance revenue streams.

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

DISPOSALS IN THE YEAR ENDED 31 MARCH 2018

Company	Detail	Original Cost/ Take-On Value £'000**	Proceeds £'000	Gain/(loss) £'000	Valuation at 31 March 2017 £'000**
The Bunker Secure Hosting Limited	Full disposal	2,567	4,431	1,864	4,422
The Message Pad Limited	Full disposal	1,889	1,922	33	1,743
Blackstar Amplification Holdings Limited	Full disposal	1,000	1,567	567	1,536
ICA Limited	Full disposal	970	1,118	148	970
Autologic Diagnostics Group Limited	Partial disposal	626	626	—	626
Zoo Digital Group plc	Full disposal	451	139	(312)	143
E Vance Wind Turbines	Partial disposal	23	23	—	—
Global Immersion Limited	Dissolved	532	13	(519)	—
Quantel Holdings (2010) Limited	Full disposal	235	4	(231)	4
Abacus Wood Limited	Dissolved	656	—	(656)	—
Total disposals		8,949	9,843*	894	9,444

*In addition to the above, deferred consideration of £156,000 was received by the fund from the sale of Provesica Limited, Trilogy Communications Limited and Alaric Systems Limited. A further £9,000 was also received by the fund from the administration of Closed Loop Recycling Limited.

**Based on Foresight 3 VCT plc and Foresight 4 VCT merged figures.

POST PERIOD END DISPOSALS

Company	Detail	Original Cost/ Take-On Value £'000*	Proceeds on exit £'000	Gain/(loss) £'000**	Valuation at 31 March 2017 £'000
Thermotech Solutions Limited	Full disposal	200	1,267	1,067	1,285

*Based on Foresight 3 VCT plc and Foresight 4 VCT plc merged figures.

**Compares original cost to proceeds on exit. Excludes interest income, loan repayments and recapitalisations in previous periods.

KEY PORTFOLIO DEVELOPMENTS

Excluding the impact of the merger, the valuation of the portfolio has shown an increase of £1.6 million over the year. Material changes in valuation, defined as increasing or decreasing by £1 million or more

since 31 March 2017, are detailed below. Updates on these companies are included in the Top Ten Investments section on the next page.

Company	Valuation Methodology	Valuation Change (£)
Ixaris Systems Limited	Discounted earnings/revenue multiple	4,522,839
TFC Europe Limited	Discounted earnings multiple	2,075,744
Aerospace Tooling Holdings Limited	Discounted earnings multiple	1,329,859
CoGen Limited	Discounted cash flow	(1,293,663)
Procam Television Holdings Limited	Discounted earnings multiple	(1,379,050)
Datapath Group Limited	Discounted earnings multiple	(3,886,817)

OUTLOOK

Whilst there remains a significant amount of uncertainty as to how the UK will be affected by its exit from the European Union, Foresight Group continues to see a strong pipeline of interesting investment opportunities and inbound interest from potential acquirers for portfolio companies.

In the Autumn Budget 2017 the Government announced an action plan to unlock over £20 billion of patient capital investment in innovative companies with the opportunity for growth. The Government's

response to the Patient Capital Review recognises the positive role that VCTs play in providing long-term patient capital. The proposed adjustments to the VCT scheme rules fall within the Fund's existing investment strategy.

Foresight will continue to monitor and adapt to market and regulatory changes to ensure the Company and its portfolio is well-placed to deliver returns to its investors.



Russell Healey
Partner and Head of Private Equity
Foresight Group
18 July 2018

Manager's Review

Top Ten Investments

By value as at 31 March 2018. Company results are taken from the most recent publicly available Financial Statements.

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



SECTOR:
TMT



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

31 March 2018 Update

The company has continued to grow revenues and trade profitably. There is ongoing investment in R&D and new product development, which depressed operating profit during the period, and the valuation has been reduced to reflect this but remains well above cost. The new Quant collaboration software is generating strong interest from trade shows and demonstrations. Datapath continues to make good progress building its network of international distributors and has launched an initiative to focus on sales to System Integrators in the US.

*The amount and date of initial investment by Foresight 4 VCT plc.

**The accounting cost includes both the initial investment by the Company and also the valuation of the F3 investment in Datapath Group Limited at the point it was transferred from F3 to the Company as part of the merger in June 2017.

***Includes £3,981,732 returned to Foresight 3 VCT pre merger.

Initial Investment*	September 2007
Amount invested (£)*	73,250
Accounting cost (£)**	11,081,243
Investment value (£)	18,129,170
Basis of valuation	Discounted earnings multiple
Equity held (%)	12.9%
Income received and receivable in the year (£)	-
Cash returned up to 31 March 2018 (£)	7,963,463***

£000	Year ended 31 March 2017	Year ended 31 March 2016
Sales	25,443	21,215
Profit before tax	5,646	4,995
Retained Profit	4,974	4,480
Net assets	21,366	16,350
EBITDA	6,879	5,908

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



SECTOR: CONSUMER
& LEISURE



Ixaris Systems operates EntroPay, 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.

31 March 2018 Update

The company has significantly increased revenues during the year and the group is generating cash, which is reflected in the valuation uplift. Both EntroPay and Ixaris' solutions and platform businesses continue to perform well, delivering good growth. The company continues to focus on developing the solutions and platform business and, through building out its sales team, has secured a number of new clients. Progress is being made on translating the EntroPay website into more languages and building both the transfers and FX products.

*The amount and date of initial investment by Foresight 4 VCT plc.

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

Initial Investment*	March 2006
Amount invested (£)*	1,181,432
Accounting cost (£)**	3,479,188
Investment value (£)	9,953,892
Basis of valuation	Discounted earnings/ revenue multiple
Equity held (%)	7.23%
Income received and receivable in the year (£)	-
Cash returned up to 31 March 2018 (£)	-

£000	Year ended 31 December 2016	Year ended 31 December 2015
Sales	13,204	10,748
Loss before tax	(2,062)	(1,011)
Retained loss	(1,631)	(703)
Net assets	4,357	1,617
EBITDA	(1,455)	(501)



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

31 March 2018 Update

TFC traded well during the year, achieving revenue and EBITDA materially above budget. Strong trading, including a number of record months in the second half of the year, and a significant number of new customer wins have supported the uplift in valuation. Trading was materially ahead of prior year at eight out of the company's nine sites, with both the UK and Germany performing strongly. As part of a broader internal review, the team has identified areas for improvement, which should support continued organic growth. Management are aiming to invest in sales to grow revenue in identified sectors, whilst maintaining the company's market leading gross profit margins.

*The amount and date of initial investment by Foresight 4 VCT plc.

**The accounting cost includes both the initial investment by the Company and also the valuation of the F3 investment in TFC Europe Limited at the point it was transferred from F3 to the Company as part of the merger in June 2017.

Initial Investment*	March 2007
Amount invested (£)*	156,370
Accounting cost (£)**	2,149,307
Investment value (£)	6,560,414
Basis of valuation	Discounted earnings multiple
Equity held (%)	22.23%
Income received and receivable in the year	-
Cash returned up to 31 March 2018 (£)	1,278,372

£000	Year ended 31 March 2017	Year ended 31 March 2016
Sales	20,281	19,269
Profit before tax	890	729
Retained profit	640	433
Net assets	3,520	2,848
EBITDA	1,961	1,966



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

31 March 2018 Update

Driven by the increased focus on sales efficiency, Specac currently appears well placed to achieve budgeted sales and EBITDA for the full year. Recent months of strong trading, including a record month for sales in December, has largely recovered the slow start. The company remains focused on delivering new products to broaden its target markets. The recent appointment of a new Financial Director is also expected to bring improved operational efficiencies as the company enters the new year.

*The amount and date of initial investment by Foresight 4 VCT plc.

**The accounting cost includes both the initial investment by the Company and also the valuation of the F3 investment in Specac International Limited at the point it was transferred from F3 to the Company as part of the merger in June 2017.

Initial Investment*	April 2015
Amount invested (£)*	650,000
Accounting cost (£)**	2,554,761
Investment value (£)	3,731,558
Basis of valuation	Discounted earnings multiple
Equity held (%)	18.74%
Income received and receivable in the year (£)	104,018
Cash returned up to 31 March 2018 (£)	327,278

£000	Year ended 31 March 2017	Period ended 31 March 2016
Sales	9,511	7,897
Profit before tax	1,016	549
Retained profit	789	483
Net assets	1,784	936
EBITDA	1,346	1,281

Manager's Review

Top Ten Investments continued

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

Protean Software

SECTOR:
TMT



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

31 March 2018 Update

Protean concluded the financial year to March 2018 with revenues ahead of budget and previous year. Importantly, recurring revenues from subscription and maintenance have shown good growth. The business has opened a development centre in Poland to complement existing development resource and accelerate the fully featured SaaS product. This will build on the entry level product Service Sight, successfully launched in June 2017. By the end of the year the business should have an attractive, fully featured SaaS product with which to accelerate growth in the UK and internationally.

*The amount and date of initial investment by Foresight 4 VCT plc.

**The accounting cost includes both the initial investment by the Company and also the valuation of the F3 investment in Protean Software Limited at the point it was transferred from F3 to the Company as part of the merger in June 2017.

Initial Investment*	July 2015
Amount invested (£)*	1,000,000
Accounting cost (£)**	1,795,229
Investment value (£)	2,848,445
Basis of valuation	Discounted revenue multiple
Equity held (%)	15.9%
Income received and receivable in the year (£)	8,877
Cash returned up to 31 March 2018 (£)	145,356

£000	Year ended 31 March 2017	Year ended 31 March 2016
Sales	3,978	2,253
Loss before tax	(236)	(88)
Retained loss	(89)	(99)
Net assets	3,748	3,837
EBITDA	N/A***	N/A***

***Protean Software Limited file abbreviated accounts.

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

BIOFORTUNA

SECTOR:
HEALTHCARE



Biofortuna is a molecular diagnostics business with unique expertise in the manufacture of freeze dried, stabilised DNA tests, developing both its own proprietary tests and carrying out contract development and manufacturing.

31 March 2018 Update

Biofortuna has made progress in key areas during the year and continues to focus on bringing the contract development and manufacturing business to profitability and product development activities. Manufacturing has felt competitive pressure in a demanding market and has also experienced some issues with production runs. However, the business has finished the year with a larger and broader range of existing and potential customers, which supports future growth. A North American co-development and distribution arrangement is also under discussion although revenues from this will take several years to develop.

*The amount and date of initial investment by Foresight 4 VCT plc.

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

Initial Investment*	March 2012
Amount invested (£)*	2,044,222
Accounting cost (£)**	2,729,216
Investment value (£)	2,729,216
Basis of valuation	Price of last funding round
Equity held (%)	34.8%
Income received and receivable in the year (£)	-
Cash returned up to 31 March 2018 (£)	-

£000	Year ended 31 March 2017	Year ended 31 March 2016
Sales	1,234	1,064
Loss before tax	(1,007)	(664)
Retained loss	(767)	(489)
Net assets	856	1,014
EBITDA	(977)	(654)

PROCAM TELEVISION HOLDINGS LIMITED
www.procam.tv **LONDON**



SECTOR:
TMT



Procam Television Holdings is one of the UK's leading broadcast hire companies, supplying equipment and crew for location TV production including major broadcasters and production companies such as the BBC, ITV and Endemol.

31 March 2018 Update

The reduction in valuation reflects a disappointing 2017 following a strong performance in the prior year. Growth from Procam Projects and True Lens Services failed to offset a softer year in some other divisions. This, together with a significant investment in staff and equipment and financing obligations, resulted in the business raising additional funding in December 2017. Subsequently the outlook has improved, with the business seeing increased demand from Netflix, and other streaming providers are setting up in the UK. These new digital clients are a key focus this year as well as maintaining and developing existing relationships with traditional content creators.

*The amount and date of initial investment by Foresight 4 VCT plc.

**The accounting cost includes both the initial investment by the Company and also the valuation of the F3 investment in Procam Television Holdings Limited at the point it was transferred from F3 to the Company as part of the merger in June 2017.

Initial Investment*	April 2013
Amount invested (£)*	1,101,385
Accounting cost (£)**	2,162,929
Investment value (£)	2,443,359
Basis of valuation	Discounted earnings multiple
Equity held (%)	26.3%
Income received and receivable in the year (£)	-
Cash returned up to 31 March 2018 (£)	-

£000	Year ended 31 December 2016	Year ended 31 December 2015
Sales	16,141	11,454
Profit before tax	38	85
Retained profit	19	141
Net assets	631	366
EBITDA	4,548	3,314

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



SECTOR:
INDUSTRIALS &
MANUFACTURING



Aerospace Tooling provides specialist inspection, maintenance, repair and overhaul services for components in high-specification aerospace and turbine engines. Its clients include Rolls Royce, Iberia, Siemens, Kawasaki and MTU.

31 March 2018 Update

Aerospace Tooling's higher valuation reflects its continued strong trading, resulting from a deliberate customer diversification strategy which is driving growth and operational efficiencies through more consistent workloads. Strong performance has been underpinned by better than expected trade from industrial customers, which have provided stable volumes month on month, as well as a notable new domestic aerospace customer secured in 2017.

*The amount and date of initial investment by Foresight 4 VCT plc.

**The accounting cost includes both the initial investment by the Company and also the valuation of the F3 investment in Aerospace Tooling Holdings Limited at the point it was transferred from F3 to the Company as part of the merger in June 2017.

