



Foresight

FOR A SMARTER FUTURE

FORESIGHT SOLAR & TECHNOLOGY VCT plc

ANNUAL REPORT AND ACCOUNTS

31 MARCH 2020

Shareholder Information

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

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

Contact us

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

Telephone: 020 3667 8181
Email: InvestorRelations@foresightgroup.eu
www.foresightgroup.eu



Key Dates

Annual General Meeting	24 September 2020
Interim results to 30 September 2020	December 2020
Annual results to 31 March 2021	July 2021

Dividends

The Board has made the decision that Foresight Solar & Technology 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. If you are currently receiving dividends via cheque, a dividend mandate form will be sent to you. Please contact the Investor Relations team if you have any questions regarding this.

Share price

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

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

Payments Enquiry Dividends | Other payment types

Address Change Change registered address to which all communications are sent

Bank Details Update Update your bank details to which dividend payments are made to.

Outstanding Payments Reissue payments using our online replacement service

Downloadable Forms Dividend mandates | Stock transfer | Change of address

Alternatively you can contact Computershare by phone on 0370 707 4017

Trading shares

The Company's Ordinary Shares and Foresight Williams Technology Shares can be bought and sold in the same way as any other quoted company on the London Stock Exchange via a stockbroker. The primary market maker for Foresight Solar & Technology 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 their original purchase may lose any tax reliefs claimed. Investors who are in any doubt about selling their shares should consult their financial adviser.

Please call Foresight Group if you or your adviser have any questions about this process.

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Highlights

Ordinary Shares
Total Net Assets
as at 31 March 2020

£25.8m

Ordinary Shares
Net Asset Value per share
as at 31 March 2020

72.7p

Foresight Williams Technology
Shares
Total Net Assets
as at 31 March 2020

£1.1m

Ordinary Shares Fund

- Two interim dividends of 3.0p per Ordinary Share were paid during the year, on 26 April 2019 and 22 November 2019.
- After payment of 6.0p in dividends, Net Asset Value per Ordinary Share at 31 March 2020 was 72.7p (31 March 2019: 96.4p). The fall in Net Asset Value was largely driven by a material reduction in market power prices forecast by the energy industry's independent, external modelling agencies.
- The Company completed a tender offer in March 2020, allowing holders of Ordinary Shares an opportunity to exit their investment at a price of 81.2p per share, which represents a total return of 125.2p per share, net of all expenses and performance fees.
- On 19 September 2019, David Hurst-Brown retired from the Board, with Ernie Richardson taking over as Chairman.
- At 31 March 2020, the fund held positions in 12 UK solar assets, with a total installed capacity of 74.7MW. During the year the portfolio generated 71.48 gigawatt hours of electricity, sufficient to power approximately 24,000 UK homes for a year.
- At 31 March 2020, the fund also held positions in one Italian solar asset with a total installed capacity of 0.4MW.
- During the year, our existing portfolio company completed the disposal of its entire interest in the ForVEI II platform, returning c.£6.2m to the fund, corresponding to a multiple of c.1.08x in less than 18 months.

Foresight Williams Technology Shares Fund

- On 20 December 2019, the Company launched the Foresight Williams Technology Shares fund (the "FWT Shares fund"), offering for subscription up to £20 million (with an over-allotment facility for up to an additional £10 million) through the issue of a new share class, the Foresight Williams Technology Shares (the "FWT Shares").
- At 31 March 2020, under this offer, the Company had raised £1.1m, and was yet to make an investment.
- Since the end of the reporting period, a further £1.3m has been raised, bringing the total raised under the December 2019 offer to £2.4m.

Key Metrics

All figures relate to the Ordinary Shares Fund unless indicated otherwise.

	31 March 2020	31 March 2019
Total net assets	£25.8m	£41.7m
Net asset value per share	72.7p	96.4p
Share price	80.5p	93.0p
Share price total return [^]	124.5p	131.0p
Dividends paid in the year/period	6.0p	3.0p
Dividend yield [^]	7.5%	3.2%
Ordinary Shares in issue	35,460,961	43,247,592

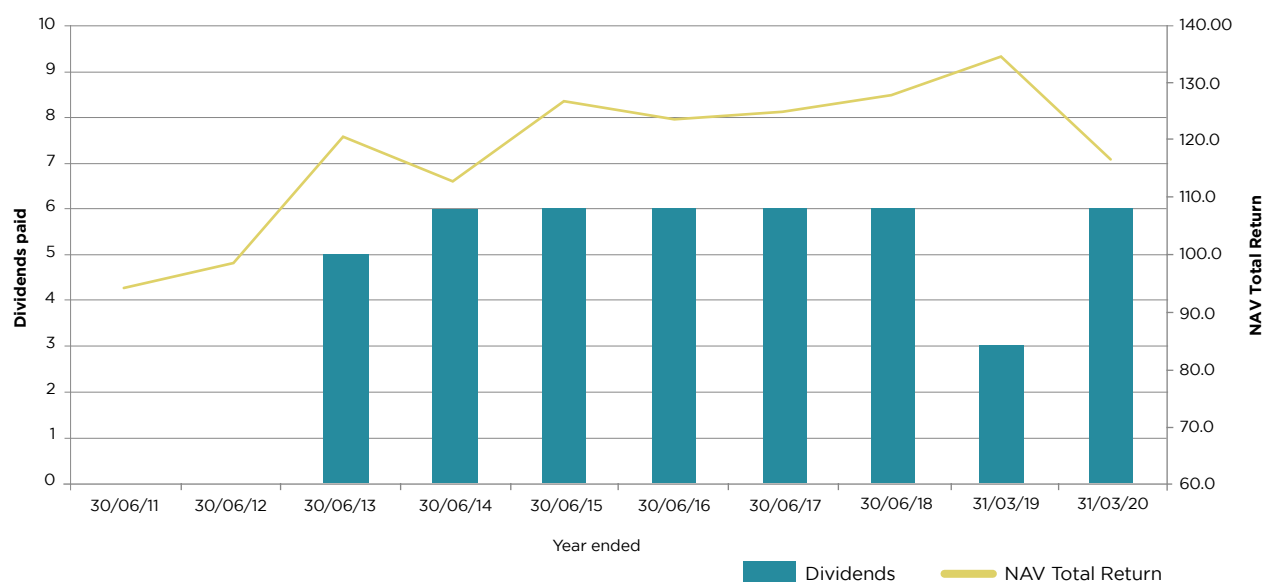
	31 March 2020	31 March 2019
Share price premium/(discount) to NAV [^]	10.7%	(3.5%)
Average discount on buybacks [^]	0.9%	1.5%
Shares bought back during the year/ under review	7,786,631	663,597
Ongoing charges ratio (Company) [^]	2.9%	2.7%

NAV Total Return (%)	1 year	3 years	5 years
NAV Total Return as at 31 March 2020 [^]	(13.2%)	(10.4%)	(3.9%)

[^] Definitions of the Alternative Performance Measures (APMs) can be found in the Glossary on page 82 and the Strategic Report on page 28.

Highlights

Ordinary Shares Dividends Paid and NAV Total Return (pence)



Dividend History

Ordinary Shares	
Date	Dividend per share
22 November 2019	3.0p
26 April 2019	3.0p
23 November 2018	3.0p
27 April 2018	3.0p
24 November 2017	3.0p
7 April 2017	3.0p
18 November 2016	3.0p
8 April 2016	3.0p
13 November 2015	3.0p
10 April 2015	3.0p
14 November 2014	3.0p
4 April 2014	3.0p
25 October 2013	3.0p
12 April 2013	2.5p
31 October 2012	2.5p
Cumulative	44.0p

Former C Shares	
Date	Dividend per share
27 April 2018	2.5p
24 November 2017	2.5p
7 April 2017	2.5p
18 November 2016	2.5p
8 April 2016	2.5p
13 November 2015	2.5p
10 April 2015	2.5p
14 November 2014	2.5p
Cumulative	20.0p

Chairman's Statement



Ernie Richardson

Chairman of Foresight Solar & Technology VCT plc

As your new Chairman and on behalf of the Board, I am pleased to present the Annual Report and Accounts for Foresight Solar & Technology VCT Plc (formerly Foresight Solar & Infrastructure VCT Plc) for the year ended 31 March 2020 and to provide you with an update on the exciting developments affecting the Company, including the rebranding of the Company and the launch of the new share class, the Foresight Williams Technology Shares.

On behalf of the Board, I would like to thank the previous Chairman, David Hurst-Brown, who retired from the Board in September 2019, for his valuable contributions and stewardship of the Company during his tenure, and to wish him well for the future.

ORDINARY SHARES

Performance and portfolio activity

The underlying net asset value decreased by 17.7p per Ordinary Share before deducting the 6.0p per Ordinary Share dividend paid during the year.

This decrease was driven by a fall in the underlying value of the portfolio caused by a material reduction in market power prices forecast by the energy industry's independent, external modelling agencies. As described further in the Investment Manager's report on page 8, changes in the macro environment, including the COVID-19 pandemic, have caused the long term power price forecasts to fall significantly.

Total electricity production of the sites operated was 1.9% above expectations at 71.48 gigawatt hours of electricity, sufficient to power approximately 24,000 UK homes for a year.

During the year, following the Board's decision to refocus the portfolio, the Company's existing portfolio companies successfully divested from the ForVEI II platform returning c.£6.2m to the fund, corresponding to a multiple of c.1.08x in less than 18 months.

Telecomponenti, the small Italian rooftop asset, was also sold post period end, completing in July 2020.

The Board was also pleased that the Investment Manager was able to complete the refinancing of the investment portfolio in June 2020, reducing finance costs across the portfolio.

With a portfolio now solely situated in the UK, the Board consider the Ordinary Shares fund to be optimally invested and well placed to maximise future returns for Shareholders.

The Ordinary Shares fund ended the year with investments in portfolio companies with total generating capacity of 75.0MW compared with 78.0MW at 31 March 2019.

Following the award of the Spanish claim (equivalent to £2m-£2.5m, or 5.6-7.1p per Ordinary Share) communicated in the last annual report, there continues to remain significant challenges with respect to collectability. The non-binding offer communicated in my Chairman's Statement in the Half-Yearly Financial Report unfortunately failed to progress, therefore the Company continues to follow up this claim in the courts. The Board has not assigned any current value to the claim in the net asset value reported.

The overall performance of the Ordinary Shares remains robust and the total return since inception as at 31 March 2020 was 116.7p per Ordinary Share.

Chairman's Statement

Cash and working capital

The Company had cash and liquid resources of £1.8m at 31 March 2020 (excluding cash held in portfolio companies).

The Board acknowledges that at the year end the Company had net current liabilities primarily due to a loan of £15m from the Company's wholly owned subsidiary, Youtan Limited, which was repayable on demand. Post year end, in July 2020, Youtan released the Company from this liability, thereby bringing the Company to a net current asset position.

The Company receives regular interest and loan stock payments and dividends from its underlying investments enabling it to continue to fund its dividend policy as well as meeting expenses in the ordinary course of business as they fall due.

Dividends, share buybacks and tender offer

In its original prospectus, the Board's stated objective was to pay dividends of 5.0p per Ordinary Share each year throughout the life of the Company after the first year. The level of dividends was not, however, guaranteed. During the year, total dividends of 6.0p per Ordinary Share were paid. This means that total dividends of 44.0p per Ordinary Share have been paid during the ten years since launch.

In March 2020, the Ordinary Shares fund completed its tender offer, enabling 246 shareholders to sell 7,435,016 Ordinary Shares (approximately 17.33% of shares in issue) at NAV less costs generating a total return (net of all costs, management fees and performance incentive fees) of 125.2p per Ordinary Share.

In addition to the tender offer, during the year the Ordinary Shares fund repurchased 351,615 shares for cancellation at a cost of £324,000, at an average discount to NAV of 0.9%. Stamp duty of £29,000 was also paid during the year. No new Ordinary Shares were issued during the year.

Following the completion of the tender offer, the Board has considered the future dividend policy of the Ordinary Shares fund. With the objective of maximising long-term future returns for Ordinary Shareholders, the Board will endeavour to pay out dividends derived from the income generated by the underlying portfolio, rather than a fixed pence per share. The Board and the Investment Manager hope that this may be enhanced by additional 'special' dividends as and when particularly successful portfolio exits are made. The impact of COVID-19 will be taken into consideration when the Board considers dividends in the near term.

The Board is pleased to announce that the next interim dividend, of 2.0p per Ordinary Share, will be paid on 25 September 2020 based on an ex-dividend date of 10 September 2020 and a record date of 11 September 2020. This means that total dividends of 46.0p per Ordinary Share will have been paid during the ten years since launch.

Management fees

The annual management fee of the Ordinary Shares fund is calculated as 1.5% of Net Assets and equated to £586,000 during the year.

In the context of realisations achieved during the year and the continuing professional management of the portfolio, the Board believe that the annual management fee represents good value for investors.

Green Mark Economy

The Board is pleased to announce that the Company has been classified as a Green Economy Issuer by the London Stock Exchange ("LSE"). This is a new initiative launched by the LSE supporting sustainable finance on its markets. The Green Economy Mark recognises listed companies with 50% or more of revenues from environmental solutions.

FWT SHARES

As it is no longer possible to raise new funds for investment in the Ordinary Shares fund, which is now considered to be fully and optimally invested, the Board was delighted to launch the new Foresight Williams Technology share class (the 'FWT Shares'), which was formally approved by shareholders at the General Meeting on 27 January 2020.

The new share class represents an exciting investment opportunity made possible by the collaboration between Foresight Group and the Williams Advanced Engineering business of the Williams F1 Group and provides investors with the opportunity to invest in a portfolio of early-stage companies with high growth-potential, developing innovative and occasionally transformational technologies across a range of different sectors.

Fundraising and share issues

The Offer, which opened on 20 December 2019, offers for subscription up to £20 million (with an over-allotment facility for up to an additional £10 million) through the issue of FWT Shares. As at the year end date, 1,145,927 FWT Shares had been allotted, raising £1.1m. Post year end, a further 1,275,452 FWT Shares had been allotted, raising a further £1.3m. The Offer remains open for investment.

Chairman's Statement

Management fees

The annual management fee of the FWT Shares fund is calculated as 2.0% of Net Assets and equated to £1,000 during the year.

Annual General Meeting

The Company's Annual General Meeting will take place on 24 September 2020 at 12.30pm. **Due to travel restrictions and social distancing measures implemented as a result of the COVID-19 Coronavirus pandemic, the meeting will be held by way of a closed meeting and shareholders will not be permitted to attend.** Shareholders are encouraged to vote through proxy and send any questions to the Investment Manager's Investor Relations team. Please refer to the formal notice on page 78 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.

Outlook

Following the successful refinancing of the underlying portfolio, the Company will continue to seek to optimise the performance of the existing Ordinary Shares portfolio including fixing power price agreements (PPAs) when they are deemed attractive, and pay dividends through a combination of income earned and realised gains. While the effects of COVID-19 on the existing investment portfolio appear to be reasonably limited given the nature of the underlying investments, the Board and the Investment Manager continue to be carefully monitor the ongoing impact.

Over the medium to long term, once all Ordinary Shareholders have reached their minimum 5-year qualifying holding period, the Board and the Investment Manager will, if appropriate, begin a managed process of returning the value of the Ordinary Shares fund to its Shareholders.

The Company will also continue to raise new funds in the FWT Shares fund and seek appropriate qualifying investments for this share class.

Ernie Richardson

Chairman

29 July 2020



Investment Manager's Review

Portfolio summary and performance

The Investment Manager's focus during the year has been on maintaining and improving portfolio performance, both from an operational perspective and in respect of the assets' ability to support a sustainable level of debt to enhance returns to the Ordinary Shares fund.

Performance of the UK assets was positive during the year with total electricity production 1.9% above expectations. The assets generated a total of 71.48GWh, enough clean electricity to power over 24,000 UK homes. This positive performance reflects higher than average irradiation levels and good availability of the solar plants. Further details on performance of the individual assets are included on pages 14 to 22.

There were no UK acquisitions during the year. Prior to its disposal (described further below), ForVEI II, in which existing portfolio companies have invested, acquired three further small ground-mounted solar assets in Sicily, the Apulia region of southern Italy and Veneto, with a total capacity of 2.6MW.

In September 2019, an extension of the existing project-level debt across the UK solar assets was negotiated, allowing time to finalise a cross-portfolio debt facility next year. This refinancing successfully concluded at the end of June 2020 and will reduce finance costs across the portfolio.

Disposals

Following a decision to refocus the portfolio on the UK market and in order to provide liquidity for the fund, in November 2019 the Investment Manager agreed the sale of the Italian solar assets held through ForVEI II to another Foresight managed fund. The sale was based on a third-party valuation and returned c.£6.2m to the fund, corresponding to a multiple of c.1.08x in less than 18 months.

The Investment Manager also continues to work towards completing the sale of three small assets. In March 2020, the Board approved the decision to sell Littlewood, a UK asset. This process is underway and expected to conclude during Summer 2020. Post-year end in May, final terms were agreed for the sale of the small Italian rooftop asset, Telecomponenti, with proceeds also due to be received during Summer 2020. Preparations are also underway to sell Greenerite, the smallest UK asset.

Market update

The UK remains committed to its ambitious 2050 goal of becoming the world's first fully carbon-neutral nation. The target will require the UK to bring all greenhouse gas emissions to net zero by 2050, compared with the previous target of at least 80% reduction from 1990 levels. The Office of Gas and Electricity Markets (Ofgem) recently set out its vision for how gas and electricity markets will contribute towards meeting the target in its 'Decarbonisation Programme Action Plan' which was published in February 2020. Continuing to foster the growth of renewable energy and integrating these new sources of intermittent power into the network remains a core area of focus. While 2019 saw a number of milestones in regard to the contribution of renewable energy sources, including coal-generation hitting a historic low, the period as a whole recorded relatively modest renewables buildout compared with the growth rates witnessed over the last decade. Offshore wind capacity continued to grow during the year, but there were very limited onshore renewable projects.

The slowdown in new solar construction has been particularly pronounced as the market continued to adapt to the commercial reality of a post-subsidy environment. However, the recent announcement that established onshore technologies such as solar and onshore wind will once again

be able to participate in Contract for Difference ("CfD") auctions could see a reversal in this trend. In addition to projects supported by Government subsidies via the CfD regime, the emergence of a commercially viable subsidy free sector will be vital if the UK is to continue to make progress towards its decarbonisation goals. Whilst the number of subsidy-free solar projects completed in 2019 was extremely limited, there is a pipeline totalling an estimated 6GW expected to come online in the coming years.

The re-election of the Conservative Party in December and the comprehensive nature of the result should provide investors with a degree of clarity on several fronts. The European Union (Withdrawal Agreement) Act 2020 was passed into law in January 2020 leading to the UK leaving the European Union (EU) on 31 January 2020. The withdrawal triggered an expected 11-month transition period during which the UK and the EU will seek to agree the future terms of their economic and security partnership. There is a transition period until January 2021 whilst the UK and EU negotiate further arrangements, meaning current rules on trade and business continue to apply. For example, the EU Emissions Trading System (EU ETS), which sets a cap on the total amount of greenhouse gases that can be emitted by installations, will continue until April 2021 at the

Investment Manager's Review

Market update (continued)

latest. Foresight's view has not changed from that set out previously; the energy market in the UK is closely aligned with European markets and this is not expected to change over the long term. The exit from the EU has yet to cause significant volatility in the energy markets in the short term. Longer term impacts such as weaker economic demand and

the availability of unskilled labour are not deemed material to the future operations of the portfolio. Foresight remains of the view that Brexit is unlikely to have a significant impact on the financial and operational performance of the assets.

COVID-19

Towards the end of the reporting period on 23 March 2020, the Government imposed lockdown restrictions on the UK population in order to limit the spread of the COVID-19 pandemic. The Company's solar plants typically operate with minimal human involvement and have been able to carry on operating during all stages of the UK lockdown. As electricity generators, the solar plants provide an essential service and are therefore classified as a 'Critical Sector', with all those responsible for maintaining them deemed 'Key Workers'. Over the last four months, the solar projects continued to generate electricity and received payments for the green energy that they produced, which was essential in keeping the country running during this time. There are no known significant production issues with the portfolio that would represent a risk of future production decline.

