



FORESIGHT VCT plc

ANNUAL REPORT AND ACCOUNTS

31 DECEMBER 2019

Foresight

FOR A SMARTER FUTURE

Shareholder Information

INVESTMENT OBJECTIVE

Foresight VCT plc is a Venture Capital Trust aiming to provide private investors with regular dividends and maintained capital value from a portfolio of investments in fast-growing unquoted companies in the UK.

www.foresightvct.com

ENQUIRIES

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

020 3667 8181

**InvestorRelations@
foresightgroup.eu**

www.foresightgroup.eu

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

As part of the Manager's investor communications policy, investor forums are held throughout the year. Shareholders can also arrange a mutually convenient time to meet the Manager's investment team. Please contact Investor Relations if you are interested.

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



KEY DATES

Annual General Meeting 2020	28 May 2020
Interim Results to 30 June 2020	September 2020
Annual Results to 31 December 2020	April 2021

DIVIDEND REINVESTMENT SCHEME

Changes to the terms and conditions of the Dividend Reinvestment Scheme took effect on 8 April 2019. Details of the new terms were sent to participants of the Scheme and are available on the Manager's website.

DIVIDENDS

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

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

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

WWW.INVESTORCENTRE.CO.UK

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

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

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

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

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

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

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

Alternatively you can contact Computershare by phone on 0370 703 6388

TRADING SHARES

The Company's shares are listed on the London Stock Exchange. Share price information is available on the Manager'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 VCT plc is Panmure Gordon & Co.

You can contact Panmure Gordon by phone on 0207 886 2716 or 0207 886 2717

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

Please contact the Manager if you or your adviser have any questions about this process.

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Financial Highlights

Total Net Assets
as at 31 December 2019

£133.1m

Dividend Paid
in year to 31 December 2019

£8.8m (5.0p)

Uplift in Portfolio Value
in year to 31 December 2019

£7.6m

- Total net assets £133.1 million.
- The portfolio has seen an uplift in valuation of £7.6 million during the year.
- Net Asset Value per share decreased by 2.0% from 78.1p at 31 December 2018 to 76.5p. Including the payment of a 5.0p dividend made on 3 May 2019, NAV per share at 31 December 2019 was 81.5p, representing a positive total return of 4.4%.
- Seven new investments totalling £12.8 million and four follow-on investments totalling £2.9 million made during the year.
- The Company successfully exited its investments in Idio Limited and Flowrite Refrigeration Limited realising a total of £1.9 million.
- The Board is recommending a final dividend for the year ended 31 December 2019 of 3.3p per share, to be paid on 19 June 2020.

KEY METRICS

	1 year	3 years	5 years
Movement in NAV Total Return as at 31 December 2019 [^]	4.4%	14.2%	9.2%

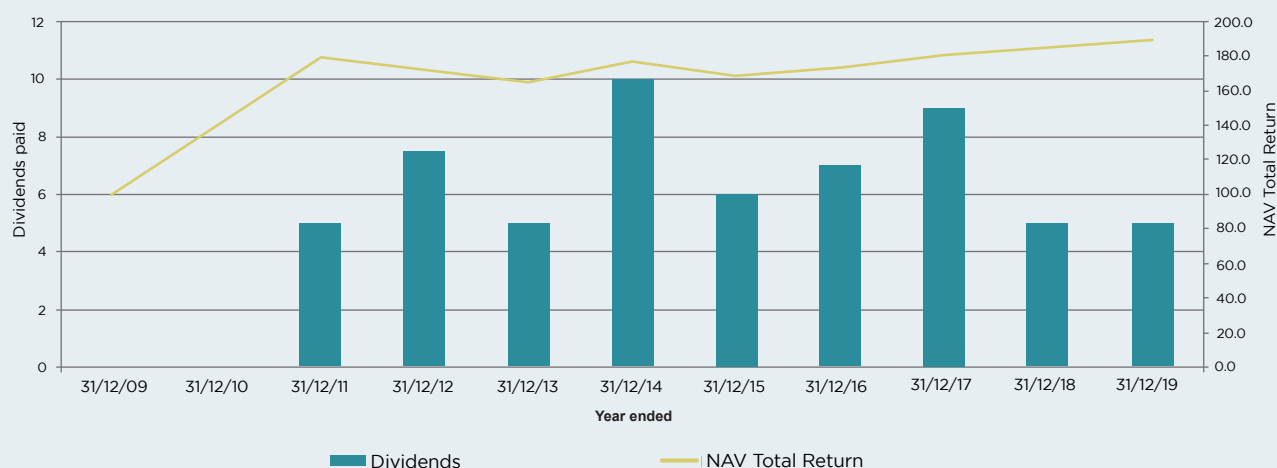
	31 December 2019	31 December 2018
Total net assets	£133.1m	£136.7m
Net asset value per share	76.5p	78.1p
Movement in net asset value total return during the year [^]	4.4%	3.9%
Share price	69.0p	68.5p
Share price total return* [^]	218.3p	216.2p
Dividends paid in the year [^]	5.0p	5.0p
Dividend yield [^]	7.2%	7.3%
Shares in issue	173,959,405	175,051,026

*Based on 100.0p invested in the original Ordinary Share class launched in 1997.

	2019	2018
Discount to NAV at 31 December [^]	9.8%	12.3%
Average discount on buybacks [^]	10.1%	10.1%
Shares bought back during the year under review [^]	3,068,004	2,622,352
Shares issued under the dividend reinvestment scheme	1,976,383	2,071,401
Ongoing charges ratio (based on net assets at 31 December) [^]	2.3%	2.1%

[^]Definitions of these Alternative Performance Measures (APMs) can be found in the Glossary on page 79.

Dividends Paid and NAV Total Return (pence)



*Based on an initial investment on 1 January 2010.

	Dividend per share	Dividend per share (rebased) [†]
3 May 2019	5.0p	1.9p
4 May 2018	5.0p	1.9p
29 September 2017	4.0p	1.5p
3 April 2017	5.0p	1.9p
1 April 2016	7.0p	2.7p
13 March 2015	6.0p	2.3p
14 March 2014	10.0p	3.8p
14 June 2013	5.0p	1.9p
23 March 2012	7.5p	2.9p
17 June 2011	5.0p	1.9p
29 May 2009	1.0p	0.7p
7 March 2008	5.0p	3.4p
26 May 2006	0.5p	0.5p
5 July 2004	52.0p	52.0p
22 September 2003	8.0p	8.0p
30 June 2003	0.5p	0.5p
8 May 2000	100.0p	100.0p
6 August 1999	1.0p	1.0p
29 January 1999	3.2p	3.2p
Total dividends paid		192.0p
NAV per share based on 100.0p invested at launch		29.2p
NAV total return per share based on 100.0p invested at launch		221.2p

[†]To get an accurate NAV total return per share in relation to the original ordinary share class launched in 1997, we have rebased dividends and NAV to account for the merger of the original ordinary share class and the C share class in January 2007 (conversion ratio of 0.688075647795) and the subsequent reconstruction of the merged share class (this being the current share class) in March 2011 (conversion ratio of 0.554417986).

In addition to the details above, holders of the original C share class (which became the current class of share in January 2007) have received total dividends as set out on page 78.

Chairman's Statement



John Gregory
Chairman of
Foresight VCT plc

I am pleased to present the Company's Audited Annual Report and Accounts for the year ended 31 December 2019.

I would draw your attention to the separate section in my statement which includes information on Material Post Year End Events.

STRATEGY

The Board, together with the Manager, continue to pursue a strategy for the Company which includes the following four key objectives:

- further development of the net assets of the Company to a level in excess of £150 million;
- payment of an annual dividend to shareholders of at least 5% of the NAV per share and at the same time endeavouring to maintain the NAV per share at around its current level;
- the implementation of a significant number of new and follow on qualifying investments every year; and
- maintaining a programme of regular share buy backs at a discount in the region of 10% to the prevailing NAV per share.

The Board and the Manager believe that these key objectives remain appropriate and the Company's performance in relation to each of them over the past year is reviewed more fully below.

NET ASSET VALUE

At 31 December 2019 the NAV of the Company stood at £133.1 million (2018: £136.7 million). During the year ended 31 December 2019 the NAV per share rose by 3.4p, an increase of 4.4%. However, following the payment of a 5.0p per share dividend on 3 May 2019, which is detailed below, the NAV per share reduced from 78.1p at 31 December 2018 to 76.5p at 31 December 2019.

DIVIDENDS

The interim dividend of 5.0p per share was paid on 3 May 2019 based on an ex-dividend date of 11 April 2019, with a record date of 12 April 2019. The cost of this dividend was a total of £8.8 million, including shares allotted under the dividend reinvestment scheme.

The Board is recommending a final dividend for the year ended 31 December 2019 of 3.3p per share, to be paid on 19 June 2020 based on an ex-dividend date of 4 June 2020, with a record date of 5 June 2020.

The Company has achieved or exceeded annual dividend payments of at least 5.0p per share for each of the past nine years. As discussed in the Half-Yearly Report, in light of the change in portfolio towards earlier stage, higher risk companies, as required by the new VCT rules, the Board felt it prudent to adjust the dividend policy towards a targeted annual dividend yield of 5% of NAV per annum. The Board and the Manager hope that this may be enhanced by additional 'special' dividends as and when particularly successful portfolio exits are made.

The total return per share from an investment made five years ago would be 9.2%, which is materially below the target return set by the Board. It is the future achievement of this target that is at the centre of the Company's current and future portfolio management strategy.

INVESTMENT PERFORMANCE AND PORTFOLIO ACTIVITY

A detailed analysis of the investment portfolio performance over the period is given in the Manager's Review.

Before the payment of dividends, the Company's NAV increased last year by £5.2 million. The Board believes this reflects the benefit of the enlarged and diversified portfolio of qualifying investments which the Manager has built up over the past few years. The Company started the current year with nearly 85% of its assets invested in a range of unquoted growth capital investments; the Board and the Manager believe that these investments will continue to mature and help improve the future rate of growth in NAV. During the year under review the Manager completed seven new investments costing £12.8 million. Details of each of these new portfolio companies can be found in the Manager's Review.

[Read more on page 7](#)

The Company and Foresight 4 VCT plc have the same Manager and share similar investment policies. The Board closely monitors the extent and nature of the pipeline of investment opportunities and is reassured by the Manager's confidence in being able to deploy funds without compromising quality during 2020 and beyond, so as to be in a position to satisfy the investment needs of both companies. We do however anticipate that the ongoing impact of the Covid-19 Coronavirus will slow down the new investment process.

BUYBACKS

During the year the Company repurchased 3.1 million shares for cancellation at an average discount of 10.1%. The Board and the Manager consider that the ability to offer to buy back shares at a target discount of approximately 10% is fair to both continuing and selling shareholders and is an appropriate way to help underpin the discount to NAV at which the shares trade.

Share buybacks are timed to avoid the Company's closed periods. Buybacks will generally take place, subject to demand, during the following times of year:

- April, after the Annual Report has been published;

- June, prior to the Half-Yearly reporting date of 30 June;
- September, after the Half-Yearly Report has been published; and
- December, prior to the end of the financial year.

MANAGEMENT CHARGES, CO-INVESTMENT AND INCENTIVE ARRANGEMENTS

The annual management fee is an amount equal to 2.0% of net assets, excluding cash balances above £20 million, which are charged at a reduced rate of 1.0%. This has resulted in ongoing charges for the year ended 31 December 2019 of 2.3% of net assets, which is at the lower end of the range when compared to competitor VCTs.

Since March 2017, co-investments made by the Manager and individual members of the Manager's private equity team have totalled £0.7 million alongside the Company's investments of £47.1 million. Under the terms of the Incentive Arrangements, as detailed in note 14 to the accounts, the 'Total NAV Return Hurdle', has not yet been achieved and no performance incentive payment is due. The Board however believes it is prudent to record a contingent liability in relation to the performance incentive fee due to there being a possible future obligation. More detail on this is given in note 16 to the accounts.

Recognising the importance of protecting shareholder interests the Board and the Manager agreed that it was appropriate to update the Incentive Arrangements and from 27 January 2020 an additional provision to provide an annual increase to the Total Return Hurdle (originally 100p) by the greater of RPI and 3.5% was added to the requirements.

BOARD COMPOSITION

The Board continues regularly to review its own performance and undertakes succession planning to maintain an appropriate level of independence, experience, diversity and skills in order to be in a position to discharge all its responsibilities. It is the present intention not to alter the composition of the Board during the current year and the next planned change is scheduled to take effect during 2021.

MATERIAL POST YEAR END EVENTS

Since the end of last year two material events have occurred to which I would like to draw specific attention. The first is the

continuing impact of Covid-19 on the Company and its portfolio and the second is to report on the Company's fundraising which closed on 7 April this year.

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

Despite the ongoing difficulties created by Covid-19, the Board is pleased that the Company has been successful in raising additional funds to support both its current and future portfolio of investments. The Company closed its offer for subscription on 7 April and raised £24.8 million. The majority of the funds received were subscribed in the final allotments totalling £18.6 million, which took place on 3 April and 14 April based on a NAV of 66.5p per share, which compares with the NAV at the end of last year of 76.5p per share.

OUTLOOK

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

the Manager are optimistic that the existing portfolio has potential to grow further once the spread of the virus has been successfully contained.

SHAREHOLDER COMMUNICATION

As a result of the travel restrictions imposed due to Covid-19, the Manager's popular investor forums have been temporarily put on hold. Once it is possible to do so, details of both a London event and regional events will be sent to shareholders resident in the locality as and when they are organised.

As communicated in the Half-Yearly Report, the Board offered shareholders the opportunity to choose the method by which they receive shareholder communications. I am pleased to announce that 92% of communications to investors will now be provided electronically. The Board believes that, in addition to promoting sustainability, a shift towards electronic communications will result in cost savings for the Company.

AUDITOR

The Board launched a tender for its audit contract following the signing of the 2018 Annual Report and Accounts. The previous auditor, KPMG LLP, was invited to tender alongside several other firms. As announced in the Half-Yearly Report, following this tender process, Deloitte LLP was appointed as company auditor for the year ending 31 December 2019. The Board is pleased with the appointment but would like to record its thanks to KPMG LLP for its services and advice over the past eight years.

ANNUAL GENERAL MEETING

The Company's Annual General Meeting will take place on 28 May 2020 at 1.00pm. Please refer to the formal notice on page 74 for further details in relation to the format of this year's meeting and the request to observe social distancing and travel restrictions in place.

John Gregory

Chairman
Telephone: 01296 682751
Email: j.greg@btconnect.com
27 April 2020

Manager's Review

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

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

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

Overview

We are pleased to report an uplift in the existing portfolio's value of £7.6 million in the year, although NAV per share was reduced by payment of an £8.8 million dividend and performance was therefore behind target. Good progress was made in regards new investments with seven completed in the year, deploying £12.8 million. We continue to support the Board in management of the Company's resources to ensure sufficient liquidity for new and follow-on

investments, dividends and regular buybacks, with the Company repurchasing 3.1 million shares at an average discount of 10.1% in the year.

As the portfolio mix evolves in line with the new VCT rules we believe the Board's new target dividend of 5% of NAV per annum, enhanced by the opportunity for 'special' dividends following successful portfolio exits, is appropriate in light of the new VCT rules.

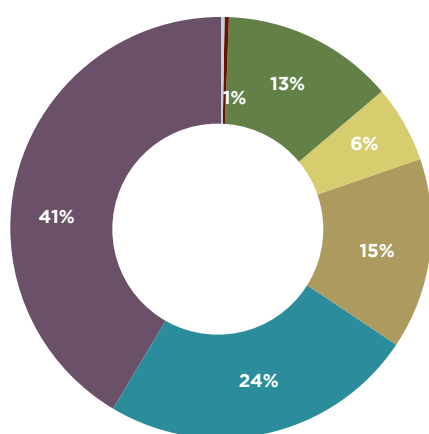
Portfolio Summary

As at 31 December 2019 the Company's portfolio comprised 43 investments with a total cost of £91.4 million and a valuation of £120.5 million. The portfolio is diversified by sector, transaction type, and maturity

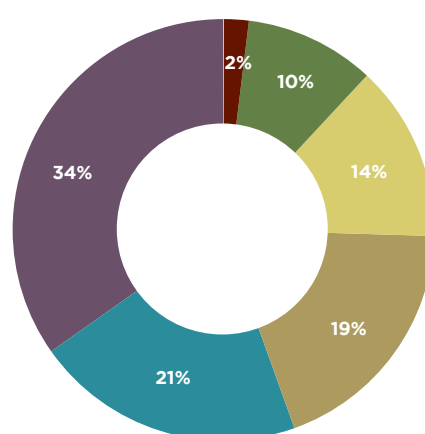
profile. Details of the ten largest investments by valuation, including an update on their performance, are provided on pages 12 to 16.

PORTFOLIO DIVERSIFICATION

Sector by Cost



Sector by Valuation



Technology, Media and Telecommunications

Consumer and Leisure

Business Services

Industrials and Manufacturing

Healthcare

General

NEW INVESTMENTS

The Company maintained investment momentum in 2019, investing a total of £12.8 million in seven new investments: ClubSpark, a specialist software company providing sports management software to sports clubs, venues, coaches and participants; Steamforged Games, a developer and retailer of tabletop games with a portfolio of miniature role playing, board and card games; Fourth Wall Creative,

a technology-led sports merchandising business; Ten Health, a group of boutique fitness studios offering a range of services including physiotherapy, massage therapy and fitness classes; Biotherapy Services, a pharmaceutical biotech company specialising in wound treatment medicine; Rovco, a disruptive technology subsea surveying company and Roxy Leisure, a group of games orientated bars.



ClubSpark

In January 2019 the Company made a c.£1.3 million investment in Sportlabs Technology Limited, trading as ClubSpark, a specialist software company providing sports management software to sports clubs, venues, coaches and participants. ClubSpark was founded in 2012 by two ex-Lawn Tennis Association employees who spotted an opportunity to develop a platform to manage operations for the LTA member clubs. The investment will be used to establish an international presence, enhance the platform and expand into new sports markets.



In March 2019 the Company invested c.£2.4 million in Steamforged Games, a developer and retailer of tabletop games with a portfolio of tabletop role playing, board and card games. Founded in 2014, Steamforged Games has successfully carved out a niche in the market developing tabletop games based on popular video game titles, incorporating their own original content. The investment will be used to fund growth through product development and international expansion.



fourth wall creative

In April 2019 the Company invested c.£3.0 million in Fourth Wall Creative, a technology-led sports merchandising business. Its core business is the design and distribution of membership welcome packs on behalf of football clubs. The investment will fund growth through the development of new services, expanding the customer base and exploring other sports opportunities.