Initial Investment*	June 2013
Amount invested (£)*	150,000
Accounting cost (£)**	415,255
Investment value (£)	2,398,075
Basis of valuation	Discounted earnings multiple
Equity held (%)	28.8%
Income received and receivable in the year (£)	—
Cash returned up to 31 March 2018 (£)	990,000

£000	Year ended 30 June 2017	Year ended 30 June 2016
Sales	4,980	3,780
Loss before tax	(874)	(2,238)
Retained loss	(844)	(2,089)
Net assets	1,556	2,400
EBITDA	800	(540)

Manager's Review

Top Ten Investments continued

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



SECTOR:
BUSINESS SERVICES



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

31 March 2018 Update

FFX is making good progress, with revenues approaching £40m in 2017 and positive momentum maintained in the year to date. Growth is being driven by online business, stores and the growing direct sales channel, where product mix drives higher margins. The business is building closer relationships with key power tool brands, whilst also strengthening partnerships with online channels beyond its own website and steadily growing direct accounts with key clients. Progress will be further supported as the company implements a back-office IT system.

Initial Investment	September 2015
Amount invested (£)	1,372,002
Accounting cost (£)	1,372,002
Investment value (£)	2,173,014
Basis of valuation	Discounted earnings multiple
Equity held (%)	16.7%
Income received and receivable in the year (£)	—
Cash returned up to 31 March 2018 (£)	144,506

£000	Year ended 30 September 2017	Year ended 30 September 2016
Sales	38,594	31,837
(Loss)/profit before tax	(967)	379
Retained loss	(910)	(294)
Net assets	3,239	4,149
EBITDA	109	775

COGEN LIMITED
www.cogenuk.com **STOKE-ON-TRENT**



SECTOR:
ENVIRONMENTAL



CoGen develops, builds, owns and operates waste to energy and combined heat and power ('CHP') plants. The business currently has two projects under construction; Ince and Dartmoor, and two operational plants; Welland and Birmingham.

31 March 2018 Update

Difficulties with the plants currently in commissioning, combined with delays in finalising new projects have led to increased development and overhead costs, triggering a reduction in valuation. In August 2017, CoGen's shareholding in Ince Park was sold to Bioenergy Infrastructure Group ('BIG', of which Foresight Group is a co-sponsor), with an initial payment received. Four further milestone payments are expected before December 2018 as the plant progresses through takeover, acceptance and testing. However, one of the projects continues to experience downtime, reducing electrical output, and is now in an arbitration process with the construction contractor. The company continues to focus on securing funding for its new projects.

*The amount and date of initial investment by Foresight 4 VCT plc.

**The accounting cost includes both the initial investment by the Company and also the valuation of the F3 investment in CoGen Limited at the point it was transferred from F3 to the Company as part of the merger in June 2017.

Initial Investment*	December 2008
Amount invested (£)*	390,928
Accounting cost (£)**	1,939,589
Investment value (£)	1,971,636
Basis of valuation	Discounted cash flow
Equity held (%)	8.55%
Income received and receivable in the year (£)	-
Cash returned up to 31 March 2018 (£)	-

£000	Year ended 31 August 2016***	Year ended 31 August 2015
Sales	Not publicly available	Not publicly available
Profit before tax	Not publicly available	Not publicly available
Retained Profit	Not publicly available	Not publicly available
Net assets	503	503
EBITDA	N/A***	N/A***

*** CoGen Limited file abbreviated accounts.

**** CoGen Limited extended their period of account from 31 August 2017 to 28 February 2018.



“ Working with Foresight was very straightforward; it was a pleasure negotiating with sensible, pragmatic backers. We are very excited by the potential of this fast-growing business.

Tim Horrell, Managing Director, FFX

Manager's Review

Portfolio overview

Investment (by value)	Date of First Investment	Sector	Transaction Type	31 March 2018	
				Cost £	Valuation £
Datapath Group Limited	2007	TMT	MBO	11,081,243	18,129,170*
Ixaris Systems Limited	2006	Consumer & Leisure	Growth Capital	3,479,188	9,953,892*
TFC Europe Limited	2007	Industrials & Manufacturing	MBO	2,149,307	6,560,414*
Specac International Limited	2015	Industrials & Manufacturing	MBO	2,554,761	3,731,558*
Protean Software Limited	2015	TMT	BIMBO	1,795,229	2,848,445*
Biofortuna Limited	2012	Healthcare	Growth Capital	2,729,216	2,729,216*
Procam Television Holdings Limited	2013	TMT	MBO	2,162,929	2,443,359*
Aerospace Tooling Holdings Limited	2013	Industrials & Manufacturing	Equity Release	415,255	2,398,075*
FFX Group Limited	2015	Business Services	BIMBO	1,372,002	2,173,014*
CoGen Limited	2008	Environmental	Growth Capital	1,939,589	1,971,636*
ABL Investments Limited	2015	Business Services	MBO	1,494,075	1,842,770
The Business Advisory Limited	2015	Business Services	Equity Release	1,938,046	1,678,999
Itad Limited	2015	Business Services	MBO	1,371,726	1,643,684
Thermotech Solutions Limited	2013	Business Services	Growth Capital	200,000	1,284,765
Positive Response Communications Limited	2014	Business Services	BIMBO	1,009,195	1,261,828
Hospital Services Limited	2015	Healthcare	BIMBO	1,200,000	1,302,532
Flowrite Refrigeration Limited	2012	Business Services	MBO	513,368	978,754
Whitchurch PE 1 Limited	2014	General	Growth Capital	378,000	271,653
Andromaque Limited	2015	General	Growth Capital	969,169	259,953
Amanite Limited	2015	General	Growth Capital	100	256,938
Cole Henry PE 2 Limited	2014	General	Growth Capital	200,000	131,983
Sindicatum Carbon Capital Limited	2007	Environmental	Growth Capital	544,538	184,575
Kingsclere PE 3 Limited	2014	General	Growth Capital	100,000	54,009
Galinette Limited	2015	General	Growth Capital	100	100
Gomette Limited	2015	General	Growth Capital	100	100
Iphigenie Limited	2015	General	Growth Capital	100	100
Pasiflor Limited	2015	General	Growth Capital	100	100
Vector Command Limited	2000	TMT	MBO	1,468,750	—
Evanco Wind Turbines Limited	2007	Environmental	Growth Capital	1,490,420	—
Autologic Diagnostics Group Limited	2009	TMT	BIMBO	2,162,787	—
Blackstar Amplifications Holdings Limited	2012	Consumer & Leisure	MBO / Growth Capital	—	—
ICA Limited	2011	Business Services	MBO	—	—
Mpl Systems Limited	2011	TMT	Equity Release	—	—
Quantel Holdings (2010) Limited	2002	TMT	Growth Capital	—	—
The Bunker Secure Hosting Limited	2006	TMT	Growth Capital	—	—
Zoo Digital Group Limited	2003	TMT	Growth Capital	—	—
Abacuswood Limited	2009	Environmental	Growth Capital	—	—
Global Immersion Limited	2007	Business Services	MBI	—	—
				44,719,293	64,091,622

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

Valuation Methodology	31 March 2017					
	Cost £	Valuation £	Additions via the Merger	Other Additions	Disposals	Net valuation movement
Discounted earnings multiple	73,250	11,007,994	11,007,993	—	—	(3,886,817)
Discounted earnings/revenue multiple	1,181,432	3,133,298	2,297,756	—	—	4,522,839
Discounted earnings multiple	156,370	2,491,732	1,992,937	—	—	2,075,744
Discounted earnings multiple	650,000	1,904,761	1,904,761	—	—	(77,965)
Discounted revenue multiple	1,000,000	1,590,457	795,229	—	—	462,760
Price of last funding round	1,370,053	1,370,053	684,994	674,168	—	—
Discounted earnings multiple	1,101,385	2,760,866	1,061,544	—	—	(1,379,050)
Discounted earnings multiple	150,000	802,961	265,255	—	—	1,329,859
Discounted earnings multiple	1,372,002	1,216,209	—	—	—	956,805
Discounted cash flow	390,928	1,716,628	1,548,671	—	—	(1,293,663)
Discounted earnings multiple	1,000,000	1,039,051	494,075	—	—	309,644
Discounted earnings multiple	1,000,000	1,442,596	938,046	—	—	(701,643)
Discounted earnings multiple	1,000,000	1,486,907	371,726	—	—	(214,950)
Sale proceeds	200,000	494,562	—	—	—	790,203
Discounted revenue multiple	500,000	509,195	509,195	—	—	243,438
Discounted earnings multiple	1,200,000	1,123,087	—	—	—	179,445
Discounted revenue multiple	295,000	756,088	218,368	—	—	4,298
Net assets	—	—	378,000	—	—	(106,347)
Net assets	—	—	969,169	—	—	(709,216)
Net assets	100	800,100	—	—	—	(543,162)
Net assets	—	—	200,000	—	—	(68,017)
Cost less impairment	200,063	393,825	344,475	—	—	(553,725)
Net assets	—	—	100,000	—	—	(45,991)
Cost	—	—	100	—	—	—
Cost	100	100	—	—	—	—
Cost	100	100	—	—	—	—
Cost	—	—	100	—	—	—
Nil value	1,468,750	—	—	—	—	—
Nil value	1,513,098	—	—	—	(22,678)	22,678
Nil value	2,488,785	300,000	300,000	—	(625,997)	25,997
Sold	1,000,000	1,535,757	—	—	(1,567,164)	31,407
sold	—	—	969,693	—	(1,118,863)	149,171
Sold	—	—	1,889,240	—	(1,921,835)	32,595
Sold	235,762	4,000	—	—	(3,796)	(204)
Sold	584,987	2,440,000	1,982,000	—	(4,431,107)	9,107
Sold	450,875	142,895	—	—	(139,322)	(3,573)
Dissolved	655,947	—	—	—	—	—
Dissolved	532,283	—	—	—	(12,557)	12,557
	21,771,270	40,463,223	31,223,327	674,168	(9,843,319)	1,574,224

Manager's Review

About Foresight Group

Founded in 1984, Foresight Group manages three VCTs and has won a number of awards recognising its accomplishments in this area. Foresight Group was voted "Best VCT Investment Manager" at the 2017 Growth Investor Awards, having previously been awarded "VCT House of the Year" at the 2016 Unquote British Private Equity awards.

Led by Russell Healey, Foresight Group's growing private equity investment team of 18 is pro-active and hands-on, and focused exclusively on investing up to £5m in UK growth companies across a broad range of sectors.

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

The team combines executives

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

This team has over 200 years' worth of collective investment experience and combines investors' capital and its own hands-on expertise with the intention of creating long-term shareholder value and generating attractive returns for shareholders. Foresight Group takes a particularly active, hands-on approach to portfolio management and as a matter of policy, on its unquoted investments, seeks board representation and the

ability to appoint a senior industry expert as chairman. Foresight Group works particularly closely with the investee companies in the following areas:

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



EVOLUTION OF FORESIGHT 4 VCT PLC

The strength and depth of Foresight's Private Equity team has enabled the group to win the management mandates of established VCTs from other investment managers.

- 2004** In August 2004, Foresight Group was appointed to manage Advent 2 VCT plc, which was subsequently renamed Foresight 4 VCT plc.
- 2011** Foresight Group was appointed manager of Acuity Growth VCT (formerly Acuity 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.
- 2012** Foresight 4 VCT plc acquired the assets and liabilities of both Foresight 5 VCT plc and Acuity VCT 3 plc on 6 February 2012 and the companies were merged into Foresight 4 VCT plc as a separate C Share class.
- 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.
- 2015** On 10 August 2015 the O and C Share funds were merged and C Shares were converted into Ordinary Shares.
- 2017** On 22 June 2017, Foresight 4 VCT plc acquired the assets of Foresight 3 VCT plc. The new merged company had a combined Net Asset Value of £77.0 million.

Russell Healey

PARTNER AND HEAD OF PRIVATE EQUITY



Position
Joined
Experience

Partner and Head of Private Equity
2007

Russell is head of the Private Equity team with overall responsibility for fund raising, new investments and the portfolio, and is a member of the Foresight Group Executive Committee. He has over 14 years' experience in fund management and venture capital investing. Prior to joining Foresight Group LLP, he worked at Parkmead Group, a merchant bank, and spent ten years as CTO of a financial information company that was subsequently sold to Thomson Reuters. Russell holds an MBA with distinction from London Business School.

James Livingston

PARTNER



Position
Joined
Experience

Partner
2007

James joined Foresight Group LLP in 2007 from Deloitte's Strategy Consulting team. James has over 12 years of experience. At Foresight Group LLP, he has led numerous successful transactions including growth and replacement capital transactions in a variety of sectors. James holds an MA in Natural Sciences and Management Studies from Cambridge University as well as the CIMA Advanced Diploma in Management Accounting.

Matt Smith

PARTNER



Position
Joined
Experience

Partner
2010

Matt joined Foresight Group LLP in 2010 and has over 12 years' venture capital investment experience. Prior to joining, he spent six years at Rothschild, advising companies in a range of sectors on a variety of transaction types. Matt has a particular focus on Environmental, Social and Governance considerations when evaluating investments and he successfully negotiated sales of a number of difficult assets. Matt graduated from the University of Oxford with an undergraduate degree in Biological Sciences and a distinction in a postgraduate degree in Physiology.