Despite fossil-fuelled power plant shutdowns seen in the UK since March 2020, the Investment Manager does not consider there is a material risk of reduced production in the solar energy market. While shutdowns of fossil fuel plants are a result of declining energy demand throughout lockdowns in the UK, due to current UK government targets toward renewable energy sources, the Investment

Manager considers that the solar energy market is sufficiently insulated from the impacts of future reductions in productions, with solar energy now comprising a greater percentage of the energy produced in the UK since March 2020.

As discussed in further detail below, the power purchase agreements (PPA) entered into between the solar sites and offtakers in the UK electricity supply market guarantee a substantial portion of the site revenue for the life of these contracts. The ongoing demand for solar energy throughout the pandemic, and the limited risk of contractual default, as a government backed body, has been considered by the Investment Manager in assessing the impact of COVID-19 on the Company.

The Investment Manager has conducted a full review of all key service providers for the solar sites' operations. We are confident in the resilience of the business continuity plans in place. Daily conversations are ongoing to monitor the situation and to understand any risks within the supply chain for spare parts.

Regulatory

Targeted Charging Review

Following a period of consultation over potential reforms to network charging, Ofgem published an update in May 2019 on the timing and next steps of Future Charging and Access reforms. Amongst the reforms is a change to Balancing Use of System ("BSUoS"), being the means through which the cost to National Grid of balancing the network is recovered. Currently, generators connecting to the distribution network receive BSUoS as a credit, recognising the positive effect this capacity has on alleviating constraint on the transmission network. In recent years the volume of embedded generation has increased significantly and this, together with the impact on consumers, has caused Ofgem to consider removing the credit and applying a charge.

On 21 November 2019 Ofgem released its decision on the Targeted Charging Review. For generators, the embedded benefits received for Balancing Use of System ("BSUoS") will be removed from April 2021 as anticipated. The decision on whether to impose the BSUoS as a charge has been

deferred to a new Task Force. The value of BSUoS does vary but at its worst, it is expected that the removal of BSUoS and charging of it could adversely impact some generators by £4 /MWh. Foresight continues to engage with Ofgem and industry more widely as a member of the Solar Trade Association to ensure the adverse impact and potential consequences are understood. It should be noted that embedded benefits revenue represents just 3.3% of revenues for the portfolio during the year.

Corporation Tax

Boris Johnson was elected as Prime Minister on 13 December 2019. Despite the Conservative Party's previous pledge to cut corporation tax from 19% to 17%, the planned cuts have been put on hold and the Government confirmed that the rate will be held at 19% for the financial year 2020/2021. As the project valuations are derived from expected future cash flows, this policy change resulted in a £0.6m reduction to the Net Asset Value of the Company.

Investment Manager's Review

Revenues

During the year, 59.8% of revenue for underlying UK portfolio investments came from subsidies (predominantly under the ROC scheme) and other green benefits to an offtaker. These revenues are directly and explicitly linked to inflation for 20 years from the accreditation date under the ROC regime and subject to Retail Price Index ("RPI") inflationary increases applied by Ofgem in April of each year. The remaining 40.2% of revenues derive from electricity sales by our UK portfolio companies, which are subject to wholesale electricity price movements.

The average power price achieved during the current year was £44.45 per MWh, representing a decrease on the price achieved in the nine months to 31 March 2019 (£54.20 per MWh.). This reduction continues to be driven by declining natural gas prices globally as a result of new supplies from the US and Australia entering the market. Recent developments in the oil market added further downward pressure on wholesale power prices. A slight increase in the deployment of onshore wind in the UK and the build out of renewables in interconnected countries has also contributed to downward pressure on electricity prices.

During the year there was a 14% decrease in long term power price forecasts. The reduction in the forecast period 2020-2025 was 21% down from April 2019. This is driven by a major reduction in forecast electricity demand as a result of COVID-19 induced economic restrictions. The Investment Manager uses these forward-looking power price assumptions to assess the likely future income of the portfolio investments for valuation purposes. The Company's assumptions are formed from a blended average of the forecasts provided by third party consultants and are updated on a quarterly basis. The Investment Manager's

forecasts continue to assume an increase in power prices in real terms of 0.97% per annum (31 March 2019: 0.27%). However, this increase from the March 2019 figure is largely driven by lower prices in the short term as mentioned above, the real growth from 2026-2050 is forecast as 0.15% per annum (31 March 2019: 0.04%).

Power Purchase Agreements ("PPAs") are entered into between each portfolio company and offtakers in the UK electricity supply market. Under the PPAs, each portfolio company will sell the energy generated and ROCs to the designated offtaker. Under the terms of a PPA, electricity can be supplied at a fixed price for an agreed duration, or at a variable rate.

The PPA strategy adopted by our portfolio companies seeks to optimise their revenues from the power generated, while keeping the flexibility to manage their solar assets appropriately. The Boards of our portfolio companies, with assistance from Foresight, constantly assess conditions in the electricity market and set their pricing strategy on the basis of likely future movements. Seven of the UK solar sites have 10-year PPAs, in place since 1 April 2019 with lower fees than previously. Under the terms of these PPAs the electricity generated is sold at a variable market rate.

The remaining four larger assets have fixed price arrangements in place. The Company's strategy is to maintain c.30% of the portfolio under fixed pricing agreements. The assets with fixed arrangements account for 41% of capacity. These will maintain the hedging strategy throughout 2020 whilst contributing a positive net impact to valuations.

Investment Manager's Review

Sustainable Investing

Sustainability lies at the heart of the Manager's approach, and the Manager believes that investing responsibly, seeking to make a positive social and environmental impact, is critical to its long-term success. These factors have been integrated into the investment process, and are actively supported by all involved, regardless of seniority. Foresight continues to refine its sustainability tracking to further improve its investment processes, enhance the sustainability performance of existing assets and demonstrate more comprehensively the environmental benefits and social contribution of the Company's activities, implementing Foresight Group's Sustainable Investing in Infrastructure Strategy. This strategy focuses on ensuring all assets are evaluated prior to acquisition and throughout their ownership, in accordance with Foresight Group's Sustainability Evaluation Criteria.

There are five central themes to the Criteria, which cover the key areas of sustainability. The five criteria are:

1. Sustainable Development Contribution: The development of affordable and clean energy and improved resource and energy efficiency.
2. Environmental Footprint: Assessing potential environmental impact such as emissions to air, land and water, effects on biodiversity and noise and light pollution
3. Social Engagement: Engagement and consultation with local stakeholders. Ensuring a positive local economic and social impact, community engagement and the health and wellbeing of stakeholders.
4. Governance: Compliance with relevant laws and regulations and ensuring best practice is followed.
5. Third Party Interactions: Third party due diligence is conducted on key counterparties to ensure adherence to the aforementioned criteria where relevant.

Land Management

Compliance audits have been carried out on all UK sites held by portfolio companies, confirming that they are in line with government permits and conditions.

Foresight Group remains a working partner of the Solar Trade Association's Large Scale Asset Management Working Group. Foresight is a signatory to the Solar Farm Land Management Charter and seeks to ensure that the solar farms operated by all of our portfolio companies are managed in a manner that maximises the agricultural, landscaping, biodiversity and wildlife potential, which can also contribute to lowering maintenance costs and enhancing security. As such, Foresight Group regularly inspects sites and advises portfolio companies to develop site specific land management and biodiversity enhancement plans to secure long term gains for wildlife and ensure that the land and environment are maintained to a high standard. This includes:

- Management of grassland areas within the security fencing to promote wildflower meadows and sustainable sheep grazing;
- Planting and management of hedgerows and associated hedge banks;
- Management of field boundaries between security fencing and hedgerows;

- Sustainable land drainage and pond restoration;
- Installation of insect hotels and reptile hibernacula;
- Installation of boxes for bats, owls and kestrels; and
- Installation of beehives by local beekeepers.

Most solar parks are designed to enable sheep grazing and the remaining plants are investigated for alterations to ensure that the farmland on which the solar assets are located can remain useful in agricultural production, which is a frequent desire of local communities.

Examples of recent land management activities across the portfolio include the addition of a flock of free range chickens grazing throughout the New Kaine site. The grounds of Turweston and Littlewood solar farms are being managed as wildflower meadow. Further environmental improvements have been implemented at Turweston including the installation of beehives. During the reporting period bird and bat boxes were installed at Basin Bridge and at Turweston additional gates with sufficient gaps at the lower edge were installed to allow for safe wildlife passage across the site. New trees and hedgerows were planted, and hedge infill work undertaken at Dove View, Hurcott and Littlewood.

Investment Manager's Review

Social and Community Engagement

Foresight Group actively seeks to engage with the local communities around the solar assets operated by our portfolio companies and regularly attends parish meetings to encourage community engagement and promote the

benefits of their solar assets. During the year, the Manager has continued to make annual community payments for Marchington, which have been extended to reflect the site's 40-year consent.

Health and Safety

There were no reportable health and safety incidents during the year.

A transformer at the Laurel Hill site experienced an oil leak in February 2020, causing the substation to shut down. All oil was contained within the site, which does not include any watercourses, and a specialist contractor hired to remove and dispose of the oil safely.

Safety, Health, Environment and Quality ("SHEQ") performance and risk management are a top priority at all levels for Foresight Group. To further improve the management of SHEQ risks, reinforce best practice and ensure non-compliance with regulations is avoided, Foresight Group has appointed an independent health and

safety consultant who regularly visits the portfolio assets operated by our portfolio companies to ensure they not only meet, but exceed, industry and legal standards. The consultants have confirmed that all sites are in compliance with applicable regulations.

Recommendations have been implemented to help raise standards further. During the year improvements to method statements have been made relating to weed management and hygiene practices. Further upgrades have been completed to control works in the vicinity; namely overhead cables and pressurised gas mains. Additional recommendations to manage the deterioration of safety warning signage is being administered by operation and maintenance companies.

Outlook

Despite a fall in the external power prices negatively impacting the portfolio valuation, it has otherwise been another positive year for the Company with good performance from the assets. The Company will continue to focus on delivering strong operational performance across the portfolio. Post year end, the Investment Manager successfully concluded the negotiation of new debt terms with the existing lender to refinance the majority of the UK solar assets, with pricing materially less than the previous arrangements.

Long-term renewable energy projects typically have inflation-linked income streams, often with a high degree of Government backing through subsidies, which will be unaffected by a slowdown in economic growth. We believe this offers a degree of protection for investors from the inevitable economic impact of the coronavirus pandemic.

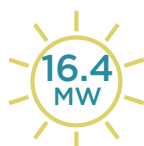
Foresight Group LLP
Investment Manager
29 July 2020



Investment Manager's Review

Portfolio Overview

Turweston Solar Farm, Northamptonshire



Investment date December 2014

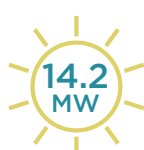
The portfolio companies trading on the site performed above the expected level of production due to the good availability of the plant and high irradiance levels.

	31 March 2020
Voting rights in the relevant portfolio companies	49%
Current cost	£19,771,001
Valuation	£21,088,596

	Year ended 31 March 2020
Income	£3,277,601
EBITDA	£680,459
Net liabilities	(£326,474)



Laurel Hill Solar Farm, County Down



Investment date September 2017

The portfolio companies trading on the site performed below the expected level of production due primarily to export curtailments imposed by Northern Ireland Electricity Networks and a transformer failure in February 2020.

	31 March 2020
Voting rights in the relevant portfolio companies	49%
Current cost	£5,332,478
Valuation	£8,244,229

	Year ended 31 March 2020
Income	£2,101,395
EBITDA	£305,157
Net liabilities	(£152,016)



Investment Manager's Review

Littlewood Solar Farm, Nottinghamshire



Investment date August 2017

The portfolio company trading on the site performed above the expected level of production due to the good availability of the plant and high irradiance levels.

	31 March 2020
Voting rights in the relevant portfolio company	49%
Current cost	£5,087,340
Valuation	£5,619,620

	Year ended 31 March 2020
Income	£640,662
EBITDA	£497,738
Net assets	£248,859



Hurcott Solar Farm, Somerset



Investment date November 2018

The portfolio companies trading on the site performed above the expected level of production due to the good availability of the plant and high irradiance levels.

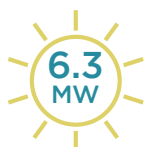
	31 March 2020
Voting rights in the relevant portfolio company	49%
Current cost	£4,149,938
Valuation	£3,548,024

	Year ended 31 March 2020
Income	£1,903,054
EBITDA	£1,488,132
Net assets	£1,125,115



Investment Manager's Review

Saron Solar Farm, Carmarthenshire



Investment date March 2015

The portfolio company trading on the site performed in line with expectations.

	31 March 2020
Voting rights in the relevant portfolio company	49%
Current cost	£3,412,909
Valuation	£2,719,980

	Year ended 31 March 2020
Income	£771,890
EBITDA	£538,659
Net liabilities	(£1,050,249)



Basin Bridge Solar Farm, Leicestershire



Investment date August 2018

The portfolio company trading on the site performed in line with expectations.

	31 March 2020
Voting rights in the relevant portfolio company	49%
Current cost	£1,707,972
Valuation	£1,912,027

	Year ended 31 March 2020
Income	£808,596
EBITDA	£442,778
Net liabilities	(£493,630)



Investment Manager's Review

Marchington Solar Farm, Staffordshire



Investment date July 2016

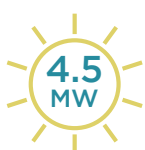
The portfolio company trading on the site performed below expectations. This was due to 50% of the site being offline for two weeks while work was carried out on transformers. Lost revenues are covered by the site's guarantees and have been now received. There was also a short network outage in March 2020.

	31 March 2020
Voting rights in the relevant portfolio company	49%
Current cost	£1,031,975
Valuation	£1,812,348

	Year ended 31 March 2020
Income	£736,511
EBITDA	£568,159
Net assets	£6,501



Dove View Solar Farm, Staffordshire



Investment date August 2018

The portfolio company trading on the site performed above the expected level of production due to the good availability of the plant and high irradiance levels.

	31 March 2020
Voting rights in the relevant portfolio company	49%
Current cost	£1,673,880
Valuation	£1,615,127

	Year ended 31 March 2020
Income	£568,945
EBITDA	£332,302
Net assets	£4,667



Investment Manager's Review

Beech Farm Solar, Staffordshire



Investment date August 2018

The portfolio company trading on the site performed above the expected level of production due to the good availability of the plant and high irradiance levels.

	31 March 2020
Voting rights in the relevant portfolio company	49%
Current cost	£1,421,984
Valuation	£1,187,749

	Year ended 31 March 2020
Income	£807,750
EBITDA	£57,018
Net assets	£302,380



Stables Solar Farm, Leicestershire



Investment date August 2018

The portfolio company trading on the site performed in line with expectations.

	31 March 2020
Voting rights in the relevant portfolio company	49%
Current cost	£711,206
Valuation	£637,035

	Year ended 31 March 2020
Income	£261,152
EBITDA	£175,251
Net liabilities	(£527,642)



Investment Manager's Review

New Kaine Solar Farm, Kent



Investment date March 2015

The portfolio company trading on the site performed above the expected level of production due to the good availability of the plant and high irradiance levels.

	31 March 2020
Voting rights in the relevant portfolio company	49%
Current cost	£673,363
Valuation	£468,961

	Year ended 31 March 2020
Income	£284,125
EBITDA	£175,054
Net liabilities	(£155,858)



Telecomponenti Rooftop Solar, Campania, Italy



Investment date November 2017

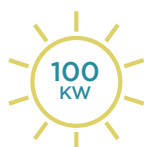
The portfolio company trading on the site performed below expectations. This was primarily due to lower than expected levels of irradiation. Telecomponenti was sold post year end.

	31 March 2020
Voting rights in the relevant portfolio company	49%
Current cost	£407,797
Valuation	£491,954



Investment Manager's Review

Greenersite Solar Farm, Herefordshire



Investment date March 2013

The portfolio company trading on the site performed below expectations. This was due to issues with the inverter which have now been resolved.

	31 March 2020
Voting rights in the relevant portfolio company	100%
Current cost	£325,878
Valuation	£358,064

	Year ended 31 March 2020
Income	£19,694
EBITDA	(£24,151)
Net assets	£250,513



Investing for a smarter future for more than 35 years

Sustainable Infrastructure Foresight's Five criteria

£2BN

invested into
clean energy
projects
worldwide

More than

2GW

of renewable
generation
assets



Investment
strategies
that support
sustainable
economic
and social
development

1 Sustainable development contribution

Affordable, clean energy

Resilient industry,
innovation & sustainable
infrastructure

Positive contribution to
climate action

2 Environmental footprint

Reduction in CO₂

Species protection & promotion

Responsible waste management

Feedstock sustainability

Control of emissions, effluents
& wastes in all conditions

3 Social engagement

Health and wellbeing of staff & third parties

Local economic & social impact

Positive community engagement &
contribution

Positive decommissioning plan

4 Governance

Legislation compliance

Employment & human rights

Robust anti-bribery & corruption policies

Appropriate management structure

Experienced board

5 Third party interactions

Legislation compliance

Supply chain monitoring

Protecting reputation

One of the
first external
fund managers
appointed by
the UK Green
Investment
Bank

*Helped shape
the Green
Investment
Handbook*

Investment Manager's Review

Portfolio details as at 31 March 2020 were as follows:

Name of asset	Date of investment	31 March 2020			31 March 2019	
		Current cost [†] (£)	Valuation (£)	Valuation Methodology	Current cost (£)	Valuation (£)
Turweston Solar Farm	December 2014	19,771,001	21,088,596	Discounted cashflow	19,771,001	23,247,943
Laurel Hill Solar Farm	September 2017	5,332,478	8,244,229	Discounted cashflow	5,332,478	7,566,349
Littlewood Solar Farm	August 2017	5,087,340	5,619,620	Discounted cashflow	5,087,340	6,760,971
Hurcott Solar Farm	March 2013	4,149,938	3,548,024	Discounted cashflow	4,149,938	4,720,797
Saron Solar Farm	March 2015	3,412,909	2,719,980	Discounted cashflow	3,412,909	3,379,050
Basin Bridge Solar Farm	March 2015	1,707,972	1,912,027	Discounted cashflow	1,707,972	2,700,453
Marchington Solar Farm	April 2016	1,031,975	1,812,348	Discounted cashflow	1,031,975	2,395,609
Dove View Solar Farm	July 2016	1,673,880	1,615,127	Discounted cashflow	1,673,880	2,056,735
Beech Farm Solar	July 2018	1,421,984	1,187,749	Discounted cashflow	1,421,984	1,396,505
Stables Solar Farm	August 2018	711,206	637,035	Discounted cashflow	711,206	796,988
New Kaine Solar Farm	August 2018	673,363	468,961	Discounted cashflow	673,363	637,172
Telecomponenti Rooftop Solar	August 2018	407,797	491,954	Expected sales proceeds	407,797	474,438
Greenersite Solar Farm	November 2018	325,878	358,064	Discounted cashflow	325,878	309,847
Italian Solar	August 2018	—	—	Sold	1,177,241	1,177,241
Other net assets held by the portfolio companies		—	(7,533,831)		—	(853,282)
Total			42,169,883			56,766,816

[†] Current cost is the initial purchase price of assets by the relevant underlying portfolio companies net of any returns of capital. Returns of capital can include the proceeds of refinancing activities, which could also have an impact on the valuation above.

Portfolio companies will either trade on a solar site themselves or a wholly owned subsidiary will do so.

The portfolio companies, or their wholly owned subsidiaries, may borrow to fund acquisitions and may also employ proceeds from the disposal of assets. This is included in the Other net assets held by the portfolio companies.



Foresight Williams Technology Share class

Engineering and Technology Adviser

Williams Advanced Engineering (WAE) is a technology and engineering services business and is part of the Williams Group.

In 2010, Williams Grand Prix Engineering Limited began diversifying its operations, leading to the establishment of the WAE division, which became Williams Advanced Engineering Limited. Combining cutting edge technology and the industry's best engineers with precision and speed to market derived from four decades of success in the ultra-competitive environment of Formula One, WAE provides world class technical innovation, engineering, testing, manufacturing and operational consultancy services across industry.

Working in close collaboration with its customers and partners, WAE helps meet the sustainability and technology challenges of the 21st century and improve performance, with its expertise in aerodynamics and thermodynamics, electrification, advanced lightweight materials, simulation and vehicle integration. In December 2019, Williams Grand Prix Engineering agreed to the sale of an equity stake in WAE to EMK Capital, with Williams retaining a significant minority stake in the business. WAE has grown from an embryonic business in 2010 to a company employing some 350 people engaged in many innovative and transformative technical areas for a growing list of clients. The investment by EMK represented a natural next step in the evolution of the company, unlocking the potential for further growth.