TEN HEALTH & FITNESS

In June 2019 the Company invested c.£2.4 million in Ten Health, a group of boutique fitness studios offering a range of services including physiotherapy, massage therapy and fitness classes. Ten Health was developed to bridge the gap in the market between traditional healthcare and mainstream fitness. The investment will be used to further develop Ten Health's non-fitness services and to support a roll-out of new studios.



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



In December 2019, the Company invested £0.9 million in Rovco, a company which provides subsea surveying services. Established in 2015, the business seeks to disrupt the industry with new technology which will lead to a fully automated process. The investment will support the growth of the business' commercial and operational capabilities to help with its goal of global expansion.



In December 2019, the Company invested £1.5 million in Roxy Leisure, a games focused bar group operating eight sites across the Midlands and Northern England. Founded in 2013, the sites provide a range of entertainment facilities including pool tables, ping-pong, bowling, shuffleboard, mini-golf, arcade gaming and karaoke. The investment will be used to support the business' expansion into additional locations across the UK with multiple openings planned in 2020.

Manager's Review

FOLLOW ON INVESTMENTS

Follow-on investments totalling £2.9 million were also made in four existing portfolio companies throughout the year. Further details of each of these are provided below.



During the year the Company made a £0.4 million follow-on investment in Fertility Focus, a fertility monitoring device business. This was in order to support new product launches planned for 2020.



During the year the Company made a £1.0 million follow-on investment in Nano, a data analysis software platform, as part of a larger funding round. This additional investment enabled Nano to invest in new technologies and provided support for further growth, product development and US expansion.



In December 2019, the Company made a £1.4 million follow-on investment in Luminet, providers of fixed wireless internet access to businesses across London. The investment was required to help the business fulfil its pipeline of new contracts.



Also in December 2019, the Company made a £0.1 million follow-on investment in Biofortuna, a molecular diagnostics business which manufactures DNA tests. The investment was required to provide additional working capital and support an asset purchase.

PIPELINE

At 31 December 2019, the Company had cash balances of £12.3 million available to fund new and follow-on investments, buybacks and running expenses. The Board therefore decided to launch an offer for subscription on 28 January 2020 and raised £24.8 million.

Depending on the length and severity of the Covid-19 Coronavirus outbreak, we will likely see a higher proportion of our deployment focused on follow-on investments in the existing portfolio in the

medium term, potentially alongside co-investors. We anticipate that the onset of a downturn may result in lower new deal activity in the coming months and we continue to remain disciplined on valuations paid for new investments.

As the economy recovers from the worst effects of the virus, we expect valuations to become more attractive, and expect there to be a number of particularly interesting opportunities for investment.

“

We're really happy to be partnering with Foresight on the next stage of Ten's evolution. Our mission has always been 'to bring more Ten-ness to more people in more places', and we're really excited about being able to drive the pace of growth in line with our ambitions, with the goal of becoming the market leader in wellness within the boutique health and fitness sector.

Joanne Mathews, Founder and Managing Director of Ten Health



Manager's Review

EXITS AND REALISATIONS

During the period, proceeds of £1.9 million were generated from the successful exit of two investments.



In November 2019, Idio, an enterprise software company that analyses data obtained from consumers' online activity, was sold to Episerver, a private equity backed global software company. During the investment period, Idio refocused its corporate strategy and was able to broaden its customer base beyond financial services. The investment supported the management team's growth strategy by building out the sales team, improving account management to enhance retention rates and further developing the broader business. Overall, the investment generated a 1.9x return for the Company.



In December 2019, the Company completed the successful sale of Flowrite Refrigeration Holdings Limited, a company focused on the design, installation and servicing of air conditioning equipment throughout the UK, to Airedale Catering Equipment Group Limited. With our support, Flowrite has become a market leader in the refrigeration and air conditioning service market. The company has an enviable customer base which includes some of the UK's largest restaurant chains, pub groups and retailers. Overall, the investment generated a 1.4x return on cash and a double digit IRR, when taking into account previous realisations.

DISPOSALS IN THE YEAR ENDED 31 DECEMBER 2019

Company	Detail	Accounting Cost at Date of Disposal (£)	Proceeds (£)	Realised Gain/(Loss) (£)	Valuation at 31 December 2018 (£)
Idio Limited	Full disposal	920,313	1,725,808	805,495	695,435
Flowrite Refrigeration Limited	Full disposal	209,801	194,849	(14,952)	194,783
The Business Advisory Limited	Loan repayment	45,000	45,000	—	45,000
Autologic Diagnostics Group Limited	Dissolved	3,782,272	—	(3,782,272)^	—
Mitgjorn Limited	Dissolved	100	—	(100)	—
Total disposals		4,957,486	1,965,657	(2,991,829)	935,218

Deferred consideration of £441,016 was also received by the Company from the sale of Trilogy Communications Limited.

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

KEY PORTFOLIO DEVELOPMENTS

Overall, the value of investments held rose to £120.5 million, driven by investment of £15.8 million of cash and an increase in value of existing investments by £7.6 million. Material changes in valuation are defined

as increasing or decreasing by over £1.0 million since 31 December 2018. Updates on these companies are included below, or in the Top Ten Investments section on page 12.

Company	Valuation Methodology	Valuation Change (£)
FFX Group Limited	Discounted earnings multiple	2,669,931
Mowgli Street Food Limited	Discounted earnings multiple	1,402,555
Nano Interactive Group Limited	Discounted revenue multiple	1,307,462
Aerospace Tooling Holdings Limited	Discounted earnings multiple	1,050,553
Ixaris Group Holdings Limited	Discounted revenue multiple	1,023,418
Fresh Relevance Limited	Discounted revenue multiple	1,021,321
Specac International Limited	Discounted earnings multiple	1,011,706
Powerlinks Media Limited	Discounted revenue multiple	(1,299,720)
Aquasium Technology Limited	Discounted earnings multiple	(1,411,773)
Online Poundshop Limited	Discounted revenue multiple	(1,497,384)

MOWGLI STREET FOOD

Mowgli Street Food is a fast casual Indian street food chain of restaurants founded in 2014 with a focus on healthier, homestyle Indian cuisine. The business has performed exceptionally well to date with its six mature sites achieving strong revenue growth and its four younger sites performing ahead of budget.

AEROSPACE TOOLING ("ATL")

ATL is a niche engineering company based in Dundee which specialises in the inspection, maintenance and repair of components for aircraft engines. ATL has achieved strong sales in the past year, consistently trading ahead of budget. The business has won a number of new key accounts and broadened its customer base by targeting new product areas.

POWERLINKS MEDIA

Powerlinks Media is an advertising technology company that has developed a real-time trading platform for online adverts globally. Sales are materially behind forecast for the year, but the company remains in discussion with its largest

clients to improve volumes. The business is continuing to reduce its cost base while improving the performance of the technology platform in order to help with its recovery.

AQUASIUM

Aquasium manufactures, services and refurbishes electron beam welding equipment and vacuum furnaces. Revenues for the year have been behind budget, mainly due to a delay in a large anticipated order. Encouragingly, the order book has picked up to its highest levels in 10 years and the pipeline remains healthy. The company's new product development is progressing well.

ONLINE POUNDSHOP

Online Poundshop is an online only discount retailer. The business has had a difficult year of trading with sales behind management forecasts. On a positive note, customer satisfaction rates are steadily improving and the team remains focused on improving sales as well as reducing overheads.

OUTLOOK

The United Kingdom has officially left the European Union after a three-year period of political uncertainty. Despite some relief, the economic outlook remains mixed however, as businesses await further news on future trade deals. Equally, a new threat has emerged in the form of the Coronavirus. We have been working closely with the Company's portfolio companies to identify potential risk areas and are encouraging businesses to take the necessary precautions. The outbreak of Covid-19 will lead to weaker consumer and business spend as well as missed forecasts. Given the above, we are asking our portfolio businesses to stress test their cash position to ensure that they can withstand a significant downturn in trading. We are ensuring the finance directors at all of our portfolio companies are tightly managing central overheads, reducing capital expenditure and preparing both short and long-term cost reduction plans.

A proportion of our portfolio companies are particularly at risk due to the sectors they operate in, such as Ixaris in the travel sector or Ollie Quinn in retail. We are paying particular attention to these assets by leveraging the experience and skillset of the wider investment team to assist the management teams in preserving and maximising cash. We are

working closely with management teams to take firm and decisive steps to significantly reduce cash burn in the short and medium term.

Notwithstanding these events, we are continuing to see encouraging levels of activity from smaller UK companies seeking growth capital, and expect this to increase as companies seek to recover from the impact of Covid-19 with requirement for permanent funding to working capital. VCTs are still viewed by many entrepreneurs as an attractive source of capital that provides scale up funding to businesses at an early stage of their growth, when other sources of funding may not be readily available. The Company's portfolio is sector and market diverse and the SME market tends to be resilient and nimble enough to weather periods of volatility. The UK remains an excellent place to start, scale and sell a business, with broad pools of talent and an entrepreneurial culture.

Russell Healey
Head of Private Equity
Foresight Group LLP
27 April 2020

Portfolio

Top Ten Investments

By value as at 31 December 2019. Company results are taken from the most recent publicly available financial statements.

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



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 December 2019 Update

Datapath continued to generate material profits ahead of budget helped by an improved gross margin. The company has invested in new product development and its sales channels, including a new US sales team. We have begun to see traction in the US with sales growth tracking ahead of Europe and Asia. Post year-end, Datapath paid a special dividend of £1.2 million to the Company.

*The amount and date of initial investment by Foresight 2 VCT plc ("F2").

**The accounting cost reflects the valuation of F2's investment in Datapath at the point it was transferred to the Company as part of the merger in December 2015.

***Returned to F2 pre-merger.

Initial Investment*	September 2007
Amount invested (£)*	1,000,000
Accounting cost (£)**	7,563,365
Valuation (£)	8,425,618
Basis of valuation	Discounted earnings multiple
Equity held (%)	13.3%
Income received in the year (£)	—
Cash returned up to 31 December 2019 (£)***	3,981,822

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

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 December 2019 Update

FFX continues to trade strongly, with revenue and EBITDA up significantly compared to prior year, and comfortably ahead of budget. The direct sales team has grown materially and is expanding market share. The multi-channel approach is making good progress and the team continues to expand.

*Including the initial investment by F2.

**The accounting cost includes the value at which F2's holding was transferred to the Company as part of the merger in December 2015.

Initial Investment	September 2015
Amount invested (£)*	2,676,426
Accounting cost (£)**	2,676,426
Valuation (£)	7,757,528
Basis of valuation	Discounted earnings multiple
Equity held (%)	33.1%
Income received in the year (£)	—
Cash returned up to 31 December 2019 (£)	139,477

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



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

31 December 2019 Update

Specac has started to recover after a poor start to its financial year. December was a particularly strong month of trading, providing encouragement to the management team. The order book remains healthy, in line with expectations.

Initial Investment	April 2015
Amount invested (£)	1,345,000
Accounting cost (£)	1,300,000
Valuation (£)	6,059,027
Basis of valuation	Discounted earnings multiple
Equity held (%)	39.2%
Income received in the year (£)	87,510
Cash returned up to 31 December 2019 (£)	525,797

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



Nano Interactive is an advertising technology business specialising in search re-targeting campaigns for its global customer base. The business was founded in 2010 and has offices in Germany, UK, France, Poland and Serbia.

31 December 2019 Update

Nano has seen improvements in sales volume with revenues ahead of budget thanks to several new strategic relationships. To support the momentum in current trading and provide sufficient headroom to trade through Nano's peak period, the Company invested an additional £990k of follow-on funding.

Initial Investment	October 2017
Amount invested (£)	4,434,191
Accounting cost (£)	4,434,191
Valuation (£)	5,699,445
Basis of valuation	Discounted revenue multiple
Equity held (%)	28.6%
Income received in the year (£)	—
Cash returned up to 31 December 2019 (£)	—

£000	Year ended 31 December 2018	Year ended 31 December 2017
Sales	N/A	N/A
Profit before tax	N/A	N/A
Retained profit	N/A	N/A
Net assets	3,927	4,029

Top Ten Investments continued

TFC EUROPE LIMITED
www.tfc.eu.com **EAST SUSSEX**



SECTOR:
INDUSTRIALS &
MANUFACTURING



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

31 December 2019 Update

TFC's trading has been relatively flat with sales roughly in line with prior year. Nevertheless, the business continues to pick up new contracts as well as boasting a high customer retention rate. Focus remains on bolstering the senior management team to improve the sales and marketing effort.

*The amount and date of initial investment by F2.

**The accounting cost reflects the valuation of F2's investment in TFC at the point it was transferred to the Company as part of the merger in December 2015.

***Returned to F2 pre-merger.

Initial Investment*	March 2007
Amount invested (£)*	939,092
Accounting cost (£)**	3,614,612
Valuation (£)	5,606,663
Basis of valuation	Discounted earnings multiple
Equity held (%)	28.3%
Income received in the year (£)	—
Cash returned up to 31 December 2019 (£)***	1,281,684

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

IXARIS GROUP HOLDINGS LIMITED
www.ixaris.com **LONDON**



IXARIS

SECTOR:
CONSUMER &
LEISURE



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

31 December 2019 Update

Ixaris continues to build traction in the travel sector and is now entirely focused on the payments platform business. Trading has seen a slight downturn and the team is focused on securing several new contracts to stimulate growth across the company.

*The amount and date of initial investment by F2.

**The accounting cost reflects the valuation of F2's investment in Ixaris at the point it was transferred to the Company as part of the merger in December 2015.

Initial Investment*	March 2006
Amount invested (£)*	822,858
Accounting cost (£)**	2,266,036
Valuation (£)	5,586,808
Basis of valuation	Discounted revenue multiple
Equity held (%)	5.6%
Income received in the year (£)	—
Cash returned up to 31 December 2019 (£)	—

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

PROTEAN SOFTWARE LIMITED
www.proteansoftware.co.uk **WEST MIDLANDS**

**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 December 2019 Update

Protean continues to trade well and operating profit has improved. Recurring revenue growth remains strong and the company has also won a couple of large new contracts recently. The focus continues to be on developing a fully featured SaaS product and making customer adoption and support as simple as possible.

*Including the initial investment by F2.

**The accounting cost includes the value at which F2's holding was transferred to the Company as part of the merger in December 2015.

***Including £1,553 returned to F2 pre-merger.

Initial Investment	July 2015
Amount invested (£)*	2,500,000
Accounting cost (£)**	2,500,000
Valuation (£)	5,502,012
Basis of valuation	Discounted revenue multiple
Equity held (%)	39.7%
Income received in the year (£)	—
Cash returned up to 31 December 2019 (£)***	150,904

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

OLLIE QUINN LIMITED
www.olliequinn.co.uk **LONDON**

OLLIE QUINN

SECTOR:
CONSUMER &
LEISURE



Ollie Quinn is a branded retailer of prescription glasses, sunglasses and non-prescription polarised sunglasses based in the UK and Canada.

31 December 2019 Update

Ollie Quinn's trading position continues to improve, achieving sales in line with budget. Management remains focused on successfully navigating a challenging UK retail market and some softness in the Canadian market. Overheads are being reviewed to reduce the cost base.

Initial Investment	March 2017
Amount invested (£)	5,693,917
Accounting cost (£)	5,693,917
Valuation (£)	5,221,920
Basis of valuation	Discounted revenue multiple
Equity held (%)	64.7%
Income received in the year (£)	—
Cash returned up to 31 December 2019 (£)	4,164

£000	Year ended 30 June 2019	Year ended 30 June 2018
Sales	N/A	N/A
Profit before tax	N/A	N/A
Retained profit	N/A	N/A
Net assets	3,965	3,744

Top Ten Investments continued

FRESH RELEVANCE LIMITED
www.freshrelevance.com **HAMPSHIRE**



SECTOR:
TMT



Fresh Relevance is an email marketing and web personalisation platform providing online retailers with personalised customer experiences and marketing tools across desktop and mobile.

31 December 2019 Update

Fresh Relevance continues to show good trading performance with sales in the period up year-on-year. This can be attributed to the increased focus on direct sales following the reshaping of the sales team in 2019. Fresh Relevance is also making a number of significant new developments to its tech platform.

Initial Investment	March 2017
Amount invested (£)	2,117,750
Accounting cost (£)	2,117,750
Valuation (£)	4,420,757
Basis of valuation	Discounted revenue multiple
Equity held (%)	28.9%
Income received in the year (£)	51,600
Cash returned up to 31 December 2019 (£)	129,212

£000	Year ended 30 September 2018	Year ended 30 September 2017
Sales	N/A	N/A
Profit before tax	N/A	N/A
Retained profit	N/A	N/A
Net Assets	654	1,296

SPEKTRIX LIMITED
www.spektrix.com **LONDON**



SECTOR:
TMT



Spektrix is an enterprise software company, providing ticketing, CRM, marketing, and fundraising software to companies in the performing arts sector.

31 December 2019 Update

Spektrix continues to trade well with revenues up over 20% on prior year. The pipeline for 2020 is encouraging, with a number of the largest UK venues beginning to actively engage with Spektrix. The Barbican, Spektrix's largest deployment to date and Europe's largest arts centre, is now live which should generate more interest over the coming months.