Strategic Report

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

INVESTMENT OBJECTIVE

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

PERFORMANCE AND KEY PERFORMANCE INDICATORS ("KPIs")

The Board expects the Manager to deliver a performance which meets the objectives of the Company. The KPIs covering these objectives are growth in net asset value per share and dividend payments, which, when combined, give net asset value total return. Net asset value total return allows performance comparisons to be made between venture capital trusts. The net asset value total return for the year ended 31 March 2018 was an increase of 0.1% on the prior year. Additional key performance indicators reviewed by the Board include the discount of the share price relative to the net asset value, which shows the percentage by which the mid-market share price of the Company is lower than the net asset value per share, and total expenses as a proportion of shareholders' funds.

A record of some of these indicators is contained in the key metrics section on page 2. The ongoing charges ratio for the year was 2.8%. Share buy-backs were completed at discounts ranging from 4.8% to 10.8%. Further details of the Company's KPIs can be found in the Glossary of Terms on page 70.

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.

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. This requirement will increase to 80% for accounting periods beginning after 6 April 2019.

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 50% of the adjusted capital and reserves (being the aggregate of the amount paid up on the issued share capital of the Company and the amount standing to the credit of its reserves). Whilst the Company does not currently borrow, its 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%

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

	Foresight VCT	Foresight 4 VCT	Foresight Inheritance Tax Solutions	Total Equity Managed by Foresight
	£	£	£	%
ABL Investments Limited	2,750,000	1,494,075	—	40.0
Aerospace Tooling Holdings Limited	150,000	415,255	—	50.4
Biofortuna Limited	909,755	2,729,216	—	46.4
CoGen Limited	1,603,491	1,939,589	—	18.9
Cole Henry PE 2 Limited	100,000	200,000	—	49.9
Datapath Group Limited	7,563,365	11,081,244	—	38.8
FFX Group Limited	2,676,426	1,372,002	—	49.4
Flowrite Refrigeration Limited	209,801	513,367	—	49.8
Hospital Services Group Limited	3,320,000	1,200,000	—	61.5
Itad Limited	2,750,000	1,371,726	—	35.0
Ixaris Systems Limited	2,266,036	3,479,188	—	18.2
Kingsclere PE 3 Limited	100,000	100,000	—	49.9
Positive Response Communications Limited	1,000,000	1,009,195	—	60.8
Procam Television Holdings Limited	1,664,893	2,162,929	500,000	57.4
Protean Software Limited	2,500,000	1,795,229	—	63.5
Sindicatum Carbon Capital Limited	246,075	544,538	—	1.0
Specac International Limited	1,300,000	2,554,761	—	75.8
TFC Europe Limited	3,614,612	2,149,307	—	66.7
The Business Advisory Limited	1,650,000	1,938,046	—	27.5
Thermotech Solutions Limited	300,000	200,000	—	25.5
Whitchurch PE 1 Limited	100,000	378,000	—	49.9

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%.

Foresight Group also manages or advises Foresight VCT plc, Foresight Solar & Infrastructure VCT plc, Foresight Nottingham Fund LP, Foresight Environmental Fund LP, Foresight Solar Fund Limited, Foresight European Solar Fund LP, Foresight Solar EIS, Foresight Solar EIS2, Foresight Solar EIS3, Foresight Solar EIS4, Foresight Solar EIS5, Foresight Inheritance Tax Solutions, UK Waste Resources and Energy Investments LP, Foresight Sustainable UK Investment Fund, Foresight AD EIS, Recycling and Waste LP, The Waste Asset LP, Foresight Energy Infrastructure EIS, Foresight Regional Investment LP, Foresight Williams Technology EIS Fund and MEIF ESEM Equity LP.

Strategic Report

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). This percentage will increase from 70% to 80% for accounting periods beginning after 6 April 2019.

MANAGEMENT

The Board has engaged Foresight Group CI Limited as manager and it 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.

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.

Foresight Group LLP, is a signatory to the United Nations Principles for Responsible Investment ("UNPRI").

The UNPRI, established in 2006, is a global collaborative network of investors working together to put the six Principles for Responsible Investment into practice. As an investment manager, Foresight has a duty to act in the best long-term interests of our beneficiaries. In this fiduciary role, Foresight believes that Environmental, Social, and Corporate Governance ("ESG") issues can affect the performance of investment portfolios (to varying degrees across companies, sectors, regions, asset classes and through time). Foresight also recognises that applying these Principles may better align investors with broader objectives of society.

Signatory of:



Where consistent with its fiduciary responsibilities, Foresight commits to the following:

1. We incorporate ESG issues into investment analysis and decision-making processes.
2. We are active owners and incorporate ESG issues into our ownership policies and practices.
3. We seek appropriate disclosure on ESG issues by the entities in which we invest.
4. We promote acceptance and implementation of the Principles within the investment industry.
5. We work together to enhance our effectiveness in implementing the Principles.

6. We each report on our activities and progress towards implementing the Principles.

As a signatory for this voluntary framework, Foresight submits an annual report to the UNPRI on its responsible investment activities, which is approved by senior management. This allows the Group to demonstrate to stakeholders and the public how we incorporate ESG issues, understand where we sit in relation to local and global peers and to learn and develop our practices year-on-year.

Foresight Group actively collaborates with the investment industry and relevant governmental bodies and regulators through direct conversations and contributing to collective consultation papers on matters affecting the investment process, including ESG.

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.

Foresight Group has an equal opportunities policy and Foresight Group as at 31 March 2018 employs 118 men and 73 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, and maximise the Company's tax-free income available to investors from a combination of dividends and interest received on investments and the capital gains arising from trade sales or flotations.

PURCHASE OF OWN SHARES

The Company's buyback policy is, subject to adequate

cash availability, to consider repurchasing Shares when they become available in order to help provide liquidity to the market in the Shares.

PRINCIPAL RISKS, RISK MANAGEMENT AND REGULATORY ENVIRONMENT

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

Economic risk: events such as economic recession or general fluctuation in stock markets and interest rates may affect the valuation of investee companies and their ability to access adequate financial resources, as well as affecting the Company's own share price and discount to net asset value.

Mitigation: The Company invests in a diversified portfolio of investments spanning various industry sectors and maintains sufficient cash reserves to be able to provide additional funding to investee companies where appropriate and to repurchase its own shares.

VCT qualifying status risk: the Company is required at all times to observe the conditions laid down in the Income Tax Act 2007 for the maintenance of approved VCT status. The loss of such approval could lead to the Company losing its exemption from corporation tax on capital gains, to investors being liable to pay income tax on dividends received from the Company and, in certain circumstances, to investors being required to repay the initial income tax relief on their investment.

Mitigation: Legal advice is taken for each deal to ensure all investments are qualifying. Advance assurance, where appropriate, is sought from

HMRC ahead of completion. The Manager keeps the Company's VCT qualifying status under continual review, seeking to take appropriate action to maintain it where required, and its reports are reviewed by the Board on a quarterly basis. The Board has also retained Shakespeare Martineau LLP to undertake an independent VCT status monitoring role.

Investment and liquidity risk: many of the Company's investments are in small and medium-sized unquoted companies which are VCT qualifying holdings, and which by their nature entail a higher level of risk and lower liquidity than investments in larger quoted companies.

Mitigation: the Manager aims to limit the risk attaching to the portfolio as a whole by careful selection, close monitoring and timely realisation of investments, by carrying out rigorous due diligence procedures and maintaining a spread of holdings in terms of industry sector. The Board reviews the investment portfolio with the Manager on a regular basis.

Legislative and regulatory risk: in order to maintain its approval as a VCT, the Company is required to comply with current VCT legislation in the UK, which reflects the European Commission's State aid rules. Changes to the UK legislation or the State aid rules in the future could have an adverse effect on the Company's ability to achieve satisfactory investment returns whilst retaining its VCT approval.

Mitigation: The Board and the Manager monitor political developments and where appropriate seek to make representations either directly or through relevant trade bodies.

Internal control risk: the Company's assets could be at risk in the absence of an appropriate internal control regime. This could lead to theft, fraud, and/or an inability to provide accurate

reporting and monitoring.

Mitigation: the Board carries out regular reviews of the system of internal controls, both financial and non-financial, operated by the Company and the Manager. These include controls designed to ensure that the Company's assets are safeguarded and that proper accounting records are maintained.

Financial risk: inappropriate accounting policies might lead to misreporting or breaches of regulations.

Mitigation: the Manager is continually reviewing accounting policies and regulations, and its reports are reviewed by the Board on a quarterly basis and at least annually by the auditor.

Market risk: All investments are impacted by market risk. Investments quoted on the London Stock Exchange or AIM will potentially be subject to more immediate market fluctuations and volatility upwards and downwards. External factors such as terrorist activity can negatively impact stock markets worldwide. In times of adverse sentiment there can be very little, if any, market demand for shares in smaller companies quoted on AIM.

Mitigation: The Board keeps the portfolio under regular review.

Credit risk: the Company holds a number of financial instruments and cash deposits and is dependent on the counterparties discharging their commitment.

Mitigation: the directors and Manager review the creditworthiness of the counterparties to these instruments and cash deposits and seek to ensure there is no undue concentration of credit risk with any one party.

The Board recognises that Brexit is a process that involves significant uncertainty. The Board and the Manager do, however, follow Brexit developments closely

Strategic Report

with a view to identifying where changes could affect the areas of the market in which we specialise. Although we hope this should be relatively limited as the majority of the businesses we invest in are largely UK focused, there will be an impact where sales or purchases are outside the UK. The Manager's analysis of the portfolio has, based on current knowledge, indicated that the positives and negatives should largely balance each other out.

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 2021. This three year period is used by the Board during the strategic planning process and is considered reasonable for a business of its nature and size.

In making this statement, the Board carried out an assessment of the principal risks facing the Company, including those that might threaten its business model, future performance, solvency, or liquidity. The Board concentrated its efforts on the major factors that affect the economic regulatory and political environment.

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

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 2021.

PERFORMANCE-RELATED INCENTIVES

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

After each distribution is made to shareholders where a performance incentive is paid to the Manager, the High Watermark required to be achieved by the Company to trigger a further performance incentive fee increases by a per share amount equivalent to the aggregate amount of the dividend paid less the 15% performance fee paid to the Manager. The current high watermark is 108.5p per share (2017: 108.0p per share).

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

No performance incentive was paid in the year (2017: £nil). No performance incentive fee has been accrued in the year as the Company does not consider it possible that the total return would reach the high watermark for the foreseeable future.

VALUATION POLICY

Investments held by the Company have been valued in accordance with the International Private Equity and Venture Capital ("IPEVC") Valuation Guidelines (December 2015) developed by the British Venture Capital Association and other organisations. Through these guidelines, investments are valued as defined at 'fair value'. Ordinarily, unquoted investments will be valued at cost for a limited period following the date of acquisition, being the most suitable approximation of fair value unless there is an impairment or significant accretion in value during the period. Quoted investments and investments traded on AIM 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 2017. The next complete review will be carried out for the year ended 31 March 2018. 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 VCT status advisor 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 2018 the Company had approximately 90% of its funds in such VCT qualifying holdings.

FUTURE STRATEGY

The Board and Foresight Group 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 Foresight Group's ability to allocate the Company's assets effectively, and manage its liquidity appropriately.

Raymond Abbott
Chairman

18 July 2018

Governance

Board of Directors

“The Board believes the post merger constitution achieves the ideal number of directors and a balance of ongoing directors from both Foresight VCT 4 plc and Foresight VCT 3 plc, reflecting the relative size of each Company. The constitution of the Board will be kept under review and consideration will be given to the appointment of an additional new director to reflect the size of the Company.”

Raymond Abbott
Chairman of the Board

Raymond Abbott CHAIRMAN OF THE BOARD



Position

Chairman of the Board

Appointed

22 June 2017

Experience

Raymond previously served as Chairman of Foresight 3 VCT plc from 2014 until the merger with Foresight 4 VCT plc. Prior to this he was a Non-Executive Director of Foresight 4 VCT plc and Enterprise VCT plc (which was merged into Foresight 3 VCT plc in 2008).

Raymond has over 27 years' experience in private equity covering fund investment, direct venture investment, growth capital and buy-outs. This includes as Managing Director of Alliance Trust Equity Partners developing a £300m fund of funds programme for Alliance Trust focussed on Western European lower to mid-market buyout funds. Raymond founded Albany Ventures, with a focus on software and healthcare investments, which was acquired by Alliance Trust.

Raymond has gained extensive experience as a non-executive director in public and private companies helping with strategy, finance and governance.

Other positions

Chairman of The Scottish Building Society
Chairman of Integrated Environmental Solutions Limited

Beneficial Shareholding

60,818

Simon Jamieson

NON-EXECUTIVE DIRECTOR



Position

Chairman of the Audit Committee,
Non-Executive Director

Appointed

3 October 2014

Experience

Simon spent 28 years at Robert Fleming Holdings and subsequently at Fleming Family and Partners where he focused on Private Equity investing. In 1983 he joined Glenwood Management, a Californian based Venture Capital Fund, and subsequently joined Robert Fleming in 1985 on the fund management side. In 2000 he joined Fleming Family and Partners Asset Management Limited ("FF&P") where he was responsible for \$500 million of private equity investments until 2013, including both fund investments and directly held co-investments.

Other positions

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

Simon Chairs an Investment Committee of a U.S. family Office and Co-Chairs an Investment Committee of an African focused Private Equity Manager, 54 Capital.