With its work across a range of industry sectors it is well positioned to identify growing market opportunities. Through its reputation and commercial relationships, WAE also has access to an exciting pool of investment opportunities. Indeed, several of the investments made by the Foresight Williams Technology EIS Fund to date have been sourced by WAE. Given this market insight and technical expertise, it is able to assist with technical due diligence on small to medium sized businesses ("SMEs") and provide services to assist with the development of technologies and portfolio firms towards commercialisation.

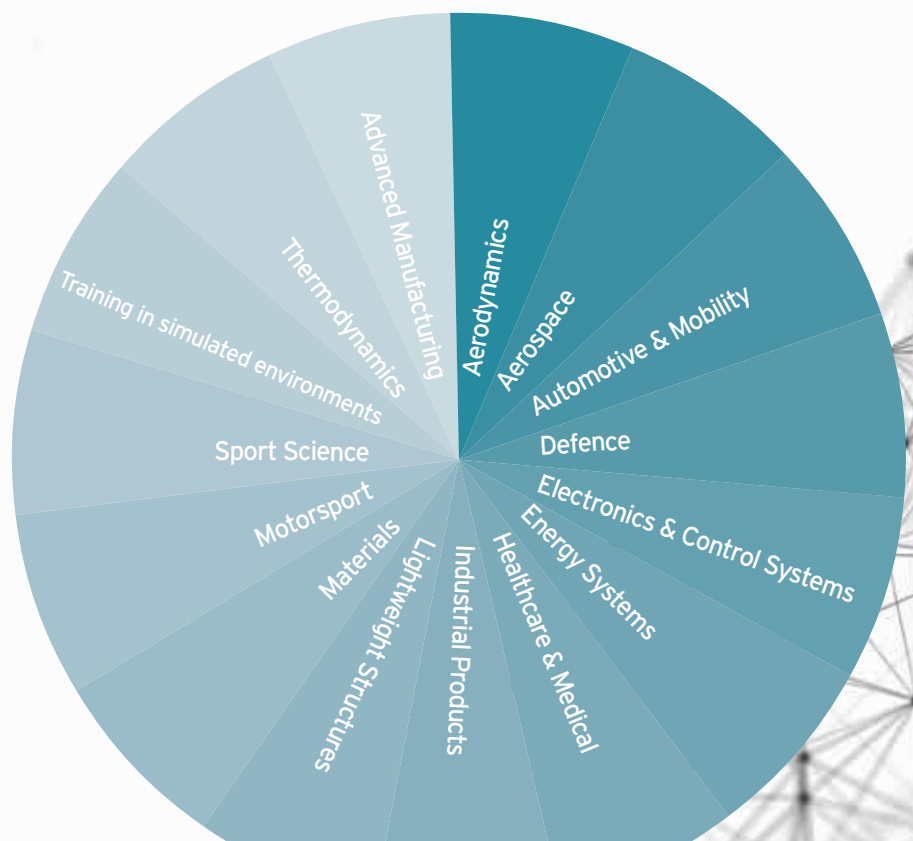
The Williams brand is synonymous with world class engineering, innovation and performance and investee companies can benefit from this association (subject to agreement with each investee company).

Sectors and competencies

“As we continue to receive requests for support from businesses we are increasingly finding that Formula One know-how and technology can benefit other industries.”

Claire Williams

Deputy Team Principal, Williams



Technology and engineering innovation at its core

The Foresight Williams Technology share class' core investment strategy will be to focus on early stage companies with strong IP, operating in attractive, substantive markets where Williams' technology, engineering, commercial and promotional added-value support may offer a distinct advantage to Investee Companies. Rather than having a particular sector focus, the new share class intends to invest principally in early stage UK technology companies aligned to capabilities where WAE can add value. The Manager will also consider co-investing with the Foresight Williams Technology EIS Fund, or other VCTs, family offices and/or university spin out funds. This is to provide additional investment for companies as well as spreading the risk in early stage investment.

Investors will have access to a diverse technology base with innovation at its heart. With the combination of the technical, commercial and promotional experience of WAE alongside Foresight's investment expertise, experience of early-stage opportunities and nurturing of UK SMEs, portfolio companies will be offered dedicated support to accelerate their technologies towards commercialisation.

Foresight and WAE will work with a wide range of organisations and advisers to identify and develop a strong pipeline of opportunities. This will ensure a breadth of investments across different markets and technology areas that are aligned to the potential for Williams to add value, such as:



Aerodynamics and thermodynamics



Battery systems and energy storage



Composites, materials and nanomaterials



Data analytics



Electric machines and drives



Electronics and control systems



Lightweight structures



Prototyping



Systems integration



Investment Manager's Review

About the Investment Manager

The Company's Investment Manager is Foresight Group LLP, which is responsible for the investment of the Company's capital. Currently the portfolio companies source and acquire ground-based solar power plants, predominantly located in the UK. The Investment Manager also advises portfolio companies on their borrowing strategy, the sale of the electricity they generate and in the administration of green benefits.

Foresight Group is a privately-owned infrastructure and private equity Investment Manager, managing assets of c.£6.5 billion*, raised from pension funds and other institutional investors, UK and international private and high net worth individuals and family offices. Founded in 1984, in total Foresight manages 33 funds on behalf of institutional and retail investors including three venture capital trusts that are listed on the premium segment of the Official List and are admitted to trading on the Main Market. Foresight Group has won a number of awards recognising its accomplishments in this area. Most recently, winning "Best Generalist VCT" at the Investment Week Tax Efficiency Awards 2018/19.

Headquartered in The Shard, London, with further offices in Guernsey, Leicester, Milton Keynes, Nottingham, Manchester, Cambridge, Edinburgh, Rome, Madrid, Seoul and Sydney, Foresight has 239 staff including an extensive back office team comprising finance, investor relations, sales, marketing, compliance, HR, IT and administration. Foresight is overseen by an Executive Committee which provides strategic investment advice to the management team and the Board.

Infrastructure

Foresight established its solar investment team in 2007 and launched its first solar fund, Foresight European Solar Fund, in early 2008. Foresight Solar VCT plc (later renamed Foresight Solar & Technology VCT plc) was launched in November 2010 and the Group has since raised over £200 million for solar-focused Enterprise Investment Schemes. It also launched the largest listed solar fund in the UK, Foresight Solar Fund Limited ("FSFL") in 2013, a fund with a gross asset value of over £1.0 billion currently. In total, the team manages over 130 solar plants totalling over 1.3GW of existing operational capacity across the UK, Australia, Italy, Spain and Portugal.

The team has broadened its focus which now extends across the energy infrastructure sector. Foresight is one of the largest renewable energy investors in Europe, completing over 240 projects with over 2.2GW of capacity in the UK,

Europe and Australia. Foresight manages one of the largest solar portfolios in Europe and has mobilised over £1bn of private sector capital into the UK energy from waste and biomass sectors. Foresight also manages a portfolio of more than 600MW of onshore wind projects and a portfolio of in excess of 230MW renewable-enabling infrastructure assets in reserve power and battery storage.

The Group's dedicated multinational infrastructure team of

90 consists of an Investment Team and an Asset Management Team of specialist portfolio accountants, in-house legal personnel and specialised engineers. The team possesses a comprehensive suite of capabilities, from investment origination and execution, including sourcing and structuring transactions, to ongoing active asset management within the specialist sector of energy infrastructure.

The Company's Investment Management team is responsible for new asset acquisitions, pipeline development, value enhancement of the Company and also advises the Board on the optimal borrowing strategy of the Company. The investment team is supported by UK-based solar analysts with additional support from Foresight's Italian and Australian offices.

Private equity

Foresight's Private Equity Team traces its roots back to Foresight Group's origins as an early stage technology investor. In 1997 Foresight raised one of the first VCTs, the technology/media focused Foresight VCT plc. The new Foresight Williams Technology share class heralds a return to technology investing which is a core part of the firm's DNA.

Foresight Group's growing private equity investment team of 30 is pro-active and hands-on, focused on investing typically up to £5 million in UK growth companies across a broad range of sectors. In addition to Foresight VCT plc and Foresight 4 VCT plc, the team manage the Foresight Williams Technology EIS Fund.

Over the last seven years, Foresight Group has also raised a number of regionally focused institutional funds, cornerstoned variously by local government pension funds, the British Business Bank and the Scottish Government. The team is based out of offices in London, Manchester, Nottingham, Edinburgh and Cambridge with smaller satellite offices in Leicester and Milton Keynes. The funds target growth capital deals across these regions, investing between £100,000 and £5 million into technology-related and more traditional management led businesses.

The team currently manages a portfolio of more than 95 SME investments across a broad range of sectors including business services, consumer and leisure, healthcare, industrials and manufacturing and technology, media and telecommunications ("TMT").

*Following completion of the recent announcement of Foresight Group's acquisition of Pensions Infrastructure Platform (PiP), total AUM will increase to £6.5bn.

Investment Manager's Review

Evolution of Foresight Solar & Technology VCT plc

In April 2010, the British Government introduced index linked feed-in tariffs ('FiTs') providing minimum inflation-linked prices for electricity produced from various renewable sources, including solar power generating assets. This FiT provided the opportunity for Foresight to launch the Company and utilise its expertise and resources to invest in solar projects.

The Ordinary shares fund was originally a five year planned exit VCT with an option to remain in the fund as a longer-term investor. The fund targeted minimum dividends of 5p per share per annum after the first two years and a minimum return of £1.30 per share after five years.

In 2013, the Company raised an additional £13m from shareholders in a "C" shares fund, targeting investment in sub 5MW solar power plants in the UK, supported by the Government's Renewable Obligation (RO) scheme.

The "C" shares fund was a five year planned exit VCT with an option to remain invested in the fund for the long term. The fund targeted minimum dividends of 5p per share per annum from year two, and a minimum target return of £1.20 after five years.

In February 2016, the Company launched a new "D" shares fund in order to invest in complementary asset classes within the energy and infrastructure sectors including smart data, international solar and wider infrastructure offering a similar risk profile.

The D shares fund raised £4.9m before it closed on 31 January 2017. A small top-up offer in March 2017 led to the D shares fund's total fund raising to be £5.6m.

The Ordinary shares fund completed a tender offer on May 2017, buying back 10,966,024 shares for £11.0m.

2010

2013

2016

2017

In June 2018, the Company completed the merger of the Ordinary, C and D shares funds into a single enlarged Ordinary Share class to unite its shareholder base and offer enhanced liquidity by the pooling of the existing cash reserves in each fund.

In December 2019, the Company launched the Foresight Williams Technology share class, to invest principally in early stage UK technology companies.

In March 2020, the Ordinary Shares fund of the Company successfully completed a tender offer, buying back 7,435,016 shares for £6m.

2018

2019

2020

Strategic Report

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

Investment Policy

Foresight Solar & Technology VCT plc consists of two share classes, the Ordinary Shares and FWT Shares. The Ordinary Share class is fully invested in unquoted companies that seek to generate solar electricity and, in most cases, benefit from long-term government-backed price guarantees.

The key ongoing objective of the Ordinary Shares fund is to generate an attractive return for investors, through a combination of tax-free income, buybacks and tender offers.

The FWT Share class intends to invest principally in early stage UK technology companies.

The Company originally raised £37.8m through an Ordinary Share issue in 2010/2011 and 2011/2012, and subsequently a “C” shares fund of £13.1m and a “D” shares fund of £5.6m. On 29 June 2018, the C and D shares funds were merged with the Ordinary Shares fund. The number of Ordinary Shares in issue at 31 March 2020 was 35,460,961 and 1,222,778 Deferred Shares.

The Company launched the FWT Shares in December 2019 with an initial fund raising target of £20.0m. The number of FWT Shares in issue at 31 March 2020 was 1,145,927.

Investment objectives Performance and Key Performance Indicators (KPIs)

The results and performance of the Company are discussed further in the Directors’ Report.

The Board expects the Investment Manager to deliver a performance which meets the objective of the Company. The KPI covering this objective is net asset value total

return, calculated as net asset value per share plus total dividends paid to date. Net asset value total return allows performance comparisons to be made between venture capital trusts. Additional KPIs reviewed by the Board include the premium/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 higher/lower than the net asset value per share, and total ongoing charges as a proportion of shareholders’ funds. These are both further indicators of investor value. The annualised ongoing charges ratio for the year was 2.9% and the average discount at which shares were repurchased in the market was 0.9%. These indicators, along with other useful measures including share price total return and dividend yield, allow further comparisons to be made between venture capital trusts, and are included on page 2.

A review of the Company’s performance during the year, is contained within the Investment Manager’s Review. The Board assesses the performance of the Investment Manager in meeting the Company’s objective against the primary KPIs highlighted above.

Strategies for achieving objectives

Investment securities

The Company invests in a range of securities including, but not limited to, ordinary and preference shares, loan stock, convertible securities, and fixed-interest securities as well as cash. Unquoted investments are usually structured as a combination of ordinary shares and loan stock. Non-qualifying investments may include holdings in money market instruments, short-dated bonds, unit trusts, OEICs, structured products, guarantees to banks or third parties providing loans or other investment to portfolio

companies and other assets where Foresight Group believes that the risk/return portfolio is consistent with the overall investment objectives of the portfolio.

UK companies

Investments are primarily made in companies which are based in the UK and which are Qualifying Companies for the purposes of VCT Rules.

Asset mix

The Company consists of two share classes, the Ordinary Shares and FWT Shares. The Ordinary Share class has invested in unquoted companies that seek to generate solar electricity and, in most cases, benefit from long-term government-backed price guarantees. The FWT Share class intends to invest principally in early stage UK technology companies. No investments have been made in the FWT Shares fund to date. The Board has always ensured that at least 70% (and from 1 April 2020, 80%) of net share capital raised has been invested in Qualifying Companies whose primary business is the generation of solar electricity. Any uninvested funds are held in cash, interest bearing securities or other investments.

Risk diversification and maximum exposures

Risk has been spread by investing in a number of different companies which have targeted a variety of separate locations for their solar power assets. No venture capital investments have been made as yet. The maximum amount invested by the Company in any one company has been limited to 15% of the portfolio at the time of investment in accordance with VCT Rules. The value of an investment is expected to increase over time as a result of trading progress and a continuous assessment is made of its suitability for sale. Although risk is spread across different portfolio

companies, concentration risk is fairly high given that a significant portion are UK Solar projects owned by Qualifying Companies, in which Qualifying Investments were made by the Ordinary Shares fund and the C Shares fund (which existed prior to the merging of the Ordinary, C and D share classes), which have been merged to form larger trading groups.

Borrowing powers

The Company's Articles permit borrowing, to give a degree of investment flexibility. Under the Company's Articles no money may be borrowed without the sanction of an ordinary resolution if the principal amount outstanding of all borrowings by the Company and its subsidiary undertakings (if any), then exceeds, or would as a result of such borrowing exceed, a principal amount equal to the aggregate of the share capital and reserves of the Company and each of its subsidiary undertakings as shown in the audited balance sheet. The underlying portfolio companies in which the Company invests may utilise bank borrowing or other debt arrangements to finance asset purchases but such borrowing would be non-recourse to the Company.

Other Foresight managed funds

The Company's Investment Manager also provides investment management services or advice to Foresight VCT plc, Foresight 4 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, Foresight Energy Infrastructure Partners and Foresight Regional Investment II LP.

The only Foresight managed fund that has a co-investment with the Company is the Foresight Inheritance Tax Solutions Fund.

VCT regulation

The investment policy is designed to ensure that the Company continues to qualify and is approved as a VCT by HM Revenue & Customs ("HMRC"). Amongst other conditions, 70% of the Company's investment portfolio must comprise Qualifying Holdings in Qualifying Companies. This percentage increased to 80% for the accounting period beginning 1 April 2020. As at 31 March 2020, 92.21% of the Company's investment portfolio was held in Qualifying Holdings.

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.

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

Environmental, human rights, employee, social and community issues

The Company's investments have been made in companies with clean energy and environmental infrastructure projects which have clear environmental benefits. The Board recognises the requirement under Section 414 of the Act to provide

Strategic Report

information about environmental matters (including the impact of the Company's business on the environment), employee, human rights, social and community issues; including information about any policies it has in relation to these matters and effectiveness of these policies. The Company 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 only suppliers being that of the service industry, as opposed to tangible products.

The Manager's policies in respect of all the above issues can be found on Foresight Group's website www.foresightgroup.eu. Further, in relation to environmental, social and community impact please refer to the Investment Manager's Review for more information on Foresight Group's Responsible Investment Principles.

The PRI Association, established in 2006, is a global collaborative network of investors working together to put the six Principles for Responsible Investment into practice. As an investment manager, Foresight has a duty to act in the best long-term interests of our beneficiaries. In this fiduciary role, Foresight believes that Environmental, Social, and corporate Governance ("ESG") issues can affect the performance of investment portfolios (to varying degrees across companies, sectors, regions, asset classes and through time). Foresight also recognises that applying these Principles may better align investors with broader objectives of society. For the 2019 PRI Annual Assessment, Foresight were pleased to be awarded the highest possible score (A+) for Strategy and Governance. We were also awarded A ratings for both our Private Equity and Infrastructure

assessments. These strong results further demonstrate our commitment to sustainability and responsible business practices.

Signatory of:



Gender diversity

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

The Investment Manager has a Diversity & Inclusion policy and as at 31 March 2020 employed 150 men and 89 women.

Dividend policy

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

Following the completion of the tender offer, which reduced the size of the fund, the Board has considered the future dividend policy of the Ordinary Shares fund. With the objective of maximising long-term future returns for Ordinary Shareholders, the Board will endeavour to pay out dividends derived from the income generated by the underlying portfolio, rather than a fixed pence per share.

Dividends for the FWT Shares Fund are anticipated to be paid from year four onwards at a targeted average rate of 5% per annum of the NAV of the FWT Shares.

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.

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 and professional services. The principal relationship is with the Investment Manager and the Investment Manager's Review 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 Investment Manager to produce satisfactory investment performance. It seeks to maintain a constructive working relationship with the Investment Manager and on an annual basis the Management Engagement & Remuneration Committee reviews the appropriateness of the Investment Manager's appointment. The Board

receives and reviews detailed presentations and reports from the Investment Manager to enable the Directors to exercise effective oversight of the Company's activities. The Investment 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 Investment Manager and members of the Board are available to meet with shareholders at the AGM, although this will not be possible this year.

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 Investment Manager consistently and proactively engages with portfolio 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 Investment Manager's Review.

While the Investment Manager supports the aims and objectives of the Stewardship Code, it is not currently a signatory to the Code. A statement explaining the Investment Manager's position can be found on their website at <https://www.foresightgroup.eu/responsible-investing/corporate-social->

[responsibility/stewardship-code/](#). 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 a regular and robust review of the risk environment in which the company operates. The principal risks and uncertainties identified by the Board which might affect the Company's business model and future performance, and the steps taken with a view to their mitigation, are as follows:

Economic risk: events such as economic recession, 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 portfolio of investments and maintains sufficient cash reserves to be able to meet its liabilities.

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

circumstances, to investors being required to repay the initial income tax relief on their subscriptions for new shares issued by the VCT within the previous five years.

Mitigation: the Investment 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 RW Blears 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 Qualifying Holdings, and which by their nature entail a higher level of risk and lower liquidity than investments in larger quoted companies.

Mitigation: the Directors aim to limit the risk attaching to the portfolio as a whole by careful selection, close monitoring and timely realisation of investments and by carrying out rigorous due diligence procedures. The Board reviews the investment portfolio with the Investment Manager on a regular basis.

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

Mitigation: The Board and the Investment Manager monitor political developments and where appropriate seek to make representations either

Strategic Report

directly or through relevant trade bodies.

Natural disasters: severe weather/ natural disasters could lead to reduction in performance and value of the assets.

Mitigation: there is no mitigation that can be taken against natural disasters; however, our Operations and Maintenance provider is able to respond quickly to repair any damage and reduce the amount of down time. The projects are also adequately insured against such events.