Initial Investment	December 2018
Amount invested (£)*	3,448,276
Accounting cost (£)**	3,448,276
Valuation (£)	4,164,577
Basis of valuation	Discounted revenue multiple
Equity held (%)	9.3%
Income received in the year (£)	—
Cash returned up to 31 December 2019 (£)	—

£000	Year ended 31 December 2018	Year ended 31 December 2017
Sales	N/A	N/A
Profit before tax	N/A	N/A
Retained profit	N/A	N/A
Net assets	4,688	1,450



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

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

Portfolio

Overview

31 December 2019				
Investment (by value)	Date of First Investment	Sector	Accounting cost £	Valuation £
Datapath Group Limited*	2007	TMT	7,563,365	8,425,618
FFX Group Limited*	2015	Business Services	2,676,426	7,757,528
Specac International Limited*	2015	Industrials & Manufacturing	1,300,000	6,059,027
Nano Interactive Group Limited*	2017	TMT	4,434,191	5,699,445
TFC Europe Limited*	2007	Industrials & Manufacturing	3,614,612	5,606,663
Ixaris Group Holdings Limited*	2006	Consumer & Leisure	2,266,036	5,586,808
Protean Software Limited*	2015	TMT	2,500,000	5,502,012
Ollie Quinn Limited*	2017	Consumer & Leisure	5,693,917	5,221,920
Fresh Relevance Limited*	2017	TMT	2,117,750	4,420,757
Spektrix Limited*	2018	TMT	3,448,276	4,164,577
Industrial Efficiency II Limited	2014	Business Services	2,603,260	4,065,796
Itad Limited	2015	Business Services	2,750,000	4,009,984
Hospital Services Group Limited	2015	Healthcare	3,320,000	3,633,119
Mowgli Street Food Limited	2017	Consumer & Leisure	1,526,750	3,423,957
The Business Advisory Limited	2015	Business Services	1,605,000	3,208,464
Luminet Networks Limited	2018	TMT	3,783,251	3,155,111
Fourth Wall Creative Ltd	2019	Healthcare	2,955,665	3,129,220
Mologic Ltd	2018	Healthcare	2,434,483	2,948,806
ABL Investments Limited	2015	Business Services	2,750,000	2,889,163
Aerospace Tooling Holdings Limited	2013	Industrials & Manufacturing	150,000	2,734,091
Cinelabs International Limited	2017	TMT	2,216,250	2,485,401
Ten Health & Fitness Limited	2019	Consumer & Leisure	2,364,532	2,452,685
Steamforged Games Limited	2019	Consumer & Leisure	2,364,532	2,351,245
Aquasium Technology Limited	2001	Industrials & Manufacturing	333,333	2,132,630
200 Degrees Holdings Limited	2017	Consumer & Leisure	1,477,832	2,123,037
Accrosoft Limited	2018	TMT	1,724,138	2,104,660
Clubspark Limited	2019	TMT	1,270,936	1,934,760
Biotherapy Services Limited	2019	Healthcare	1,477,833	1,477,833
Roxy Leisure Ltd	2019	Consumer & Leisure	1,477,833	1,477,833
Fertility Focus Limited	2018	Healthcare	1,301,779	1,375,720
Positive Response Communications Limited	2014	Business Services	1,000,000	1,331,511
Dhalia Limited	2015	General	100	1,278,344
Codeplay Software Limited	2018	TMT	689,656	1,256,165
The Naked Deli Ltd	2018	Consumer & Leisure	1,724,139	1,215,922
Procam Television Holdings Limited	2013	TMT	1,664,893	1,174,284
Rovco Ltd	2019	TMT	935,961	935,961
Online Poundshop Limited	2017	Consumer & Leisure	2,610,000	477,203
Biofortuna Limited	2012	Healthcare	1,172,517	304,577
Whitchurch PE 1 Limited	2014	General	100,000	290,766
Powerlinks Media Limited	2017	TMT	2,709,360	241,303
Cole Henry PE 2 Limited	2014	General	100,000	217,395
Kingsclere PE 3 Limited	2014	General	100,000	177,795
Sindicatum Carbon Capital Limited	2007	Environmental	246,075	61,519
Oxonica plc	2002	TMT	2,804,473	—
Flowrite Refrigeration Limited	2012	Business Services	—	—
Idio Limited	2016	TMT	—	—
Autologic Diagnostics Group Limited	2009	TMT	—	—
Mitgjorn Limited	2015	General	—	—
			91,359,154	120,520,615

* Top ten investments by value shown on pages 12 to 16.

31 December 2018					
Valuation Methodology	Accounting cost £	Valuation £	Additions £	Disposal proceeds £	Net valuation movement £
Discounted earnings multiple	7,563,365	8,809,944	—	—	(384,326)
Discounted earnings multiple	2,676,426	5,087,597	—	—	2,669,931
Discounted earnings multiple	1,300,000	5,047,321	—	—	1,011,706
Discounted revenue multiple	3,448,969	3,406,761	985,222	—	1,307,462
Discounted earnings multiple	3,614,612	5,089,131	—	—	517,532
Discounted revenue multiple	2,266,036	4,563,390	—	—	1,023,418
Discounted revenue multiple	2,500,000	5,005,118	—	—	496,894
Discounted revenue multiple	5,693,917	5,168,522	—	—	53,398
Discounted revenue multiple	2,117,750	3,399,436	—	—	1,021,321
Discounted revenue multiple	3,448,276	3,448,276	—	—	716,301
Discounted cash flow	2,603,260	3,939,206	—	—	126,590
Discounted earnings multiple	2,750,000	4,322,121	—	—	(312,137)
Discounted earnings multiple	3,320,000	3,789,657	—	—	(156,538)
Discounted earnings multiple	1,526,750	2,021,403	—	—	1,402,554
Discounted earnings multiple	1,650,000	2,444,703	—	(45,000)	808,761
Discounted earnings multiple	2,364,532	2,364,532	1,418,719	—	(628,140)
Discounted earnings multiple	—	—	2,955,665	—	173,555
Discounted revenue multiple	2,434,483	2,434,483	—	—	514,323
Discounted earnings multiple	2,750,000	3,567,320	—	—	(678,157)
Discounted earnings multiple	150,000	1,683,538	—	—	1,050,553
Discounted revenue multiple	2,216,250	2,224,046	—	—	261,355
Discounted revenue multiple	—	—	2,364,532	—	88,153
Discounted revenue multiple	—	—	2,364,532	—	(13,287)
Discounted earnings multiple	333,333	3,544,404	—	—	(1,411,774)
Discounted earnings multiple	1,477,832	2,114,037	—	—	9,000
Discounted revenue multiple	1,724,138	1,724,138	—	—	380,522
Discounted revenue multiple	—	—	1,270,936	—	663,824
Discounted revenue multiple	—	—	1,477,833	—	—
Cost	—	—	1,477,833	—	—
Discounted revenue multiple	862,080	862,080	439,699	—	73,941
Discounted revenue multiple	1,000,000	1,311,234	—	—	20,277
Net assets	100	1,251,250	—	—	27,094
Discounted revenue multiple	689,656	689,656	—	—	566,509
Discounted revenue multiple	1,724,139	1,724,139	—	—	(508,217)
Discounted earnings multiple	1,664,893	2,118,078	—	—	(943,794)
Cost	—	—	935,961	—	—
Discounted revenue multiple	2,610,000	1,974,586	—	—	(1,497,383)
Discounted revenue multiple	1,072,519	754,370	99,998	—	(549,791)
Net assets	100,000	291,511	—	—	(745)
Discounted revenue multiple	2,709,360	1,541,024	—	—	(1,299,721)
Net assets	100,000	218,091	—	—	(696)
Net assets	100,000	178,443	—	—	(648)
Cost less impairment	246,075	61,519	—	—	—
Nil value	2,804,473	—	—	—	—
Sold	209,801	194,783	—	(194,849)	66
Sold	920,313	695,435	—	(1,725,808)	1,030,373
Dissolved	3,782,272	—	—	—	—
Dissolved	100	—	—	—	—
	80,525,710	99,065,283	15,790,930	(1,965,657)	7,630,059

About the Manager

Evolution of Foresight VCT plc

1997	Foresight VCT (formerly Foresight Technology VCT plc) was launched in November 1997, initially raising £10.9m through an issue of ordinary shares (original Ordinary Shares) for investment in technology focused companies.
1999	A further £32.6m was raised through a C Share issue and £5.8m in a subsequent top up offer in 2000.
2007	In January 2007 the original Ordinary Share and C Share classes were merged into one class of Ordinary Shares and the Company was renamed Foresight VCT plc.
2010	Foresight VCT and Foresight 2 VCT Planned Exit Shares raised £12m in the 2009/10 tax year.
2011	In March 2011 Keydata Income VCT 1 plc and Keydata Income VCT 2 plc were merged into Foresight VCT plc.
2011	In March 2011, a reconstruction of the Ordinary Shares took place.
2012	Foresight VCT and Foresight 2 VCT raised more than £30m in the 2011/12 tax year through the launch of a new Infrastructure Share class.
2015	On 18 December 2015, following shareholder approval, Foresight 2 VCT plc was merged into Foresight VCT plc, creating the then third largest VCT in the UK.
2017	The Company completed the sale of all investments in the Planned Exit Shares Fund and the Infrastructure Shares Fund. These were wound up, with final distributions made to shareholders on 29 December 2017.
2018	From 24 January 2018, the Company has comprised one single class of share, the Ordinary Shares.
2020	On 7 April 2020, the Company closed its latest Offer for Subscription after raising £25m.

Foresight Group LLP was voted “Best VCT Investment Manager” at the 2017 Growth Investor Awards, having previously been awarded “VCT House of the Year” at the 2016 Unquote British Private Equity awards. Most recently, it won “Best Generalist VCT” at the Investment Week Tax Efficiency Awards 2018/19.

Led by Russell Healey, the growing private equity investment team of 28 is pro-active and hands-on, and focused on investing typically up to £5 million in UK growth companies across a broad range of sectors.

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

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

This team has c. 300 years’ worth of collective investment experience and combines investors’ capital and its own hands-on expertise with the intention of creating long-term shareholder value and generating attractive returns for shareholders. The Manager takes a particularly active, hands-on approach to portfolio management and as a matter of policy, seeks representation on the boards of unquoted investments plus the right to appoint a senior industry expert as chairman. The Manager works particularly closely with the investee companies in the following areas:

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

Responsible Investment

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

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

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



STRATEGY AND AWARENESS

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



ENVIRONMENTAL

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



SOCIAL

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



GOVERNANCE

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



THIRD PARTY INTERACTION

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

The evaluation of investee companies against each of the five Principles is supported by quantitative and qualitative data, starting at the initial review of an opportunity through to exit. This process helps identify both the risks and opportunities that exist within the portfolio and aims to ensure that investments support positive environmental and social outcomes.

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

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

CREDENTIALS

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

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



About the Manager

Responsible Investment

CASE STUDY

An example of how ESG is supported and encouraged is demonstrated below. In 2018, the Company invested in Accrosoft Limited, a software as a service company with two products currently in the market; Vacancy Filler, an Applicant Tracking System which automates the recruitment process for organisations and Weduc, an engagement tool to enable parent-teacher communication.

Accrosoft



Accrosoft's software products, Weduc and Vacancy Filler, focus on education and recruitment respectively, two key areas that shape society. Through digital transformation, the company pledges to change the way society learns, teaches and works. Accrosoft is committed to its principles, which is evidenced through its awards to date, including being recognised as Glassdoor's 4th best UK tech company to work for.



At the core of Weduc is the philosophy of creating a 'paperless' environment in schools. Education establishments typically rely on paper communication when engaging with parents, whereas Weduc offers a platform for parents and teachers to communicate via technology instead, therefore saving thousands of permission slips, report cards and newsletters from being printed each year. Post-investment an environmental policy has been drawn up, and Accrosoft now assesses the environmental impact of its suppliers such as its data centres.



Accrosoft has increased headcount from 65 members of staff on investment to 81 today. With the Manager's support, Accrosoft plans to expand its workforce

by a further 50 full-time employees over the next three years, many of whom will be university students in entry level roles. Accrosoft also works with Access Generation, a charitable organisation helping young people find employment and businesses to appear more attractive to young people. Vacancy Filler's strap-line is "Recruit to Retain", encouraging a culture of high employee engagement and excellent levels of training.



Since investment a strong board has been recruited including a new chairman, non-executive director and finance director, improving oversight and management reporting. Formal policies including Health & Safety have also been implemented.



Accrosoft's products store a large amount of sensitive personal data. As such, Vacancy Filler has built an applicant portal which allows candidates to view and delete any personal data stored on the platform at any time. Likewise, Accrosoft has produced a company policy for the purposes of complying with GDPR, including staff training and awareness.

CLIMATE CHANGE STATEMENT

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

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

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

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

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

Russell Healey
PARTNER AND HEAD OF PRIVATE EQUITY



Russell is head of the Private Equity team with overall responsibility for fund raising, new investments and the portfolio, and is a member of Foresight Group LLP's Executive Committee. He has over 20 years' experience in fund management and venture capital investing. Prior to joining Foresight Group LLP, he worked at Parkmead Group, a merchant bank, and spent ten years as CTO of a financial information company that was subsequently sold to Thomson Reuters. Russell holds a BA in Classics from the University of Exeter and an MBA with distinction from London Business School.

James Livingston
PARTNER



James joined Foresight Group LLP in 2007 from Deloitte's Strategy Consulting team. James has 16 years of experience. At Foresight Group LLP, he has led numerous successful transactions including growth and replacement capital transactions in a variety of sectors. James holds an MA in Natural Sciences and Management Studies from Cambridge University as well as the CIMA Advanced Diploma in Management Accounting.

Matt Smith
PARTNER



Matt joined Foresight Group LLP in 2010 and has 16 years' venture capital investment experience. Prior to joining, he spent six years at Rothschild, advising companies in a range of sectors on a variety of transaction types. Matt has a particular focus on Environmental, Social and Governance considerations when evaluating investments and has successfully negotiated sales of a number of difficult assets. Matt graduated from the University of Oxford with an undergraduate degree in Biological Sciences and a distinction in a postgraduate degree in Physiology.

Strategic Report

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

FORESIGHT VCT PLC

Foresight VCT plc originally raised £10.9 million through an Ordinary Share issue in the 1997/98 tax year. At 31 December 2019, the Company had gross assets totalling £133.2 million, of which £12.3 million was in cash. The number of shares in issue at 31 December 2019 was 173,959,405.

INVESTMENT OBJECTIVE

To provide private investors with regular dividends and maintained capital value from a portfolio of investments in fast-growing unquoted companies in the UK.

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 receipts, which, when combined, give an overall NAV per share or NAV total return. Additional key performance indicators and Alternative Performance Measures ("APMs") reviewed by the Board include the discount of the share price relative to the net asset value, which shows the percentage by which the mid-market share price of the Company is lower than the net asset value per share, and total expenses as a proportion of shareholders' funds. KPIs and APMs allow performance comparisons to be made between VCTs.

A record of some of these indicators is contained in the Key Metrics section on page 2.

The ongoing charges ratio for the year was 2.3% of net assets. Share buy-backs were completed at an average discount of 10.1%. Further detail of the Company's KPIs and APMs can be found in the Glossary of Terms on page 79.

A review of the Company's performance during the financial year, the position of the Company at the year end and the outlook for the coming year is contained within the Manager's Report. The Board assesses the performance

of the Manager in meeting the Company's objective against the primary KPIs and APMs highlighted above.

Investments in unquoted companies at an early stage of their development will involve some disappointments. However, investing the Company's funds in companies with high growth characteristics with the potential to become strong performers within their respective fields creates an opportunity for attractive returns to shareholders.

STRATEGIES FOR ACHIEVING OBJECTIVES

INVESTMENT POLICY

The Company will target investments in 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, fixed-interest securities and 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.

Risk diversification and maximum exposures

Risk is spread by investing in a number of different businesses within different industry sectors at different stages of development, using a mixture of securities. The maximum amount invested in any one company, including any guarantees to banks or third parties providing loans or other investment to such a company, is limited by VCT legislation to 15% of the Company's investments and cash 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 an investor director on investee company boards.

Borrowing powers

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

CO-INVESTMENT

The Company may invest alongside other funds managed or advised by the Manager. Where more than one fund is able to participate in an investment opportunity, allocations will generally be made in proportion to the net cash raised for each such fund, other than where a fund has a pre-existing investment where the incumbent fund will have priority. Implementation of this policy will be subject to the availability of monies to make the investment and other portfolio considerations, such as the portfolio diversity and the need to maintain VCT status.

VCT REGULATION

The investment policy is designed to ensure that the Company continues to qualify and is

approved as a VCT by HMRC. Amongst other conditions the Company may not invest more than 15% of its total investments and cash by VCT value, at the time of making the investment, in a single company and must also have at least 70% by VCT value (80% for accounting periods beginning on or after 6 April 2019) value of its investments and cash throughout the period in shares or securities in qualifying holdings. In addition, in aggregate, 70% of a VCT's qualifying investments (30% for investments made before 6 April 2018 from funds raised before 6 April 2011) by VCT value must be in ordinary shares which carry no preferential rights (although only 10% of any individual investment needs to be in the ordinary shares of that company).

MANAGEMENT

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

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

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

ENVIRONMENTAL, HUMAN RIGHTS, EMPLOYEE, SOCIAL AND COMMUNITY ISSUES

The Board recognises the requirement under Section 414 of the Companies Act 2006 to provide information about

environmental matters (including the impact of the Company's business on the environment), employee, human rights, social and community issues; and information about any policies it has in relation to these matters and the effectiveness of these policies.

The Company itself does not have any policies in place for human rights, environmental, social and community issues due to having no office premises, no employees and its purchases being services as opposed to tangible products. The Manager's policies in respect of all the above issues can be found on its website www.foresightgroup.eu.

Please refer to the Manager's Review on pages 21 to 22 for more information on the Manager's Responsible Investment Principles.

GENDER DIVERSITY

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

The Manager has an equal opportunities policy and currently employs 150 men and 89 women.