Beneficial Shareholding

34,841

Michael Gray

NON-EXECUTIVE DIRECTOR



Position

Chairman of the Nomination and Management Engagement and Remuneration Committees,
Non-Executive Director

Appointed

14 February 2017

Experience

Michael has extensive experience in funds, banking and other capital markets. He was most recently the Regional Managing Director, Corporate Banking for RBS International with responsibility for The Royal Bank of Scotland's Corporate Banking Business in the Crown Dependencies and British Overseas Territories. In a career spanning 31 years with The Royal Bank of Scotland Group plc, Michael has undertaken a variety of roles including that of auditor, and has extensive general management and lending experience across a number of industries.

Michael is a Fellow of The Chartered Institute of Bankers in Scotland and a qualified corporate treasurer.

Other positions

Michael is a Non-Executive Director of Triton Investment Management Ltd, a Non-Executive Director of JTC plc, an Advisory Board Member of Japanese private equity group, J-Star and a Non-Executive Director of the FTSE 250 listed GCP Infrastructure Investments Limited.

Directors' Report

The Directors present their report and the financial statements of the Company for the year ended 31 March 2018.

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 2017 and the Directors have managed and intend to continue to manage the Company's affairs in such a manner as to comply with these regulations.

RESULTS AND DIVIDENDS

The total profit attributable to equity shareholders for the year amounted to £115,000 (2017: £1,831,000 return). The Board paid a dividend of 4.0p per share on 17 July 2017.

NET ASSET VALUE TOTAL RETURN

During the year ended 31 March 2018 the Company's principal indicator of performance, net asset value total return, increased by 0.1% per Share.

SHARE ISSUES

Under an offer for subscription dated 19 May 2017, 17,056,275 Shares were issued during the year, based on net asset values ranging from 68.9p to 69.6p per share. At 31 March 2018 the Company had 112,052,405 Ordinary Shares in issue. There are no restrictions on the transfer of any class of share.

SHARE BUYBACKS

During the year the Company repurchased 10,716,701 shares for cancellation at a cost of £6,836,000. No shares bought

back by the Company are held in treasury. Share buy-backs have been completed at discounts ranging from 4.8% to 10.8%.

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 23.

MANAGEMENT

Foresight Group CI Limited 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 21 November 2017. Foresight Fund Managers resigned as Company Secretary on 6 November 2017 and Foresight Group LLP was appointed. The principal terms of the management agreement is set out

in note 3 to the accounts. Following the merger with Foresight 3 VCT plc the Manager agreed with the Board to reduce the annual expenses cap to 2.95%.

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 £1,377,000 (2017: £915,000) during the year. Foresight Fund Managers Limited received £111,000 excluding VAT (2017: £157,000 excluding VAT) and Foresight Group LLP received £55,000 excluding VAT (2017: Nil) during the year in respect of secretarial, administrative and custodian services to the Company. Foresight Group also received £20,000 (2017: £6,000) arrangement fees from investee companies.

VCF Partners, an associate of Foresight Group, received Directors' fees of £208,000 (2017: £233,000) from investee companies.

The Manager 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.

At the time of writing, Foresight Group staff held a total of 429,535 shares in the Company.

VCT STATUS MONITORING

The Company has retained Shakespeare Martineau LLP as VCT status 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 financial statements.

DIRECTORS INDEMNIFICATION AND INSURANCE

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

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

POLICY OF PAYING CREDITORS

The Company does not subscribe to a particular code but follows a policy whereby suppliers are paid by the due date and investment purchases are settled in accordance with the stated terms. At the year end trade creditors represented an average credit period of 1 day (2017: 2 days).

ALTERNATIVE INVESTMENT FUND MANAGERS DIRECTIVE (AIFMD)

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

AUDIT INFORMATION

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

STATUTORY INSTRUMENT 2008/410 SCHEDULE 7 PART 6

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

CAPITAL STRUCTURE

The Company's issued share capital as at 18 July 2018 was 135,118,304 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 68.

NOTIFIABLE INTERESTS IN THE COMPANY'S VOTING RIGHTS

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

AUDITOR

Pursuant to S487(2) of the Companies Act 2006, the Directors have decided to propose the re-appointment of KPMG LLP as auditor and a resolution concerning this will be proposed at the Annual General Meeting.

The Directors intend to put the

audit contract up for tender prior to KPMG's tenth year in service, which will end on 31 March 2020.

COMPANIES ACT 2006 DISCLOSURES

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

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

CONFLICTS OF INTEREST

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

Governance

notified. The Directors advise the Company Secretary and Board as soon as they become aware of any conflicts of interest. Directors who have conflicts of interest do not take part in discussions concerning their own conflicts.

WHISTLEBLOWING

The Board has been informed that the Manager has arrangements in place in accordance with the UK Corporate Governance Code's recommendations by which staff of Foresight Group 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 20 to 25. 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. See pages 36 to 39.

ANNUAL GENERAL MEETING

A formal notice convening the Annual General Meeting on 11 October 2018 can be found on pages 66 to 69. Resolutions 1 to 6 will be proposed as ordinary resolutions meaning that for each resolution to be passed more than half of the votes cast at the meeting must be in favour of the resolution. Resolutions 7 and 8 will be proposed as special resolutions meaning that for each resolution to be passed at least 75% of the votes cast at the meeting must be in favour of the resolution. Resolutions 6 to 8 will be in addition to the authorities granted at previous general meetings of the Company and are explained below.

RESOLUTION 6

Resolution 6 will authorise the Directors to allot relevant securities generally, in accordance with Section 551 of the Companies Act 2006, up to an aggregate nominal amount of £1,200,000 (representing 9% of the current issued share capital of the Company). This authority will be used for the purposes listed under the authority requested under Resolution 7. This includes authority to issue shares pursuant to any dividend reinvestment scheme operated by the Company, performance incentive fee arrangements with Foresight Group LLP and relevant individuals of Foresight Group LLP and top-up offers for subscription to raise new funds for the Company if the Board believes this to be in the best interests of the Company. Any offer is intended to be at an offer price linked to NAV. The authority conferred by Resolution 6 will expire (unless renewed, varied or revoked by the Company in a general meeting) on the fifth anniversary of the passing of the resolution, save that the Company may allot equity shares after such date in pursuance of a contract or contracts made prior to the expiration of this authority.

RESOLUTION 7

Resolution 7 will sanction, in a limited manner, the disapplication of pre-emption rights in respect of the allotment of equity securities (i) with an aggregate nominal value of up to 10% of the issued share capital pursuant to the dividend re-investment scheme at a subscription price per share that may be less than the net asset value per share, as may be prescribed by the scheme terms; (ii) with an aggregate nominal value of up to 10% of the issued share capital of the Company pursuant to performance incentive arrangements with Foresight Group LLP and relevant individuals of Foresight Group LLP and (iii) with an aggregate

nominal value of up to 10% of the issued share capital of the Company from time to time for general purposes, in each case where the proceeds of such issue may be used in whole or part to purchase the Company's shares. This authority will expire (unless renewed, varied or revoked by the Company in a general meeting) at the conclusion of the Annual General Meeting to be held in 2019, or, if earlier, on the date falling 15 months after the passing of the resolution, save that the Company may allot equity shares after such date in pursuance of a contract or contracts made prior to the expiration of this authority.

RESOLUTION 8

It is proposed by Resolution 8 that the Company be authorised to make market purchases of the Company's own shares. Under this authority the Directors may purchase up to 16,796,656 shares, (representing approximately 12% 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 2019, 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 Group LLP

Secretary
18 July 2018

Governance

Corporate Governance

The Directors of Foresight 4 VCT plc confirm that the Company has taken the appropriate steps to enable it to comply with the Principles set out in Section 1 of the UK Corporate Governance Code on Corporate Governance ('UK Corporate Governance Code') issued by the Financial Reporting Council in April 2016, as appropriate for a 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 2018. The Annual General Meeting for the year ended 31 March 2017 was convened with 24 days notice but not 20 business days notice as recommended in the UK Corporate Governance Code.

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

THE BOARD

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

DIVISION OF RESPONSIBILITIES

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

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

Individual Directors may, at the expense of the Company, seek independent professional advice on any matter that concerns them in the furtherance of their duties. In view of its Non-Executive nature and the requirements of the Articles of Association that Directors retire by rotation at the Annual General Meeting, the Board considers that it is not appropriate for the Directors to be appointed for a specific term as recommended by provision B.2.3 of the UK Corporate Governance Code. However, the Board has agreed that each Director will retire and, if appropriate, may seek re-election after three years. 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
Simon Jamieson	4/4	2/2	1/1	1/1
Michael Gray	4/4	2/2	1/1	1/1
Raymond Abbott	4/4	2/2	1/1	1/1

MEETING ATTENDANCE

In addition to the above, further meetings were held in relation to the publication of corporate documents and in relation to investments where Foresight Group manages more than 50% of voting rights. In the light of the responsibilities retained by the Board and its committees and of the responsibilities delegated to Foresight Group and Shakespeare Martineau LLP, the Company has not appointed a chief executive officer, deputy Chairman or a senior independent non-executive Director as recommended by provision A.4.1 of the UK Corporate Governance Code. The provisions of the UK Corporate Governance Code which relate to the division of responsibilities between a chairman and a chief executive officer are, accordingly, not applicable to the Company.

BOARD COMMITTEES

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

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

- 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 40.

The Directors have decided to re-appoint KPMG LLP as auditor and a resolution concerning this will be proposed at the Annual General Meeting. Cornel Partners Limited provides the Company's taxation services. The Board intends to put the audit contract up for tender prior to KPMG's tenth year in service, which will end on 31 March 2020.

The Nomination Committee comprises Michael Gray (Chairman), Raymond Abbott and Simon Jamieson and meets at least annually to consider the composition and balance of skills, knowledge and experience of the Board and to make nominations to the Board in the event of a vacancy.

New Directors are required to resign at the Annual General Meeting following appointment and then seek re-election thereafter every three years, subject to length of tenure.

The Board believes that, as a whole, it has an appropriate balance of skills, experience and knowledge. The Board also believes that diversity of experience and approach, including gender diversity, amongst Board members is important and it is the Company's policy to give careful consideration to issues of Board balance and diversity when making new appointments. The Nomination Committee 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 Michael Gray (Chairman), Raymond Abbott and Simon Jamieson and meets at least annually to consider the levels of remuneration of the Directors, specifically reflecting the time commitment and responsibilities of the role. The Management Engagement & Remuneration committee also undertakes external comparisons and reviews to ensure that the levels of remuneration paid are broadly in line with industry standards. The Management Engagement & Remuneration Committee also reviews the appointment and terms of engagement of the Manager and, as previously noted, amended the management fees on 1 October 2013 following a review of terms. A further reduction in management fees to 2.0% per annum was implemented following the merger on 22 June 2017.

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.

It is the Board's intention for the future to conduct an annual evaluation in line with UK Corporate Governance principles and in line with principal B.6.

Governance

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 Foresight Group representatives.

Individual Shareholders are also welcomed to the annual investor Forum in London, as well as various other regional investor forums around the country.

The Company is not aware of any institutions owning shares in the Company.

INTERNAL CONTROL

The Directors of Foresight 4 VCT plc have overall responsibility for the Company's system of internal control and for reviewing its effectiveness.

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

The Manager has delegated the financial administration to Foresight Group LLP, which has an established system of financial control, including internal financial controls, to ensure that proper accounting records are maintained and that financial information for use within the business and for reporting to shareholders is

accurate and reliable and that the Company's assets are safeguarded.

Shakespeare Martineau LLP 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 Group LLP was appointed by the Board as Company Secretary in November 2017 with responsibilities relating to the administration of the non-financial systems of internal control. Prior to this the Company Secretary was Foresight Fund Managers Limited. 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 and Shakespeare Martineau.

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 Foresight Group 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.

Raymond Abbott
Chairman

18 July 2018

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

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.

Governance

Directors' Remuneration Report

INTRODUCTION

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

The law requires the Company's auditor, KPMG LLP, to audit certain of the disclosures provided. Where disclosures have been audited, they are indicated as such. The auditor's opinion is included in the 'Independent Auditor's Report.' shown in pages 42 to 45.

ANNUAL STATEMENT FROM THE CHAIRMAN OF THE REMUNERATION COMMITTEE

The Board which is profiled on pages 26 and 27 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 2018.

CONSIDERATION BY THE DIRECTORS OF MATTERS RELATING TO DIRECTORS' REMUNERATION

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

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

The Management Engagement & Remuneration Committee also undertakes external comparisons and reviews to ensure that the

levels of remuneration paid are broadly in line with industry standards and members have access to independent advice where they consider it appropriate. During the year neither the Board nor the Management Engagement & Remuneration Committee has been provided with external advice or services by any person, but has received industry comparison information from 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 2018 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 22 June 2017 for Raymond Abbott, 14

February 2017 for Michael Gray and 3 October 2014 for Simon Jamieson, they may resign by giving six months' notice in writing to the Board or by mutual consent. No compensation is payable to Directors on leaving office.

The above remuneration policy was last approved by Shareholders at the Annual General Meeting on 2 October 2015 and fresh approval will be sought from Shareholders at the forthcoming Annual General Meeting.

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 90% of Shareholders voted for the resolution approving the Directors' Remuneration Report.

RETIREMENT BY ROTATION

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

2018 AGM	2019 AGM	2020 AGM
-	R Abbott	-
-	-	M Gray
S Jamieson	-	-

SHAREPRICE TOTAL RETURN

The graph below charts the total shareholder return to 31 March 2018, 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 are shown on page 38. No Director has waived or agreed to waive any emoluments from the Company in either the current or previous year.