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

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

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

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

Brexit: The Board recognises that Brexit is a process that continues to involve 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 projects 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 pandemic. The potential impact of COVID-19 on the projects in which the Company's existing portfolio companies invest is under ongoing assessment. Both the Investment 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 March 2023. This three year period is used by the Board during the strategic planning process and is considered reasonable for a business of its nature and size.

In making this statement, the Board carried out an assessment of the principal risks facing the Company, including those that might threaten its business model, future performance, solvency, or liquidity. The Board concentrated its efforts on the major factors that affect the economic, regulatory and political environment. The Board also specifically considered the impact of the COVID-19 pandemic when carrying out its assessment.

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 Investment Manager adapting their investment process to take account of the more restrictive VCT investment rules.

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

Based on the Company's processes for monitoring cash flow, share price discount, ongoing review of the investment objective and policy, asset allocation, sector weightings and portfolio risk profile, the Board has concluded that there is a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the three years to 31 March 2023.

Performance-related incentives

Ordinary Shares fund

The performance incentive arrangements were novated from Foresight Group CI Limited to the Investment Manager on 27 January 2020.

The Investment Manager is entitled to a performance incentive fee of 30% of Total Return exceeding a threshold of 130.0p per Ordinary Share from 30 June 2017 increasing by a simple 5% per annum going forward, i.e. 136.5p for the Company's financial year ending 30 June 2018, 141.6p for the period ending 31 March 2019, 148.7p for the year ending 31 March 2020 and so on.

FWT Shares fund

The Investment Manager is entitled to a performance incentive fee of 20% of Distributions exceeding a threshold of 110.0p per FWT Share (subject to annual adjustment of this hurdle in line with the Retail Price Index).

Valuation Policy

Investments held by the Company have been valued in accordance with the International Private Equity and Venture Capital Valuation ("IPEV") guidelines (December 2018) and further COVID-19 guidance for March 2020 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. The portfolio valuations are prepared by Foresight Group, reviewed and approved by the Board quarterly and subject to review by the auditors annually.

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

VCT tax benefit for shareholders

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

reliefs for subscriptions since 6 April 2006 are:

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

Venture Capital Trust status

Foresight Solar & Technology VCT plc is approved by HMRC as a venture capital trust (VCT) in accordance with the VCT Rules. It is intended that the business of the Company be carried on so as to maintain its VCT status. The Directors and the Manager have managed, and continue to manage, the business in order to comply with the legislation applicable to VCTs. In addition, the Board has appointed RW Blears LLP to monitor and provide continuing advice in respect of the Company's compliance with applicable VCT Rules. As at 31 March 2020 the Company had 92.21% (2019: 82.94%) of its funds in such VCT Qualifying Holdings.

Future strategy

The Company will continue to seek to optimise the existing portfolio in terms of performance including the refinancing of the portfolio assets at lower interest rates and fixing power price agreements (PPAs) when they are deemed attractive, and pay dividends through a combination of income earned and realised gains made.

Once all Ordinary Shareholders have reached their minimum 5-year qualifying holding period, the Board and the Manager will, if appropriate, begin a managed process of returning the value of the Ordinary Shares fund to its Shareholders.

The Company will also continue to raise new funds in the FWT Shares fund and seek appropriate qualifying investments for this share class.

Ernie Richardson

Chairman

29 July 2020

Governance

Board of Directors

“The wide ranging backgrounds and experience of the Directors provides a strong and complementary balance of skills, knowledge and wisdom to the Company’s affairs.”

Ernie Richardson

Chairman

Ernie Richardson

Chairman of the Board



Position

Chairman

Appointed

1 January 2019

Experience

Ernie was appointed as Chairman of the Board in September 2019, having joined the Board in January 2019. Ernie has over 30 years' experience in the venture capital sector and was until 2009 chief executive of venture capital investment firm MTI. He is a graduate chemical engineer and Fellow of the Chartered Institute of Management Accountants and has served as a member of the Council of the British Venture Capital Association and also served as Chair of the investment committee of the National Endowment for Science, Technology and the Arts. He also has over 20 years' operational management experience gained within businesses including British Steel Chemicals Division and chemicals company Laporte Industries and is chairman of several smaller companies. He has also served as Financial Controller of the European Division of the Royal Bank of Canada.

Other positions

Director of Thomas Swan Holdings Limited and Eastwood Langley Limited

Beneficial Shareholding

FWT Shares 20,000 (plus a further 20,000 FWT Shares post year end)

Mike Liston OBE

Director



**Position
Appointed
Experience**

Director

6 July 2010

A Chartered Engineer, Mike's relevant experience in leading technology related, public businesses includes as Chief Executive of an electricity utility and Non-Executive Chairman of renewable energy developers in the wind, solar and biofuels sectors in Europe and an Asian energy infrastructure fund. He is a director of the General Partner of Foresight's first solar power fund. Mike is a Fellow of the Royal Academy of Engineering.

Other positions

Non-Executive Chairman of JTC Group, Director of Foresight European Solar Fund GP Ltd

**Beneficial
Shareholding**

Nil

Tim Dowlen

Director



**Position
Appointed
Experience**

Director

6 July 2010

A director of insurance broking companies from 1973 to 2016, Tim was most recently a divisional director of City-based Lloyd's broking firm Tasker & Partners where he was responsible for developing the retail insurance broking activities of the firm. Tim was for many years Senior Examiner in liability insurance for the Chartered Insurance Institute. A practising expert witness since 1998, he has given independent evidence to the Courts in over 130 disputes in the insurance sector and is director, insurance, of GBRW Expert Witness Limited. Tim has specialised in the venture capital sector since starting his own insurance firm in 1974. He acted as insurance broker to a number of fund managers and other financial institutions.

Other positions

Director of Woking Street Angels

**Beneficial
Shareholding**

Ordinary Shares 29,558

Directors' Report

The Directors present their report and the audited accounts of the Company for the year ended 31 March 2020.

The Board

The Board of the Company consists of three non-executive directors: Ernie Richardson (Chairman), Mike Liston & Tim Dowlen. Further information on the Board and their biographies are included on pages 34 and 35.

Activities and status

Foresight Solar & Technology VCT plc predominantly invests in unquoted companies that generate electricity from solar power systems.

Foresight Solar & Technology VCT plc is approved by HMRC as a venture capital trust (VCT) in accordance with the VCT Rules. It is intended that the business of the Company be carried on so as to maintain its VCT status.

Results and dividends

The total loss attributable to equity shareholders for the year amounted to £6.9m (2019: profit of £2.8m). The Board paid two interim dividends of 3.0p per Ordinary Share on 26 April 2019 and 22 November 2019 (nine month period ended 31 March 2019: one interim dividend of 3p). No final dividends are proposed.

Net asset value total return

During the year ended 31 March 2020, the Company's principal indicator of performance, net asset value total return per Ordinary Share decreased 13.2% from 134.4p per share at 31 March 2019 to 116.7p per share at 31 March 2020.

The net asset value total return for the newly launched FWT shares was 99.1p per share at 31 March 2020.

Share issues

During the year the Company allotted 1,145,927 FWT Shares under the Offer for Subscription dated 20 December 2019 at a NAV of 100.0p per share.

At 31 March 2020, the Company had 35,460,961 Ordinary Shares, 1,222,778 Deferred Shares, and 1,145,927 FWT Shares in issue.

Share buybacks

During the year the Company repurchased 7,786,631 Ordinary Shares for cancellation at a total cost of £6.4m. No shares bought back by the company are held in treasury. Share buybacks have been completed at an average discount of 0.9% to net asset value.

Global greenhouse gas emissions

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

Principal risks, risk management and regulatory environment

A summary of the principal risks faced by the Company are set out in the Strategic Report on pages 31 and 32.

Engagement with suppliers, customers and others in a business relationship with the Company

A summary of the engagement with suppliers, customers and others in a business relationship with the Company can be found in the Strategic Report on page 28.

Corporate governance

Please refer to the Corporate Governance section for the Company's corporate governance.

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 Investment 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 Investment Manager, together with the standard of other services provided which include Company Secretarial services. It is the Directors' opinion that the continuing appointment of the Investment Manager on the terms agreed is in the interests of shareholders as a whole. The last review was undertaken in July 2019. Foresight Group LLP is the Secretary of the Company. The principal terms of the management agreement are set out in note 3 to the accounts.

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

Foresight Group CI Limited, which acted as investment manager to the Company until 27 January 2020 when Foresight Group LLP was appointed as Manager, earned fees of £0.5m (2019: £0.5m).

Foresight Group LLP, who was appointed as Manager on 27 January 2020, earned fees of £0.1m up to 31 March 2020 (2019: nil). Foresight Group LLP received £0.1m (2019: £0.1m) during the year in respect of secretarial, administrative and custodian services to the Company.

Foresight Group LLP received £nil arrangements fees during the year (2019: £0.3m).

The Manager is also a party to the performance incentive agreements described in note 13 to the accounts

and earned performance incentive fees of nil (2019: nil).

All amounts are stated, where applicable, net of Value Added Tax.

VCT status monitoring

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

Substantial shareholdings

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

Financial instruments

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

Directors indemnification and insurance

The Directors have the benefit of indemnities under the articles of association of the Company against, to the extent only as permitted by law, liabilities they may incur acting in their capacity as Directors of the Company. An insurance policy is maintained by the Company which indemnifies the Directors of the Company against certain liabilities that may arise 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 10 days (2019: 2 days).

Alternative Investment Fund Managers Directive (AIFMD)

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

Audit information

Pursuant to Section 418(2) of the Companies Act 2006, each of the Directors confirms that (a) so far as they are aware, there is no relevant audit information of which the Company's 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 29 July 2020 was 35,460,961 Ordinary Shares, 1,222,778 Deferred Shares and 2,421,379 FWT Shares.

The Ordinary Shares represent 93.6% of total ordinary share capital and the FWT Shares represent 6.4% of total ordinary share capital. Further information on the share capital of the Company is detailed in note 11 of the notes to the financial statements.

Voting Rights in the Company's shares

Details of the voting rights in the Company's shares at the date of this report are given in note 5 in the Notice of Annual General Meeting on page 78.

Directors' Report

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

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

Companies Act 2006 Disclosures

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

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

that may occur following a takeover bid or for any other reason.

Conflicts of interest

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

Foresight Group, as Investment Manager, manages several funds that invest in solar projects. To ensure that projects are allocated equitably between funds, a formal allocation policy is followed.

Whistleblowing

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

Going concern

The Company's business activities, together with the factors likely to affect its future development,

performance and position are set out in the Strategic Report on page 28. The financial position of the Company, its cash flows, liquidity position and borrowing facilities are referred to in the Chairman's Statement, Strategic Report and Notes to the Accounts. In addition, the financial statements include the Company's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposures to credit risk and liquidity risk.

The Company has sufficient financial resources together with investments and income generated therefrom across a variety of industries and sectors. As a consequence, the Directors believe that the Company is able to manage its business risks. Cash flow projections have been reviewed with particular focus on the impact of COVID-19, 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 Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Directors remuneration

Following changes to the Companies Act 2006, UK investment companies must comply with new regulations in relation to directors' remuneration. Directors' fees can only be paid in accordance with a remuneration policy which has been approved by shareholders. The Company must also publish a Directors' Remuneration Report which complies with a new set of disclosure requirements. See pages 44 to 46.

Annual General Meeting

A formal notice convening the Annual General Meeting on 24 September 2020 can be found from page 78.

Please refer to the notice in relation to the format of this year's meeting and the request to observe social distancing restrictions in place, with particular focus on the impact of COVID-19. Resolutions 1 to 8 will be proposed as ordinary resolutions meaning that for each resolution to be passed, at least 50% of the votes cast at the meeting must be in favour of the resolution. Resolutions 9 and 10 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 8 to 10 will be in addition to existing authorities and are explained below.

Resolution 8

Resolution 8 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 £300,000 (representing approximately 79% of the current issued ordinary share capital of the Company) for the purposes listed under the authority requested under Resolution 9. This includes authority to issue shares pursuant to the performance incentive fee arrangements with Foresight Group LLP and top-up offers for subscription to raise new funds for the Company if the Board believes this to be in the best interests of the Company. Any offer is intended to be at an offer price linked to NAV. The authority conferred by Resolution 8 will expire on the fifth anniversary of the passing of the resolution, and will be in addition to all other existing authorities.

Resolution 9

Resolution 9 will sanction, in a limited manner, the disapplication of pre-

emption rights in respect of the allotment of equity securities (i) with an aggregate nominal value of up to £200,000 in each class of share in the Company pursuant to offer(s) for subscription, (ii) with an aggregate nominal value of up to 10% of the issued share capital in the Company pursuant to the performance incentive arrangements with Foresight Group LLP and (iii) with an aggregate nominal value of up to 10% of the issued share capital in the Company, in each case where the proceeds of such issue may in whole or in part be used to purchase the Company's shares. This authority will expire at the conclusion of the Annual General Meeting to be held in 2021 and will be in addition to all other existing authorities.

Resolution 10

It is proposed by Resolution 10 that the Company be empowered to make market purchases (within the meaning of Section 693(4) of the Companies Act 2006) of its own shares. Under this authority the Directors may purchase up to 5,315,598 Ordinary Shares and 362,965 FWT Shares (representing approximately 14.99% of each share class at the date of this Annual Report). When buying shares, the Company cannot pay a price per share which is more than 105% of the average of the middle market quotation for shares taken from the London Stock Exchange daily official list on the five business days preceding the day on which shares are purchased or, if greater, the amount stipulated by Article 5(6) of the Market Abuse Regulation. This authority shall expire at the conclusion of the Annual General Meeting to be held in 2021.

Whilst, generally, the Company does not expect shareholders will want to sell their shares within five years of acquiring them because this may lead to a loss of tax relief, the Directors anticipate that from time to time a shareholder may need to sell shares

within this period. Front end VCT income tax relief is only obtainable by an investor who makes an investment in new shares issued by the Company. This means that an investor may be willing to pay more for new shares issued by the Company than he would pay to buy shares from an existing shareholder. Therefore, in the interest of shareholders who may need to sell shares from time to time, the Company proposes to renew the authority to buy-in shares for the benefit of new as well as existing shareholders. This authority when coupled with the ability to issue new shares for the purposes of financing a purchase of shares in the market, enables one company to purchase shares from a shareholder and effectively to sell on those shares through the company to a new investor with the potential benefit of full VCT tax relief. In making purchases the Company will deal only with member firms of the London Stock Exchange at a discount to the then prevailing net asset value per share of the Company's shares to ensure that existing shareholders are not disadvantaged.

By order of the Board

Foresight Group LLP
Company Secretary
29 July 2020

Registered address:
The Shard
32 London Bridge Street
London
SE1 9SG

Corporate Governance

The Board of Foresight Solar & Technology 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 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 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 March 2020.

The Board

The Company at present has a Board comprising the Chairman and two other Non-Executive Directors. The Chairman and Tim Dowlen are considered to be independent. Mike Liston is considered non-independent by virtue of the fact that he is a Director of another Foresight Group managed fund. David Hurst-Brown, Chairman of the Company until 19 September 2019, was also an independent director.

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

Company and its Investment Manager sets out the matters over which the Investment 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 Investment 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 Investment Manager attend all formal Board Meetings although the Directors may on occasion meet without

representatives of the Investment Manager being present. Informal meetings with the Investment 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.

Meeting attendance during the year

	Board	Audit
Ernie Richardson	7/7	2/2
Mike Liston	7/7	2/2
Tim Dowlen	7/7	2/2
David Hurst-Brown	3/3	1/1

Two meetings for the nomination committee and one meeting for the remuneration committee took place during the year, which were attended by all four directors in office at the time.

In light of the responsibilities retained by the Board and its committees and of the responsibilities delegated to the Investment Manager, RW Blears 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 Mike Liston (Chairman), Tim Dowlen and Ernie Richardson, all of whom are considered to have sufficient recent and relevant financial experience to discharge the role, and meets, amongst other things, to consider the following:

- Monitor the integrity of the financial statements of the Company and approve the accounts;
- Review the Company's internal control and risk management systems;
- Make recommendations to the Board in relation to the appointment of the external auditors;

- Review and monitor the external auditors' independence; and
- Implement and review the Company's policy on the engagement of the external auditors to supply non-audit services.

As a result of the tender process carried out in 2013, the Board appointed KPMG LLP as the company's auditor. Blick Rothenberg Limited provides the Company's taxation services.

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

The Nomination Committee comprises Ernie Richardson (Chairman), Mike Liston and Tim Dowlen and intends to meet at least annually to consider the composition and balance of skills, knowledge and experience of the Board and to make nominations to the Board in the event of a vacancy, and also considers the resolutions for the annual re-election of directors.

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

The Management Engagement & Remuneration Committee (which has responsibility for reviewing the remuneration of the Directors) comprises Ernie Richardson (Chairman), Mike Liston and Tim Dowlen and meets at least annually to consider the levels of remuneration of

the Directors, specifically reflecting the time commitment and responsibilities of the role. The Management Engagement & Remuneration committee also undertakes external comparisons and reviews to ensure that the levels of remuneration paid are broadly in line with industry standards. The Management Engagement & Remuneration Committee also reviews the appointment and terms of engagement of the Investment Manager.

Board evaluation

The Board undertakes a formal annual evaluation of its own performance and that of its committees, as recommended by provision 21 of the UK Corporate Governance Code. Initially, the evaluation takes the form of a questionnaire for the Board (and its committees). The Chairman then discusses the results with the Board (and its committees) and following completion of this stage of the evaluation, the Chairman will take appropriate action to address any issues arising from the process.

Relations with shareholders

The Company communicates with shareholders and solicits their views where it considers it is appropriate to do so. Due to the impact of COVID-19, this year's Annual General Meeting will be held by way of a closed meeting and shareholders will not be permitted to attend. Shareholders are encouraged to send any questions to the Directors through the Investment Manager's Investor Relations team, more details can be found in the formal notice on page 78. The Board may from time to time seek feedback through shareholder questionnaires and an open invitation for shareholders to meet the Investment Manager. The Company is not aware of any institutions owning shares in the Company.

Corporate Governance

Internal control

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

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

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

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

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

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

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

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

Such review procedures have been in place throughout the full financial year and up to the date of approval of the accounts, and the Board is satisfied with their effectiveness.

These procedures are designed to manage rather than eliminate risk and, by their nature, can only provide reasonable but not absolute assurance against material misstatement or loss. The Board monitors the investment performance of the Company in comparison to its objective at each Board meeting. The Board also reviews the Company's activities since the last Board meeting to ensure that the Investment 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 Investment Manager, the Audit Committee and other third party advisers provide sufficient assurance that a sound system of internal control, which safeguards shareholders' investment and the Company's assets, is maintained. In addition, the Company's financial statements are audited by external auditors. An internal audit function, specific to the Company, is therefore considered unnecessary.

Directors' Professional Development

Full details of duties and obligations are provided at the time of appointment and are supplemented by further details as requirements change, although there is no formal induction programme for the Directors as recommended by the Code. Directors are also provided on a regular basis with key information on the Company's policies, regulatory and

statutory requirements and internal controls. Changes affecting Directors' responsibilities are advised to the Board as they arise. Directors also participate in industry seminars.

UK Stewardship Code

While the Investment Manager supports the aims and objectives of the Stewardship Code, it is not currently a signatory to the Code. A statement explaining the Investment Manager's position can be found on their website at <https://www.foresightgroup.eu/responsible-investing/corporate-social-responsibility/stewardship-code/>.

Bribery Act 2010

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

Ernie Richardson

Chairman
29 July 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 for the approval of this report will be put to the members at the forthcoming Annual General Meeting.

The law requires the Company's auditor, KPMG LLP, to audit certain of the disclosures provided. Where disclosures have been audited, they are indicated as such. The auditors' opinion is included in the Independent Auditor's Report on pages 51 to 55.

Annual Statement from the Chairman of the Remuneration Committee

The Board, which is profiled on pages 34 to 35, 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 and Remuneration Committee comprises all three Directors: Ernie Richardson (Chairman), Mike Liston and Tim Dowlen.

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

The Management Engagement and Remuneration Committee also undertakes external comparisons and reviews to ensure that the levels of remuneration paid are broadly in line with industry standards and members have access to independent advice where they consider it appropriate. During the year neither the Board nor

the Management Engagement and Remuneration Committee have been provided with advice or services by any person in respect of its consideration of the Directors' remuneration.

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

No Director is involved in deciding their own remuneration.