PURCHASE OF OWN SHARES

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

DIVIDEND POLICY

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

Strategic Report

Co-investments have been made by other funds that the Manager advises and manages, as follows:

	Foresight VCT	Foresight 4 VCT	Foresight Inheritance Tax Solutions	Foresight Nottingham Fund	Foresight Regional Investment Fund	Foresight Williams Technology EIS Fund	Total Equity Managed by Foresight
	£	£	£	£	£	£	%
200 Degrees Holdings Limited	1,477,832	—	—	1,500,000	—	—	25.0
ABL Investments Limited	2,750,000	1,494,075	—	—	—	—	57.3
Accrosoft Limited	1,724,138	750,000	—	—	—	—	25.0
Aerospace Tooling Holdings Limited	150,000	415,255	—	—	—	—	50.4
Biofortuna Limited	1,172,517	3,517,537	—	—	—	—	48.3
Biotherapy Services Limited	1,477,833	1,500,000	—	—	—	—	31.3
Clubspark Limited	1,270,936	860,000	—	—	—	—	19.0
Codeplay Software Limited	689,656	300,000	—	1,000,000	—	1,050,000	23.3
Cole Henry PE 2 Limited	100,000	200,000	—	—	—	—	49.9
Datapath Group Limited	7,563,365	11,081,243	—	—	—	—	40.0
Fertility Focus Limited	1,301,779	525,569	—	—	—	—	14.8
FFX Group Limited	2,676,426	1,372,002	—	—	—	—	49.9
Fourth Wall Creative Limited	2,955,655	2,000,000	—	—	—	—	35.0
Hospital Services Group Limited	3,320,000	1,200,000	—	—	—	—	61.6
Industrial Efficiency II Limited	2,603,260	—	880,169	—	—	—	100.0
Itad Limited	2,750,000	1,371,726	—	—	—	—	35.0
Ixaris Group Holdings Limited	2,266,036	3,479,188	—	—	—	—	17.9
Kingsclere PE 3 Limited	100,000	100,000	—	—	—	—	49.9
Luminet Networks Limited	3,783,251	960,000	—	—	—	—	49.9
Mologic Limited	2,434,483	1,059,000	—	—	—	—	21.4
Mowgli Street Food Limited	1,526,750	-	—	—	1,900,000	—	22.7
Positive Response Communications Limited	1,000,000	1,009,195	—	—	—	—	65.1
Procam Television Holdings Limited	1,664,893	2,162,929	1,000,000	—	—	—	57.7
Protean Software Limited	2,500,000	1,795,229	—	—	—	—	63.5
Rovco Limited	935,961	950,000	—	—	—	2,000,000	22.6
Roxy Leisure Limited	1,477,833	1,500,000	—	—	—	—	10.9
Sindicatum Carbon Capital Limited	246,075	544,538	—	—	—	—	1.0
Specac International Limited	1,300,000	2,554,761	—	—	—	—	78.4
Spektrix Limited	3,448,276	1,500,000	—	—	—	—	13.5
Steamforged Games Limited	2,364,532	1,600,000	—	—	1,000,000	—	32.6
Ten Health and Fitness Limited	2,364,532	1,600,000	—	—	—	—	29.2
TFC Europe Limited	3,614,612	2,149,307	—	—	—	—	70.9
The Business Advisory Limited	1,605,000	1,938,046	—	—	—	—	27.5
The Naked Deli Ltd	1,724,139	750,000	—	—	—	—	46.4
Whitchurch PE 1 Limited	100,000	378,000	—	—	—	—	49.9

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

Where the Manager controls over 50% of an investment by virtue of its discretionary management of one or more funds under management, decisions either have to be taken by the individual boards of the shareholding companies in respect of their individual holdings or voting is limited to 50%.

The Manager provides investment management services or advice to Foresight 4 VCT plc, Foresight Solar & Technology VCT plc, Foresight Nottingham Fund LP, Foresight Environmental Fund LP, Foresight Solar Fund Limited, Foresight Inheritance Tax Solutions, Foresight AD EIS, Foresight Energy Infrastructure EIS, Foresight Regional Investment LP, Foresight Williams Technology EIS Fund, Foresight Italian Green Bond Fund, MEIF ESEM Equity LP, Scottish Growth Scheme - Foresight Group Equity Partners LP, NI Opportunities LP, John Laing Environmental Assets Group Limited and Foresight Regional Investment II LP.

DIRECTORS' DUTY TO PROMOTE THE SUCCESS OF THE COMPANY

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

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

The Board receives and reviews detailed presentations and reports from the Manager to enable the Directors to exercise effective oversight of the Company's activities.

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

To help the Board in its aim to act fairly between the Company's members, it encourages communications with all

shareholders. The Annual and Half-Yearly Reports are issued to shareholders and are available on the Company's website together with other relevant information including quarterly factsheets. The Manager and members of the Board are available to meet the shareholders at investor forums held throughout the year. Directors are also available to meet with shareholders at the AGM.

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

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

Where environmental, social and governance matters impinge upon the investment case, the Manager engages with investee companies to encourage the issues to be addressed through that company's "100 day plan". The Manager is well placed to undertake this activity, which has always been an integrated element of its investment process. The team of 28 investment professionals is well resourced and, collectively, has a deep knowledge and understanding across corporate finance, consulting, accountancy and private equity.

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 at www.foresightgroup.eu.

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

PRINCIPAL RISKS, RISK MANAGEMENT AND REGULATORY ENVIRONMENT

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

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

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

VCT qualifying status risk: The Company is required at all times to observe the conditions laid down in the Income Tax Act 2007 for the maintenance of approved VCT status. The loss of such approval could lead to the Company ceasing to be exempt from corporation tax on capital gains, to investors being liable

Strategic Report

to pay income tax on dividends received from the Company and capital gains tax on the disposal of their shares, and, in certain circumstances, to investors being required to repay the initial income tax relief on their investment.

Mitigation: Legal advice is taken for each transaction to ensure all investments are qualifying. Advance assurance, where appropriate, is sought from HMRC ahead of completion. The Manager keeps the Company's VCT qualifying status under continual review, seeking to take appropriate action to maintain it where required, and its reports are reviewed by the Board on a quarterly basis. The Board has also retained Shakespeare Martineau LLP to undertake an independent VCT status monitoring role.

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

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

Valuation of unquoted investments: Unquoted companies are unlisted and there is no published market price for their shares. The value of the shares needs to be calculated based on other available information using estimates and judgements. As a result, the values calculated can be subjective.

Mitigation: Valuations are prepared in accordance with the IPEV Valuation Guidelines, as discussed in more detail in note 1 to the accounts. Sensitivity analysis is

disclosed in note 15. The Board reviews portfolio valuations quarterly and the external auditor performs an annual review, as noted in the auditor's report.

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

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

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

Mitigation: The Board carries out regular reviews of the system of internal controls, both financial and non-financial, operated by the Manager and other service providers and asks the external auditor to report on them. These include controls designed to ensure that the Company's assets are safeguarded and that proper accounting records are maintained.

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

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

Market risk: All investments are impacted by market risk. Many factors including terrorist activity, disease epidemics and political developments can negatively impact stock markets worldwide.

In times of adverse sentiment there can be very little, if any, market demand for shares in smaller companies.

Mitigation: The Board keeps the portfolio under regular review and the Manager ensures the portfolio is diversified.

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

Mitigation: The Directors review and the Manager checks the credit-worthiness of the counterparties to these instruments and cash deposits and seek to ensure there is no undue concentration of credit risk with any one party.

Brexit: The Board recognises that Brexit is a process that involves significant uncertainty and therefore the impact on the economy in general and the repercussions on individual businesses are difficult to anticipate.

Mitigation: The Board and the Manager follow Brexit developments closely with a view to identifying where changes could affect the areas of the market in which the Company specialises. Although hopefully this should be relatively limited as the majority of the businesses the Company invests in are largely UK focused, there will be an impact particularly where sales are made or purchases are sourced outside the UK.

Emerging risks that have been considered include that of the Covid-19 Coronavirus and climate change. Further details are provided in the Climate Change Statement in the Manager's Report on page 22. The potential impact of Covid-19 on the companies in which the Company invests is under ongoing assessment, although many have already been impacted. Both the Manager and the Company's other key service providers have implemented their business continuity plans and do not currently expect a noticeable disruption to services.

VIABILITY STATEMENT

In accordance with principle 21 of the AIC Code of Corporate Governance published by the AIC in February 2019, the Directors have assessed the prospects of the Company over the three year period to 31 December 2022. 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 a robust 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 its investment process to take account of the more restrictive VCT investment rules that currently apply.

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

Based on the Company's processes for monitoring cash flow, share price discount, ongoing review of the investment objective and policy, asset allocation, sector weightings and portfolio risk profile, the Board has concluded that there is a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the three years to 31 December 2022.

PERFORMANCE-RELATED INCENTIVES

Shareholders approved a co-investment scheme and

performance incentive arrangements at a General Meeting held on 8 March 2017, effective from 31 March 2017. The co-investment and performance incentive arrangements were novated from Foresight Group CI Limited to the Manager on 27 January 2020. Details can be found in note 14 to the accounts.

VALUATION POLICY

Investments held by the Company have been valued in accordance with the International Private Equity and Venture Capital ("IPEV") Valuation Guidelines (December 2018) developed by the British Venture Capital Association and other organisations. Through these guidelines, investments are valued as defined at 'fair value'. Where the investment being valued was itself made recently, its cost may provide a good starting point for estimating fair value. At each measurement date, fair value is estimated using appropriate valuation techniques. Investments quoted or traded on a market are valued at bid price. The portfolio valuations are prepared by the Manager, reviewed and approved by the Board quarterly and are subject to annual review by the external auditor.

VCT TAX BENEFIT FOR SHAREHOLDERS

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

- Income tax relief of up to 30% on subscription by qualifying investors for new shares;
- VCT dividends (including capital distributions of realised gains on investments) are not subject to income tax in the hands of qualifying investors; and
- Capital gains on disposal of VCT shares by qualifying investors are tax-free, whenever the disposal occurs.

The above tax reliefs will be forfeited by shareholders if the shares are not held for five years.

VENTURE CAPITAL TRUST STATUS

Foresight VCT plc has been granted approval as a Venture Capital Trust (VCT) under Sections 274–280A of the Income Tax Act 2007 for the year ended 31 December 2018. The next complete review will be carried out for the year ended 31 December 2019. It is intended that the business of the Company be carried on so as to maintain its VCT status.

The Board and the Manager have managed, and continue to manage, the business in order to comply with the legislation applicable to VCTs. The Board has appointed Shakespeare Martineau LLP to monitor and provide continuing advice in respect of the Company's compliance with applicable VCT legislation and regulation. As at 31 December 2019 the Company had 96.0% (by VCT valuation) of its applicable funds in such VCT qualifying holdings.

FUTURE STRATEGY

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

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

This report has been approved for issue by the Board.

John Gregory
Chairman
27 April 2020

Governance

Board of Directors

John Gregory

CHAIRMAN OF THE BOARD

**Position**

Chairman of the Board

Appointed

30 July 2010

Experience

John is a chartered accountant with a broad experience of banking, corporate finance and fund management; he was an executive director of Noble Fund Managers Limited until 2004. His earlier career was in the City of London and included posts as an executive director of Singer & Friedlander Holdings Limited and, before that, managing director of Henry Ansbacher & Co Limited.

Other positions

Chairman of Social Impact VCT plc and a non-executive director or chairman of several private companies.

Beneficial Shareholding

46,878 shares

Gordon Humphries

NON-EXECUTIVE DIRECTOR

**Position**

Chairman of the Audit and Nomination Committees, Non-Executive Director

Appointed

20 February 2007

Experience

Gordon has over 30 years' experience in financial services, particularly with regard to investment trusts. He was an investment director and the head of investment companies at Standard Life Investments. Prior to this he was joint head of investment trusts at F&C Asset Management. He was previously a director of R&H Fund Services Limited and was a member of the Institute of Chartered Accountants of Scotland Audit and Assurance Committee for the period 2005 to 2015. Gordon began his career with Deloitte Haskins & Sells (now PwC), where he qualified as a chartered accountant. He has an MA (Hons) in Economics and Accounting from the University of Edinburgh.

Other positions

Director of Maven Income and Growth VCT 5 plc.

Beneficial Shareholding

17,363 shares
(9,043 shares allotted post year end)

Jocelin Harris

NON-EXECUTIVE DIRECTOR



Position

Non-Executive Director

Appointed

18 December 2015

Experience

Jocelin is a qualified solicitor and since 1986 has run Durrington Corporation, which provides finance and advice for small businesses. Before this he was a director of private bank Rea Brothers for 13 years. He has personally invested in over 50 development stage companies over the last 40 years.

Other positions

Currently chairman or non-executive director of a number of companies in the UK and the USA. He is also a non-executive director of Unicorn AIM VCT plc and a trustee of St Peter's College, Oxford and of the University Schools Multi Academy Trust.

Beneficial Shareholding

63,658 shares

Margaret Littlejohns

NON-EXECUTIVE DIRECTOR



Position

Chairman of the Management Engagement & Remuneration Committee, Non-Executive Director

Appointed

1 October 2017

Experience

Margaret has 19 years of experience in both commercial and investment banking, developing particular expertise in derivatives and in credit and market risk management. Between 2004 and 2006 she co-founded two start-up ventures, providing self-storage facilities to domestic and business customers in the Midlands and acted as finance director until the businesses were successfully sold in 2016.

Other positions

Margaret currently serves as non-executive chairman of Henderson High Income Trust plc and as non-executive director of UK Commercial Property REIT Limited. She is also a member of the Development Committee of Southern Housing Group and a trustee of the Lymphoma Research Trust.

Beneficial Shareholding

Nil
(38,759 shares allotted post year end)

Directors' Report

The Directors present their report and the financial statements of the Company for the year ended 31 December 2019.

ACTIVITIES AND STATUS

The principal activity of the Company during the year was the making of investments in unquoted companies in the UK. The Company is not an investment company within the meaning of Section 833 of the Companies Act 2006. It has satisfied the requirements as a VCT under Sections 274-280A of the Income Tax Act 2007. Confirmation of the Company's qualification as a VCT has been received up to 31 December 2018 and the Board has managed and intends to continue to manage the Company's affairs in such a manner as to continue to comply with these regulations.

RESULTS AND DIVIDENDS

The total return attributable to shareholders for the year amounted to £5,853,000 (2018: £5,384,000).

The Board declared an interim dividend of 5.0p per share which was paid on 3 May 2019, which related to the year ended 31 December 2018.

The Board is recommending a final dividend for the year ended 31 December 2019 of 3.3p per share, to be paid on 19 June 2020 based on an ex-dividend date of 4 June 2020, with a record date of 5 June 2020.

NET ASSET VALUE TOTAL RETURN

During the year ended 31 December 2019 the Company's principal indicator of performance, NAV total return increased 4.4% (2018: 3.9%) from 78.1p per share to 81.5p per share.

SHARE ISSUES

The Company allotted 1,976,383 shares under the Company's Dividend Reinvestment Scheme at 73.1p per share.

At 31 December 2019 the Company had 173,959,405 shares in issue.

SHARE BUYBACKS

During the year, the Company repurchased 3,068,004 shares for cancellation at a cost of £2,060,000. No shares bought back by the Company are held in treasury. Share buy-backs have been completed at an average discount of 10.1%.

GLOBAL GREENHOUSE GAS EMISSIONS

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

PRINCIPAL RISKS, RISK MANAGEMENT AND REGULATORY ENVIRONMENT

A summary of the principal risks faced by the Company is set out in the Strategic Report on page 27.

MANAGEMENT

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

Annually, the Management Engagement & Remuneration Committee reviews the appropriateness of the Manager's appointment. In carrying out its review, the Management Engagement & Remuneration Committee considers the investment performance of the Company and the ability of the Manager to produce satisfactory investment performance. It also considers the length of the notice period of the investment management contract and fees payable to the Manager, together with the standard of other services provided which include company secretarial services. It is the Board's 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 in

January 2020. The principal terms of the management agreement are set out in note 3 to the accounts. The annual expenses cap is 2.4%, excluding performance incentive fees, which is one of the lower expenses caps of any VCT with total assets over £20 million.

No Director has an interest in any contract to which the Company is a party other than their own appointment. Foresight Group CI Limited acted as manager to the Company in respect of its investments during the year and earned fees of £2,573,000 (2018: £2,379,000). Foresight Group LLP indirectly received £120,000 (2018: £117,000) during the year in respect of secretarial, administrative, accounting and custodian services to the Company.

Foresight Group LLP also received from investee companies arrangement fees of £404,000 (2018: £477,000) and directors' fees of £737,000 (2018: £616,000).

	£'000
Management fee	2,573
Arrangement fees	404
Directors fees	737
Secretarial fee	120
	3,834

The Manager is also a party to the co-investment and performance incentive arrangements described in note 14 to the accounts. All amounts are stated, where applicable, net of Value Added Tax.

At the time of writing, staff of the Manager held a total of 1,883,991 shares in the Company.

VCT STATUS MONITORING

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

The Board monitors the Company's VCT status at quarterly meetings of the Board and the Manager monitors the status on a continuing basis.

SUBSTANTIAL SHAREHOLDINGS

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

FINANCIAL INSTRUMENTS

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

LIKELY FUTURE DEVELOPMENTS

Please refer to the Manager's Report on page 11 for more details on likely future developments.

DIRECTORS INDEMNIFICATION AND INSURANCE

To the extent permitted by law, the Directors have the benefit of indemnities under the articles of association of the Company against 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 (2018: 1 day).

ALTERNATIVE INVESTMENT FUND MANAGERS DIRECTIVE (AIFMD)

The AIFMD came into force on 2 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 costs and administration requirements are not 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 Section 418(2) of the Companies Act 2006, each of the Directors confirms that (a) so far as they are aware, there is no relevant audit information of which the Company's 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 27 April 2020 was 207,024,265 ordinary shares of 1 penny each.

The ordinary shares represent 100% of the total share capital. Further information on the share capital of the Company is detailed in note 12 to the accounts.

Voting Rights in the Company's shares

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

Notifiable interests in the Company's voting rights

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

AUDITOR

Pursuant to Section 487(2) of the Companies Act 2006, the Board has decided to propose the appointment of Deloitte LLP as auditor and a resolution concerning this will be proposed at the Annual General Meeting.

COMPANIES ACT 2006 DISCLOSURES

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

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

Governance

CONFLICTS OF INTEREST

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

WHISTLEBLOWING

The Board has been informed that the Manager has arrangements in place in accordance with the UK Corporate Governance Code's recommendations by which staff 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. The financial position of the Company, its cash flows, liquidity position and borrowing facilities are referred to in the Chairman's Statement, Strategic Report and Notes to the Accounts. In addition, the accounts include the Company's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposures to credit risk and liquidity risk.

The Company has adequate financial resources together with investments and income generated therefrom across a

variety of industries and sectors. As a consequence, the Board believes 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 accounts.

Post balance sheet events are disclosed in note 21.

DIRECTORS REMUNERATION

Following changes to the Companies Act 2006, UK investment companies must comply with new regulations in relation to directors' remuneration. Directors' fees can only be paid in accordance with a remuneration policy which has been approved by shareholders. The Company must also publish a Directors' Remuneration Report that complies with a new set of disclosure requirements. See page 41.

ANNUAL GENERAL MEETING

A formal notice convening the Annual General Meeting on 28 May 2020 can be found on pages 74 to 77. Please refer to the notice in relation to the format of this year's meeting and the request to observe social distancing and travel restrictions in place. Resolutions 1 to 10 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 11 to 13 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 10 to 12 supplement and renew share issue and buyback authorities granted at previous general meetings of the Company and, together with Resolution 13, are explained in further detail below.

RESOLUTION 9

The Directors recommend to shareholders the payment of a final dividend in respect of the financial year ended 31 December 2019 of 3.3p per share of 1p each in the capital of the Company, for payment on 19 June 2020 to shareholders on the register on 5 June 2020.