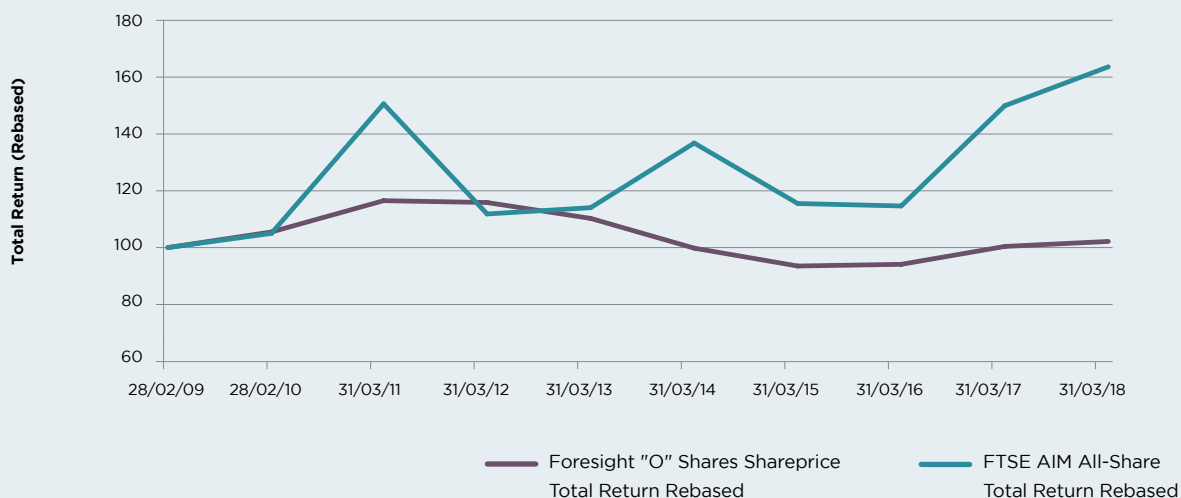
No other remuneration was paid or payable by the Company during the current or previous year nor were any expenses claimed

by or paid to them other than for expenses incurred wholly, necessarily and exclusively in furtherance of their duties as Directors of the Company.

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

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

Shareprice Total Return (pence)



Governance

DIRECTORS

The Directors who held office during the year or up to the date of signing the annual report and their interests in the issued shares of 1p each of the Company were as follows:

	31 March 2018 Shares	31 March 2017 Shares
Michael Gray (appointed 14 February 2017)	28,448	—
Peter Dicks (resigned 22 June 2017)	69,774	54,050
Simon Jamieson (Chairman between 31 March and 22 June 2017)	34,841	25,000
Raymond Abbott (Chairman, appointed 22 June 2017)	60,818*	28,581
Total	193,881	107,631

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

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

There have been no changes in the Directors' share interests between 31 March 2018 and the date of this report.

In accordance with the Articles of Association and the requirements of the UK Corporate Governance Code, Mr Jamieson must retire through rotation and, being eligible, offers himself for re-election. Biographical notes on the current serving Directors are given on pages 26 to 27. The Board believes that Mr Jamieson's skills, experience and knowledge continue to complement those of the other Board members and add value to the Company and recommends his re-election to the Board. None of the Directors has a contract of service with the Company.

AUDITED INFORMATION

The information below has been audited. See the Independent Auditor's Report on pages 42 to 45.

	Directors' fees year ended 31 March 2018 (£)	Directors' fees year ended 31 March 2017 (£)
Philip Stephens (Chairman, resigned 31 March 2017)	—	27,500
Peter Dicks (resigned 22 June 2017)	5,021	22,000
Simon Jamieson (Chairman 31 March 2017 to 22 June 2017)	23,251	22,000
Michael Gray (appointed 14 February 2017)	22,000	2,764
Raymond Abbott (Chairman, appointed 22 June 2017)	21,365	—
Total	71,637	74,264

The Directors are not eligible for pension benefits, share options or long-term incentive schemes. Directors' fees are reviewed annually, fees were last increased in the year ended 31 March 2013 after consideration of fees paid to other VCT directors and available independent research.

Votes cast For and Against the Directors' Remuneration Report for the year ended 31 March 2017

Shares and Percentage of votes cast For	Shares and Percentage of votes cast Against	Number of votes withheld
90.4%	9.6%	
10,240,110 votes	1,087,156 votes	1,303,632 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 2018	Year ended 31 March 2017
Dividends	£4,229,000	£—
Share buybacks	£6,836,000	£—
Total Shareholder distributions	£11,065,000	£—
Directors fees	£75,000	£74,000
Directors fees % of Shareholder distributions	0.66%	n/a

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 18 July 2018 and is signed on its behalf by Raymond Abbott (Director).

On behalf of the Board

Raymond Abbott

Director

18 July 2018

Audit Committee Report

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

- Valuation of unquoted investments; and
- Compliance with HM Revenue & Customs conditions for maintenance of approved 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.

AUDITOR ASSESSMENT

The Manager and auditor confirmed to the Audit Committee that they were not aware of any material misstatements. Having reviewed the reports received from the Manager and auditor, the Audit Committee is satisfied that the key areas of risk and judgement have been addressed appropriately in the financial statements and that the significant assumptions used in determining the value of assets and liabilities have been properly appraised and are sufficiently robust. The Audit Committee considers that KPMG LLP has carried out its duties as auditor in a diligent and professional manner. During the year, the Audit Committee assessed the effectiveness of the current external audit process by assessing and discussing specific audit documentation presented to it in accordance with guidance issued by the Auditing Practices Board. The audit director is rotated every five years ensuring that objectivity and independence is not impaired. The current audit director, Henry Todd, assumed responsibility for the audit in 2018. KPMG LLP was appointed as auditor on 25 January 2011, with their first audit for the year ended 31 March 2011. No tender

for the audit of the Company has been undertaken since this date, however the Board intends to put the audit contract up for tender prior to KPMG's tenth year in service, which will end on 31 March 2020. As part of its review of the continuing appointment of the auditors, the Audit Committee considers the 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. KPMG LLP is not engaged for non-audit services.

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

The audit committee met in July 2017 to review the annual audited accounts for the year ended 31 March 2017 and the Company's risk register and in November 2017 to review the interim report and the Company's risk register.

CORRESPONDENCE WITH THE FRC

The Company has recently received a letter from the FRC which raised a question about the Company's accounting policy for performance-related incentive fees. The Company has written a response to this enquiry in which they elaborated on the recognition and measurement of the performance-related incentive fee. The Company has also included an additional share based payment accounting policy in these financial statements which expands on the recognition and measurement of the performance incentive fee.

RESTATEMENT OF 2017 DISTRIBUTABLE RESERVES

Realised and distributable reserves as at 31 March 2017 were restated, increasing the realised and distributable reserves by £3,440,990.

Simon Jamieson

Audit Committee Chairman
18 July 2018

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 FRS 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland.

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They 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 REPORT

We confirm that to the best of our knowledge:

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

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

On behalf of the Board

Raymond Abbott
Chairman
18 July 2018

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

OPINIONS AND CONCLUSIONS ARISING FROM OUR AUDIT

1. Our opinion is unmodified

We have audited the financial statements of Foresight 4 VCT plc ("the Company") for the year ended 31 March 2018 which comprise the Income Statement, Reconciliation of Movements in Shareholders' Funds, Balance Sheet, Cash Flow Statement, and the related notes, including the accounting policies in note 1.

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

We were appointed as auditor by the directors in January 2011. The period of total uninterrupted engagement is the eight years ended 31 March 2018. We have fulfilled our ethical responsibilities under, and we remain independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed public interest entities. No non-audit services prohibited by that standard were provided.

Overview		
Materiality: financial statements as a whole	£0.8m (2017: £0.4m)	
	1% (2017: 1%) of Total Assets	
Coverage	100% (2017: 100%) of Total Assets	
Risks of material misstatement		
Recurring risks	Valuation of Unquoted Investments	vs 2017 

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

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. We summarise below the key audit matter (unchanged from 2017), in arriving at our audit opinion above, together with our key audit procedures to address that matter and, as required for public interest entities, our results from those procedures. This matter was addressed, and our results are based on procedures undertaken, in the context of, and solely for the purpose of, our audit of the financial statements as a whole, and in forming our opinion thereon, and consequently are incidental to that opinion, and we do not provide a separate opinion on these matters.

Valuation of Unquoted Investments

Investments: £64.1 million (2017: £40.3 million) Refer to page 40 (Audit Committee Report), pages 50 to 51 (accounting policy) and pages 56 and 58 to 62 (financial disclosures).

The risk:

Subjective valuation - 82% 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 prices of recent orderly transactions, earnings multiples, discounted cash flow measurements, and net assets. There is a significant risk over the valuation of these investments.

Our response:

Our procedures included:

- Control design: Documenting and assessing the design and implementation of the investment valuation processes and controls;
- Control observation: Attending the year end Audit Committee meeting where we assessed the effectiveness of the Audit Committee's challenge and approval of unlisted investment valuations;
- Historical comparisons: 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;

- **Methodology choice:** In the context of observed industry best practice and the provisions of the International Private Equity and Venture Capital Valuation Guidelines, we challenged the appropriateness of the valuation basis selected;
- **Our valuations experience:** Challenging the Manager on key judgements affecting investee company valuations, such as maintainable earnings/revenues, comparable multiples, discounts and discount rates. We compared key underlying financial data inputs to external sources, investee company audited accounts and management information as applicable. We challenged the assumptions around the sustainability of earnings based on the plans of the investee companies and whether these are achievable, and we obtained an understanding of existing and prospective investee company cash flows to understand whether borrowings can be serviced or refinancing may be required. Our work included consideration of events which occurred subsequent to the year end up until the date of this audit report;
- **Comparing valuations:** Where a recent transaction has been used to value any holding, we obtained an understanding of the circumstances surrounding those transactions and whether it was considered to be on an arms-length basis and suitable as an input into a valuation; and
- **Assessing transparency:** Consideration of the appropriateness, in accordance with relevant accounting standards, of the disclosures in respect of unquoted investments and the effect of changing one or more inputs to reasonable possible alternative valuation assumptions.

Our results:

We found the Company's valuation of unquoted investments to be acceptable.

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

Materiality for the financial statements as a whole was set at £0.8 million (2017: £0.4 million), determined using a benchmark of Total Assets, of which it represents 1% (2017: 1%).

We agreed to report reported to the Audit Committee any uncorrected identified misstatements exceeding £39,000 (2017: £21,000) 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 in London.

4. We have nothing to report on going concern

We are required to report to you if:

- we have anything material to add or draw attention to in relation to the directors' statement in note 1 to the financial statements on the use of the going concern basis of accounting with no material uncertainties that may cast significant doubt over the Company's use of that basis for a period of at least twelve months from the date of approval of the financial statements; or
- the related statement under the Listing Rules set out on page 30 is materially inconsistent with our audit knowledge.

We have nothing to report in these respects.

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

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

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

Strategic report and directors' report

Based solely on our work on the other information:

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

Directors' remuneration report

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

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

Disclosures of principal risks and longer-term viability

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

- the directors' confirmation within the viability statement (page 24) that they have carried out a robust assessment of the principal risks facing the Company, including those that would threaten its business model, future performance, solvency and liquidity;
- the Principal Risks disclosures describing these risks and explaining how they are being managed and mitigated; and
- the directors' explanation in the viability statement of how they have assessed the prospects of the Company, over what period they have done so and why they considered that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

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

Corporate governance disclosures

We are required to report to you if:

- we have identified material inconsistencies between the knowledge we acquired during our financial statements audit and the directors' statement that they consider that the annual report and financial statements taken as a whole is fair, balanced and understandable and provides

the information necessary for shareholders to assess the Company's position and performance, business model and strategy; or

- the section of the annual report describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee; or
- a corporate governance statement has not been prepared by the Company.

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

We have nothing to report in these respects.

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

- with respect to the Corporate Governance Statement disclosures about internal control and risk management systems in relation to financial reporting processes and about share capital structures:
- we have not identified material misstatements therein; and
- the information therein is consistent with the financial statements; and
- in our opinion, the Corporate Governance Statement has been prepared in accordance with relevant rules of the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority.

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

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

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

We have nothing to report in these respects.

7. Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 41, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud, other irregularities, or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud, other irregularities or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements. The risk of not detecting a material misstatement resulting from fraud or other irregularities is higher than for one resulting from error, as they may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control and may involve any area of law and regulation not just those directly affecting the financial statements.

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

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

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

Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Henry Todd
(Senior Statutory Auditor)
for and on behalf of KPMG LLP,
Statutory Auditor
 Chartered Accountants
 15 Canada Square
 London
 E14 5GL
 18 July 2018

Financial Statements

Income Statement

FOR THE YEAR ENDED 31 MARCH 2018

	Notes	Year ended 31 March 2018			Year ended 31 March 2017		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Investment holding gains	8	—	596	596	—	8,728	8,728
Realised gains/(losses) on investments	8	—	1,059	1,059	—	(5,941)	(5,941)
Income	2	629	—	629	383	—	383
Investment management fees	3	(344)	(1,033)	(1,377)	(229)	(686)	(915)
Other expenses	4	(792)	—	(792)	(424)	—	(424)
(Loss)/profit on ordinary activities before taxation		(507)	622	115	(270)	2,101	1,831
Taxation	5	96	(96)	—	—	—	—
(Loss)/profit on ordinary activities after taxation		(411)	526	115	(270)	2,101	1,831
(Loss)/profit per share:							
Ordinary Share	7	(0.4)p	0.5p	0.1p	(0.6)p	3.7p	3.1p

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

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

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

The notes on pages 50 to 65 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 2018					
Company					
As at 1 April 2017	574	5,112	265	36,208	42,159
Foresight 3 VCT plc merger	483	34,762	—	—	35,245
Share issues in the year	171	11,760	—	—	11,931
Expenses in relation to share issues	—	(317)	—	—	(317)
Repurchase of shares	(107)	—	107	(6,836)	(6,836)
Expenses in relation to tender offer	—	(131)	—	—	(131)
Dividends paid	—	—	—	(4,229)	(4,229)
Return for the year	—	—	—	115	115
As at 31 March 2018	1,121	51,186	372	25,258*	77,937

	Called-up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Profit and loss account £'000	Total £'000
Year ended 31 March 2017					
Company					
As at 1 April 2016	574	5,147	265	34,379	40,365
Expenses in relation to previous years share issues	—	(35)	—	—	(35)
Transaction costs	—	—	—	(2)	(2)
Return for the year	—	—	—	1,831	1,831
As at 31 March 2017	574	5,112	265	36,208*	42,159

The notes on pages 50 to 65 form part of these financial statements.