Remuneration policy

The Board's policy is that the remuneration of non-executive Directors should reflect time spent and the responsibilities borne by the Directors on the Company's affairs and should be sufficient to enable candidates of high calibre to be recruited. The levels of Directors' fees paid by the Company for the year ended 31 March 2020 were agreed during the year.

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

The Company's policy is to pay the Directors monthly in arrears, to the Directors personally or to a third party as requested by any Director.

The above remuneration policy was last approved by Shareholders at the Annual General Meeting on 19 September 2019 and 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 24 September 2020. The Directors' Remuneration Policy is available to view by writing to the Company Secretary at the registered office.

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

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 and compensation of each person who served as a Director during the year are as shown on page 46. No Director has waived or agreed to waive any emoluments from the Company in the current year.

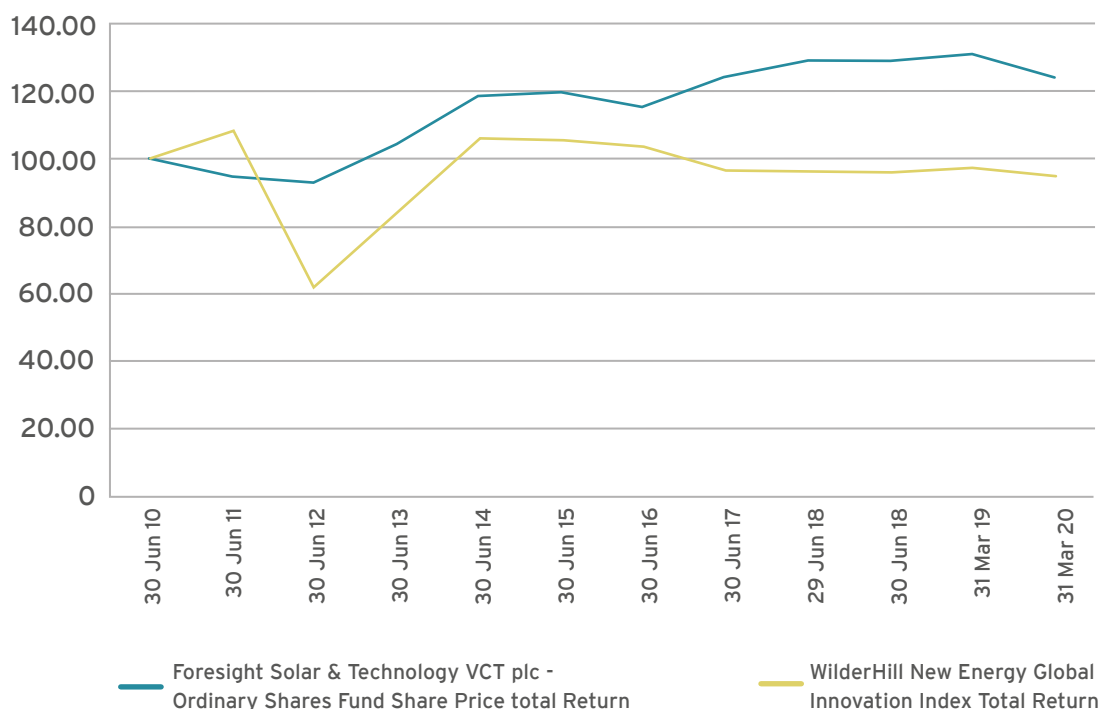
No other remuneration was paid or payable by the Company during the year nor were any expenses claimed or paid to them other than for expenses incurred wholly, necessarily and exclusively in furtherance of their duties as Directors of the Company.

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

Total shareholder return

The graph on the following page charts the total shareholder return from launch to 31 March 2020, on the hypothetical value of £100 invested by a shareholder. The return is compared to the total shareholder return on a notional investment of £100 in the WilderHill New Energy Global Innovation Index, which is considered by the Board an appropriate index against which to measure the Company's performance.

Shareprice Total Return (pence)



Directors

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

	31 March 2020 Ordinary Shares	31 March 2020 FWT Shares	31 March 2019 Ordinary Shares
Ernie Richardson	—	20,000	—
Tim Dowlen	29,558	—	29,558
Mike Liston*	—	—	—
David Hurst-Brown (retired 19 September 2019)	52,500	—	52,500
Total	82,058	20,000	82,058

* Mike Liston has not subscribed to or purchased any shares as he is not tax resident in the United Kingdom.

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

Post year-end, Ernie Richardson subscribed to 20,000 further FWT Shares, increasing his holding in the Company to 40,000 FWT Shares.

In accordance with the UK Corporate Governance Code and the Board's policy, Mr Richardson, Mr Liston and Mr Dowlen retire annually and, being eligible, offer themselves up for re-election. Biographical notes on the Directors are given on pages 34 and 35. The Board believes that Mr Richardson's, Mr Liston's and Mr Dowlen's skills, experience and knowledge continue to complement each other and add value to the Company and recommends their re-election to the Board. None of the directors has a contract of service with the Company.

Governance

	Audited Directors' fees year ended 31 March 2020 (£)	Audited Directors' fees nine months ended 31 March 2019 (£)
Ernie Richardson	25,854	5,625
Mike Liston	22,500	16,875
Tim Dowlen	22,500	16,875
David Hurst-Brown	13,292	21,188
Total	84,146	60,563

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

Votes cast for and against the Directors' Remuneration Report for the nine months ended 31 March 2019

Shares and Percentage of votes cast For	Shares and Percentage of votes cast Against
95.37%	4.63%
2,846,417 votes	138,338 votes

In accordance with new 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 March 2020	Nine months ended 31 March 2019
Dividends	£2,583,000	£1,304,000
Share buybacks	£6,390,000	£619,000
Total Shareholder distributions	£8,973,000	£1,923,000
Directors fees	£84,146	£60,563
Directors fees % of Shareholder distributions	0.9%	3.1%

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

This Directors' Remuneration Report was approved by the Board on 29 July 2020 and is signed on its behalf by Ernie Richardson (Chairman).

On behalf of the Board

Ernie Richardson
Chairman
29 July 2020

Audit Committee Report

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

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

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

Valuation of unquoted investments

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

Venture Capital Trust status

Maintaining venture capital trust status and adhering to the VCT Rules is critical to both the Company and its shareholders for them to retain their VCT tax benefits.

The Manager confirmed to the Audit Committee that the conditions for maintaining the Company's status as an approved venture capital trust had been met throughout the year.

The Manager obtains legal advice from RW Blears LLP and reviews the Company's qualifying status in advance of realisations being made and throughout the year. The Audit Committee is in regular contact with the Manager and any potential issues with Venture Capital Trust Status would be discussed at or between formal meetings. In addition, an external third party review of Venture Capital Trust Status is conducted by RW Blears LLP on a quarterly basis and this is reported to both the Board and Audit Committee and the Manager.

The Manager confirmed to the Audit Committee that they were not aware of any material misstatements. Having reviewed the reports received from the Manager and RW Blears LLP, 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.

Evaluation of auditor

The Audit Committee considers that KPMG LLP has carried out its duties as auditor in a diligent and professional manner. During the year, the Audit Committee assessed the effectiveness of the current external audit process by assessing and discussing specific audit documentation presented to it in accordance with guidance issued by the Auditing Practices Board. The audit director is rotated every five years ensuring that objectivity and independence is not impaired. The current audit director, Henry Todd, assumed responsibility for the audit in 2018. KPMG LLP was appointed as auditor in 2014, with their first audit for the year ended 30 June 2014. No tender for the audit of the Company has been undertaken since this date. As part of its review of the continuing appointment of the auditors, the Audit Committee considers the need to put

the audit out to tender, its fees and independence from the Manager along with any matters raised during each audit.

The Board also consider auditor independence when receiving any request or approving non-audit services.

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

The Audit Committee met in July 2019 to review the annual audited accounts for the nine months ended 31 March 2019 and the Company's risk register and in December 2019 to review the interim report and the Company's risk register. No other significant items were noted during the year.

Mike Liston

Audit Committee Chairman
29 July 2020

Statement of Directors' Responsibilities

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

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors 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 for that year.

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 comply with that law and those regulations.

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

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company; and
- the Directors' Report and the Strategic Report includes 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, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

On behalf of the Board

Ernie Richardson
Chairman
29 July 2020

Income Statement

for the year ended 31 March 2020

	Ordinary Shares Fund			FWT Shares Fund		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Investment holding losses	—	(7,881)	(7,881)	—	—	—
Realised losses on investments	—	(941)	(941)	—	—	—
Income	3,385	—	3,385	—	—	—
Investment management fees	(147)	(439)	(586)	—	(1)	(1)
Interest payable	(397)	—	(397)	—	—	—
Other expenses	(441)	—	(441)	(8)	—	(8)
Profit/(loss) before taxation	2,400	(9,261)	(6,861)	(8)	(1)	(9)
Taxation	—	—	—	—	—	—
Profit/(loss) after taxation	2,400	(9,261)	(6,861)	(8)	(1)	(9)
Profit/(loss) per share	5.6p	(21.6)p	(16.0)p	(0.7)p	(0.1)p	(0.8)p

Balance Sheet

at 31 March 2020

	Ordinary Shares Fund £'000	FWT Shares Fund £'000
Fixed assets		
Investments held at fair value through profit or loss	42,170	—
Current assets		
Debtors	233	61
Cash and cash equivalents	640	1,162
	873	1,223
Creditors		
Amounts falling due within one year	(17,256)	(87)
Net current (liabilities)/assets	(16,383)	1,136
Net assets	25,787	1,136
Capital and reserves:		
Called-up share capital	354	11
Share premium	6,967	1,134
Capital redemption reserve	200	—
Distributable reserve	12,853	(8)
Capital reserve	(12,226)	(1)
Revaluation reserve	17,639	—
Equity shareholders' funds	25,787	1,136
Number of shares in issue	35,460,961	1,145,927
Net asset value per share	72.7p	99.1p

At 31 March 2020 there was an inter-share debtor/creditor of £1,000 which has been eliminated on aggregation.

Reconciliations of Movements in Shareholders' Funds

for the year ended 31 March 2020

Ordinary Shares Fund	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 April 2019	432	7,032	122	19,426	(10,846)	25,520	41,686
Expenses in relation to prior year share issues	—	(26)	—	—	—	—	(26)
Repurchase of shares	(78)	—	78	(6,390)	—	—	(6,390)
Expenses in relation to tender offer	—	(39)	—	—	—	—	(39)
Realised losses on disposal of investments	—	—	—	—	(941)	—	(941)
Investment holding losses	—	—	—	—	—	(7,881)	(7,881)
Dividends paid	—	—	—	(2,583)	—	—	(2,583)
Management fees charged to capital	—	—	—	—	(439)	—	(439)
Revenue profit for the year	—	—	—	2,400	—	—	2,400
As at 31 March 2020	354	6,967	200	12,853	(12,226)	17,639	25,787

FWT Shares Fund	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 April 2019	—	—	—	—	—	—	—
Share issues in the year	11	1,162	—	—	—	—	1,173
Expenses in relation to share issues	—	(28)	—	—	—	—	(28)
Investment holding gains	—	—	—	—	—	—	—
Dividends paid	—	—	—	—	—	—	—
Management fees charged to capital	—	—	—	—	(1)	—	(1)
Revenue loss for the year	—	—	—	(8)	—	—	(8)
As at 31 March 2020	11	1,134	—	(8)	(1)	—	1,136

Independent Auditor's Report to the Members of Foresight Solar & Technology VCT plc

Opinions and conclusions arising from our audit

1. Our opinion is unmodified

We have audited the financial statements of Foresight Solar & Technology VCT plc ("the Company") for the year ended 31 March 2020 which comprise the Income Statement, Reconciliation of Movements in Shareholders' Funds, Balance Sheet, Cash Flow Statement, and the related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of Company's affairs as at 31 March 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

We were first appointed as auditor by the directors in March 2014. The period of total uninterrupted engagement is for the nine financial periods ended 31 March 2020. We have fulfilled our ethical

responsibilities under, and we remain independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed public interest entities. No non-audit services prohibited by that standard were provided.

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

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. We summarise below the key audit matter (unchanged except for the removal of Brexit since 2019), in arriving at our audit opinion above, together with our key audit procedures to address those matters and, as required for public interest entities, our results from those procedures. These matters were addressed, and our results are based on procedures undertaken, in the context of, and solely for the purpose of, our audit of the financial statements as a whole, and in forming our opinion thereon, and consequently are incidental to that opinion, and we do not provide a separate opinion on these matters.

Key audit matter: Valuation of unquoted investments

(£42 million; 2019: £56 million)

Refer to page 8 (Portfolio summary and performance), page 22 (Portfolio details), page 28 (Investment Policy), page 33 (Valuation Policy), page 47 (Audit Committee Report, Valuation of unquoted investments), page 60 (Accounting Policies), page 66 (Note 8) and page 69 (Note 15).

The risk: Subjective valuation

95% (2019: 95%) of the company's total assets (by value) is held in investments where no quoted market price is available.

Fair value is established in accordance with the International Private Equity and Venture Capital Valuations Guidelines.

The valuation of unlisted investments requires a number of estimates based on unobservable inputs, such as discount factors and useful economic lives of assets. As a result, there is an inherent risk of estimation uncertainty in relation to the valuation of investments.

There is therefore a significant risk over valuation of underlying investments and that is the key judgemental area that our audit focused on.

The effect of these matters is that, as part of our risk assessment, we determined that the valuation of unquoted investments has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole. The financial statements (note 15) disclose the sensitivity estimated by the Company.

Our response:

Our procedures included:

- **Historical comparisons:** Assessment of investment realisations in the period, if any, comparing actual sales proceeds to prior year end valuations to understand the reasons for significant variances and determine whether they are indicative of bias or error in the Company's approach to valuations;

- **Methodology choice:** — In the context of observed industry best practice and the provisions of the International Private Equity and Venture Capital Valuation Guidelines, we challenged the appropriateness of the valuation basis selected;

- **Our valuations experience:** With the assistance of our own valuation specialists, we challenged the investment manager on key judgements affecting investee company valuations, such as discount factors and the useful economic life of the underlying assets. We compared key underlying financial data inputs to external sources and management information as applicable. We challenged the assumptions around sustainability of earnings based on the plans of the investee companies and whether these are achievable and we obtained an understanding of existing and prospective investee company cash flows to understand whether borrowings can be serviced or whether refinancing may be required. For investments valued using a discounted cash flow model we devised our own model to verify the accuracy of the company's calculations. Our work included consideration of events which occur subsequent to the year end up until the date of the audit report, including the impact of COVID-19 on the underlying investment valuations;

- **Comparing valuations:** Where a recent transaction has been used to value a holding, we obtained an understanding of the circumstances surrounding the transaction and whether it was considered to be on an arms-length basis and suitable as an input into a valuation;

- **Assessing transparency:** Consideration of the appropriateness, in accordance

with relevant accounting standards, of the disclosures in respect of unquoted investments and the effect of changing one or more inputs to reasonably possible alternative valuation assumptions.

Our results:

We found the Company's valuation of unquoted investments to be acceptable (2019: acceptable).

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

Materiality for the financial statements as a whole was set at £0.4m (2019: £0.6m), determined with reference to a benchmark of total assets, of £44.27m (2019: £59.51m), which it represents 1.0% (2019: 1.0%).

In addition, we applied materiality of £6,800 to management fee expense (2019: N/A) for which we believe misstatements of lesser amounts than materiality for the financial statements as a whole could reasonably be expected to influence the Company's members' assessment of the financial performance of the Company.

We agreed to report to the Audit Committee any corrected or uncorrected identified misstatements exceeding £21,985 (2019: £30,000), in addition to other identified misstatements that warranted reporting on qualitative grounds.

Our audit of the Company was undertaken to the materiality level specified above and was all performed by a single audit team.

4. We have nothing to report on going concern

The Directors have prepared the financial statements on the going

concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

Our responsibility is to conclude on the appropriateness of the Directors' conclusions and, had there been a material uncertainty related to going concern, to make reference to that in this audit report. However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Company will continue in operation.

In our evaluation of the Directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period. The risks that we considered most likely to adversely affect the Company's available financial resources over this period were the potential impacts of COVID-19 uncertainty on the power prices underlying solar farm asset investment valuations.

As these were risks that could potentially cast significant doubt on the Company's ability to continue as a going concern, we considered

sensitivities over the level of available financial resources indicated by the Company's financial forecasts taking account of reasonably possible (but not unrealistic) adverse effects that could arise from these risks individually and collectively and evaluated the achievability of the actions the Directors consider they would take to improve the position should the risks materialise. We also considered less predictable but realistic second order impacts, such as the impact of COVID-19 on the underlying investment company supply chains and maintenance resourcing.

Based on this work, we are required to report to you if:

- we have anything material to add or draw attention to in relation to the directors' statement in Note 1 to the financial statements on the use of the going concern basis of accounting with no material uncertainties that may cast significant doubt over the Company's use of that basis for a period of at least twelve months from the date of approval of the financial statements; or
- the related statement under the Listing Rules set out on page 32 is materially inconsistent with our audit knowledge.

We have nothing to report in these respects, and we did not identify going concern as a key audit matter.

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

The directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly,

we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

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

Strategic report and directors' report

Based solely on our work on the other information:

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

Directors' remuneration report

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

Disclosures of principal risks and longer-term viability

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

- the directors' confirmation within the viability statement page 32 that they have carried out a robust assessment of the principal risks facing the Company, including those that would threaten its business

model, future performance, solvency and liquidity;

- the Principal Risks disclosures describing these risks and explaining how they are being managed and mitigated; and
- the directors' explanation in the viability statement of how they have assessed the prospects of the Company, over what period they have done so and why they considered that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

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

Our work is limited to assessing these matters in the context of only the knowledge acquired during our financial statements audit. As we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgments that were reasonable at the time they were made, the absence of anything to report on these statements is not a guarantee as to the Company's longer-term viability.

Corporate governance disclosures

We are required to report to you if:

- we have identified material inconsistencies between the knowledge we acquired during our financial statements audit and the directors' statement that they consider that the annual report and financial

statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy; or

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

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

We have nothing to report in these respects.

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

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

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

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

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

We have nothing to report in these respects.

7. Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 48, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate

the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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

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

Irregularities – ability to detect

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, through discussion with the directors and other management (as required by auditing standards), and from inspection of the Company's regulatory and legal correspondence and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations. We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

The company is subject to laws and regulations that directly affect the

financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and its qualification as a Venture Capital Trust under UK tax legislation, any breach of which could lead to the Company losing various deductions and exemptions from UK corporation tax and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Whilst the Company is subject to many other laws and regulations, we did not identify any others where the consequences of non-compliance alone could have a material effect on amounts or disclosures in the financial statements.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

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

This report is made solely to the Company's members, as a body, in

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

Henry Todd (Senior Statutory Auditor) for and on behalf of KPMG LLP,

Statutory Auditor

Chartered Accountants

15 Canada Square

London

E14 5GL

29 July 2020

Financial Statements

Income Statement

for the year ended 31 March 2020

		Year ended 31 March 2020			Nine months ended 31 March 2019		
	Notes	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Investment holding (losses)/gains	8	—	(7,881)	(7,881)	—	3,612	3,612
Realised losses on investments	8	—	(941)	(941)	—	(197)	(197)
Income	2	3,385	—	3,385	546	—	546
Investment management fees	3	(147)	(440)	(587)	(117)	(350)	(467)
Interest payable		(397)	—	(397)	(311)	—	(311)
Other expenses	4	(449)	—	(449)	(374)	—	(374)
Profit/(loss) before taxation		2,392	(9,262)	(6,870)	(256)	3,065	2,809
Taxation	5	—	—	—	—	—	—
Profit/(loss) after taxation		2,392	(9,262)	(6,870)	(256)	3,065	2,809
Profit/(loss) per share:							
Ordinary Share	7	5.6p	(21.6)p	(16.0)p	(0.6)p	7.1p	6.5p
FWT Share	7	(0.7)p	(0.1)p	(0.8)p	n/a	n/a	n/a

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 comprehensive income has been presented.

The notes on pages 60 to 77 form part of these Financial Statements.