RESOLUTION 10

Resolution 10 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 £400,000 (representing 19.3% of the issued share capital of the Company as at the date of this report). This authority will be used for the purposes listed under the authority requested under Resolution 11. This includes authority to issue shares pursuant to the dividend reinvestment scheme operated by the Company, performance incentive fee arrangements with Foresight Group LLP and relevant individuals of the Foresight Group LLP investment team 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 10 is in substitution for all existing authorities and 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 pursuant of a contract or contracts made prior to the expiration of this authority.

RESOLUTION 11

Resolution 11 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 amount of up to £200,000 pursuant to offer(s) for subscription, (ii) with an aggregate nominal amount of up to 10% of the issued share capital pursuant to the dividend reinvestment 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, (iii) with an aggregate nominal amount of up to £100,000 pursuant to performance incentive arrangements with Foresight Group LLP and relevant individuals of the Foresight Group LLP investment team at a subscription price which may be less than net asset value per share and (iv) with an aggregate nominal amount of up to 10% of the issued share capital 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. The authority conferred by Resolution 11 is in substitution for all existing authorities and will expire (unless renewed, varied or revoked by the Company in a general meeting) at the conclusion of the Annual General Meeting to be held in 2021, or, if earlier on the date falling 15 months after the passing of the resolution, save that the Company 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 Directors shall be entitled to allot equity securities pursuant to any such offers or agreements as if the authority conferred hereby had not expired.

RESOLUTION 12

It is proposed by Resolution 12 that the Company be authorised to make market purchases of the Company's own shares. Under this authority the Directors may purchase up to 31,032,937 shares, (representing approximately 14.99% of the Company's shares in issue at the date of this Annual

Report) or, if lower, such number of shares (rounded down to the nearest whole share) as shall equal 14.99% of the issued share capital at the date the resolution is passed. When buying shares, the Company cannot pay a price per share which is more than 105% of the average of the middle market quotation for a share taken from the London Stock Exchange daily official list on the five business days immediately before the day on which shares are purchased or, if greater, the amount stipulated by Buyback and Stabilisation Regulation 2003. The authority conferred by Resolution 12 is in substitution for all existing authorities and will expire (unless renewed, varied or revoked by the Company in a general meeting) at the conclusion of the Annual General Meeting to be held in 2021, or, if earlier on the date falling 15 months after the passing of the resolution, save that the Company may purchase its shares after such date in pursuance of a contract or contracts made prior to the expiration of this authority.

Whilst, generally, the Company does not expect that shareholders will want to sell their shares within five years of subscribing for them because this would lead to a loss of tax relief, the Directors anticipate that from time to time shareholders may need to sell shares within this period. Up front 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 existing shares in the market. Therefore, in the interest of shareholders who may need to sell shares from time to time, the Company proposes to renew the authority to buy-in shares as it enables the Board, where possible, to maintain a degree of liquidity in the Company's shares. In making purchases the Company will deal only with member firms of the London Stock Exchange and at a discount to the then prevailing net asset value per share of the

Company's shares to ensure that existing shareholders' interests are protected.

RESOLUTION 13

Resolution 13 seeks the authority from shareholders (as required under the Companies Act 2006) to reduce the share premium account of the Company by £35.6 million.

Cancelling share premium allows a company to create a special reserve that can be used to write or set off losses, facilitate distributions and buybacks and for other corporate purposes. The Company has previously cancelled share premium for these purposes and has, over time, utilised the special reserves created from these cancellations.

The issue of shares pursuant to recent fundraisings has resulted in the creation of further share premium. The Board proposes to reduce the share premium account to create further special reserves.

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

The amount to be cancelled is related to share premium created by the issue of shares on or before 31 December 2016 and is not, therefore, regarded under VCT legislation as restricted capital which should not be used to make, directly or indirectly, payments to shareholders.

This report has been approved for issue by the Board.

Foresight Group LLP
Company Secretary
27 April 2020

Governance

Corporate Governance

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

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

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

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

Unless noted as an exception below, the requirements of the AIC Code were complied with throughout the year ended 31 December 2019.

THE BOARD

The Board comprises four directors, all of whom are non-executive and independent of the Manager and considered independent for the purposes of the AIC Code and the Listing Rules. The Chairman has served on the Board for more than nine years from the date of his first appointment in July 2010. The Board nonetheless considers the Chairman independent in character and judgement and his re-election is sought annually. The Nomination Committee meets annually to discuss the appropriateness of the Board appointments and considers there to be no other circumstances which are likely to impair the Chairman's independence.

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

DIVISION OF RESPONSIBILITIES

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

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

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

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

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

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

	Board	Audit	Nomination	Management Engagement & Remuneration
John Gregory	5/5	2/2	1/1	2/2
Gordon Humphries	5/5	2/2	1/1	2/2
Jocelin Harris	5/5	2/2	1/1	2/2
Margaret Littlejohns	5/5	2/2	1/1	2/2

In light of the responsibilities retained by the Board and its committees and of the responsibilities delegated to the Manager, Shakespeare Martineau LLP and other service providers, the Company has not appointed a chief executive officer, deputy Chairman or a senior independent non-executive Director as recommended by the AIC Code. The provisions of the AIC Code which relate to the division of responsibilities between a chairman and a chief executive officer are, accordingly, not applicable to the Company.

BOARD COMMITTEES

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

The Audit Committee comprises Gordon Humphries (Chairman), John Gregory, Jocelin Harris and Margaret Littlejohns, all of whom are considered to have sufficient recent and relevant financial experience to discharge the role, and meets at least twice a year to consider, amongst other things, the following:

- Review the valuation of unquoted investments;
- Monitor the integrity of the Annual and Half-Yearly Reports of the Company and recommend the accounts to the Board for approval;
- Review the Company's internal control and risk management systems;
- Make recommendations to the Board in relation to the appointment of the external auditor;
- Review and monitor the external auditor's independence; and
- Implement and review the Company's policy on the engagement of the external auditor to supply non-audit services.

As disclosed in the Half-Yearly report the Board launched a tender for the Company's audit contract. The previous auditor, KPMG LLP, was invited to tender alongside several other firms. Following this tender process, the Board appointed Deloitte LLP for the year ended 31 December 2019.

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

The Management Engagement & Remuneration Committee comprises Margaret Littlejohns (Chairman), John Gregory, Jocelin Harris and Gordon Humphries and meets at least annually to consider the levels of remuneration of the Directors. More details can be found in the Directors' Remuneration Report. The Management Engagement & Remuneration Committee also reviews the appointment and terms of engagement of the Manager. The Board has decided that the entire Board of Directors should fulfil the role of the Management Engagement & Remuneration Committee due to its size.

The Nomination Committee comprises Gordon Humphries (Chairman), John Gregory, Jocelin Harris and Margaret Littlejohns and meets at least annually to consider the composition and balance of skills, knowledge and experience of the Board and to make nominations to the Board in the event of a vacancy. The Board has decided that the entire Board of Directors should fulfil the role of the Nomination Committee due to its size.

The Board 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 Board currently comprises one female and three male Directors. There is no formal diversity policy in place however the Board is conscious of the need for diversity and will consider both male and female candidates when appointing new Directors. The Nomination Committee makes recommendations to the Board on the Company's succession plans and also considers the resolutions for the annual re-election of directors.

BOARD EVALUATION

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

INTERNAL CONTROLS

The Directors of Foresight 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.

Governance

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

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

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

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

The Board is provided with reports highlighting all changes to the risk ratings and confirming the action that has been, or is being, taken. This process covers consideration

of the key business, operational, compliance and financial risks facing the Company and includes consideration of the risks associated with the Company's arrangements with the Manager, Shakespeare Martineau LLP and other service providers.

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

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

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

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

statements are audited by external auditors. The Board has therefore concluded that it is not necessary to establish an internal audit function at present but this policy will be kept under review.

UK STEWARDSHIP CODE

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 at www.foresightgroup.eu.

RELATIONS WITH SHAREHOLDERS

The Company communicates with shareholders and solicits their views where it considers it is appropriate to do so. The Manager hosts regular investor forums for shareholders and publishes quarterly factsheets, as well as information on new investments, on the Company's website. 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 Chairmen of the Audit, Nomination and Management Engagement & Remuneration Committees. The Board may from time to time seek feedback through shareholder questionnaires and an open invitation for shareholders to meet the Manager. For more information on the Directors relations with shareholders please refer to the Section 172(1) statement in the Strategic Report on page 27.

John Gregory
Chairman
27 April 2020

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

*Matt and Ben Jones,
Founders of Roxy*



Audit Committee Report

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

- Valuation of unquoted investments;
- Existence of unquoted investments; and
- Compliance with HMRC conditions for maintenance of approved VCT Status.

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

VALUATION OF UNQUOTED INVESTMENTS

The Directors have met quarterly to assess the appropriateness of the estimates and judgements made by the Manager in the investment valuations. As a VCT, the Company's investments are predominantly in unlisted securities, which are difficult to value and require the application of skill, knowledge and judgement by the Board and Audit Committee. During the valuation process the Manager follows the valuation methodologies for unlisted investments as set out in the 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 checked by the auditor and reviewed and challenged by the Audit Committee. The Manager confirmed to the Audit Committee that the investment valuations had been calculated consistently with prior periods and in accordance with published industry guidelines, taking account of the latest available information about investee companies and current market data.

EXISTENCE OF UNQUOTED INVESTMENTS

For all investments made, both share certificates and loan stock

documentation are held by the Manager in the Company's own name and regular reconciliations are carried out by the Manager to ensure that valid documents of title are held.

VENTURE CAPITAL TRUST STATUS

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

The Manager confirmed to the Audit Committee that the conditions for maintaining the Company's status as an approved VCT had been met throughout the year. The Manager seeks HMRC approval, where appropriate, in advance for all qualifying investments and reviews the Company's qualifying status in advance of realisations being made and throughout the year. The Audit Committee is in regular contact with the Manager and any potential issues with VCT Status would be discussed at or between formal meetings. In addition, an external third party review of VCT Status is conducted by Shakespeare Martineau LLP on a quarterly basis and this is reported to both the Board, Audit Committee and the Manager.

AUDITOR'S ASSESSMENT

The Manager and auditor confirmed to the Audit Committee that they were not aware of any material misstatements. Having reviewed the reports received from the Manager and auditor, the Audit Committee is satisfied that the key areas of risk and judgement have been addressed appropriately in the financial statements and that the significant assumptions used in determining the value of assets and liabilities have been properly appraised and are sufficiently robust. The Audit Committee considers that Deloitte LLP has carried out its duties as auditor in a diligent and professional manner. During the year, the Audit Committee assessed the effectiveness of the

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

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

The Audit Committee met in March 2019 to review the 2018 annual audited accounts and the Company's risk register, in August 2019 to review the half-yearly report, the audit plan for December 2019 and the Company's risk register, and in March 2020 to review the 2019 annual audited accounts.

Gordon Humphries

Audit Committee Chairman
27 April 2020

Directors' Remuneration Report

INTRODUCTION

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

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

ANNUAL STATEMENT FROM THE CHAIRMAN OF THE REMUNERATION COMMITTEE

The Board, which is profiled on pages 30 to 31, consists solely of non-executive directors and considers at least annually the level of the Board's fees.

CONSIDERATION BY THE DIRECTORS OF MATTERS RELATING TO DIRECTORS' REMUNERATION

The Management Engagement & Remuneration Committee comprises four Directors: Margaret Littlejohns (Chairman), John Gregory, Jocelin Harris and Gordon Humphries.

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

The Management Engagement & Remuneration Committee also undertakes external comparisons and reviews to ensure that the levels of remuneration paid are broadly in line with industry standards and members have access to independent advice where they consider it appropriate. During the year neither the Board

nor the Management Engagement & Remuneration Committee has been provided with external advice or services by any person, but has received industry comparison information from the Manager and industry research carried out by third parties in respect of Directors' remuneration.

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

The Board agrees a base fee for non-executive directors which is increased by agreed percentages for chairing the Board and each committee.

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 December 2019 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 10 January 2018, they may resign at any time. There are no set minimum notice periods and no compensation is payable to Directors leaving office. As the Directors are not appointed

for a fixed length of time there is no unexpired term to their appointment but all Directors retire every year and may seek re-election.

It is the intention of the Board that the above remuneration policy will, subject to shareholder approval, come into effect immediately following the Annual General Meeting of the Company on 28 May 2020 and will continue for a period of three years unless renewed, varied or revoked in a 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 95.7% of shareholders voted for the resolution approving the Directors' Remuneration Report, showing significant shareholder support.

Please refer to page 43 for the Directors remuneration tables.

RETIREMENT BY ROTATION

All Directors retire and may offer themselves for re-election every year.

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 43. 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.

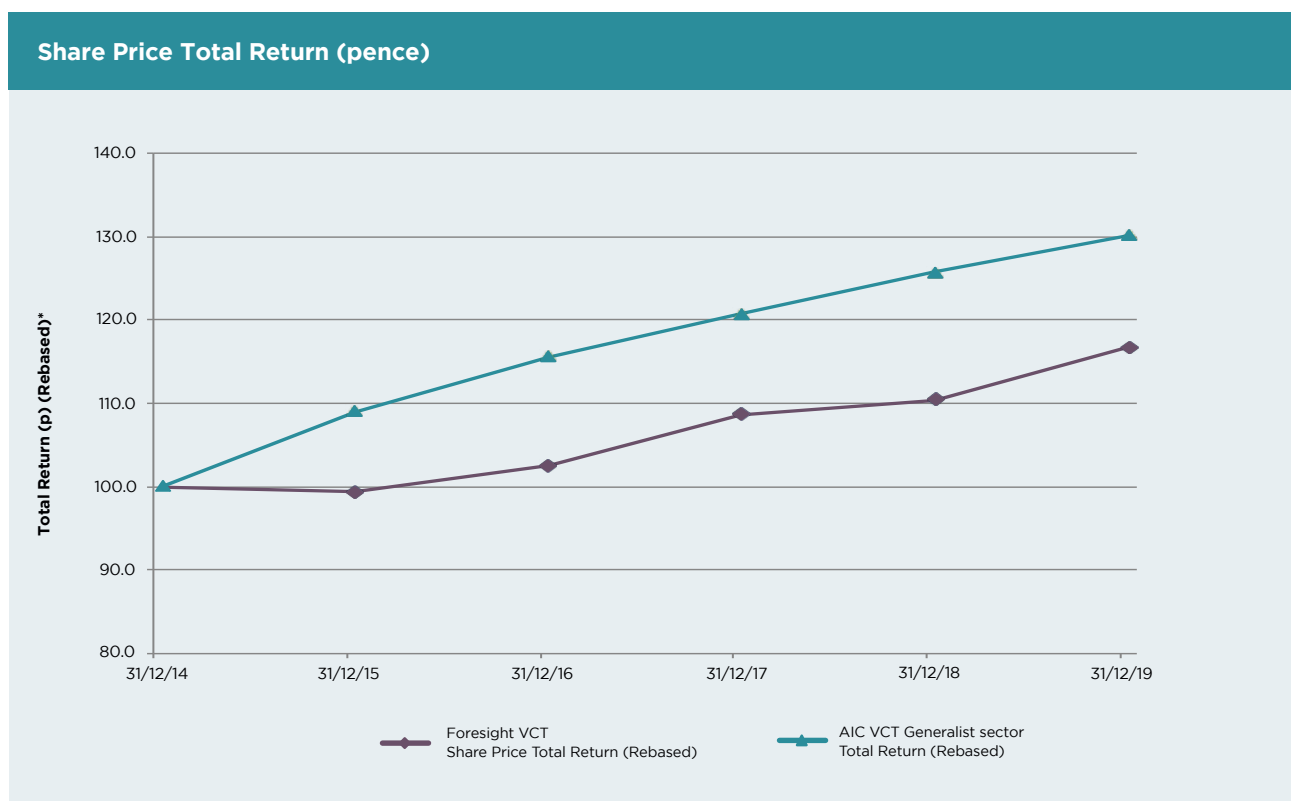
Governance

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.

SHARE PRICE TOTAL RETURN

The graph below charts the total shareholder return to 31 December 2019, on the hypothetical value of £100, invested on 1 January 2015. The return is compared to the total shareholder return on a notional investment of £100 in the AIC VCT Generalist sector.



*Based on an initial investment on 1 January 2015.

DIRECTORS

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

	31 December 2019 Shares (audited)	31 December 2018 Shares
John Gregory (Chairman)	46,878	43,877
Jocelin Harris	63,658	59,583
Gordon Humphries	17,363	16,252
Margaret Littlejohns	—	—

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

Post year end, Gordon Humphries subscribed for 9,043 shares and Margaret Littlejohns subscribed for 38,759 shares based on an issue price of 77.4p.

In accordance with the UK Corporate Governance Code and the Board's policy, Mr Gregory, Mr Humphries, Mr Harris and Ms Littlejohns retire annually and, being eligible, offer themselves for re-election. Biographical notes on the Directors are given on pages 30 to 31.

The Board believes that Mr Gregory's, Mr Humphries', Mr Harris' and Ms Littlejohns' skills, experience and knowledge continue to complement each other and add value to the Company and recommends their re-election to the Board. None of the Directors has a contract of service with the Company.

AUDITED INFORMATION

The information below has been audited. See the Independent Auditor's Report on pages 46 to 53.

	Audited Directors' fees year ended 31 December 2019 (£)	Audited Directors' taxable benefits [^] year ended 31 December 2019 (£)	Audited Total remuneration year ended 31 December 2019 (£)	Total remuneration year ended 31 December 2018 (£)
John Gregory (Chairman)	32,075	—	32,075	31,302
Jocelin Harris	23,900	—	23,900	23,325
Gordon Humphries	27,900	2,876	30,776	26,830
Margaret Littlejohns	24,500	—	24,500	23,325
Peter Dicks (retired in May 2018)	—	—	—	9,102
Total	108,375	2,876	111,251	113,884

[^]Relates to expenses incurred for attending meetings at the Company's principal place of business.

The Directors are not eligible for pension benefits, share options or long-term incentive schemes. Directors' fees are reviewed annually and fees were last increased on 1 July 2019 after consideration of fees paid to other VCT directors and available independent research.