*Of this amount £5,852,000 (2017 restated: £17,490,000) is realised and distributable. Refer to note 21 for further detail on the restatement.

Financial Statements

Balance Sheet

AT 31 MARCH 2018

Registered number: 03506579

	Notes	As at 31 March 2018 £'000	As at 31 March 2017 £'000
Fixed assets			
Investments held at fair value through profit or loss	8	64,092	40,463
Current assets			
Debtors	9	3,790	151
Money market securities and other deposits		9,822	838
Cash		833	790
		14,445	1,779
Creditors			
Amounts falling due within one year	10	(600)	(83)
Net current assets		13,845	1,696
Net assets		77,937	42,159
Capital and reserves			
Called-up share capital	11	1,121	574
Share premium account		51,186	5,112
Capital redemption reserve		372	265
Profit and loss account		25,258	36,208
Equity shareholders' funds		77,937	42,159
Net asset value per share:			
Ordinary Share	12	69.6p	73.5p

The financial statements were approved by the Board of Directors and authorised for issue on 18 July 2018 and were signed on its behalf by:

Raymond Abbott

Chairman

The notes on pages 50 to 65 form part of these financial statements.

Cash Flow Statement

FOR THE YEAR ENDED 31 MARCH 2018

	Year ended 31 March 2018 £'000	Year ended 31 March 2017 £'000
Cash flow from operating activities		
Investment income received	806*	553
Dividends received from investments	46	10
Deposit and similar interest received	4	4
Investment management fees paid	(1,315)	(915)
Secretarial fees paid	(163)	(157)
Other cash payments outflow	(837)	(284)
Net cash outflow from operating activities	(1,459)	(789)
Returns on investing activities		
Purchase of investments	(674)	(189)
Net proceeds on sale of investments	9,843	357
Net proceeds on deferred consideration	165**	509
Net cash inflow from investing activities	9,334	677
Financing		
Proceeds of fund raising	8,318	—
Expenses of fund raising	(125)	(35)***
Repurchase of own shares	(6,525)	(60)***
Expenses in relation to tender offer	(131)	—
Equity dividends paid	(4,229)	—
Movement in money market funds	(8,984)	935
Proceeds of Foresight 3 VCT plc allotments received after the merger	3,372	—
Cash acquired on merger with Foresight 3 VCT plc	472	—
Net cash (outflow)/inflow from financing activities	(7,832)	840
Net inflow of cash for the year	43	728
Reconciliation of net cash flow to movement in net funds		
Increase in cash and cash equivalents for the year	43	728
Net cash and cash equivalents at start of year	790	62
Net cash at end of year	833	790

* £211,000 relates to investment income due to Foresight 3 VCT plc which was received after the merger.

** £148,000 relates to deferred consideration due to Foresight 3 VCT plc which was received after the merger.

*** Relates to transaction in prior year.

Analysis of changes in net debt	At 1 April 2017 £'000	Cash flow £'000	At 31 March 2018 £'000
Cash and cash equivalents	790	43	833

The notes on pages 50 to 65 form part of these financial statements.

Notes to the Accounts

FOR THE YEAR ENDED 31 MARCH 2018

1 ACCOUNTING POLICIES

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

A) BASIS OF ACCOUNTING

The financial statements have been prepared under the Companies Act 2006, and in accordance with United Kingdom Generally Accepted Accounting Practice (UK GAAP) including FRS 102 “The Financial Reporting Standard applicable in the UK and Republic of Ireland” and the Statement of Recommended Practice (SORP): Financial Statements of Investment Trust Companies and Venture Capital Trusts issued in November 2014 and updated in February 2018.

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

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

Where the Company’s interest in an investment is greater than 50% of the investee company’s total equity, specific clauses are included in the investee company’s articles of association to prevent the Company from exercising control. Therefore, these investments are not considered to be subsidiary undertakings.

GOING CONCERN

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

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

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

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

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

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

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

NOTE 1 ACCOUNTING POLICIES (CONTINUED)

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

exists whose terms require delivery within a time frame determined by the relevant market. Purchases and sales of unlisted investments are recognised when the contract for acquisition or sale becomes unconditional.

Unquoted investments are stated at fair value by the Directors in accordance with the following rules, which are consistent with the IPEV Valuation Guidelines:

All investments are held at 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 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 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 Manager compared to the sector including, inter alia, a lack of marketability).

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 deposit interest is included on an accruals basis. Loan interest income is calculated using the effective interest method and recognised on an accruals basis.

D) EXPENSES

All expenses (inclusive of VAT) are accounted for on an accruals basis. Expenses are charged through the revenue column of the Income Statement, with the exception that 75% of the fees payable to 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.

E) SHARE BASED PAYMENTS

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

The performance incentive fee may be satisfied by either a cash payment or the issue of Ordinary Shares (or by a combination of both) ultimately at the Board's discretion, and therefore falls within the definition of a

Notes to the Accounts

FOR THE YEAR ENDED 31 MARCH 2018

NOTE 1 ACCOUNTING POLICIES (CONTINUED)

E) SHARE BASED PAYMENTS (CONTINUED)

share based payment under FRS 102.26. However, the Board considers that the incentive fee arrangement should be accounted for as a cash-settled transaction; with the option of settling in shares in the event of any cash flow restrictions.

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

F) BASIC FINANCIAL INSTRUMENTS

Trade and other debtors

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

Trade and other creditors

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

Investments in preference and ordinary shares

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

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and 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.

G) OTHER FINANCIAL INSTRUMENTS

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

H) TAXATION

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

I) DEFERRED TAXATION

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

NOTE 1 ACCOUNTING POLICIES (CONTINUED)

J) CAPITAL RESERVES

The capital reserve is shown in aggregate and is made up of two elements:

(i) Realised

The following are accounted for in this reserve:

- Gains and losses on realisation of investments;
- Permanent diminution in value of investments;
- Transaction costs incurred in the acquisition of investments;
- 75% of management fee expense, together with the related tax effect to this reserve in accordance with the policies; and
- Income and costs for the period (capital items).

(ii) Revaluation reserve (unrealised capital reserve)

Increases and decreases in the valuation of investments held at the year-end are accounted for in this reserve, except to the extent that the diminution is deemed permanent.

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

K) INVESTMENT RECOGNITION AND DERECOGNITION

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

L) CRITICAL ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements requires the Board to make judgements and estimates that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The Board considers that the only area where the Manager makes critical estimates and assumptions that may have a significant effect on the financial statements relates to the fair valuation of unquoted investments, which are based on historical experience and other factors that are considered reasonable under the circumstances. Actual results may differ from these estimates and the underlying assumptions are reviewed on an ongoing basis.

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

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

2 INCOME

	Year ended 31 March 2018 £'000	Year ended 31 March 2017 £'000
Loan stock interest	544	368
Dividends receivable	81	11
Overseas based Open Ended Investments Companies ("OEICs")	4	4
	629	383

Notes to the Accounts

FOR THE YEAR ENDED 31 MARCH 2018

3 INVESTMENT MANAGEMENT FEES

	Year ended 31 March 2018 £'000	Year ended 31 March 2017 £'000
Investment management fees charged to the revenue account	344	229
Investment management fees charged to the capital account	1,033	686
	1,377	915

The Manager advises the Company on investments in qualifying companies under an agreement dated 30 July 2004 (and novated to Foresight Group CI Limited on 19 December 2011) and receives management fees, paid quarterly in advance, of 2% (reduced from 2.25% following completion of the merger) of net assets per annum. If the annual expenses of the Company exceed 2.95% (reduced from 3.5% following completion of the merger) 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. The Company intends, subject to raising at least £30 million under the Offer, to reduce the annual expenses cap on the normal expenses of the Company to 2.5% of the Company's net assets.

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.

4 OTHER EXPENSES

	Year ended 31 March 2018 £'000	Year ended 31 March 2017 £'000
Secretarial services (excluding VAT)	166	157
Directors' remuneration including employer's National Insurance contributions	75	78
Auditor's remuneration (excluding VAT)		
— audit services	43	39
Other*	508	150
	792	424

*Included within other costs for 2018 are one-off costs in relation to the merger with Foresight 3 VCT plc of £181,000.

Foresight Fund Managers Limited was the Company Secretary until November 2017 and received annual fees, paid quarterly in advance, for the services provided of £111,000 (2017: £157,000). Foresight Group LLP was appointed as Company Secretary on 6 November 2017 and received annual fees, paid quarterly in advance, for the services provided of £55,000 (2017: Nil). 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 is responsible for external costs such as legal and accounting fees, incurred on transactions that do not proceed to completion ('abort expenses'). In line with common practice, the Manager 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.

5 TAX ON ORDINARY ACTIVITIES

	Year ended 31 March 2018			Year ended 31 March 2017		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Current tax						
Corporation tax	96	(96)	—	—	—	—
Total current tax	96	(96)	—	—	—	—
Deferred tax	—	—	—	—	—	—
Total tax	96	(96)	—	—	—	—

FACTORS AFFECTING THE TOTAL TAX CHARGE FOR THE YEAR:

The tax assessed on the profit on ordinary activities for the year is lower (2017: lower) than the standard rate of corporation tax in the UK of 19% (2017: 20%).

The differences are explained below:

	Year ended 31 March 2018 £'000	Year ended 31 March 2017 £'000
Profit on ordinary activities before taxation	115	1,831
Corporation tax at 19% (2017: 20%)	22	366
Effect of:		
Dividend income not taxable	9	2
Realised capital gains/(losses) not taxable/(allowable)	(201)	1,188
Unrealised capital gains not taxable	(113)	(1,745)
Unutilised management expenses	283	189
Current tax charge for the year	—	—

A reduction in the UK corporation tax rate to 18% (effective 1 April 2020) was substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2028) was substantively enacted on 6 September 2016. This will reduce the Company's future tax charge accordingly.

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

The Company has not recognised an estimated deferred tax asset of £1,939,000 (2017: £1,944,000) arising as a result of unutilised excess management expenses, due to uncertainty about the availability of future taxable profits to offset the losses against.

6 DIVIDENDS

	Year ended 31 March 2018 £'000	Year ended 31 March 2017 £'000
Ordinary Shares		
Dividends — paid in the year	4,229	—

The Board is not recommending a final dividend on the Ordinary Shares for the year ended 31 March 2018 (2017: £nil). The Board is recommending an interim dividend of 4p for 2018/2019 which is due to be paid in Summer 2018.

As at 31 March 2018, reserves available for dividend distribution total £5,947,000 (2017 restated: £17,490,000) comprising the realised and distributable reserves. The restatement of the realised and distributable reserves as at 31 March 2017 is disclosed in note 21, and has £nil effect on net assets and profit after tax.

In accordance with S.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 dividends noted above

Notes to the Accounts

FOR THE YEAR ENDED 31 MARCH 2018

7 PROFIT PER SHARE

	Year ended 31 March 2018 £'000	Year ended 31 March 2017 £'000
Total profit after taxation	115	1,831
Total profit per share (note a)	0.1p	3.1p
Revenue loss from ordinary activities after taxation	(411)	(270)
Revenue loss per share (note b)	(0.4)p	(0.6)p
Capital profit from ordinary activities after taxation	526	2,101
Capital profit per share (note c)	0.5p	3.7p
Weighted average number of shares in issue in the year	94,123,649	57,375,499

Notes:

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

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

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

8 INVESTMENTS HELD AT FAIR VALUE THROUGH PROFIT OR LOSS

	2018 £'000	2017 £'000
Quoted investments	—	143
Unquoted investments	64,092	40,320
	64,092	40,463

	Quoted £'000	Unquoted £'000	Total £'000
Book cost at 1 April 2017	451	21,320	21,771
Investment holding (losses)/gains	(308)	19,000	18,692
Valuation at 1 April 2017	143	40,320	40,463
Movements in the year:			
Acquired on Foresight 3 VCT plc merger	—	31,223	31,223
Purchases at cost	—	674	674
Disposal proceeds	(139)	(9,704)	(9,843)
Realised (losses)/gains*	(312)	1,206	894
Investment holding gains**	308	373	681
Valuation at 31 March 2018	—	64,092	64,092
Book cost at 31 March 2018	—	44,719	44,719
Investment holding gains	—	19,373	19,373
Valuation at 31 March 2018	—	64,092	64,092

*Realised gains on investments in the income statement includes deferred consideration of £156,000 and final administration proceeds of £9,000 received in the year.

**Investment holding gains in the income statement includes a movement in the pre merger deferred consideration debtor of £85,000.