Reconciliation of Movements in Shareholders' Funds

Year ended 31 March 2020	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 April 2019	432	7,032	122	19,426	(10,846)	25,520	41,686
Share issues in the year	11	1,162	—	—	—	—	1,173
Expenses in relation to share issues	—	(28)	—	—	—	—	(28)
Expenses in relation to prior year share issues	—	(26)	—	—	—	—	(26)
Repurchase of shares	(78)	—	78	(6,390)	—	—	(6,390)
Expenses in relation to tender offer	—	(39)	—	—	—	—	(39)
Realised losses on disposal of investments	—	—	—	—	(941)	—	(941)
Investment holding losses	—	—	—	—	—	(7,881)	(7,881)
Dividends paid	—	—	—	(2,583)	—	—	(2,583)
Management fees charged to capital	—	—	—	—	(440)	—	(440)
Revenue profit for the year	—	—	—	2,392	—	—	2,392
As at 31 March 2020	365	8,101	200	12,845	(12,227)	17,639	26,923

Nine months ended 31 March 2019	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 July 2018	439	7,050	115	21,605	(10,299)	21,908	40,818
Expenses in relation to prior year share issues	—	(18)	—	—	—	—	(18)
Repurchase of shares	(7)	—	7	(619)	—	—	(619)
Realised losses on disposal of investments	—	—	—	—	(197)	—	(197)
Investment holding gains	—	—	—	—	—	3,612	3,612
Dividends paid	—	—	—	(1,304)	—	—	(1,304)
Management fees charged to capital	—	—	—	—	(350)	—	(350)
Revenue loss for the period	—	—	—	(256)	—	—	(256)
As at 31 March 2019	432	7,032	122	19,426	(10,846)	25,520	41,686

The notes on pages 60 to 77 form part of these Financial Statements

* Total distributable reserves at 31 March 2020 were £618,000 (2019: £8,580,000).

Financial Statements

Balance Sheet

at 31 March 2020

Registered Number: 07289280

	Notes	As at 31 March 2020 £'000	As at 31 March 2019 £'000
Fixed assets			
Investments held at fair value through profit or loss	8	42,170	56,767
Current assets			
Debtors	9	293	405
Cash and cash equivalents		1,802	2,334
		2,095	2,739
Creditors			
Amounts falling due within one year	10	(17,342)	(17,820)
Net current liabilities		(15,247)	(15,081)
Net assets		26,923	41,686
Capital and reserves			
Called-up share capital	11	365	432
Share premium		8,101	7,032
Capital redemption reserve		200	122
Distributable reserve		12,845	19,426
Capital reserve		(12,227)	(10,846)
Revaluation reserve		17,639	25,520
Equity shareholders' funds		26,923	41,686
Net asset value per share			
Ordinary Share	12	72.7p	96.4p
FWT Share	12	99.1p	n/a

The accounts on pages 56 to 77 were approved by the Board of Directors and authorised for issue on 29 July 2020 and were signed on its behalf by:

Ernie Richardson

Chairman

29 July 2020

The notes on pages 60 to 77 form part of these Financial Statements.

Cash Flow Statement

for the year ended 31 March 2020

	Year ended 31 March 2020 £'000	Nine months ended 31 March 2019 £'000
Cash flow from operating activities		
Deposit and similar interest received	11	8
Investment management fees paid	(600)	(466)
Performance incentive fee paid	—	(130)
Secretarial fees paid	(128)	(99)
Other cash payments	(387)	(441)
Net cash outflow from operating activities	(1,104)	(1,128)
Cash flow from investing activities		
Net proceeds on sale of investments	5,280	—
Investment income received	3,129	550
Net cash inflow from investing activities	8,409	550
Cash flow from financing activities		
Proceeds of fund raising	1,162	—
Expenses of fund raising	(26)	(18)
Repurchase of own shares	(6,390)	(619)
Equity dividends paid	(2,583)	(1,304)
Net cash outflow from financing activities	(7,837)	(1,941)
Net outflow of cash in the period	(532)	(2,519)
Reconciliation of net cash flow to movement in net funds		
Decrease in cash for the period	(532)	(2,519)
Net cash at start of period	2,334	4,853
Net cash at end of period	1,802	2,334

	At 1 April 2019 £'000	Cash Flows £'000	Other non-cash changes £'000	At 31 March 2020 £'000
Analysis of changes in net debt				
Cash and cash equivalents				
Cash	2,334	(532)	—	1,802
Borrowings				
Loan with Youtan due within one year	15,811	—	—	15,811

The notes on pages 60 to 77 form part of these financial statements.

Financial Statements

Notes to the Accounts

for the year ended 31 March 2020

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 October 2019.

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 recognised as consolidated subsidiaries or associated undertakings, but are held at fair value through profit or loss.

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 Directors have given due consideration to the impact of COVID-19 on the business, specifically the largely predictable revenue streams stemming from the underlying portfolio companies trading on solar sites, a large proportion of which is fixed and with a government backed counterparty, and have reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. While there has been a reduction in power prices driven by a reduced forecast electricity demand as a result of COVID-19 induced economic restrictions, the Directors have concluded that the impacts of movements in market prices do not significantly impact the Company’s ability to continue as a going concern. The Directors have considered forward looking power prices assumptions by third party providers in making this assessment.

Notwithstanding net current liabilities of £15,247,000 as at 31 March 2020, the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons. The directors have prepared cash flow forecasts for a period of 36 months from the date of approval of these financial statements which indicate that, taking account of severe but plausible downside scenarios as a result of COVID-19, the Company will have sufficient financial resources together with investments and income generated therefrom across a variety of industries and sectors. As a consequence, the Directors believe that the Company is able to manage its business risks.

The Directors note that the net current liability position is primarily driven by a loan of £15m from the Company’s wholly owned subsidiary, Youtan Limited (“Youtan”), which was repayable on demand as at 31 March 2020. Post year end, in July 2020, Youtan released the Company from this liability, thereby bringing the Company to a net current asset position.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Foreign Currencies

The Company’s financial statements are presented in Pounds Sterling, which is also the Company’s functional currency.

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

All investments held by the Company are classified as “fair value through profit or loss”. The Directors fair value investments in accordance with the International Private Equity and Venture Capital (“IPEV”) Valuation Guidelines, as updated in December 2018 with further COVID-19 guidance issued in March 2020.

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.

1 Accounting policies (continued)

Purchases and sales of unquoted investments are recognised when the contract for acquisition or sale becomes unconditional.

All unquoted investments are initially held at cost for an appropriate period where there is considered to have been no change in fair value. Where such a basis is no longer appropriate, unquoted investments are stated at fair value in accordance with the following rules which are consistent with the IPEV Valuation guidelines. Expenses incurred directly in relation to the acquisition of an asset will be capitalised, and thus added to the cost of the asset, as they are incurred.

The Company has direct investments in a number of portfolio companies ("portfolio companies"). The fair values of the portfolio companies are determined as the fair value of their net assets. The fair value of the underlying solar project investments held by the portfolio companies, or their wholly owned subsidiaries, which impact the value of the portfolio companies' net assets, are determined by using discounted cash flow valuation techniques or expected sales proceeds. The Directors base the fair value of the investments on information received from the Investment Manager. The Investment Manager's assessment of fair value of investments is determined in accordance with IPEV Valuation Guidelines. This relies on inputs relating to power price; Renewable Obligation Certificates ("ROCs") and Purchase Price Agreements ("PPA"); the output of the asset (including assumptions such as solar irradiation and technological performance of the asset); operating, maintenance and lease costs; tax; discount and inflation rates as applied to the cash flows; and the duration of the useful life of the asset.

Gains or losses on movement in fair value of the investments is recognised 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.

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

d) Expenses

All expenses (inclusive of VAT), including loan interest payable, 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 management fees payable to Foresight Group and 100% of any performance incentive fees payable to Foresight Group are allocated against the capital column of the Income Statement. The basis of the allocation of management fees has been assessed and approved by the Board and is expected to reflect the revenue and capital split of long-term returns in the portfolio.

e) Share based payments

The performance incentive fee (classified as a share based payment) may be satisfied by either a cash payment or the issue of Ordinary Shares (or by a combination of both) ultimately at the discretion of the Manager, and therefore falls within the definition of a share-based payment under FRS 102.26. As the Manager has the choice of settlement, the arrangement is accounted for as a cash-settled transaction.

The fair value of the amount payable to the Manager is recognised as an expense, with a corresponding increase in liabilities, over the vesting period.

The Board determines the fair value at each reporting date based on the amount of cash expected to be paid under the performance related incentive fee arrangement over the vesting period. This amount is not recognised until it is considered more likely than not that the performance condition will be met (delivery of the specified financial performance to exceed the hurdle rate during the vesting period). The vesting period is not fixed and is estimated as the period required to meet the performance condition. It is based on an estimate of the period required to meet future performance of the fund and future distributions.

The liability is remeasured at each balance sheet date and at settlement date. To the extent not paid, any changes in the fair value of the liability are recognised as a performance incentive fee in profit or loss over the vesting period.

f) Critical estimates and assumptions

The preparation of the financial statements requires the Board to make judgements and estimates that affect the application of policies and reported amounts of assets, liabilities, income and expenses.

Financial Statements

Notes to the Accounts

for the year ended 31 March 2020

1 Accounting policies (continued)

f) Critical estimates and assumptions (continued)

The Board considers that the only areas 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 and the fair valuation of share-based payments, which are based on historical experience and other factors that are considered reasonable under the circumstances. Actual results may differ from these estimates and the underlying assumptions are reviewed on an ongoing basis.

The Board considers that the fair value of investments not quoted in an active market involves critical accounting estimates and assumptions because they are determined by the Manager, using valuation methods and techniques generally recognised as standard within the industry. Valuations use observable data to the extent practicable. However, they also rely on significant unobservable inputs about the output of the asset (including assumptions such as solar irradiation and technological performance of the asset), power prices, operating costs, discount and inflation rates applied to the cash flows, and the duration of the useful economic life of the asset. Furthermore, changes in these inputs and assumptions could affect the reported fair value of unquoted investments. The determination of what constitutes 'observable' requires significant judgement by the Investment Manager. Consideration has also been given to the impact of COVID-19 on the valuations and the recent IPEV valuation guidance released in March 2020 have been followed. For more information, please refer to Note 1b). The Investment Manager considers observable data to be market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

The Board considers that there is a significant judgement involving an estimate regarding the assessment of the probability of achieving the hurdle which would trigger the payment of the performance related incentive fees due to the Manager. A performance related incentive fee will be payable if the fund achieves the performance condition (delivery of the specified financial performance to exceed the hurdle rate during the vesting period).

The Board considers a number of factors and assumptions when assessing the probability of achieving the hurdle during the vesting period, including the current and projected NAV of the company, the distributions made to date, uncertainty around future returns and future expected distributions. Judgement is also exercised in determining the appropriate vesting period, being the period required to meet the performance condition. It is based on an estimate of the future performance of the fund and future distributions and the projected period to elapse before the distributions exceed the hurdle with respect to the performance related incentive fee.

g) Basic financial instruments

During the year the Company held trade and other debtors, trade and other creditors, and cash and cash equivalents balances.

Trade and other debtors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Trade and other creditors

Trade and other creditors (including long term borrowings) are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and other equivalent assets classified as cash due to insignificant risk of valuation movements.

h) Other financial instruments

Other financial instruments not meeting the definition of Basic Financial Instruments include investments held at fair value through profit and loss 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.

i) Taxation

The Company is currently registered in the United Kingdom. The Company is taxed at 19% which is the general rate of corporation tax in the United Kingdom. However due to the Company's status as a Venture Capital Trust and the continued intention to meet the conditions required to comply with Part 6 of the Income Tax Act 2007, no provision for

taxation is required in respect of any realised or unrealised appreciation of the Company's investments which arise.

i) Taxation (continued)

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.

j) Deferred Taxation

Provision is made for corporation tax at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date 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.

k) Capital reserves

The capital and revenue reserves are made up of the following accounts:

(i) Capital reserve

The following are accounted for in this reserve:

- Gains and losses on realisation of investments;
- Permanent diminution in value of investments;
- 75% of management fee expense and 100% of any performance incentive expense, together with the related tax effect to this reserve in accordance with the policies; and
- Income and costs for the year (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.

(iii) Distributable reserve

The following are accounted for in this reserve:

- Repurchase of shares;
- Cancellation of share premium;
- Dividends paid; and
- Income and costs for the year (revenue items).

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

2 Income

	Year ended 31 March 2020 £'000	Nine months ended 31 March 2019 £'000
Loan stock interest	609	538
Dividends received	2,765	—
Bank interest	11	8
	3,385	546

Financial Statements

Notes to the Accounts

for the year ended 31 March 2020

3 Investment management fees

	Year ended 31 March 2020 £'000	Nine months ended 31 March 2019 £'000
Investment management fees charged to the capital account	440	350
Investment management fees charged to the revenue account	147	117
	587	467

The Investment Manager advises the Company on investments in qualifying companies under an agreement dated 31 August 2010 (as novated to the Investment Manager and amended on 27 January 2020), and receives management fees, paid quarterly in advance, of 1.5% of Ordinary Share net assets, and 2% of FWT Share net assets. If the annual expenses of the Company exceed 3.6% of the Company's total assets less current liabilities, the Company is entitled to reduce the fees paid to the Investment Manager by the amount of the excess. This agreement may be terminated by either party giving to the other not less than twelve months' notice, at any time after the third anniversary being 27 January 2023.

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.

No performance incentive fee was accrued in the year (2019: none). See note 13 for further information.

4 Other expenses

	Year ended 31 March 2020 £'000	Nine months ended 31 March 2019 £'000
Secretarial services (excluding VAT)	131	97
Directors' remuneration including employer's National Insurance contributions	86	63
Auditor's remuneration excluding VAT		
— Fees payable to KPMG LLP, the Company's auditors for the audit of the financial statements*	71	92
Other	161	122
	449	374

* £21,000 of the amount recognised in the year ended 31 March 2020 relates to the audit for the period ended 31 March 2019.

The Company has no employees other than the Directors.

5 Taxation

a) Analysis of charge in the period:

	Year ended 31 March 2020			Nine months ended 31 March 2019		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Corporation tax	—	—	—	—	—	—
Total tax for the period	—	—	—	—	—	—

5 Taxation (continued)

b) Factors affecting current tax charge for the period:

The tax assessed for the period is higher than (2019: lower than) the standard rate of corporation tax in the UK of 19% (2019: 19%). The differences are explained below:

	Year ended 31 March 2020 £'000	Nine months ended 31 March 2019 £'000
(Loss)/Profit before taxation	(6,870)	2,809
Corporation tax at 19%	(1,305)	534
Effect of:		
Non taxable dividend income	(525)	—
Realised capital losses not deductible	179	37
Unrealised capital losses/(gains) not taxable	1,497	(686)
Unutilised management expenses	154	115
Total tax charge for the period	—	—

c) Deferred tax:

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. At 31 March 2020, there is an unrecognised deferred tax asset of approximately £1,372,000 (2019: £1,100,000).

d) Effects of changes on future tax rates:

A UK corporation tax rate of 19% (effective 1 April 2020) was substantively enacted on 17 March 2020, reversing the previously enacted reduction in the rate from 19% to 17%.

6 Dividends

	Year ended 31 March 2020 £'000	Nine months ended 31 March 2019 £'000
Ordinary Shares		
Dividends - paid in the year - 6p per share (2019: 3p)	2,583	1,304
FWT Shares		
Dividends - paid in the year - nil per share	—	n/a

The Board is not recommending a final dividend on the Ordinary Shares Fund or FWT Shares Fund for the year ended 31 March 2020.

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

As at 31 March 2020, reserves available for dividend distribution total £618,000 (2019: £8,580,000) comprising the capital and distributable reserves. The dividend paid in the current year was paid solely from capital reserves.

In accordance with s529 of the Income Tax Act 2007, a venture Capital Trust may not retain more than 15% of its qualifying income in any accounting period. The payment of the interim dividend satisfied this requirement.

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for the year ended 31 March 2020

7 Return per share

	Year ended 31 March 2020		Nine months ended 31 March 2019
	Ordinary Shares £'000	FWT shares £'000	Ordinary Shares £'000
Total (loss)/profit after taxation	(6,861)	(9)	2,809
Total (loss)/profit per share (note a)	(16.0)p	(0.8)p	6.5p
Revenue profit/(loss) from ordinary activities after taxation	2,400	(8)	(256)
Revenue profit/(loss) per share (note b)	5.6p	(0.7)p	(0.6)p
Capital (loss)/profit from ordinary activities after taxation	(9,261)	(1)	3,065
Capital (loss)/profit per share (note c)	(21.6)p	(0.1)p	7.1p
Weighted average number of shares in issue during the period (note d)	42,897,610	1,145,927	43,399,944

Notes:

- Total (loss)/profit per share is total (loss)/profit after taxation divided by the weighted average number of shares in issue during the period.
- Revenue profit/(loss) per share is revenue profit/(loss) after taxation divided by the weighted average number of shares in issue during the period.
- Capital (loss)/profit per share is capital (loss)/profit after taxation divided by the weighted average number of shares in issue during the period.
- The weighted average number of shares in issue for the FWT shares reflect the weighted average number of shares in issue following the first allotment of shares.

8 Investments held at fair value through profit or loss

	2020 £'000	2019 £'000
Unquoted investments	42,170	56,767

	Ordinary Shares Fund £'000	FWT Shares Fund £'000	Company £'000
Book cost at 1 April 2019	31,247	—	31,247
Investment holding gains	25,520	—	25,520
Valuation at 1 April 2019	56,767	—	56,767
Movements in the year:			
Purchases at cost	—	—	—
Disposal proceeds	(5,775)	—	(5,775)
Realised losses	(941)	—	(941)
Investment holding losses	(7,881)	—	(7,881)
Valuation at 31 March 2020	42,170	—	42,170
Book cost at 31 March 2020	24,531	—	24,531
Investment holding gains	17,639	—	17,639
Valuation at 31 March 2020	42,170	—	42,170

9 Debtors

	2020 £'000	2019 £'000
Prepayments	67	4
Investment proceeds debtor	10	—
Interest receivable	9	400
Other debtors	207	1
	293	405

10 Creditors

	2020 £'000	2019 £'000
Trade creditors	97	6
Accruals	104	161
Cash held on behalf of Shaftesbury Solar I UK Holdings Limited	—	1,130
Loan with Youtan Limited*	15,811	15,811
Interest payable on loan with Youtan Limited	1,109	712
Other creditors	221	—
	17,342	17,820

*The loan with Youtan Limited, a wholly owned subsidiary of the Company, is split into two components. The first is a loan of £811,000 which is interest free and repayable on demand. The second is a loan of £15,000,000 which accrues interest at the aggregate of LIBOR plus 1.75% and is repayable on demand. Post year end, in July 2020, Youtan released the Company from these liabilities.

11 Called-up share capital

	2020 £'000	2019 £'000
Allotted, called up and fully paid:		
35,460,961 Ordinary Shares of 1p each (2019: 43,247,592)	354	432
1,145,927 FWT Shares of 1p each (2019: nil)	11	—
	365	432

On 29 June 2018 the C and D Shares funds were merged with the Ordinary Shares fund. On the basis of the conversion ratios, 16,884,973 C and D shares were converted into Ordinary Shares, and the remaining 1,222,778 C and D shares were converted into Deferred Shares. These Deferred Shares are not listed, and have no value attributable to them.

The Ordinary Shares fund repurchased 7,786,631 shares for cancellation at a cost of £6,390,000 during the year.

Under an offer for subscription dated 20 December 2019, 1,145,927 shares were issued during the year in the FWT Shares Fund based on a net asset value of 100.0p per share. This share issue was under the new VCT provisions that commenced on 6 April 2006, namely: 30% up front income tax relief which can be retained by qualifying investors if the shares are held for the minimum five year holding period. There were no shares issued in the period ended 31 March 2019.

Details of voting rights are disclosed in the Notice of Annual General Meeting on page 78 onwards. A summary of the Investment Policy can be found in the Strategic Report on page 28.

	Ordinary Shares No.	FWT Shares No.
At 1 April 2019	43,247,592	—
Allotment of shares	—	1,145,927
Repurchase of shares for cancellation	(7,786,631)	—
At 31 March 2020	35,460,961	1,145,927

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for the year ended 31 March 2020

12 Net asset value per share

Net asset value per Ordinary Share is based on net assets at the year end of £25,787,000 (2019: £41,686,000) and on 35,460,961 Ordinary Shares (2019: 43,247,592), being the number of Ordinary Shares in issue at that date.

Net asset value per FWT Share is based on net assets at the year end of £1,136,000 (2019: £nil) and on 1,145,927 FWT Shares (2019: nil), being the number of FWT Shares in issue at that date.