Governance

Votes cast For and Against the Directors' Remuneration Report for the year ended 31 December 2018:

Shares and Percentage of votes cast For	Shares and Percentage of votes cast Against	Number of votes withheld
95.7%	4.3%	
16,338,292 votes	729,984 votes	262,028 votes

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

	Year ended 31 December 2019	Year ended 31 December 2018
Dividends	£8,753,000	£8,720,000
Share buybacks	£2,060,000	£1,817,000
Total shareholder distributions	£10,813,000	£10,537,000
Directors fees	£108,375	£112,852
Directors fees % of shareholder distributions	1.0%	1.1%

APPROVAL OF REPORT

An ordinary resolution for the approval of this Directors' Remuneration Report will be put to shareholders at the forthcoming Annual General Meeting. In addition to this, Resolution 3, which is seeking shareholder approval for the Directors' Remuneration Policy, will, if approved, take effect from the Annual General Meeting and will be valid for a period of three years unless renewed, varied or revoked by the Company at a general meeting.

This Directors' Remuneration Report was approved by the Board on 27 April 2020 and is signed on its behalf by Margaret Littlejohns (Director).

On behalf of the Board

Margaret Littlejohns

Director

27 April 2020

Statement of Directors' Responsibilities

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ANNUAL REPORT AND ACCOUNTS

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of its 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 its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

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

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

STATEMENT OF THE DIRECTORS IN RESPECT OF THE ANNUAL REPORT

We confirm that to the best of our knowledge:

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

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

On behalf of the Board

John Gregory

Chairman
27 April 2020

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

Report on the audit of the financial statements

1. OPINION

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

- give a true and fair view of the state of the Company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the income statement;
- the reconciliation of movement in shareholders' funds;
- the balance sheet;
- the cash flow statement; and
- the related notes 1 to 21.

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

2. BASIS FOR OPINION

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

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

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

3. SUMMARY OF OUR AUDIT APPROACH

Key audit matters	The key audit matter that we identified in the current year was valuation of unquoted investments.
Materiality	The materiality that we used in the current year was £1.35 million which was determined on the basis of 1% of net assets as at 31 December 2019.
Scoping	Audit work to respond to the risks of material misstatement was performed directly by the audit engagement team.

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

4.1. Going concern

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

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

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

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

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

4.2. Principal risks and viability statement

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

- the disclosures on pages 27 to 28 that describe the principal risks, procedures to identify emerging risks, and an explanation of how these are being managed or mitigated;
- the directors' confirmation on page 29 that they have carried out a robust assessment of the principal and emerging risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity; or
- the directors' explanation on page 29 as to how they have assessed the prospects of the Company, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

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

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

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

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

5. KEY AUDIT MATTERS

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

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

5.1. Valuation of unquoted investments <>

Key audit matter description	The Company holds unquoted investments of £120.5m, representing 90.5% of the entity's net assets (2018: £99.0m, 72.5%). The unquoted investments are valued in line with International Private Equity and Venture Capital (IPEV) Guidelines and may carry a higher degree of judgement. This risk has been identified as a potential fraud risk as incorrect valuations could result in a material misstatement of the net asset value of the Company. Refer to note 1b to the financial statements for the accounting policy on unquoted investments and details of the investments are disclosed in note 9 to the financial statements. The valuation of investment risk is included within the Audit Committee report on page 40.
How the scope of our audit responded to the key audit matter	We performed the following procedures to address the valuation of investments key audit matter: - We assessed the design and implementation of controls in place over the valuation of unquoted investments through enquiry of management and performed a detailed review of documentation of the relevant controls; - We assessed the valuation methodology applied for compliance with the IPEV Guidelines and assessed the assumptions adopted; - For unquoted investments valued on a revenue/EBITDA multiple basis, we tested the judgemental inputs around maintainable revenue/EBITDA and multiple against management accounts and latest audited accounts where available, considering any impact of Brexit and Covid-19. We have reviewed the suitability and accuracy of the multiple from a basket of comparable transactions/quoted companies; - We tested a sample of unquoted investee company data to supporting documentation; and - We assessed whether any critical judgement or sources of estimation uncertainty were applied and appropriately disclosed.
Key observations	Based on the work performed we concluded that the valuation of unquoted investments is reasonable.

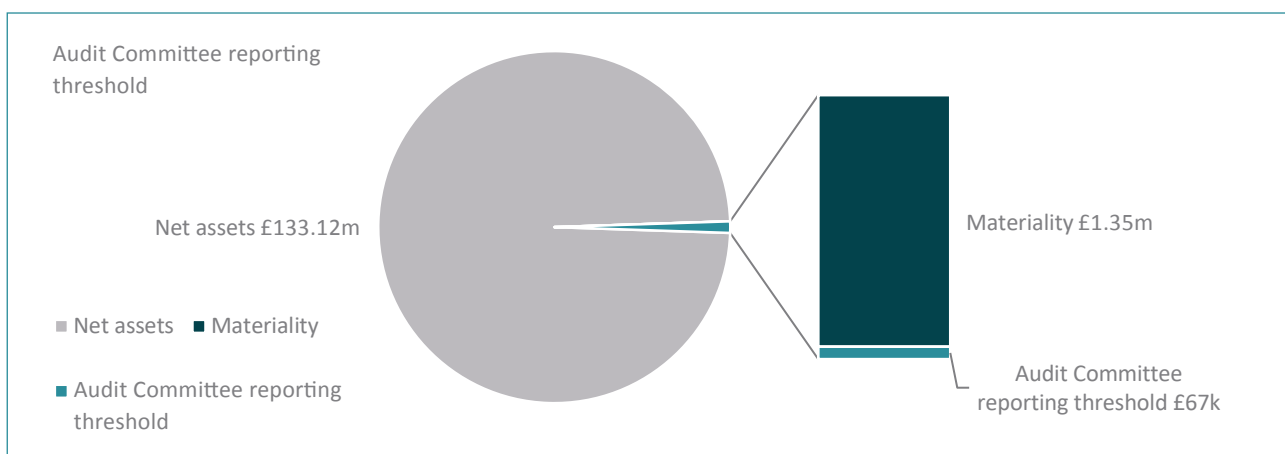
6. OUR APPLICATION OF MATERIALITY

6.1. Materiality

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

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

Materiality	£1.35 million.
Basis for determining materiality	1% of net assets.
Rationale for the benchmark applied	Net assets has been chosen as it is considered the most relevant benchmark for investors and is a key driver of shareholder value.



6.2. Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole. Performance materiality was set at 60% of materiality for the 2019 audit. In determining performance materiality, we considered our risk assessment, including our assessment of the Company's overall control environment and that we do not rely on controls. We also considered that this is our first year audit, the Company is a listed entity and that there has been a low number of corrected and uncorrected misstatements identified in the prior year.

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

6.3. Error reporting threshold

We agreed with the audit committee that we would report to the committee all audit differences in excess of £67k as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the audit committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

7. AN OVERVIEW OF THE SCOPE OF OUR AUDIT

7.1. Scoping

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

7.2. Our consideration of the control environment

Based on this assessment, we focused our audit scope primarily on the key audit matter described above. The investment management and accounting and reporting operations were undertaken by the Manager. We have obtained an understanding of the Manager's systems of internal controls and considered in our risk assessment the overall control environment. As a result, given the simple nature of the operations and environment, we have not relied on controls in our audit approach.

8. OTHER INFORMATION

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

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

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

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

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

- **Fair, balanced and understandable** – the statement given by the directors that they consider the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy, is materially inconsistent with our knowledge obtained in the audit; or
- **Audit committee reporting** – the section describing the work of the audit committee does not appropriately address matters communicated by us to the audit committee; or
- **Directors' statement of compliance with the UK Corporate Governance Code** – the parts of the directors' statement required under the Listing Rules relating to the Company's compliance with the UK Corporate Governance Code containing provisions specified for review by the auditor in accordance with Listing Rule 9.8.10R(2) do not properly disclose a departure from a relevant provision of the UK Corporate Governance Code.

We have nothing to report in respect of these matters.

9. RESPONSIBILITIES OF DIRECTORS

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

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

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

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

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

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

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

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

11.1. Identifying and assessing potential risks related to irregularities

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

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

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

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

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

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

11.2. Audit response to risks identified

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

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

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

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

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

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

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

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

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

Report on other legal and regulatory requirements

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

13.1. Adequacy of explanations received and accounting records

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

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

We have nothing to report in respect of these matters.

13.2. Directors' remuneration

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

We have nothing to report in respect of these matters.

14. OTHER MATTERS

14.1. Auditor tenure

Following the recommendation of the audit committee, we were appointed by the Board of Directors on 30 August 2019 to audit the financial statements for the year ending 31 December 2019 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is one year covering the year ended 31 December 2019.

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

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

15. USE OF OUR REPORT

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

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

Financial Statements

Income Statement

FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	Year ended 31 December 2019			Year ended 31 December 2018		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Realised (losses)/gains on investments		—	(2,551)	(2,551)	—	921	921
Investment holding gains		—	10,258	10,258	—	5,916	5,916
Income	2	1,284	—	1,284	1,398	—	1,398
Investment management fees	3	(643)	(1,930)	(2,573)	(595)	(1,784)	(2,379)
Other expenses	4	(565)	—	(565)	(472)	—	(472)
Return on ordinary activities before taxation		76	5,777	5,853	331	5,053	5,384
Taxation	6	—	—	—	(34)	34	—
Return on ordinary activities after taxation		76	5,777	5,853	297	5,087	5,384
Return per share:	8	0.0p	3.3p	3.3p	0.2p	2.9p	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 Company has only one class of business and one reportable segment, the results of which are set out in the Income Statement and Balance Sheet.

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

The notes on pages 58 to 73 form part of these financial statements.

Reconciliation of Movements in Shareholders' Funds

Year ended 31 December 2019	Notes	Called-up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Distributable reserve^ £'000	Capital reserve^ £'000	Revaluation reserve £'000	Total £'000
As at 1 January 2019		1,751	99,115	920	12,929	3,422	18,589	136,726
Share issues in the year*	12	20	1,425	—	—	—	—	1,445
Expenses in relation to share issues**		—	(92)	—	—	—	—	(92)
Repurchase of shares	12	(31)	—	31	(2,060)	—	—	(2,060)
Cancellation of share premium		—	(21,607)	—	21,607	—	—	—
Realised losses on disposal of investments	9	—	—	—	—	(2,551)	—	(2,551)
Investment holding gains	9	—	—	—	—	—	10,258	10,258
Dividends paid	7	—	—	—	(8,753)	—	—	(8,753)
Management fees charged to capital	3	—	—	—	—	(1,930)	—	(1,930)
Revenue return for the year		—	—	—	76	—	—	76
As at 31 December 2019		1,740	78,841	951	23,799	(1,059)	28,847	133,119

*Relating to the dividend reinvestment scheme.

**Expenses in relation to share issues relate to trail commission for prior years' fund raising.

^Reserve is available for distribution, total distributable reserves at 31 December 2019 total £22,740,000 (2018: £16,351,000).

Year ended 31 December 2018	Notes	Called-up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Distributable reserve £'000	Capital reserve £'000	Revaluation reserve £'000	Total £'000
As at 1 January 2018		2,194	97,687	455	23,169	4,251	12,673	140,429
Share issues in the year*	12	22	1,523	—	—	—	—	1,545
Removal of shares		(439)	—	439	—	—	—	—
Expenses in relation to share issues**		—	(95)	—	—	—	—	(95)
Repurchase of shares	12	(26)	—	26	(1,817)	—	—	(1,817)
Realised gains on disposal of investments	9	—	—	—	—	921	—	921
Investment holding gains	9	—	—	—	—	—	5,916	5,916
Dividends paid	7	—	—	—	(8,720)	—	—	(8,720)
Management fees charged to capital	3	—	—	—	—	(1,784)	—	(1,784)
Tax credited to capital	6	—	—	—	—	34	—	34
Revenue return for the year		—	—	—	297	—	—	297
As at 31 December 2018		1,751	99,115	920	12,929	3,422	18,589	136,726

*Relating to the dividend reinvestment scheme.

**Expenses in relation to share issues relate to trail commission for prior years' fund raising.

The notes on pages 58 to 73 form part of these financial statements.

Financial Statements

Balance Sheet

AT 31 DECEMBER 2019

Registered number: 03421340

	Notes	As at 31 December 2019 £'000	As at 31 December 2018 £'000
Fixed assets			
Investments held at fair value through profit or loss	9	120,521	99,065
Current assets			
Debtors	10	362	542
Cash and cash equivalents		12,324	37,419
		12,686	37,961
Creditors			
Amounts falling due within one year	11	(88)	(300)
Net current assets		12,598	37,661
Net assets		133,119	136,726
Capital and reserves			
Called-up share capital	12	1,740	1,751
Share premium account		78,841	99,115
Capital redemption reserve		951	920
Distributable reserve		23,799	12,929
Capital reserve		(1,059)	3,422
Revaluation reserve		28,847	18,589
Equity Shareholders' funds		133,119	136,726
Net asset value per share:	13	76.5p	78.1p

The financial statements were approved by the Board of Directors and authorised for issue on 27 April 2020 and were signed on its behalf by:

John Gregory
Chairman

The notes on pages 58 to 73 form part of these financial statements.

Cash Flow Statement

FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	Year ended 31 December 2019 £'000	Year ended 31 December 2018 £'000
Cash flow from operating activities			
Loan interest received from investments	2	733	1,025
Dividends received from investments	2	178	155
Deposit and similar interest received	2	186	258
Investment management fees paid	3	(2,573)	(2,379)
Secretarial fees paid	4	(122)	(115)
Other cash payments	4	(465)	(495)
Net cash outflow from operating activities		(2,063)	(1,551)
Cash flow from investing activities			
Purchase of investments	9	(15,791)	(17,705)
Net proceeds on sale of investments	9	1,966	3,380
Net proceeds on deferred consideration	9	441	310
Net proceeds on liquidation of investments	9	—	20
Net cash outflow from investing activities		(13,384)	(13,995)
Cash flow from financing activities			
Expenses of fund raising		(92)	(95)
Repurchase of own shares		(2,248)	(1,763)
Equity dividends paid	7	(7,308)	(7,176)
Net cash outflow from financing activities		(9,648)	(9,034)
Net outflow of cash in the year		(25,095)	(24,580)
Reconciliation of net cash flow to movement in net funds			
Decrease in cash and cash equivalents for the year		(25,095)	(24,580)
Net cash and cash equivalents at start of year		37,419	61,999
Net cash and cash equivalents at end of year		12,324	37,419

Analysis of changes in net debt

	At 1 January 2019 £'000	Cash flow £'000	At 31 December 2019 £'000
Cash and cash equivalents	37,419	(25,095)	12,324

The notes on pages 58 to 73 form part of these financial statements.

Notes to the Accounts

FOR THE YEAR ENDED 31 DECEMBER 2019

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

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

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

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

GOING CONCERN

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

The Company has sufficient financial resources together with investments and income generated therefrom across a variety of industries and sectors. As a consequence, the Board believes 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 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 or loss”. The Board values investments in accordance with the International Private Equity and Venture Capital (“IPEV”) Valuation Guidelines, as updated in December 2018. 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 Board in accordance with the following rules, which are consistent with the IPEV Valuation Guidelines. When valuing an unquoted investment at fair value the following factors will be considered:

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

C) INCOME

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

D) EXPENSES

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

Performance incentive payments predominantly relate to the capital performance of the portfolio and are therefore charged 100% to capital. Performance fees are accrued and a liability is recognised when they are likely to be payable and can be reliably measured. The performance incentive arrangements are described in note 14. Based on the various performance hurdles (as noted in note 14) which must be met before the performance incentive fee is triggered, the Board believes there is a possible but uncertain future obligation, due to it being conditional upon a number of future events occurring. As such the Board believes the performance incentive fee is a contingent liability and it will be disclosed as such.

Note 16 gives detail on the nature of the contingent liability, the estimate of its financial effect, an indication of the uncertainties relating to the amount or timing of any outflow and the possibility of any reimbursement.

E) 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

Notes to the Accounts

FOR THE YEAR ENDED 31 DECEMBER 2019

NOTE 1 ACCOUNTING POLICIES (CONTINUED)

E) BASIC FINANCIAL INSTRUMENTS (CONTINUED)

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 through 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.

F) 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.

G) 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.

H) 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.

I) CAPITAL RESERVES

The capital reserve is made up of two elements:

(i) Realised

The following are accounted for in this reserve:

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

(ii) Revaluation reserve (unrealised capital reserve)

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

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

NOTE 1 ACCOUNTING POLICIES (CONTINUED)

J) 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.

K) CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the financial statements requires the Board to make judgements and estimates that affect the application of policies and reported amounts of assets, liabilities, income and expenses. In the Board's opinion, there was no critical accounting judgement applied. The Board considers that the only area where the Manager makes critical estimates and assumptions that may have a significant effect on the financial statements relates to the fair valuation of unquoted investments. Trading results of investee companies may differ from the estimates made. The underlying assumptions are reviewed on each valuation date.

The Board considers that the fair value of investments not quoted in an active market involves critical accounting estimates and assumptions because they are determined by the Manager, using valuation methods and techniques generally recognised as standard within the industry. Valuations use observable data to the extent practicable. However, they also rely on significant unobservable inputs about the maintainable earnings; comparable multiples and discounts. Furthermore, changes in these inputs and assumptions 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. Both the Audit Committee and the Auditor review the Manager's valuations in detail.

2 INCOME

	Year ended 31 December 2019 £'000	Year ended 31 December 2018 £'000
Loan stock interest	920	985
Dividends receivable	178	155
Deposit and similar interest received	186	258
	1,284	1,398

3 INVESTMENT MANAGEMENT FEES

	Year ended 31 December 2019 £'000	Year ended 31 December 2018 £'000
Investment management fees charged to the revenue account	643	595
Investment management fees charged to the capital account	1,930	1,784
	2,573	2,379

The Manager advises the Company on investments under an agreement dated 21 June 2012 (as novated to the Manager and amended on 27 January 2020). The agreement may be terminated by not less than one year's notice in writing.

The Manager receives an annual investment management fee of an amount equal to 2% of the net assets of the Company. The Manager has agreed to reduce its annual management fee to 1% in respect of any cash within the net assets of the Company in excess of £20 million. The excess cash level on which the reduced 1% fee applies is subject to annual review.

Management fees are calculated on the most recently announced net assets and payable quarterly in advance. Supplemental management fees are paid in relation to funds raised during the quarter.

Details of the performance-related incentive fees are given in note 14.

Financial Statements

Notes to the Accounts

FOR THE YEAR ENDED 31 DECEMBER 2019

4 OTHER EXPENSES

	Year ended 31 December 2019 £'000	Year ended 31 December 2018 £'000
Accounting and secretarial services (excluding VAT)	120	117
Directors' remuneration including employer's National Insurance contributions	116	120
Auditor's remuneration (excluding VAT) ¹	45	40
Taxation services	3	2
Other	281	193
	565	472

¹The Auditor's remuneration relates to the audit of the financial statements. There were no non-audit fees paid to the Company's auditor during the year (2018: Nil).