9 DEBTORS

	2018 £'000	2017 £'000
Accrued income	81	122
Deferred consideration	85	25
Prepayments	8	4
Other debtors*	3,616	—
	3,790	151

*Includes allotment debtor on fundraisings during the year of £3,511,000.

10 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018 £'000	2017 £'000
Trade creditors	179	6
Accruals	109	77
Other creditors	312	—
	600	83

11 CALLED-UP SHARE CAPITAL

	2018 £'000	2017 £'000
Allotted, called up and fully paid: 112,052,405 Ordinary Shares of 1p each (2017: 57,375,499)	1,121	574

SHARE ISSUES AND SHARE BUYBACKS

On completion of the merger with Foresight 3 VCT plc, 48,337,332 shares were issued on 22 June 2017.

Under an offer for subscription dated 19 May 2017, 17,056,275 shares were issued during the year based on net asset values ranging from 68.9p to 69.6p per share.

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

As part of the Company's buyback programme, during the year, 10,716,701 (2017: nil) shares were purchased for cancellation at a cost of £6,836,000 (2017: £nil).

	2018	2017
Share capital at 1 April 2017	57,375,499	57,375,499
Foresight 3 VCT plc merger	48,337,332	—
Shares allotted	17,056,275	—
Shares bought back	(10,716,701)	—
Share capital at 31 March 2018	112,052,405	57,375,499

12 NET ASSET VALUE PER SHARE

Net asset value per Ordinary Share is based on Net assets at the year end of £77,937,000 (2017: £42,159,000) and on 112,052,405 (2017: 57,375,499) Ordinary Shares, being the number of Ordinary Shares in issue at that date.

13 SHARE BASED PAYMENTS

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

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

Notes to the Accounts

FOR THE YEAR ENDED 31 MARCH 2018

13 SHARE BASED PAYMENTS (CONTINUED)

As at 31 March 2018, the high watermark was 108.5p per share (2017: 108.0p) and the total return figure was 91.6p per share (2017: 91.5p). Therefore, no performance incentive fee or share based payment was paid during the year (2017: Nil). As at 31 March 2018, no expense or liability has been recognised for the future performance incentive fee payable as it is considered highly unlikely any payments will be accrued or become due over the medium term.

The terms and conditions of the grant are as follows:

Grant Date: Date that the total return is greater than the high watermark

Vesting conditions: Expected total return is greater than the high watermark both before and after the incentive fee.

Vesting period: 24 February 2012 – 31 March 2023

Method of settlement accounting: Cash (with the option of settling in shares in the event of any cash flow restrictions).

The expected volatility is based on the historical performance and dividends of the fund, adjusted for any expected changes to future performance and dividends of the fund.

The vesting period is limited to 5 years from the balance sheet date as the directors do not consider that the future performance of the fund and the future dividends to be paid by the fund can be accurately estimated beyond that date.

The Directors have prepared a calculation incorporating estimated future dividends over the vesting period and do not expect a performance incentive fee to become payable during the vesting period. Therefore, no expense or liability has been recognised as at 31 March 2018 (31 March 2017: Nil).

14 CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

The Company had no capital commitments and contingent liabilities at 31 March 2018 (31 March 2017: £nil).

15 FINANCIAL INSTRUMENT RISK MANAGEMENT

The Company's financial instruments comprise:

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

Classification of financial instruments

The Company held the following categories of financial instruments at fair value, at 31 March 2018:

	2018 £'000	2017 £'000
Investment portfolio	64,092	40,463
Total	64,092	40,463

The investment portfolio consists or has consisted of AIM quoted investments and unquoted investments. AIM quoted investments are valued at bid price. Unquoted investments consist of equity in and loans to investee companies and are valued at fair value through profit or loss. Current asset investments are money market funds, discussed under credit risk management below.

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

15 FINANCIAL INSTRUMENT RISK MANAGEMENT (CONTINUED)

MARKET PRICE RISK

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

The investments in equity and loan stocks of unquoted companies are rarely 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 will at times not be possible if there are no willing purchasers. The ability of the Company to purchase or sell investments is also constrained by the requirements set down for Venture Capital Trusts. The potential maximum exposure to market price risk, being the value of the investment portfolio as at 31 March 2018 of £64,092,000 (31 March 2017: £40,463,000). Market price risk sensitivity analysis can be found on page 62.

Unquoted investments consist of equity in and loans to investee companies and are valued at fair value through profit and loss.

INTEREST RATE RISK

The fair value of the Company's fixed rate securities and the net revenue generated from the Company's floating rate securities may be affected by interest rate movements. Investments are often in early stage businesses, which are relatively high risk investments sensitive to interest rate fluctuations. Due to the short time to maturity of some of the Company's fixed rate investments, it may not be possible to reinvest in assets which provide the same rates as those currently held. When making investments of an equity and debt nature, consideration is given during the structuring process to the potential implications of interest rate risk and the resulting investment is structured accordingly. The maximum exposure to interest rate risk was £21,363,000 being the total value of the loan stock investments, money market securities and cash as at 31 March 2018 (31 March 2017: £10,043,000).

	Total portfolio		Weighted average interest rate		Weighted average time for which rate is fixed	
	31 March 2018 £'000	31 March 2017 £'000	31 March 2018 %	31 March 2017 %	31 March 2018 Days	31 March 2017 Days
Company Portfolio						
Short-term fixed interest securities						
— exposed to fixed interest rate risk	9,822	838	0.2%	0.2%	—	—
Loan stock						
— exposed to fixed interest risk	10,031	7,758	10.1%	10.2%	747	950
Loan stock						
—exposed to variable interest rate risk	677	657	10.0%	9.1%	—	—
Cash	833	790	0.5%	0.25%	—	—
Total exposed to interest rate risk	21,363	10,043				

Notes to the Accounts

FOR THE YEAR ENDED 31 MARCH 2018

15 FINANCIAL INSTRUMENT RISK MANAGEMENT (CONTINUED)

CREDIT RISK

Credit risk is the risk of failure by counterparties to deliver securities or cash to which the Company is entitled. The Company has exposure to credit risk in respect of the loan stock investments it has made into investee companies, most of which have no security attached to them, and where they do, such security ranks beneath any bank debt that an investee company may owe. The Board manages credit risk in respect of the current asset investments and cash by ensuring a spread of such investments in separate money market funds and cash at bank such that none exceed 15% of the Company's total investment assets. These money market funds are investment grade funds, and so credit risk is considered to be low. The Manager receives management accounts from portfolio companies, and members of the Foresight Group investment management team often sit on the boards of unquoted portfolio companies; this enables the close identification, monitoring and management of investment-specific credit risk. The maximum exposure to credit risk at 31 March 2018 was £25,145,000 (31 March 2017: £10,190,000) based on cash, money market funds and other receivables (amounts due on investments, dividends and interest). As at March 2018, the Company's assets are held in its own name in certificated form and therefore custodian default risk is negligible.

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

	2018 £'000	2017 £'000
Loan stocks investments	10,708	8,415
Current asset investments (money market funds)	9,822	838
Deferred consideration	85	25
Other debtors (less prepayments)	3,697	122
Cash at bank	833	790
Total	25,145	10,190

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 Manager maintains sufficient cash and money market funds to meet running costs and other commitments. The Company typically invests its surplus funds in high quality money market funds which are all accessible on an immediate basis.

	Total portfolio	
	31 March 2018 £'000	31 March 2017 £'000
Maturity analysis:		
— in one year or less	12,838	3,953
— in more than one year but no more than two years	1,335	406
— in more than two years but no more than three years	7,190	496
— in more than three years but no more than four years	—	5,188
Total	21,363	10,043

15 FINANCIAL INSTRUMENT RISK MANAGEMENT (CONTINUED)

SENSITIVITY ANALYSIS

Equity price sensitivity

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

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

The Board considers that even the loan stocks are 'quasi-equity' in nature, as the value of the loan stocks is determined by reference to the enterprise value of the investee company. Such value is considered to be sensitive to changes in quoted share prices, in so far as such changes eventually affect the enterprise value of unquoted companies. The table below shows the impact on profit and net assets if there were to be a 15% (2017: 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.

Company	2018 Return and net assets	2017 Return and net assets
If overall share prices fell by 15% (2017: 15%), with all other variables held constant — decrease (£'000)	(9,614)	(6,069)
Decrease in earnings, and net asset value, per share (in pence)	(8.58)p	(10.58)p

	2018 Return and net assets	2017 Return and net assets
If overall share prices Increased by 15% (2017: 15%), with all other variables held constant — increase (£'000)	9,614	6,069
Increase in earnings, and net asset value, per share (in pence)	8.58p	10.58p

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

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FOR THE YEAR ENDED 31 MARCH 2018

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.

Company	2018 Return and net assets	2017 Return and net assets
If interest rates were 1% lower, with all other variables held constant — decrease (£'000)	(7)	(7)
Decrease in earnings, and net asset value, per Share (in pence)	(0.01)p	(0.01)p
If interest rates were 1% higher, with all other variables held constant — increase (£'000)	7	7
Increase in earnings, and net asset value, per Share (in pence)	0.01p	0.01p

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).

As at 31 March 2018

	Level 1 £'000	Level 2 £'000	Level 3 £'000s	Total £'000
Unquoted investments	—	—	64,092	64,092
Current asset investments (money market funds)	9,822	—	—	9,822
Financial assets	9,822	—	64,092	73,914

As at 31 March 2017

	Level 1 £'000	Level 2 £'000	Level 3 £'000s	Total £'000
Quoted investments	143	—	—	143
Unquoted investments	—	—	40,320	40,320
Current asset investments (money market funds)	838	—	—	838
Financial assets	981	—	40,320	41,301

TRANSFERS

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

16 MANAGEMENT OF CAPITAL

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

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

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

17 RELATED PARTY TRANSACTIONS

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

18 TRANSACTIONS WITH THE MANAGER

Foresight Group CI Limited, which acts as investment manager to the Company in respect of its investments earned fees of £1,377,000 during the year (2017: £915,000).

Foresight Fund Managers Limited, Company Secretary until November 2017, received fees of £111,000 (2017: £157,000) during the year. Foresight Group LLP was appointed Company Secretary in November 2017 and received fees of £55,000 (2017: £nil) 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 £163,000 due to (2017: £3,000 due to) Foresight Group CI Limited and £nil (2017: £nil) due to Foresight Fund Managers Limited and £nil (2017: £nil) due to ForesightGroup LLP. No amounts have been written off in the year in respect of debts due to or from related parties.

Notes to the Accounts

FOR THE YEAR ENDED 31 MARCH 2018

19 RELATED UNDERTAKINGS

Under Section 409 of the Companies Act 2006, the Company is required to disclose specified details of all its related undertakings, which are undertakings where the Company's holding amounted to 20% or more of the nominal value of any class of shares as at 31 March 2018. These are listed below. The percentage holding does not reflect the percentage voting right in the Company as a whole.

Name	Registered Office Address	Direct/ indirect holding	Class and percentage of shares held
ABL Investments Limited	14 Fleming Close, Park Farm Industrial Estate, Wellingborough, NN8 6UF	Direct	A Ordinary 34.9% Preferred Ordinary 43.9%
Aerospace Tooling Corporation Limited	Charles Lake House, Claire Causeway, Crossways Business Park, Dartford, Kent, DA2 6QA	Direct	A Ordinary 57.1%
Amanite Limited	The Shard, 32 London Bridge Street, London, SE1 9SG	Direct	A Ordinary 100%
Andromaque Limited	The Shard, 32 London Bridge Street, London, SE1 9SG	Direct	A Ordinary 100%
Biofortuna Limited	Bluebell House, Brian Johnson Way, Preston, PR2 5PE	Direct	F Ordinary 74.3% D Ordinary 43.2% C Ordinary 40.5%
Cole Henry PE 2 Limited	The Shard, 32 London Bridge Street, London, SE1 9SG	Direct	Ordinary 50%
CoGen/O-Gen Limited	The Shard, 32 London Bridge Street, London, SE1 9SG	Direct	A Ordinary 15.5%
Datapath Group Limited	Bemrose House, Bemrose Park, Wayzgoose Drive, Derby, DE21 6XQ	Direct	A Ordinary 66.6%
FFX Group Limited	Dyna House, Lympne Industrial Estate, Lympne, Hythe, Kent, CT21 4LR	Direct	A Ordinary 33.8%
Flowrite Refrigeration Limited	Riverside House, 40-46 High Street, Maidstone, Kent, ME14 1JH	Direct	A Ordinary 64.4%
Galinette Limited	The Shard, 32 London Bridge Street, London, SE1 9SG	Direct	A Ordinary 100%
Gomette Limited	The Shard, 32 London Bridge Street, London, SE1 9SG	Direct	A Ordinary 100%
Hospital Services Group Limited	The Shard, 32 London Bridge Street, London, SE1 9SG	Direct	A Ordinary 26.5%
Iphigenie Limited	The Shard, 32 London Bridge Street, London, SE1 9SG	Direct	A Ordinary 100%
Itad (2015) Limited	Gloucester House, 66 Church Walk, Burgess Hill, West Sussex, RH15 9AS	Direct	A Ordinary 31.2%
Ixaris Systems Limited	10 Midford Place, London, W1T 5AE	Direct	A Ordinary 40.6%
Kingsclere PE 3 Limited	The Shard, 32 London Bridge Street, London, SE1 9SG	Direct	Ordinary 50%
Pasiflor Limited	The Shard, 32 London Bridge Street, London, SE1 9SG	Direct	A Ordinary 100%
Positive Response Corporation Limited	The Shard, 32 London Bridge Street, London, SE1 9SG	Direct	A Ordinary 50.0%
Procam Television Holdings Limited	Staple Court, 11 Staple Inn Buildings, London, WC1V 7QH	Direct	A Ordinary 50.0% Z Ordinary 50.0%
Protean Software Limited	Units 1130-40 Elliott Court Herald Avenue, Coventry Business Park, Coventry, CV5 6UB	Direct	A Ordinary 37.5% A Preferred Ordinary 37.5%

19 RELATED UNDERTAKINGS (CONTINUED)

Name	Address	Direct/ indirect holding	Class and percentage of shares held
Specac International Limited	River House, 97 Cray Avenue, Orpington, Kent, BR5 4HE	Direct	Ordinary 50.0%
TFC Europe Limited	Hale House Ghyll Industrial, Estate Heathfield, East Sussex, TN21 8AW	Direct	AA Ordinary 60.0% A Ordinary 60.0%
The Business Advisory Limited	Experience House, 5 Port Hill, Hertford, SG14 1PJ	Direct	A Ordinary 50.8%
Thermotech Solutions Limited	Hercules Office Park, Bird Hall Lane, Stockport, SK3 0UX	Direct	A Ordinary 40.0%
Whitchurch PE 1 Limited	The Shard, 32 London Bridge Street, London, SE1 9SG	Direct	Ordinary 50.0%

20 ACQUISITION OF BUSINESS

On 22 June 2017, the Company acquired all of the assets and liabilities of Foresight 3 VCT plc for the issue of consideration shares on a relative net asset basis. The consideration shares were issued at a deemed issue price of 72.91 pence.