13 Share based payments Ordinary Shares

Up to 4 May 2017 and pursuant to the Original Agreement entered into between the Company and the Manager on 31 August 2010, the Manager was entitled to a performance related incentive fee (classified as a share based payment) on Ordinary Shares equal to 20% of total distributions over 100p and 30% of total distributions over 130p (the “original hurdle”).

On 4 May 2017, the shareholders approved an amendment to the Original Agreement, allowing for the performance related incentive fee to be paid in respect of the net asset value of the shares held by the shareholders electing to remain in the fund as well as the shareholders exiting the fund as part of the Tender Offer on 7 May 2017.

On 4 May 2017, the shareholders also approved an amendment to the Original Agreement for future performance incentive fees whereby the Manager was entitled to receive a performance related incentive fee on the Ordinary Shares equal to 20% of total return over 100p and 30% of total return over 130p (total return being net asset value plus historic distributions paid per Ordinary Share), with an additional growth hurdle of 5% per annum going forward (the “amended hurdle”), i.e. 136.5p for the Company’s financial year ending 30 June 2018, 141.6p for the nine month period ending 31 March 2019, 148.7p for the year ending 31 March 2020 and so on.

The rights and obligations of Foresight Group CI Limited in respect of the performance incentive arrangements were novated to the Manager on 27 January 2020. As a result, in respect of investments made before that date, any performance incentive fee which Foresight Group CI Limited was entitled were transferred to the Manager on 31 March 2020. The hurdle in the Original Agreement will continue to apply to any new Ordinary Shares that are issued in accordance with the Original Agreement.

As at 31 March 2020, the amended hurdle was 148.7p per share (2019: 141.6p) and the total return per Ordinary Share was 116.7p (2019: 134.4p). The hurdle was not exceeded at any point during the year (2019: hurdle was not exceeded at any point during the period). Therefore, no performance related incentive fee expense was recognised in respect of share-based payments during the year (2019: £nil).

The Directors currently do not expect a future performance related incentive fee to become payable over the vesting period. This is because the additional annual growth hurdle of 5% is greater than the combined future projected annual dividend distributions and net asset growth. As such the fund’s total returns are not expected to exceed the amended hurdle. Therefore, as at and for the year ended 31 March 2020, no performance related incentive fee expense or liability was recognised (2019: £nil).

The terms and conditions of the share-based payments are as follows:

Grant Date: 31 August 2010 (subject to an amendment on 4 May 2017)

Vesting conditions: Expected total return exceeds the original hurdle

Vesting date: 8 May 2017

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

Grant Date: 4 May 2017

Vesting conditions: Expected total return exceeds the amended hurdle

Vesting period: Variable from 4 May 2017

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

FWT Shares

The threshold for the FWT Shares is 20% of distributions in excess of 110.0p per FWT Share, subject to annual adjustment of this hurdle in line with the Retail Price Index (the “FWT share threshold”).

At the year end date, the FWT share threshold was not satisfied and no expense or liability was recognised.

Grant Date: 27 January 2020

Vesting conditions: Distributions exceed the FWT share threshold

Vesting period: Variable from 27 January 2020

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

14 Capital commitments and contingent liabilities

The Company had no capital commitments or contingent liabilities at 31 March 2020 (2019: £nil).

15 Financial instrument risk management

The Company's financial instruments comprise:

- Unquoted investments and qualifying loan stock held in the investment portfolio as well as cash and investments in money market funds that are held in accordance with the Company's investment objective as set out in the Directors' Report.
- Cash, liquid resources, short-term debtors, creditors that arise directly from the Company's operations.

Classification of financial instruments

The Company held the following categories of financial instruments all of which are included in the Balance Sheet at fair value, at 31 March 2020:

Company	2020 £'000	2019 £'000
Assets held at fair value through profit and loss		
Investments held at fair value	42,170	56,767

The investment portfolio will have a high concentration of risk towards unquoted UK-based Solar investments (as well as a smaller exposure to Euro cash held in holding companies), the majority is sterling denominated equity and loan stock holdings.

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

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

Credit risk

Credit risk is the risk of failure by counterparties to deliver securities which the Company has paid for, or the failure by counterparties to pay for securities which the Company has delivered. The Company has exposure to credit risk in respect of the loan stock investments it has made into portfolio companies and interest receivable from portfolio companies, most of which have no security attached to them, and where they do, such security ranks beneath any bank debt that a portfolio company may owe. The Board has delegated the management of credit risk in respect of loan stock to the Manager. The Manager receives full year accounts from portfolio companies, and members of the investment management team often sit on the boards of unquoted portfolio companies; this enables the close identification, monitoring and management of investment-specific credit risk. The Company also has exposure to credit risk in respect of its current asset investments, cash and other debtors. The Board manages credit risk in respect of the current asset investments and cash by ensuring a spread of such investments in separate money market funds such that none exceed 15% of the Company's total investment assets. These money market funds are investment grade funds, and so credit risk is considered to be low. The Company currently invests its cash holdings and loan stock (indirectly) with Barclays. Its money market holdings are with HSBC, Goldman Sachs (previously RBS), Blackrock and Insight Investments. The maximum exposure to credit risk at 31 March 2020 was £11,196,000 (31 March 2019: £17,658,000) based on loan stock, cash, money market funds and other receivables (amounts due on investments). The majority of the Company's assets are held in its own name in certificated form and therefore custodian default risk is negligible.

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15 Financial instrument risk management (continued)

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

	2020 £'000	2019 £'000
Credit risk		
Loan stocks	9,168	14,923
Other debtors	226	401
Cash	1,802	2,334
Total	11,196	17,658

Price risk

Through direct investments in portfolio companies, the Company primarily invests in solar investments via unquoted equity and loan securities. The Company's investment portfolio is recognised in the Balance Sheet at fair value, in accordance with IPEV Valuation Guidelines.

Price risk is the risk that the fair value or cash flows of a financial instrument will fluctuate due to changes in market prices. At 31 March 2020, the Company's direct investments in the portfolio companies were valued at net assets excluding the outstanding loans issued by the Company. A 10% increase/decrease in valuation of the total portfolio would result in a valuation movement of £4,217,000 (2019: £5,677,000).

The Board have selected the impact of a change of 10% as this is considered reasonable given the current level of volatility observed both on a historical basis and market expectations for future movement.

As the valuation of the direct investments is directly impacted by the valuation of the underlying investments in solar assets, the impact of changes in unobservable inputs is discussed in more detail on page 72.

Liquidity risk

The investments in equity and fixed interest stocks of unquoted portfolio companies that the Company holds are not traded and they are not readily realisable. The ability of the Company to realise the investments at their carrying value may at times not be possible if there are no willing purchasers. The Company's ability to sell investments may also be constrained by the requirements set down for VCTs.

The maturity profile of the Company's loan stock investments disclosed within the consideration of credit risk above indicates that these assets are also not readily realisable until dates up to one year from the year-end.

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

	31 March 2020 £'000	31 March 2019 £'000
Maturity analysis:		
- in one year or less	10,970	16,771
- in more than one year but less than two years	—	486
- in more than two years but less than three years	—	—
- in more than three years but less than four years	—	—
- in more than four years but less than five years	—	—
Total	10,970	17,257

15 Financial instrument risk management (continued)

Foreign currency risk

Foreign currency risk arises as the values of recognised monetary assets and monetary liabilities denominated in other currencies fluctuate due to changes in foreign exchange rates. The majority of the Company's assets are in the United Kingdom and denominated in sterling, and therefore the directors do not consider foreign currency risk to be material. As at 31 March 2020, the company had one asset denominated in Euro (EUR). Therefore, the Company is exposed to foreign currency risk in respect of this asset. The applicable exchange rate as at 31 March 2020 was £:€ 1.1211 (2019: £:€ 1.1600).

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

Foreign exchange risk	2020 £'000	2019 £'000
Investments - EUR	836	6,473
Total	836	6,473

If the Euro was to strengthen/weaken 10% against the pound, the value of the Euro denominated assets would increase/decrease by £84,000 (2019: £647,000).

Interest rate risk

The fair value of the Company's loan stock and cash investments may be affected by interest rate movements. The Board does not consider this to be a significant risk as the loan stock interest rates are all fixed. The benchmark rate, which determines the interest payments received on cash and loan balances held, is the bank base rate which was 0.1% at 31 March 2020 (0.75% at 31 March 2019).

Company	Total fixed portfolio		Weighted average interest rate		Weighted average time for which rate is fixed	
	31 March 2020 £'000	31 March 2019 £'000	31 March 2020 %	31 March 2019 %	31 March 2020 Days	31 March 2019 Days
Short term fixed interest securities						
Loan stock						
— exposed to fixed interest rate risk*	9,168	14,923	5.0	5.1	—	24
Cash and cash equivalents	1,802	2,334	0.1	0.75	—	—
Total exposed to interest rate risk	10,970	17,257				

*100% of the Company's loan stock investments exposed to fixed interest rate risk as at 31 March 2020 is repayable on demand with no fixed term. Therefore, the weighted average time for which the rate is fixed for those loans is nil.

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15 Financial instrument risk management (continued)

Fair value hierarchy

In accordance with amendments to FRS 102, the following table shows financial instruments recognised at fair value, analysed between those whose fair value is based on:

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

As at 31 March 2020	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Unquoted investments	—	—	42,170	42,170
Financial assets	—	—	42,170	42,170

As at 31 March 2019	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Unquoted investments	—	—	56,767	56,767
Financial assets	—	—	56,767	56,767

Transfers

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

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

For each class of fair valued instruments, if changing one or more of the inputs or reasonably possible alternative assumptions would change the fair value significantly, accounting standards require the Company to state the fact and disclose the effect of those changes.

The Company's underlying solar investments are valued with reference to the discounted value of future cash flows. The Board reviews, at least quarterly, the valuation inputs and where possible, make use of observable market data to ensure valuations reflect the fair value of the investments.

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

The significant assumptions used in the fair value measurement categorised within Level 3 of the fair value hierarchy together with a quantitative sensitivity analysis as at 31 March 2020 are set out below and on pages 73 to 75. Please note, this sensitivity analysis only refers to the impact of changes in key inputs and assumptions on the valuation of the UK Solar investments held at fair value only which constitute 70% of the portfolio. Cash and other net assets held in portfolio companies which has not been (re)invested in solar or infrastructure investments as at 31 March 2020 constitutes 30% of the portfolio and is not subject to changes in key inputs and assumptions.

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

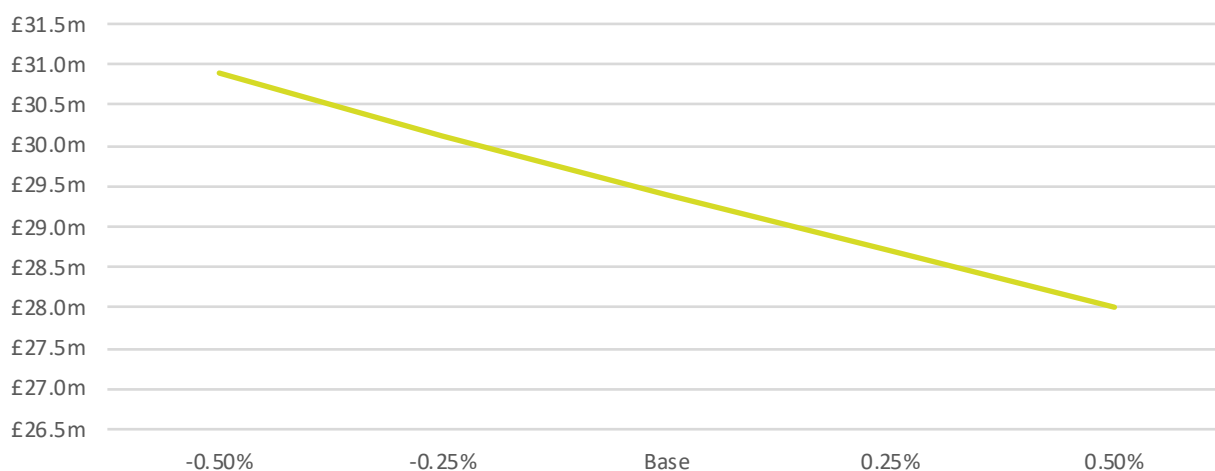
Only changes in those key inputs and assumptions to the discounted cash flow models which would have a significant impact on valuation are discussed in more detail below. The valuation of investments may also be impacted by changes in other inputs to the discounted cash flow models, but these have not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

15 Financial instrument risk management (continued)

Discount Rate Sensitivities

The range of discount rates used is 5.5% - 7%. The Directors do not expect to see a significant change in the discount rates applied within the Solar Infrastructure sector. Therefore a variance of +/- 0.50% is considered reasonable given the current risk profile of the fund.

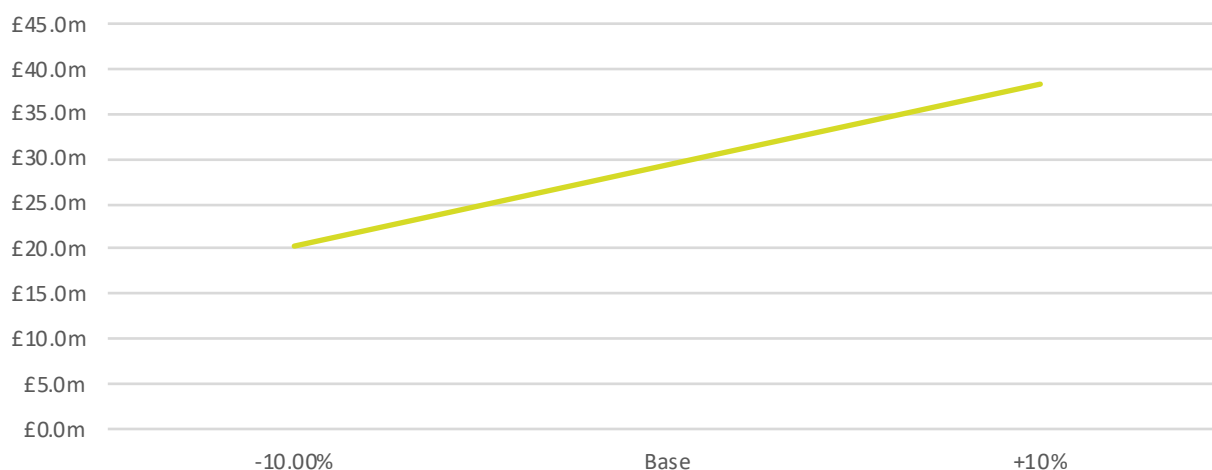
	-0.50%	-0.25%	Base	0.25%	0.50%
Directors DCF Valuation (£m)	30.89	30.13	29.39	28.69	28.01



Energy Yield Sensitivities

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

	-10.00%	Base	+10.00%
Directors DCF Valuation (£m)	20.30	29.39	38.29



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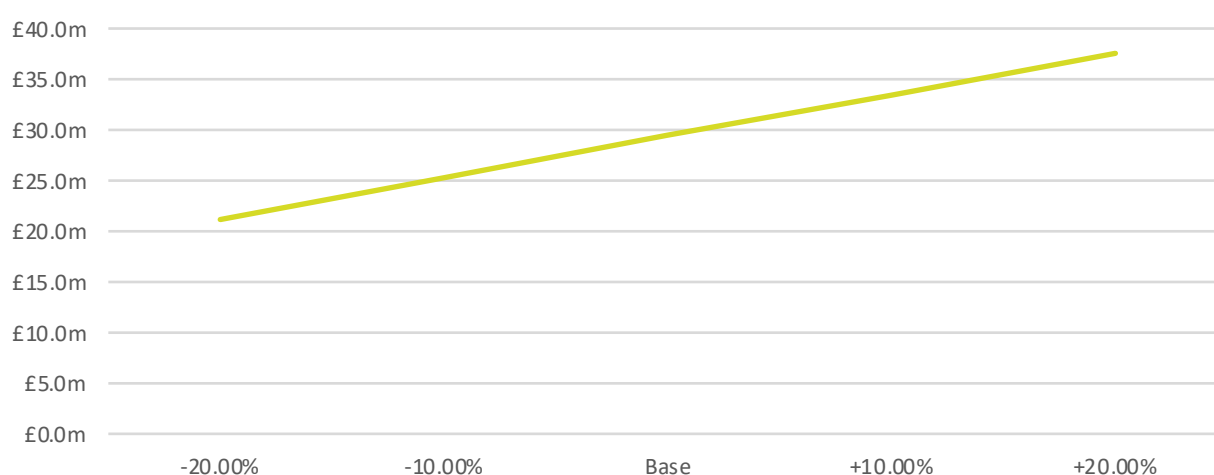
for the year ended 31 March 2020

15 Financial instrument risk management (continued)

Power Price Sensitivities

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

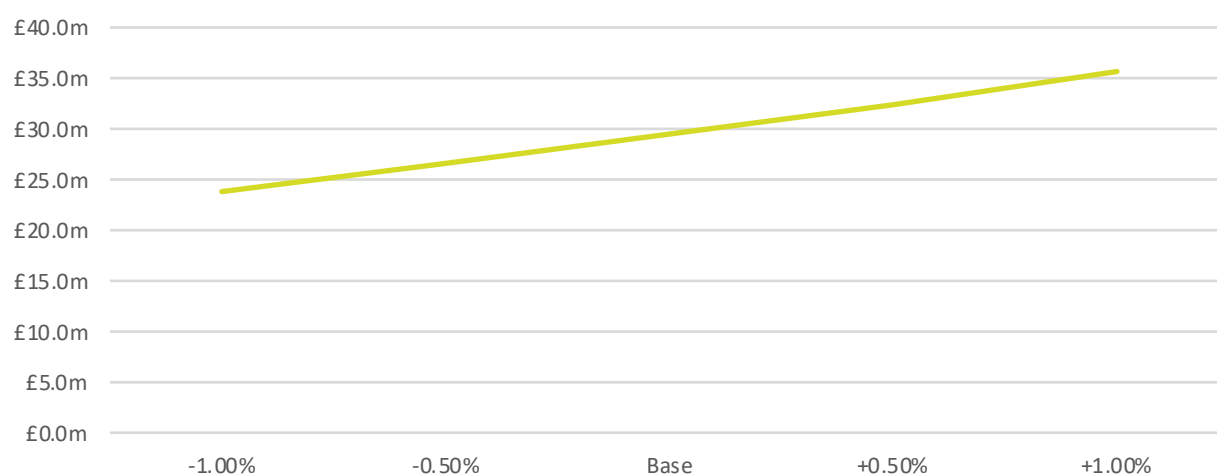
	-20.00%	-10.00%	Base	+10.00%	+20.00%
Directors DCF Valuation (£m)	21.15	25.28	29.39	33.49	37.55



Inflation Sensitivities

A variance of +/- 1.0% is considered reasonable given historic fluctuations. A long term inflation rate of 2.75% has been used.

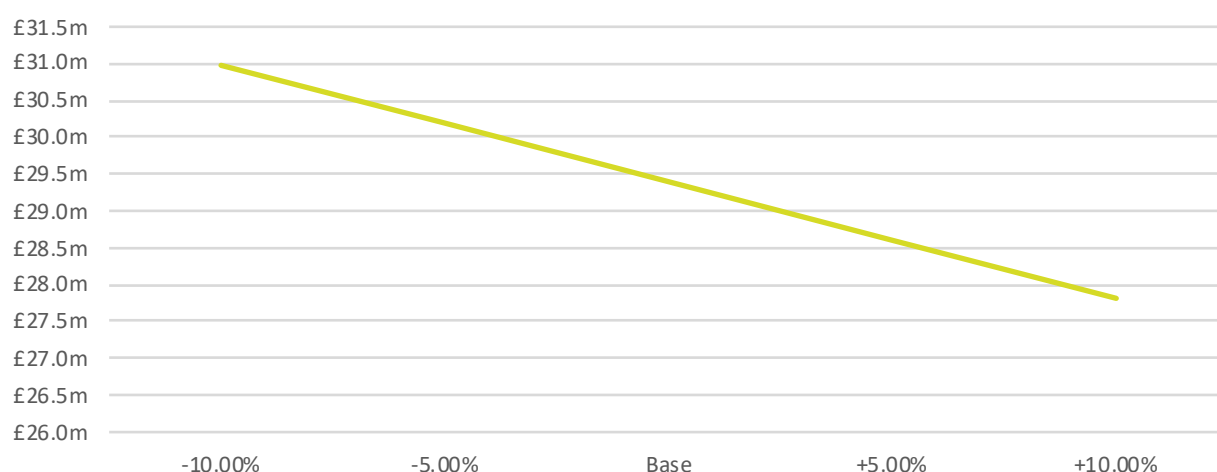
	-1.00%	-0.50%	Base	+0.50%	+1.00%
Directors DCF Valuation (£m)	23.80	26.51	29.39	32.44	35.65



Operating Cost Sensitivities (Investment Level)

Operating costs refers to the cost of running the plants.