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

The Manager is the Company Secretary and received annual fees, paid quarterly in advance, for administration services provided of £120,000 (2018: £117,000). The annual administration fee is adjusted annually in line with the UK Retail Prices Index.

The normal annual running costs of the Company are capped at an amount equal to 2.4% of the net assets of the Company as at the end of each financial year, with any excess being borne by the Manager.

5 DIRECTORS' REMUNERATION

	Year ended 31 December 2019 £'000	Year ended 31 December 2018 £'000
John Gregory	32	31
Peter Dicks	—	9
Jocelin Harris	24	23
Gordon Humphries	28	26
Margaret Littlejohns	24	23
	108	112
Employers' NIC on above as appropriate	8	8
	116	120

Further details of Directors' interests are given on page 43. The Company has no employees.

6 TAX ON ORDINARY ACTIVITIES

	Year ended 31 December 2019			Year ended 31 December 2018		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Current tax						
Corporation tax	—	—	—	34	(34)	—
Total current tax	—	—	—	34	(34)	—
Deferred tax	—	—	—	—	—	—
Total tax	—	—	—	34	(34)	—

6 TAX ON ORDINARY ACTIVITIES (CONTINUED)

FACTORS AFFECTING CURRENT TAX CHARGE FOR THE YEAR:

The tax assessed for the year is lower (2018: lower) than the standard rate of corporation tax in the UK of 19% (2018: 19%).

The differences are explained below:

	Year ended 31 December 2019 £'000	Year ended 31 December 2018 £'000
Total return on ordinary activities before taxation	5,853	5,384
Corporation tax at 19% (2018: 19%)	1,112	1,023
Effect of:		
Capital realised losses/(gains) not taxable	485	(175)
Capital unrealised gains not taxable	(1,949)	(1,124)
Movement in unutilised expenses	386	305
Dividend income not taxable	(34)	(29)
Total tax charge for the year	—	—

No asset or liability has been recognised for deferred tax in relation to capital gains or losses on revaluing investments. The Company is exempt from such tax as a result of qualifying as a VCT.

No deferred tax asset has been recognised in the year for surplus management expenses. At present it is not envisaged that any tax will be recovered on these in the foreseeable future.

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. There is an unrecognised deferred tax asset of approximately £2,230,000 (2018: £1,640,000).

7 DIVIDENDS

	Year ended 31 December 2019 £'000	Year ended 31 December 2018 £'000
Dividends — paid in the year	8,753	8,720

The Board is recommending a final dividend for the year ended 31 December 2019 of 3.3p (2018: £nil).

As at 31 December 2019, reserves available for dividend distribution totalled £22,740,000 (2018: £16,351,000) comprising the capital and distributable reserves.

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

Financial Statements

Notes to the Accounts

FOR THE YEAR ENDED 31 DECEMBER 2019

8 RETURN PER SHARE

	Year ended 31 December 2019	Year ended 31 December 2018
	£'000	£'000
Total return after taxation	5,853	5,384
Total return per share (note a)	3.3p	3.1p
Revenue return from ordinary activities after taxation	76	297
Revenue return per share (note b)	0.0p	0.2p
Capital return from ordinary activities after taxation	5,777	5,087
Capital return per share (note c)	3.3p	2.9p
Weighted average number of shares in issue in the year	175,090,865	175,834,593

Notes:

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

9 INVESTMENTS HELD AT FAIR VALUE THROUGH PROFIT OR LOSS

	2019 £'000	2018 £'000
Unquoted investments	120,521	99,065

	£'000
Book cost as at 1 January 2019	80,527
Investment holding gains	18,538
Valuation at 1 January 2019	99,065
Movements in the year:	
Purchases at cost	15,791
Disposal proceeds [^]	(1,966)
Realised losses*	(2,992)
Investment holding gains**	10,623
Valuation at 31 December 2019	120,521
Book cost at 31 December 2019	91,360
Investment holding gains	29,161
Valuation at 31 December 2019	120,521

[^]The Company received £1,966,000 (2018: £3,380,000) from the disposal of investments during the year. The book cost of these investments when they were purchased was £4,957,000 (2018: £2,789,000). These investments have been revalued over time and until they were sold any unrealised gains or losses were included in the fair value of the investments.

*Realised losses in the income statement includes deferred consideration of £441,000 received from Trilogy Communications Limited in the year.

**Investment holding gains in the income statement have been reduced by the offset in the deferred consideration debtor of £377,000 (Trilogy Communications Limited) and have been increased by the deferred consideration debtor for Idio Limited, totalling £12,000.

10 DEBTORS

	2019 £'000	2018 £'000
Accrued interest	332	145
Deferred consideration	12	377
Prepayments	18	20
	362	542

11 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019 £'000	2018 £'000
Trade creditors	8	11
Accruals and other creditors	80	289
	88	300

12 CALLED-UP SHARE CAPITAL

	2019 £'000	2018 £'000
Allotted, called-up and fully paid: 173,959,405 shares of 1p each (2018: 175,051,026)	1,740	1,751

SHARE ISSUES AND SHARE BUYBACKS

On 3 May 2019 the Company allotted 1,976,383 shares under the Company's Dividend Reinvestment Scheme at 73.1p per share.

These share issues were under the VCT provisions that commenced on 6 April 2006, namely: 30% upfront 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, 3,068,004 shares were purchased for cancellation at a cost of £2,060,000.

	Shares No.
At 1 January 2019	175,051,026
Dividend reinvestment	1,976,383
Share buybacks	(3,068,004)
At 31 December 2019	173,959,405

Notes to the Accounts

FOR THE YEAR ENDED 31 DECEMBER 2019

13 NET ASSET VALUE PER SHARE

The net asset value per share is based on net assets at the end of the year and on the number of shares in issue at that date.

	31 December 2019	31 December 2018
Net assets	£133,119,000	£136,726,000
No. of shares at year end	173,959,405	175,051,026
Net asset value per share	76.5p	78.1p

14 CO-INVESTMENT AND PERFORMANCE INCENTIVE ARRANGEMENTS

A co-investment scheme and performance incentive fee arrangement was approved by shareholders and entered into by the Company and Foresight Group CI Limited in March 2017.

The rights and obligations of Foresight Group CI Limited in respect of the co-investment scheme and performance incentive arrangements were novated to the Manager on 27 January 2020. As a result, in respect of investments made before that date, the co-investments to which Foresight Group CI Limited was entitled were transferred to the Manager on 31 March 2020.

Co-investment

In order to align the interests of the Manager and the individual members of the Manager's Private Equity Team ("advisory team") with those of shareholders, the Manager and the advisory team will co-invest, alongside the Company, for shares and loans in each new investee company at the same time and at the same price paid by the Company.

In respect of investments made by the Company in new investee companies (including follow-ons) on or after 31 March 2017, the Manager and the advisory team subscribe, in aggregate, for shares and loans equal to 1.0% (1.5% for the period from 31 March 2017 to 27 January 2020) of the total value being invested by the Company. This allocation is split as to 75% to the advisory team and 25% to the Manager. The co-investment will be in the lowest priority of securities that the Company is investing in, subject to not representing more than 3.33% (5% for the period from 31 March 2017 to 27 January 2020) of the amount the Company is investing in each security class.

The Board believes that these arrangements will align the interests of the advisory team with the Company through their personal investment in each new investee company in which the Company invests.

Performance Incentive

In order to incentivise the Manager to generate enhanced returns for shareholders, the Manager will potentially be entitled to a performance incentive payment in respect of investments made by the Company in new investee companies on or after 31 March 2017 (including follow-ons in such investee companies).

The Manager will be entitled to a performance incentive fee in respect of cash proceeds received by the Company in respect of a realisation of an investment subject to (i) an Investment Growth Hurdle and (ii) a Total NAV Return Hurdle.

The 'Investment Growth Hurdle' requires that the cash return received in respect of all investments in the relevant investee company is greater than the cost of those investments increased annually by 4% plus RPI (on a compound basis).

The 'Total NAV Return Hurdle' requires that the NAV total return per share must be at least the 'Hurdle TR' (i) at the time of the exit of the relevant investment and (ii) at the end of the three year period following the relevant exit.

14 CO-INVESTMENT AND PERFORMANCE INCENTIVE ARRANGEMENTS (CONTINUED)

For these purposes:

- 'NAV total return per share' means, as the date of assessment, the NAV per share plus dividends paid per share since 18 December 2015.
- 'Dividends paid per share' means the aggregate of the amount of dividends actually paid, divided by the number of shares in issue at the point of assessment, to give a rebased amount of dividends per share.
- 'Hurdle TR' means 100p as increased from 1 January 2020 to the date of the relevant total return assessment by the greater of (i) the percentage increase in RPI and (ii) 3.5% per annum (such increase to be compounded yearly by the greater of the RPI increase and 3.5% for the relevant year).

As at 31 December 2019, the NAV total return per share was 99.7p (being the aggregate of the NAV per share as at 31 December 2019 of 76.5p and dividends paid per share (i.e rebased) since 18 December 2015 totalling 23.2p).

Should both of the above hurdles be met, the Manager will receive a fee equal to 20% of the amount by which the cash proceeds received by the Company exceed the Investment Growth Hurdle. The Company may issue shares in lieu of a cash payment.

The fee will only be paid after three years following the exit of a relevant investment, when the Total NAV Return Hurdle can be measured in full.

No performance fees have been paid or were accrued as due during the year (2018: Nil). More detail on the contingent liability relating to the performance incentive fee is detailed in note 16.

15 FINANCIAL INSTRUMENT RISK MANAGEMENT

The Company's financial instruments comprise:

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

Classification of financial instruments

The Company held the following categories of financial instruments at fair value as at 31 December 2019:

	2019 £'000	2018 £'000
Investment portfolio	120,521	99,065
Cash and cash equivalents	12,324	37,419
Total	132,845	136,484

The investment portfolio consists of unquoted investments. Unquoted investments consist of equity in and loans to investee companies and are valued at fair value through profit or loss.

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

Notes to the Accounts

FOR THE YEAR ENDED 31 DECEMBER 2019

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 adverse market movements. The Board manages market price risk through the application of venture capital disciplines and investment structuring delegated to the Manager.

The investments in equity and loan stocks of unquoted companies are rarely traded and as such the prices are more difficult to determine than those of more widely traded securities. In addition, the ability of the Company to realise the investments at their carrying value will at times not be possible if there are no willing purchasers. The ability of the Company to purchase or sell investments is also constrained by the requirements set down for VCTs. The potential maximum exposure to market price risk, being the value of the investment portfolio as at 31 December of 2019, was £120,521,000 (31 December 2018: £99,065,000). Market price risk sensitivity analysis can be found on page 70.

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 £39,729,000, being the total value of the loan stock investments, money market securities and cash as at 31 December 2019 (31 December 2018: £61,953,000). Floating rate investments relate to the interest bearing deposit account which earned interest based on the Bank of England rate of 0.75% at 31 December 2019. As at 31 December 2019 if the interest rate increased or decreased by 65 basis points the interest earned would increase or decrease by £17,160.

	Total portfolio		Weighted average interest rate		Weighted average time for which rate is fixed	
	31 December 2019 £'000	31 December 2018 £'000	31 December 2019 %	31 December 2018 %	31 December 2019 Days	31 December 2018 Days
Company Portfolio						
Loan stock — exposed to fixed interest rate risk	27,405	24,534	10.5	10.6	714	882
Loan stock —exposed to variable interest rate risk	—	—	—	—	—	—
Cash	12,324	37,419	0.7	0.6	—	—
Total exposed to interest rate risk	39,729	61,953				

15 FINANCIAL INSTRUMENT RISK MANAGEMENT (CONTINUED)

CREDIT RISK

Credit risk is the risk of failure by counterparties to deliver securities or cash to which the Company is entitled. The Company has exposure to credit risk in respect of the loan stock investments it has made into investee companies, most of which have no security attached to them, and where they do, such security ranks beneath any bank debt that an investee company may owe. The Board manages credit risk in respect of cash and cash equivalents by ensuring spread of cash balances such that none exceed 15% of the Company's total investment assets. These cash and cash equivalents 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 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 December 2019 was £40,073,000 (31 December 2018: £62,475,000) based on cash and cash equivalents and other receivables (amounts due on investments, dividends and interest). As at 31 December 2019, 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:

	2019 £'000	2018 £'000
Loan stock investments	27,405	24,534
Cash and cash equivalents	12,324	37,419
Other debtors	344	522
Total	40,073	62,475

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 Company may not be able to realise the investments at their carrying value if there are no willing purchasers. The Company's ability to sell investments may also be constrained by the requirements set down for VCTs. The maturity profile of the Company's loan stock investments disclosed below indicates that these assets are also not readily realisable until dates up to five years from the year-end.

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

	Total portfolio	
	2019 £'000	2018 £'000
Maturity analysis:		
— in one year or less	27,240	41,076
— in more than one year but no more than two years	—	11,662
— in more than two years but no more than three years	3,771	—
— in more than three years but no more than four years	4,555	4,387
— in more than four years but no more than five years	4,163	4,828
Total	39,729	61,953

Notes to the Accounts

FOR THE YEAR ENDED 31 DECEMBER 2019

15 FINANCIAL INSTRUMENT RISK MANAGEMENT (CONTINUED)

SENSITIVITY ANALYSIS

Equity price sensitivity

The Board believes the Company's investments are mainly exposed to equity price risk, as the Company holds 100% of its investments in the form of sterling denominated investments in small companies.

All of the investments made in unquoted companies, irrespective of the instruments the Company 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 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% (2018: 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 portfolio of investments in unquoted companies.

The sensitivity analysis below assumes that each of these sub categories of investments (shares and loan stocks) held by the Company produces an overall movement of 15%, and that the portfolio of investments held by the Company is perfectly correlated to this overall movement in share prices. This percentage reflects a number of factors, including the performance of the underlying investee companies as well as the wider market, uncertainty surrounding the UK's decision to leave the EU and the uncertainties associated with the spread of Covid-19. However, shareholders should note that this level of correlation would not be the case in reality. Movements may occur to the value of both quoted and unquoted companies and result from changes in the market or alternatively as a result of assumptions made when valuing the portfolio or a combination of the two.

Company	2019 Return and net assets	2018 Return and net assets
If overall share prices fell by 15% (2018: 15%), with all other variables held constant — decrease (£'000)	(18,078)	(14,860)
Decrease in net asset value per share (in pence)	(10.39)p	(8.49)p

	2019 Return and net assets	2018 Return and net assets
If overall share prices increased by 15% (2018: 15%), with all other variables held constant — increase (£'000)	18,078	14,860
Increase in net asset value per share (in pence)	10.39p	8.49p

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.

Interest rate sensitivity

Although the Company holds investments in loan stocks that pay interest, the Board does not believe that the value of these instruments is interest rate sensitive. This is because all of the interest is fixed, so not at risk of interest rate movements (2018: no interest rate risk).

15 FINANCIAL INSTRUMENT RISK MANAGEMENT (CONTINUED)

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 December 2019	Level 1 £'000	Level 2 £'000	Level 3 £'000s	Total £'000
Unquoted investments	—	—	120,521	120,521
Financial assets	—	—	120,521	120,521

As at 31 December 2018	Level 1 £'000	Level 2 £'000	Level 3 £'000s	Total £'000
Unquoted investments	—	—	99,065	99,065
Financial assets	—	—	99,065	99,065

Analysis of changes between 1 January 2019 and 31 December 2019

	Level 3 £'000
Valuation brought forward at 1 January 2019	99,065
Purchases	15,791
Disposal proceeds	(1,966)
Realised losses	(2,992)
Investment holding gains	10,623
Valuation carried forward at 31 December 2019	120,521

TRANSFERS

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

16 CONTINGENT ASSETS AND LIABILITIES

At 31 December 2019 the Company had a contingent asset of £12,000 (2018: £nil) relating to deferred consideration on the sale of Idio, receipt of which is considered probable but not virtually certain.

In order to incentivise the Manager to generate enhanced returns for shareholders, the Manager will potentially be entitled to performance incentive payments in respect of investments made in new investee companies on or after 31 March 2017 (including follow-ons in such investee companies), as described in note 14.

Estimation of the financial effect

Should both of the hurdles detailed in note 14 be met in the future, the Manager will receive a fee equal to 20% of the amount by which the cash proceeds received by the Company exceed the Investment Growth Hurdle. Based on the current investments made on or after 31 March 2017 the contingent liability, if investments were sold at their current carrying value, would be £1.1 million.

Possibility of reimbursement

The fee will only be paid after three years following the exit of a relevant investment, once the Total NAV Return Hurdle can be measured.

No performance fees have been paid or were accrued as due during the year (2018: Nil).

Notes to the Accounts

FOR THE YEAR ENDED 31 DECEMBER 2019

17 MANAGEMENT OF CAPITAL

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

In accordance with VCT requirements the Company must have at least 70% (80% for accounting periods beginning on or after 6 April 2019) of its total investments (as measured under VCT legislation), in qualifying holdings (these being investments in a relatively high risk asset class of small UK companies meeting VCT requirements). Effective 6 April 2018, where new funds are raised, the Company must invest 30% of such funds in qualifying holdings within 12 months following the end of the accounting period in which that capital was subscribed, with the balance being invested within approximately three years of that capital being subscribed. The Company accordingly has limited scope to manage its capital structure in light of changes in economic conditions and the risk characteristics of the underlying assets. Subject to this overall constraint upon changing the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets if so required to maintain a level of liquidity to remain a going concern.

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

18 RELATED PARTY TRANSACTIONS

No Director has an interest in any contract to which the Company is a party other than their appointment as directors.

19 TRANSACTIONS WITH THE MANAGER

During the year the manager of the Company was Foresight Group CI Limited. During the year, investment management and administration services of a total cost of £2,573,000 (2018: £2,379,000) were delivered by Foresight Group CI Limited. At 31 December 2019, the amount due to Foresight Group CI Limited was £nil (2018: £nil).

During the year, services of a total cost of £120,000 (2018: £117,000) were indirectly delivered to the Company by Foresight Group LLP. At 31 December 2019, the amount due to Foresight Group LLP was £nil (2018: £2,000).

No amounts have been written off in the year in respect of debts due to or from the Manager.