Effect of acquisition

The acquisition had the following effect on the Company's assets and liabilities:

	Book values in Foresight 3 VCT plc £'000	Fair value adjustments £'000	Recognised values on acquisition £'000
Acquiree's net assets at the acquisition date:			
Investments	31,223	—	31,223
Trade and other debtors	3,766	—	3,766
Cash	472	—	472
Trade and other creditors	(216)	—	(216)
Net identifiable assets and liabilities	35,245	—	35,245
Total cost of business combination:			
Consideration paid:			
Consideration shares issued (value)			35,245
Consideration shares issued (number)			48,337,332
Goodwill on acquisition			—

Included in the Income Statement for the year ended 31 March 2018 is £211,000 relating to investment income from the portfolio companies acquired from Foresight 3 VCT plc. The profit attributable to Foresight 3 VCT plc from the period since the acquisition totalled £187,000. Investment gains relating to the Foresight 3 VCT plc portfolio are £1,017,000.

21 RESTATEMENT OF REALISED AND DISTRIBUTABLE RESERVES AS AT 31 MARCH 2017

Realised and distributable reserves as at 31 March 2017 were restated, increasing the realised and distributable reserves by £3,440,990. This adjustment relates to a misallocation in the historical records between realised and unrealised gains on investments. As a result, the realised and distributable reserves as at 31 March 2016 and 31 March 2015 were also incorrectly disclosed by the same amount in the financial statements for the year ended 31 March 2016 and 31 March 2017. This adjustment has affected the realised and distributable reserves disclosure only and has £nil effect on net assets, total equity and profit after tax as at and for the year ended 31 March 2017.

22 POST BALANCE SHEET EVENTS

Since the year end the Company sold its investment in Thermotech Limited, raising proceeds of £1.3 million. The Company also made three new investments, namely; £0.6 million into Luminet, £1.1 million into Mologic, £0.8 million into the Naked Deli.

The Company raised a further £17 million under the offer for subscription dated 19 May 2017, which closed on 18 May 2018. On 14 June 2018, the Company launched a further Offer for Subscription to raise up to £50 million with an over-allotment facility for a further £30 million.

On 16 July 2018, the Company launched a Tender Offer for up to £5 million of shares.

The Board is recommending an interim dividend of 4p for 2018/2019 which is due to be paid in summer 2018.

Notice of Annual General Meeting

11 OCTOBER 2018

Order of Events

1.00pm

Immediately following the Foresight Group presentation

Foresight Group 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 11 October 2018 at 1.00pm at the offices of Foresight Group, 23rd Floor, The Shard, 32 London Bridge Street, London, SE1 9SG for the purpose of considering and, if thought fit, passing the following resolutions, of which resolutions 1 to 6 will be proposed as ordinary resolutions and resolutions 7 and 8 will be proposed as special resolutions.

Resolution 1 To receive the Report and Accounts for the year ended 31 March 2018.

Resolution 2 To approve the Directors' Remuneration Report.

Resolution 3 To approve the Directors' Remuneration Policy.

Resolution 4 To re-elect Simon Jamieson as a Director.

Resolution 5 To re-appoint KPMG LLP as auditors and to authorise the directors to fix the auditors' remuneration.

Resolution 6 That, in addition to existing authorities, the directors be and they are generally and unconditionally authorised in accordance with section 551 of the Companies Act 2006 to exercise all the powers of the Company to allot shares of 1p each in the capital of the Company ("Shares") and to grant rights to subscribe for, or to convert any security into, Shares ("Rights") up to an aggregate nominal amount of £1,200,000, provided that this authority shall expire (unless renewed, varied or revoked by the Company in a general meeting) on the fifth anniversary of the date of the passing of this resolution, save that the Company shall be entitled to make offers or agreements before the expiry of such authority which would or might require Shares to be allotted or Rights to be granted after such expiry and the directors shall be entitled to allot Shares and grant Rights pursuant to any such offer or agreement as if this authority had not expired.

Resolution 7 That, in addition to existing authorities, the directors be and they are empowered pursuant to section 570 and section 573 of the Companies Act 2006 to allot equity securities (within the meaning of section 560 of that Act) for cash either pursuant to the authority conferred by Resolution 6 above or by way of a sale of treasury shares as if section 561(1) of that Act did not apply to any such allotment, provided that this power shall be limited to:

- (a) the allotment of equity securities with an aggregate nominal amount of up to but not exceeding an amount equal to 10% of the issued share capital from time to time pursuant to the dividend re-investment scheme operated by the Company at a subscription price per Share which may be less than the net asset value per Share, as may be prescribed by the scheme terms;
- (b) the allotment of equity securities with an aggregate nominal amount of up to but not exceeding an amount equal to 10% of the issued share capital from time to time by way of an issue of Shares pursuant to performance incentive arrangements with Foresight Group and relevant individuals of Foresight Group, such Shares to be issued at nominal value; and
- (c) the allotment (otherwise than pursuant to sub-paragraphs (a) to (c) of this resolution) to any person or persons of equity securities with an aggregate nominal amount of up to but not exceeding an amount equal to 10% of the issued share capital from time to time,

in each case where the proceeds may be used in whole or part to purchase shares in the capital of the Company, and shall expire (unless renewed, varied or revoked by the Company in a general meeting) on the conclusion of the annual general meeting of the Company to be held in the year 2019, or, if earlier, on the date falling 15 months after passing of this resolution, save that the Company shall be entitled to make offers or agreements before the expiry of such authority which would or might require equity securities to be allotted after such expiry and the directors shall be entitled to allot equity securities pursuant to any such offers or agreements as if the authority conferred by this resolution had not expired.

Resolution 8 That, in addition to 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 16,796,656 or, if lower, such number of Shares (rounded down to the nearest whole Share) as shall equal 14.99% of the Company's Shares in issue at the date of passing of this resolution;
- (ii) the minimum price which may be paid for a Share is 1p (the nominal value thereof);
- (iii) the maximum price which may be paid for a Share is the higher of (1) an amount equal to 105% of the average of the middle market quotation for a Share taken from the London Stock Exchange daily official list for the five business days immediately preceding the day on which the Shares are purchased, and (2) the amount stipulated by Article 5(1) of the BuyBack and Stabilisation Regulation 2003;
- (iv) the authority conferred by this resolution shall expire (unless renewed, varied or revoked by the Company in a general meeting) on the conclusion of the annual general meeting of the Company to be held in the year 2019 or, if earlier, on the date falling 15 months after the passing of this resolution; and
- (v) the Company may make a contract to purchase Shares under the authority conferred by this resolution prior to the expiry of such authority which will or may be executed wholly or partly after the expiration of such authority and may make a purchase of Shares pursuant to such contract.

By order of the Board

Foresight Group LLP

Company Secretary

18 July 2018

The Shard
32 London Bridge
Street
London
SE1 9SG

NOTES:

1. No Director has a service contract with the Company. Directors' appointment letters with the Company will be available for inspection at the registered office of the Company until the time of the meeting and from 15 minutes before the meeting at the location of the meeting, as well as at the meeting.
2. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, entitlement to attend and vote at the meeting and the number of votes that may be cast thereat will be determined by reference to the Register of Members of the Company at the close of business on the day which is two days (excluding non-working days) before the end of the meeting or adjourned meeting. Changes to the Register of Members of the Company after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.
3. A member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend, speak and vote on his or her behalf. A proxy need not also be a member but must attend the meeting to represent you. Details of how to appoint the chairman of the meeting or another person as your proxy using the form of proxy are set out in the notes on the form of proxy which is enclosed. If you wish your proxy to speak on your behalf at the meeting, you will need to appoint your own choice of proxy (not the chairman) and give your instructions directly to them.
4. You may appoint more than one proxy, provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, (an) additional form(s) of proxy may be obtained by contacting Computershare Investor Services plc on 0370 703 6385. Please indicate in the box next to the proxy holder's name the number of shares in relation to which they are authorised to act as your proxy. Please also indicate by ticking the box provided if the proxy instruction is one of multiple instructions being given. All forms must be signed and returned together in the same envelope.
5. As at 18 July 2018 (being the last business day prior to the publication of this notice), the Company's issued share capital was 135,118,304 ordinary shares of 1p each in the capital of the Company, carrying one vote each. Therefore, the total voting rights in the Company as at 18 July 2018 was 135,118,304.
6. Any person to whom this notice is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a 'Nominated Person') may, under an agreement between him/her and the member by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.
7. The statement of the rights of members in relation to the appointment of proxies in paragraphs 3 to 4 above does not apply to Nominated Persons. The rights described in those paragraphs can only be exercised by members of the Company.
8. Appointment of a proxy will not preclude a member from subsequently attending and voting at the meeting should he or she subsequently decide to do so. You can only appoint a proxy using the procedures set out in these notes and the notes to the form of proxy.
9. The Register of Directors' Interests will be available for inspection at the meeting.
10. Information regarding the meeting, including the information required by section 311A of the Companies Act 2006, is available from www.foresightgroup.eu.
11. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If you either select the "Discretionary" option or if no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the meeting.
12. A form of proxy and reply paid envelope is enclosed. To be valid, it should be lodged with the Company's Registrar, Computershare Investor Services plc, The Pavilions, Bridgwater Road, Bristol BS99 6ZY or the proxy must be registered electronically at www.investorcentre.co.uk/eproxy, in each case, so as to be received no later than 48 hours (excluding non business days) before the time appointed for holding the meeting or any adjourned meeting. To vote electronically, you will be asked to provide your Control Number, Shareholder Reference Number and PIN which are detailed on your proxy form. This is the only acceptable means by which proxy instructions may be submitted electronically.

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

Glossary of Terms

NET ASSET VALUE (NAV)

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

NAV PER SHARE

Net Asset Value expressed as an amount per share.

NAV TOTAL RETURN

The sum of the published NAV per share plus all dividends paid per share. This allows performance comparisons to be made between venture capital trusts.

SHARE PRICE TOTAL RETURN

The sum of the current share price plus all dividends paid per share. This allows performance comparisons to be made between venture capital trusts.

DIVIDEND YIELD

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

DISCOUNT TO NAV

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

ONGOING CHARGES RATIO

The sum of expenditure incurred in the ordinary course of business expressed as a percentage of the Net Asset Value at the reporting date.

QUALIFYING COMPANY OR QUALIFYING INVESTMENT

A Qualifying Investment consists of shares or securities first issued to the VCT (and held by it ever since) by a company satisfying certain conditions. The conditions are detailed but include that the company must be a Qualifying Company, have gross assets not exceeding £15 million immediately before and £16 million immediately after the investment, apply the money raised for the purposes of a qualifying trade within a certain time period and not be controlled by another company. In any twelve month period the company can receive no more than £5 million from VCT funds and Enterprise Investment Schemes, and any other European State-aided risk capital source. The company must have fewer than 250 full time (or equivalent) employees at the time of making the investment. VCT funds raised after 5 April 2012 cannot be used by a Qualifying Company to fund the purchase of shares in another company.

Beware of share fraud

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

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

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

How to avoid share fraud

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

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

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

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

Report a scam

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

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

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

Notes

Corporate Information

COMPANY NUMBER

03506579

DIRECTORS

Raymond Abbott (Chairman) (appointed 22 June 2017)
Simon Jamieson
Michael Gray
Peter Dicks (retired 22 June 2017)

COMPANY SECRETARY

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

MANAGER

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

AUDITOR

KPMG LLP
15 Canada Square
London
E14 5GL

SOLICITORS AND VCT STATUS ADVISERS

Shakespeare Martineau LLP
No. 1 Colmore Square
Birmingham
B4 6AA
and
60 Gracechurch Street
London
EC3V 0HR

REGISTRAR

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

MARKET MAKER

Panmure Gordon & Co
One New Change
London
EC4M 9AF

Important information:

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.

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



Foresight Group LLP

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www.foresightgroup.eu

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