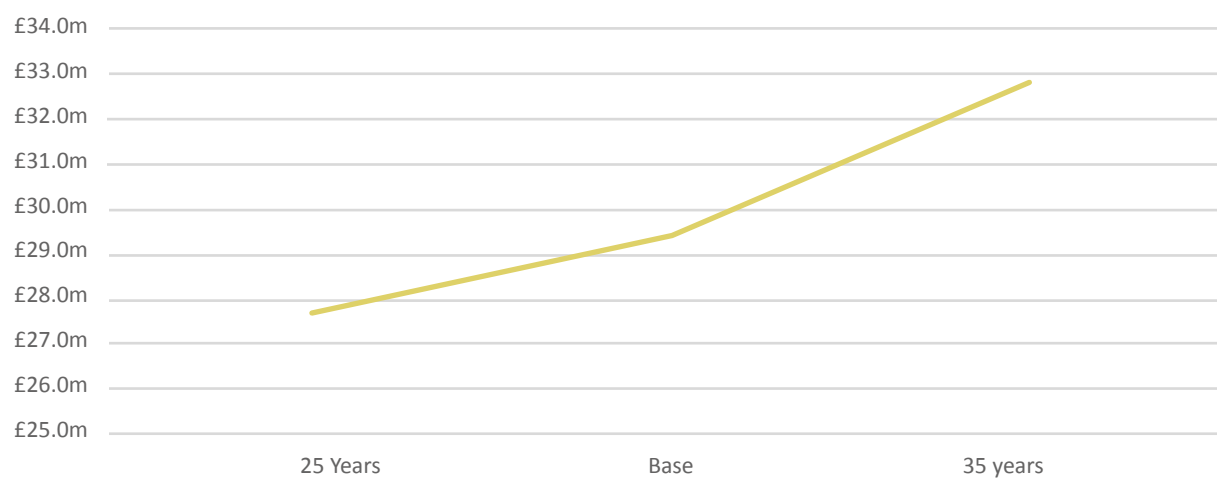
	-10.00%	-5.00%	Base	+5.00%	+10.00%
Directors DCF Valuation (£m)	30.98	30.19	29.39	28.60	27.82



Useful Economic Lives Sensitivities

The Useful Economic Lives relates to the number of years a renewable asset will effectively generate power determined by reference to fixed contractual lease terms. The current weighted average UEL in the portfolio is 28 years.

	25 Years	Base	35 Years
Directors DCF Valuation (£m)	27.66	29.39	32.67



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16 Management of capital

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

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

It regards the net assets of the Company as the Company's capital, as the level of liabilities are small and the management of them is not directly related to managing the return to shareholders. There has been no change in this approach from the previous year.

Financial liabilities and borrowing facilities

The Company had no committed borrowing facilities, liabilities or guarantees at 31 March 2020 or 31 March 2019, other than those shown on the balance sheet.

Fair value

The fair value of the Company's financial assets and liabilities at 31 March 2020 or 31 March 2019 are not materially different from their carrying values.

17 Related party transactions

No Director has an interest in any contract to which the Company is a party. Transactions with or on behalf of portfolio companies are disclosed in Note 10. All transactions were on an arms length basis.

18 Transactions with the Manager

Details of arrangements with Foresight Group LLP and Foresight Group CI Limited are given in the Directors' Report and Notes 3 and 13. All arrangements and transactions were on an arms length basis.

Foresight Group CI Limited, which acted as investment manager to the Company until 27 January 2020 when Foresight Group LLP was appointed as Investment Manager, earned fees of £491,000 (2019: £467,000). Foresight Group LLP, who was appointed as Investment Manager on 27 January 2020 earned fees of £96,000 up to 31 March 2020 (2019: nil). No performance fee was paid or accrued for the year (2019: nil).

Foresight Group LLP, to whom the Manager delegated the function of Company Secretary from November 2017, earned fees of £131,000 (2019: £97,000), during the year.

At the balance sheet date there was £112,000 (2019: £1,000) due from Foresight Group CI Limited and £86,000 (2019: £nil) due from Foresight Group LLP. No amounts have been written off in the year in respect of debts due to or from related parties.

19 Subsidiaries and related undertakings subsidiaries

The Company has holdings in the following subsidiaries as at the year end:

Name	Address	Principal Activity	Direct/indirect holding	Class and percentage of shares held
Adriou Limited	The Shard, 32 London Bridge Street, London, SE1 9SG	Finance company	Direct	A Ordinary 100%
Foresight VCT (Lux) 1 S.à r.l.	68-70 Boulevard de la Pétrusse, L-2320 Luxembourg	Investment in solar projects	Direct	Ordinary 100%
Foresight VCT (Lux) 2 S.à r.l.	68-70 Boulevard de la Pétrusse, L-2320 Luxembourg	Investment in solar projects	Indirect	Ordinary 100%
Greensite Limited	The Shard, 32 London Bridge Street, London, SE1 9SG	Production of electricity	Direct	Ordinary 100%
Youtan Limited	The Shard, 32 London Bridge Street, London, SE1 9SG	Finance company	Direct	A Ordinary 100%

Related undertakings

Under Section 409 of the Companies Act 2006, the Company is required to disclose specified details of its related undertakings, which are undertakings where the Company's holding amounted to 20% or more of the nominal value of any class of shares as at the year end. These are listed below. The percentage holding shown does not reflect the total percentage of all voting rights in the Company as a whole. In respect of those undertakings in which the Company is described as having an indirect holding, the class and percentage of shares held shown refers to the shares in the relevant company which are held by its parent company in which the Company has a direct holding, save where that indirect holding is described as 'Nil' where the shares in the relevant company are held in trust for the Company.

Name	Address	Principal Activity	Direct/indirect holding	Class and percentage of shares held
Altair Solar Limited	The Shard, 32 London Bridge Street, London, SE1 9SG	Production of electricity	Direct	A Ordinary 100%, B Ordinary 100%
Avior Solar Limited	The Shard, 32 London Bridge Street, London, SE1 9SG	Investment in solar projects	Direct	AE Ordinary 100%, AA Ordinary 100%
BNRG Northern Power Limited	50 Bedford Street, Belfast, BT2 7FW	Reversionary interest in a solar site	Indirect	Ordinary 100%
Canopus Solar Limited	The Shard, 32 London Bridge Street, London, SE1 9SG	Production of electricity	Direct	A Ordinary 100%, B Ordinary 100%
Capella Solar Limited	The Shard, 32 London Bridge Street, London, SE1 9SG	Production of electricity	Direct	A Ordinary 100%, B Ordinary 100%
Foresight Luxembourg Solar 2 S.à r.l.	68-70 Boulevard de la Pétrusse, L-2320 Luxembourg	Investment in solar projects	Direct	Ordinary 28%
Hadar Solar Limited	The Shard, 32 London Bridge Street, London, SE1 9SG	Production of electricity	Direct	A Ordinary 100%, B Ordinary 100%
Littlewood Solar Limited	The Shard, 32 London Bridge Street, London, SE1 9SG	Reversionary interest in a solar site	Indirect	Ordinary 100%
Marchington Solar Limited	The Shard, 32 London Bridge Street, London, SE1 9SG	Production of electricity	Indirect	Ordinary 100%
New Kaine Solar Limited	The Shard, 32 London Bridge Street, London, SE1 9SG	Production of electricity	Indirect	Ordinary 100%
Ponca Limited	The Shard, 32 London Bridge Street, London, SE1 9SG	Finance company	Indirect	Ordinary 100%
Rigel Solar Limited	The Shard, 32 London Bridge Street, London, SE1 9SG	Production of electricity	Direct	A Ordinary 100%, B Ordinary 100%
Saron Solar Limited	The Shard, 32 London Bridge Street, London, SE1 9SG	Production of electricity	Indirect	Ordinary 100%
Scorpii Solar Limited	The Shard, 32 London Bridge Street, London, SE1 9SG	Investment in solar projects	Direct	AS Ordinary 100%, AG Ordinary 100%
Shaftesbury Solar I UK Holdings Limited	The Shard, 32 London Bridge Street, London, SE1 9SG	Investment in solar projects	Direct	A Ordinary 100.0%
Sious Limited	The Shard, 32 London Bridge Street, London, SE1 9SG	Investment in solar projects	Direct	A Ordinary 100%,
Solektra Solar Limited	The Shard, 32 London Bridge Street, London, SE1 9SG	Investment in solar projects	Direct	A Ordinary 100%, C Ordinary 100%, D Ordinary 100%
Turweston Solar Farm Limited	The Shard, 32 London Bridge Street, London, SE1 9SG	Reversionary interest in a solar site	Indirect	Nil
Turweston Solar Parent Limited	The Shard, 32 London Bridge Street, London, SE1 9SG	Reversionary interest in a solar site	Indirect	Nil
Vega Solar Limited	The Shard, 32 London Bridge Street, London, SE1 9SG	Production of electricity	Direct	A Ordinary 100%, B Ordinary 100%

20 Post balance sheet events

In April 2020 and June 2020, under the offer for subscription to raise up to £20 million FWT shares (with an over-allotment facility to raise up to a further £10 million), the Company issued a total of 1,275,452 shares based on a NAV of 100.0p. As part of these allotments, Ernie Richardson subscribed to 20,000 new shares.

In May 2020, the Company's portfolio company agreed the sale of Telecomponenti.

In July 2020, the Company's wholly owned subsidiary, Youtan Limited, released the Company from all liabilities owed.

Notice of Annual General Meeting

24 September 2020

We note the current travel restrictions and social distancing measures implemented as a result of the COVID-19 Coronavirus pandemic. In line with the updated Corporate Insolvency and Governance Act passed by the Government in June 2020, the Board, together with the Investment Manager, has taken the decision to hold the Annual General Meeting by way of a closed virtual meeting for the purposes of conducting the formal business required. Shareholders are invited to contact the Foresight Group Investor Relations team at InvestorRelations@foresightgroup.eu with any questions.

The Annual General Meeting will be held by way of a 'closed' virtual meeting. 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 22 September 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 Solar & Technology VCT plc ("the Company") will be held on 24 September 2020 at 12.30 pm by way of a closed virtual meeting for the purpose of considering and, if thought fit, passing the following resolutions, of which resolutions 1 to 8 will be proposed as ordinary resolutions and resolutions 9 and 10 will be proposed as special resolutions.

- Resolution 1** To receive the Report and Accounts for the year ended 31 March 2020.
- Resolution 2** To approve the Directors' Remuneration Policy.
- Resolution 3** To approve the Directors' Remuneration Report.
- Resolution 4** To re-elect Ernie Richardson as a Director.
- Resolution 5** To re-elect Tim Dowlen as a Director.
- Resolution 6** To re-elect Michael Liston as a Director.
- Resolution 7** To re-appoint KPMG LLP as auditor and to authorise the directors to fix the auditor's remuneration.
- Resolution 8** That, in addition to all existing authorities, the directors be and they are authorised to allot relevant securities generally, in accordance with Section 551 of the Companies Act 2006, up to a nominal amount of £300,000 (representing approximately 79% of the current issued ordinary share capital) provided that the authority and power conferred by this Resolution 8 will expire on the fifth anniversary of the passing of this resolution.
- Resolution 9** That, in addition to all existing authorities, the directors be and they are empowered pursuant to section 570 and section 573 of the Companies Act 2006 to allot equity securities (within the meaning of section 560 of that Act) pursuant to the authority conferred by Resolution 8 as if section 561(1) of that Act did not apply to any such allotment, provided that this power shall be limited to:
- (i) the allotment of equity securities with an aggregate nominal value of up to £200,000 by way of issue of ordinary shares of 1p each ("Ordinary Shares") and/or £200,000 by way of issues of Foresight Williams Technology shares ("FWT Shares"), in each case pursuant to offer(s) for subscription.
 - (ii) the allotment of equity securities with an aggregate nominal value of up to 10% of the issued share capital of the Company by way of an issue of Ordinary Shares and/or FWT Shares pursuant to the performance incentive arrangements with Foresight Group LLP; and
 - (iii) the allotment of equity securities with an aggregate nominal value of an amount up to or equal to 10% of the issued Ordinary Share capital of the Company and/or 10% of the issued FWT Share capital of the Company from time to time,

in each case where the proceeds of such issue may in whole or part be used to purchase the Company's shares. This authority will expire at the conclusion of the Annual General Meeting to be held in 2021.

Resolution 10 That, in addition to all existing authorities the Company be empowered to make market purchases (within the meaning of Section 693(4) of the Companies Act 2006) of its own shares provided that:

- (i) the aggregate number of shares to be purchased shall not exceed 5,315,598 Ordinary Shares and 362,965 FWT Shares or, if lower such number of shares rounded down to the nearest whole share as shall equal 14.99% of the Company's Ordinary Shares and FWT Shares in issue at the date of passing this resolution;
- (ii) the minimum price which may be paid for a share is 1 pence (the nominal value thereof);
- (iii) the maximum price which may be paid for shares is the higher of (1) an amount equal to 105% of the average of the middle market quotation for shares taken from the London Stock Exchange daily official list for the five business days immediately preceding the day on which the shares are purchased, and (2) the amount stipulated by Article 5(6) of the Market Abuse Regulation
- (iv) the authority conferred by this resolution shall expire on the conclusion of the Annual General Meeting of the Company to be held in the year 2021 unless such authority is renewed prior to such time; and
- (v) the Company may make a contract to purchase shares under the authority conferred by this resolution prior to the expiry of such authority which will or may be executed wholly or partly after the expiration of such authority and may make a purchase of shares pursuant to such contract.

By order of the Board

Foresight Group LLP

Company Secretary

29 July 2020

The Shard
32 London Bridge Street
London
SE1 9SG

Notice of Annual General Meeting (continued)

Notes:

1. No Director has a service contract with the Company. Directors' appointment letters with the Company will be available for inspection at the registered office of the Company until the time of the meeting and from 15 minutes before the meeting at the location of the meeting, as well as at the meeting.
2. To be entitled to attend and vote at the meeting (and for the purposes of the determination by the Company of the votes they may cast), members must be registered in the Register of Members of the Company at 10.00 pm on 22 September 2020 (or, in the event of any adjournment, 10.00 pm on the date which is two (excluding non-business days) days before the time of the adjourned meeting). Changes to the Register of Members of the Company after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.
3. A member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend, speak and vote on his or her behalf. A proxy need not also be a member but must attend the meeting to represent you. Details of how to appoint the chairman of the meeting or another person as your proxy using the form of proxy are set out in the notes on the form of proxy which is enclosed. If you wish your proxy to speak on your behalf at the meeting, you will need to appoint your own choice of proxy (not the chairman) and give your instructions directly to them.
4. You may appoint more than one proxy, provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, (an) additional form(s) of proxy may be obtained by contacting Computershare Investor Services PLC on 0370 707 4017. Please indicate in the box next to the proxy holder's name the number of shares in relation to which they are authorised to act as your proxy. Please also indicate by ticking the box provided if the proxy instruction is one of multiple instructions being given. All forms must be signed and returned together in the same envelope.
5. As at the publication of this notice, the Company's issued share capital was 35,460,961 Ordinary Shares and 2,421,379 FWT Shares, carrying one vote each. Therefore, the total voting rights in the Company as at the date of this notice is 37,882,340.
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.
15. Except as provided above, members who have general queries about the meeting should use the following means of communication (no other methods of communication will be accepted):
Telephone number: 020 3667 8100

You may not use any electronic address provided either:

- i) in this notice of Annual General Meeting; or
- ii) any related documents (including the Chairman’s letter and proxy form), to communicate with the Company for any purposes other than those expressly stated.

Glossary of Terms

Average Discount on Buybacks

The average of the discount applied to the price of a share buyback against the Net Asset Value per share.

DCF

Discounted Cash Flows

Dividend Yield

The sum of dividends paid during the year of 6.0p in the Ordinary Shares (2019: 3.0p) expressed as a percentage of the share price of the Ordinary Shares of 80.5p (2019: 93.0p) at the year-end date. This gives a dividend yield of the Ordinary Shares of 7.5% (2019: 3.2%).

EBITDA

Earnings before Interest, Taxation, Depreciation and Amortisation

FiT

Feed-in Tariff

FWT

Foresight Williams Technology

Manager/Investment Manager

Foresight Group LLP is the Investment Manager of the Company.

References to the “Investment Manager” or 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.

Net Asset Value (NAV)

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

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 plus all dividends paid per share (for the relevant share class) over the lifetime of the Company. For the Ordinary Share class, the published NAV per share was 72.7p (2019: 96.4p) and the dividends per Ordinary Share since inception was 44.0p (2019: 38.0p), thereby giving a NAV total return per Ordinary Share of 116.7p (2019: 134.4p).

Ongoing Charges Ratio

The annualised sum of expenditure incurred in the ordinary course of business being £1.0m (2019: £0.8m) expressed as a percentage of the average Net Asset Value of £35.5m (2019: £41.7m).

PPA

Power Price Agreement

Qualifying Company or Qualifying Holding

A Qualifying Holding consists of shares or securities first issued to the VCT (and held by it ever since) by a company satisfying certain conditions. The conditions are detailed but include that the company must be a Qualifying Company, under the VCT Rules which requires, amongst other things, that it has gross assets not exceeding £15 million immediately before and £16 million immediately after the investment, employ the money raised for the purposes of a qualifying trade within a certain time period and not be controlled by another company. Additionally, in any twelve month period the company can receive no more than £5 million from VCT funds and Enterprise Investment Schemes, and any other European State-aided risk capital source. The company must have fewer than 250 full time (or equivalent) employees at the time of making the investment. VCT funds raised after 5 April 2012 cannot be used by a Qualifying Company to fund the purchase of shares in another company. Funds raised after 5th April 2017 cannot be invested in companies which generate or export electricity, heat or energy and, after the date of Royal Assent to Finance Act 2017-18, may only be invested in companies which satisfy a new risk-to-capital condition which requires that at the time of investment it is reasonable to conclude there is a significant risk that there will be a loss of capital of an amount greater than the net investment return.

ROC

Renewable Obligation Certificate

Share Price Total Return

The sum of the current share price plus all dividends paid per share. This allows performance comparisons to be made between VCTs. For the Ordinary Share class, the share price at year end was 80.5p (2019: 93.0p) and the dividends per Ordinary Share since inception was 44.0p (2019: 38.0p), thereby giving a share price total return per Ordinary Share of 124.5p (2019: 131.0p).

Share Price (Discount)/Premium to NAV

A (discount)/premium to NAV is the percentage by which the mid-market share price of the Company is (lower than)/higher than the net asset value per share. For the Ordinary Shares, the share price at the year end date was 80.5p (2019: 93.0p) compared to the NAV of 72.7p (2019: 96.4p), giving a premium of 10.7% (2019: discount of 3.5%).

VCT

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

VCT Rules

The provisions of Part 6 of the Income Tax Act 2007, statutory instruments made thereunder and prevailing guidelines, custom and practise of HMRC all of which are subject to change from time to time.

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:

icsa.
Registrars
Group

Corporate Information

Registered Number

07289280

Directors

Ernie Richardson (Chairman)
Mike Liston
Tim Dowlen

Company Secretary

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

Investment Manager & Administration providers

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

Auditor

KPMG LLP
15 Canada Square
London
E14 5GL

Tax Advisers

Blick Rothenberg Limited
16 Great Queen Street
Covent Garden
London
WC2B 5AH

Solicitors and VCT Status Advisers

RW Blears LLP
29 Lincoln's Inn Fields
London
WC2A 3EG

Registrar

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

Market Maker

Panmure Gordon & Co
One New Change
London
EC4M 9AF

Important information:

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

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



Foresight Solar & Technology VCT plc

The Shard
32 London Bridge Street
London
SE1 9SG

www.foresightgroup.eu