20 RELATED UNDERTAKINGS

Under Section 409 of the Companies Act 2006, the Company is required to disclose specified details of all its related undertakings, including significant holdings which are undertakings where the Company's holding amounted to 20% or more of the nominal value of any class of shares as at 31 December 2019. These are listed below. The percentage holding does not reflect the percentage voting rights in the Company as a whole. All holdings are direct.

Name	Registered address	Class and percentage of shares held
ABL Investments Limited	14 Fleming Close, Park Farm Industrial Estate, Wellingborough, NN8 6UF	A Ordinary 65.1%
Accrosoft Limited	21 Jubilee Drive, Loughborough, Leicestershire, LE11 5XS	A Ordinary 66.7%
Aerospace Tooling Corporation Limited	Charles Lake House, Claire Causeway, Crossways Business Park, Dartford, Kent, DA2 6QA	A Ordinary 42.9%
Aquasium Technology Limited	43 Pembroke Avenue, Denny Industrial Estate, Waterbeach, Cambridge, CB25 9QX	A Ordinary 66.7%
Biofortuna Limited	Bluebell House, Brian Johnson Way, Preston, PR2 5PE	G Ordinary 25.0% F Ordinary 24.8% D Ordinary 14.4% C Ordinary 13.5%

20 RELATED UNDERTAKINGS (CONTINUED)

Name	Registered address	Class and percentage of shares held
Biotherapy Services Limited	Gainsborough House, 59-60 Thames Street, Windsor, SL4 1TX	A Ordinary 47.6%
Cinelabs International Limited	715 Banbury Avenue, Slough, SL1 4LR	A Ordinary 97.0%
Cole Henry PE 2 Limited	The Shard, 32 London Bridge Street, London, SE1 9SG	Ordinary 50.0%
Dhalia Limited	The Shard, 32 London Bridge Street, London, SE1 9SG	A Ordinary 100.0%
Datapath Group Limited	Bemrose House, Bemrose Park, Wayzgoose Drive, Derby, DE21 6XQ	A Ordinary 33.3%
Fertility Focus Limited	Unit 12b, Warwick Innovation Centre, Warwick Technology Park, Gallows Hill, Warwick, CV34 6UW	C Ordinary 55.1%
FFX Group Limited	Dyna House, Lympe Industrial Estate, Lympe, Kent, CT21 4LR	A Ordinary 66.2%
Fresh Relevance Limited	5 Benham Rd, Southampton Science Park, Southampton, SO16 7QJ	A Ordinary 95.0%
Hospital Services Group Limited	Bramley House, Bramley Road, Long Eaton, Nottingham, NG10 3SX	A Ordinary 73.5%
Industrial Efficiency II Limited	The Shard, 32 London Bridge Street, London, SE1 9SG	B Ordinary 75.2%
Itad (2015) Limited	Preece House, Davigdor Road, Hove, East Sussex, BN3 1RE	A Ordinary 68.8%
Ixaris Group Holdings Limited	2 Stephen Street, London, W1T 1AN	A Ordinary 20.6% Ordinary 0.8%
Kingsclere PE 3 Limited	The Shard, 32 London Bridge Street, London, SE1 9SG	Ordinary 50.0%
Luminet Networks Limited	2 Angel Square, London, EC1V 1NY	A Ordinary 76.1%
Mologic Ltd	Building 109 Bedford Technology Park, Thurlough, Bedford, MK44 2YA	AA Ordinary 68.7%
Mowgli Street Food Group Limited	69 Bold Street, Liverpool, L1 4EZ	A Ordinary 43.2%
Nano Interactive Group Limited	6th Floor Charlotte Building, 17 Gresse Street, London, W1T 1QL	A Ordinary 95.2%
Ollie Quinn Limited	73 Cornhill, London, EC3V 3QQ	AA Ordinary 98.3% A Ordinary 98.5%
Online Poundshop Limited	Unit 8 Parkway Industrial Estate, Pacific Avenue, Wednesbury, WS10 7WP	A Ordinary 100.0%
Positive Response Corporation Limited	The Shard, 32 London Bridge Street, London, SE1 9SG	A Ordinary 50.0%
Procam Television Holdings Limited	Staple Court, 11 Staple Inn Buildings, London, WC1V 7QH	A Ordinary 50.0% Z Ordinary 50.0%
Protean Software Limited	Units 1130-40 Elliott Court Herald Avenue, Coventry Business Park, Coventry, CV5 6UB	A Ordinary 62.5%
Rovco Limited	The Quorum, Bond Street South, Bristol, BS1 3AE	A Ordinary 24.0%
Roxy Leisure Limited	5 Clayton Wood Court, West Park, Leeds, LS16 6QW	A Ordinary 48.7%
Specac International Limited	Unit 12, Halo Business Park, Cray Avenue, Orpington, Kent, BR5 3FQ	Ordinary 50.0%
TFC Europe Limited	Hale House, Ghyll Industrial Estate, Heathfield, East Sussex, TN21 8AW	AA Ordinary 40.0% A Ordinary 40.0%
The Business Advisory Limited	2nd Floor Churchill House, 26-30 Upper Marlborough Road, St. Albans, Hertfordshire, AL1 3UU	A Ordinary 49.2%
The Naked Deli Ltd	231 Chillingham Road, Newcastle Upon Tyne, NE6 5LJ	A Ordinary 66.7%
Whitchurch PE 1 Limited	The Shard, 32 London Bridge Street, London, SE1 9SG	Ordinary 50.0%

21 POST-BALANCE SHEET EVENTS

On 28 January 2020 the Company launched an offer for subscription to raise up to £20 million (with an over-allotment facility to raise up to a further £5 million). On 28 February 2020 the Company issued 7,603,581 shares based on a NAV of 77.4p. As part of this allotment, Gordon Humphries subscribed for 9,043 shares and Margaret Littlejohns subscribed for 38,759 shares. On 31 January 2020 and 5 February 2020 the Company purchased 500,000 and 766,664 shares for cancellation based on a NAV of 68.68p per share.

On 27 March 2020 the Company announced an unaudited NAV of 66.5p per share and issued a supplementary prospectus. This reflected valuation reductions across the portfolio as a result of the market volatility arising from the impact of the Coronavirus pandemic affecting all businesses including those in which the Company invests. On 3 April 2020 the Company issued 25,114,138 shares based on a NAV of 66.5p and on 14 April 2020 it issued 1,613,805 shares based on a NAV of 66.5p. The offer was closed to new applications on 7 April 2020 and ended on 14 April 2020. In total, 34,331,524 new shares were allotted under the offer, which raised £24.8 million.

Notice of Annual General Meeting

28 MAY 2020

We note the current travel restrictions and social distancing measures implemented as a result of the Covid-19 Coronavirus pandemic. These, at the time of writing, include staying at home except in tightly defined circumstances (which do not include attending an annual general meeting); the social distancing and shielding guidance for those over the age of 70 or with underlying medical conditions; and the ban on all non-essential travel. The Board, together with the Manager, has therefore taken the decision to hold the Annual General Meeting at 5 Wildernesse Mount, Sevenoaks, Kent, TN13 3QS for the purposes of conducting the formal business required. There will be no presentation from the Manager or presentations from portfolio companies. Instead, a follow-up investor day will be convened once this is possible. Shareholders are invited to contact John Gregory directly at j.greg@btconnect.com or via the Foresight Group Investor Relations team at InvestorRelations@foresightgroup.eu with any questions.

Shareholders are encouraged to observe the social distancing and travel restrictions and are asked not to attend the Annual General Meeting which will be held by way of a 'closed' meeting. Those that attend the venue will not be admitted. Voting on the resolutions to be proposed will be conducted by way of a poll and we encourage all shareholders to submit their votes through the submission of a proxy form by post or by casting your proxy votes on-line. All proxy votes must be received by no later than 1.00pm on 26 May 2020. Further information about how to submit proxy votes is set out in notes 4 and 12 of this notice. The Board and the Manager will continue to monitor the situation and the latest available public health guidance, and will provide updates in relation to the Annual General Meeting on the Manager's website at www.foresightgroup.eu.

Notice is hereby given that the annual general meeting of Foresight VCT plc ("the Company") will be held on 28 May 2020 at 1.00pm at 5 Wildernesse Mount, Sevenoaks, Kent, TN13 3QS for the purpose of considering and, if thought fit, passing the following resolutions, of which resolutions 1 to 10 will be proposed as ordinary resolutions and resolutions 11 to 13 will be proposed as special resolutions.

- Resolution 1** To receive the Report and Accounts for the year ended 31 December 2019.
- Resolution 2** To approve the Directors' Remuneration Report.
- Resolution 3** To approve the Directors' Remuneration Policy.
- Resolution 4** To re-elect John Gregory as a director.
- Resolution 5** To re-elect Gordon Humphries as a director.
- Resolution 6** To re-elect Jocelin Harris as a director.
- Resolution 7** To re-elect Margaret Littlejohns as a director.
- Resolution 8** To appoint Deloitte LLP as auditor and to authorise the directors to fix the auditor's remuneration.
- Resolution 9** To approve the payment of a final dividend in respect of the financial year ended 31 December 2019 of 3.3p per ordinary share of 1p each in the capital of the Company, payable on 19 June 2020 to shareholders on the register on 5 June 2020.
- Resolution 10** That, in substitution for all existing authorities, the directors be and they are generally and unconditionally authorised in accordance with Section 551 of the Companies Act 2006 to exercise all the powers of the Company to allot shares of 1p each in the capital of the Company ("Shares") and to grant rights to subscribe for, or to convert any security into, Shares ("Rights"), up to an aggregate nominal amount of £400,000, provided that this authority shall expire (unless renewed, varied or revoked by the Company in a general meeting) on the fifth anniversary of the date of the passing of this resolution, save that the Company shall be entitled to make offers or agreements before the expiry of such authority which would or might require Shares to be allotted or Rights to be granted after such expiry and the directors shall be entitled to allot Shares and grant Rights pursuant to any such offers or agreements as if this authority had not expired.
- Resolution 11** That, in substitution for all existing authorities, the directors be and they are empowered pursuant to Section 570 and Section 573 of the Companies Act 2006 to allot equity securities (within the meaning of Section 560 of that Act) for cash either pursuant to the authority conferred by Resolution 10 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 £200,000 pursuant to offer(s) for subscription;

- (b) the allotment of equity securities with an aggregate nominal amount of up to but not exceeding an amount equal to 10% of the issued share capital from time to time pursuant to the dividend reinvestment 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;
- (c) the allotment of equity securities with an aggregate nominal amount of up to but not exceeding £100,000 by way of an issue of Shares (which may be at a subscription price per Share which is less than the net asset value per Share) pursuant to performance incentive arrangements with Foresight Group LLP and relevant individuals of the Foresight Group LLP investment team; and
- (d) 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 2021, or, if earlier, on the date falling 15 months after 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 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 hereby had not expired.

Resolution 12 That, in substitution for all existing authorities, the Company be empowered to make market purchases (within the meaning of Section 693(4) of the Companies Act 2006) of its own shares on such terms and in such manner as the directors shall from time to time determine provided that:

- (i) the aggregate number of Shares to be purchased shall not exceed 31,032,937 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 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 list for the five business days immediately preceding the day on which the Shares are purchased, and (2) the amount stipulated by Article 5(1) of the BuyBack and Stabilisation Regulation 2003;
- (iv) the authority conferred by this resolution shall expire (unless renewed, varied or revoked by the Company in a general meeting) on the conclusion of the annual general meeting of the Company to be held in the year 2021 or, if earlier, on the date falling 15 months after the passing of this resolution; and
- (v) the Company may make a contract to purchase Shares under the authority conferred by this resolution prior to the expiry of such authority which will or may be executed wholly or partly after the expiration of such authority and may make a purchase of Shares pursuant to such contract.

Resolution 13 That the share premium account of the Company be reduced by £35.6 million.

By order of the Board

Foresight Group LLP
Company Secretary
27 April 2020

The Shard
32 London Bridge
Street
London
SE1 9SG

Notice of Annual General Meeting

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 which may be cast thereat will be determined by reference to the Register of Members of the Company at close of business on the day which is two days (excluding non-working days) before the day of the meeting or adjourned meeting. Changes to the Register of Members after that time shall be disregarded in determining the rights of any person to attend and vote at the meeting.
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 6388. 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 27 April 2020 (being the last business day prior to the publication of this notice), the Company's issued share capital was 207,024,265 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 27 April 2020 was 207,024,265.
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-working days) before the time appointed for holding the meeting or any adjourned meeting. To vote electronically, you will be asked to provide your Control Number, Shareholder Reference Number and PIN which are detailed on your proxy form. This is the only acceptable means by which proxy instructions may be submitted electronically.
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.

C Shares Dividend History and NAV Total Return

The C share class was launched in 1999. To get an accurate NAV total return per share in relation to the original C share class, we have rebased dividends and NAV to account for the merger of the original ordinary share class and the C share class in January 2007 (conversion ratio of 1) and the subsequent reconstruction of the merged share class (this being the current share class) in March 2011 (conversion ratio of 0.554417986).

C Shares (converted into Ordinary Shares in January 2007):	Dividend per share (rebased)†
4 May 2019	2.8p
4 May 2018	2.8p
29 September 2017	2.2p
3 April 2017	2.8p
1 April 2016	3.9p
13 March 2015	3.3p
14 March 2014	5.5p
14 June 2013	2.8p
23 March 2012	4.15p
17 June 2011	2.8p
29 May 2009	1.0p
7 March 2008	5.0p
26 January 2007	2.0p
27 May 2005	0.5p
1 August 2004	0.5p
22 September 2003	0.75p
30 June 2003	0.75p
24 March 2003	0.75p
7 June 2002	1.0p
11 March 2002	2.5p
26 July 2001	2.0p
Total	49.8p
NAV per C Share rebased*	42.4p
NAV total return per C Share *	92.2p

*Based on an original 100.0p invested in the original C share class launched in 1999.

For information on the dividend history and NAV total return in relation to the original ordinary share class (which became the current class of share in January 2007) please refer to the Financial Highlights section on page 3.

Glossary of Terms

VCT

A Venture Capital Trust as defined in the Income Tax Act 2007.

NET ASSET VALUE OR NAV

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

NET ASSET VALUE PER SHARE OR NAV PER SHARE

Net Asset Value expressed as an amount per share.

NAV TOTAL RETURN

The sum of the published NAV per share rebased by the conversion ratios as set out on page 3 of 29.2p (2018: 29.8p) plus all dividends paid per share since inception rebased being 192.0p (2018: 190.1p). This giving a NAV Total Return of 221.2p (2018: 219.9p).

SHARE PRICE TOTAL RETURN

The sum of the current share price rebased by the conversion ratios as set out on page 3 of 26.3p (2018: 26.1p) plus all dividends paid per share since inception rebased being 192.0p (2018: 190.1p). This giving a share price total return of 218.3p (2018: 216.2p).

DIVIDEND YIELD

The sum of dividends paid during the year of 5.0p (2018: 5.0p) expressed as a percentage of the mid-market share price at the year end date of 69.0p (2018: 68.5p). This giving a dividend yield of 7.2% (2018: 7.3%).

DISCOUNT TO NAV

A discount to NAV is the percentage by which the mid-market share price of the Company of 69.0p (2018: 68.5p) is lower than the net asset value per share of 76.5p (2018: 78.1p). This giving a discount to NAV of 9.8% (2018: 12.3%).

ONGOING CHARGES RATIO

The sum of expenditure incurred in the ordinary course of business being £3.1m (2018: £2.9m) expressed as a percentage of the Net Asset Value at the reporting date being £133.1m (2018: £136.7m).

MOVEMENT IN NET ASSET VALUE TOTAL RETURN

This is the movement in the NAV per share at the start of the year to the NAV per share at the end of the year plus all dividends paid per share in the year. The NAV at the start of the year was 78.1p (2018: 80.0p), dividends paid during the year were 5.0p (2018: 5.0p) with NAV at the end of the year being 76.5p (2018: 78.1p) as such NAV total return at the end of the year was 81.5p (2018: 83.1p). Therefore the movement in net asset value total return in the year is 4.4% (2018: 3.9%).

AVERAGE DISCOUNT ON BUYBACKS

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

DIVIDENDS PAID IN THE YEAR

The total dividends paid in the year per share of 5.0p (2018: 5.0p).

SHARES BOUGHT BACK IN THE YEAR

The total number of shares which were bought back in the financial year being 3,068,004 (2018: 2,622,352).

QUALIFYING INVESTMENT

An investment which consists of shares or securities first issued to the VCT (and held by it ever since) by a Qualifying Company and satisfying certain conditions under the VCT legislation.

QUALIFYING COMPANY

A company satisfying certain conditions under the VCT legislation. The conditions are detailed but include that the company must be unquoted (companies listed on AIM can qualify), have a permanent establishment in the UK, apply the money raised for the purposes of growth and development for a qualifying trade within a certain time period and not be controlled by another company. There are additional restrictions relating to the size and stage of the company to focus investment into earlier stage businesses, as well as maximum investment limits (certain of such restrictions and limits being more flexible for 'knowledge intensive' companies). VCT funds cannot be used by a Qualifying Company to acquire shares in another company or a trade.

MANAGER

Foresight Group LLP as the Company's manager.

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

Beware of share fraud

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

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

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

How to avoid share fraud

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

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

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

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

Report a scam

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

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

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

In association with:

Corporate Information

COMPANY NUMBER

03421340

DIRECTORS

John Gregory (Chairman)
Jocelin Harris
Gordon Humphries
Margaret Littlejohns

COMPANY SECRETARY

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

MANAGER

Foresight Group LLP (appointed 27 January 2020)
The Shard
32 London Bridge Street
London
SE1 9SG

AUDITOR

Deloitte LLP (appointed 30 August 2019)
20 Castle Terrace
Edinburgh
EH1 2DB

SOLICITORS AND VCT STATUS ADVISERS

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

and

60 Gracechurch Street
London
EC3V 0HR

REGISTRAR

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

MARKET MAKER

Panmure Gordon & Co
One New Change
London
EC4M 9AF

BANKER

Lloyds Bank plc
25 Gresham Street
London
EC2V 7HN

Important information:

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

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

Past performance is not necessarily a guide to future performance. Stock markets and currency movements may cause the value of investments and the income from them to fall as well as rise and investors may not get back the amount they originally invested. Where investments are made in unquoted securities and smaller companies, their potential volatility increases the risk to the value of, and the income from, the investment.



Foresight VCT plc

The Shard
32 London Bridge Street
London
SE1 9SG

www.foresightgroup.eu

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