



FORESIGHT VCT plc

ANNUAL REPORT AND ACCOUNTS

31 DECEMBER 2020

Foresight

FOR A SMARTER FUTURE

Shareholder Information

Investment Objective

Foresight VCT plc is a Venture Capital Trust aiming to provide private investors with regular dividends and maintained capital value from a portfolio of investments in fast-growing unquoted companies in the UK. For details on the Company's investment policy please refer to the Strategic Report.

www.foresightvct.com

Enquiries

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

020 3667 8181

**InvestorRelations@
foresightgroup.eu**

www.foresightgroup.eu

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

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

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



KEY DATES

Annual General Meeting	27 May 2021
Interim results to 30 June 2021	September 2021
Annual results to 31 December 2021	April 2022

Dividends

All cash dividends will be credited to your nominated bank/building society account. Your options are:

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

www.investorcentre.co.uk

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

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

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

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

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

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

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

Alternatively you can contact Computershare by phone on 0370 703 6388

Trading shares

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

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

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

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

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

Contents

Financial Highlights	2
Key Metrics	2
Chairman's Statement	4
Manager's Review	8
Portfolio	
Top Ten Investments	14
Overview	20
About the Manager	24
Strategic Report	28
Governance	
Board of Directors	34
Directors' Report	38
Corporate Governance	42
Audit Committee Report	46
Directors' Remuneration Report	47
Statement of Directors' Responsibilities	51
Independent Auditor's Report	52
Financial Statements	
Income Statement	60
Reconciliation of Movements in Shareholders' Funds	61
Balance Sheet	62
Cash Flow Statement	63
Notes to the Accounts	64
Notice of Annual General meeting	80
C Shares Dividend History and NAV Total return	84
Glossary of Terms	85
FCA Information	86
Corporate Information	87

Financial Highlights

Total Net Assets

as at 31 December 2020

£151.8m

Dividend Paid

in year to 31 December 2020

3.3p

Uplift in Portfolio Value

in year to 31 December 2020

£4.8m

- Total net assets £151.8 million.
- The portfolio has seen an uplift in valuation of £4.8 million during the year.
- Net Asset Value per share decreased by 3.7% from 76.5p at 31 December 2019 to 73.7p. Including the payment of a 3.3p dividend made on 19 June 2020, NAV total return per share at 31 December 2020 was 77.0p, representing a positive total return of 0.7%.
- The offer for subscription launched in January 2020 was closed on 7 April 2020 and raised a total of £24.2 million after expenses.
- Three new investments totalling £4.6 million and three follow-on investments totalling £3.1 million made during the year.
- The Board is recommending a final dividend for the year ended 31 December 2020 of 3.7p per share, to be paid on 25 June 2021.

Key Metrics

	1 year	3 years	5 years
Movement in NAV Total Return as at 31 December 2020 [^]	0.7%	8.7%	17.7%

	31 December 2020	31 December 2019
Total net assets	£151.8m	£133.1m
Net asset value per share	73.7p	76.5p
Movement in net asset value total return during the year [^]	0.7%	4.4%
Share price	59.5p	69.0p
Share price total return [^]	216.0p	218.3p
Dividends paid in the year [^]	3.3p	5.0p
Dividend yield [^]	5.5%	7.2%
Shares in issue	205,954,017	173,959,405

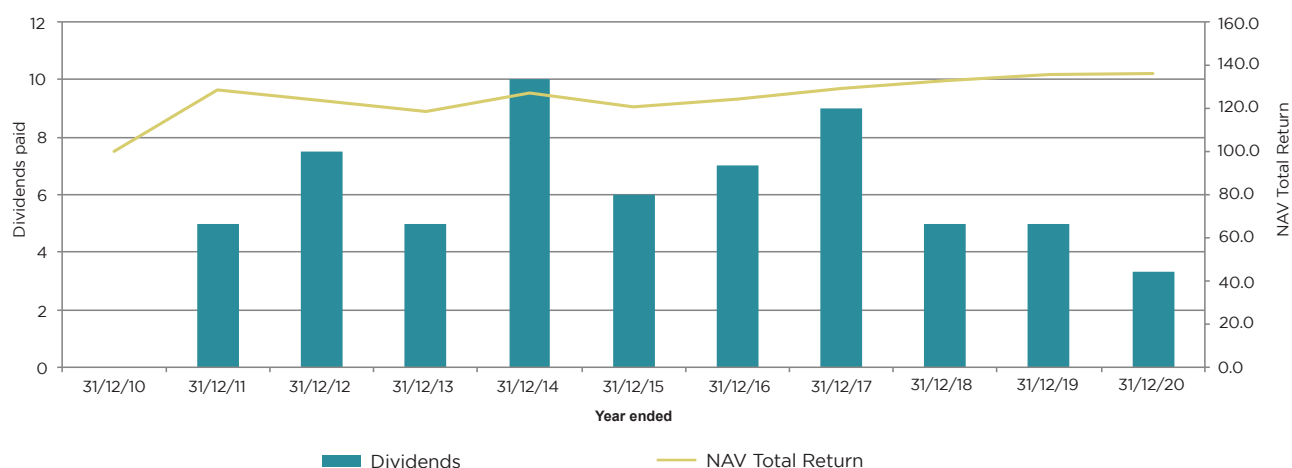
[^]Based on 100.0p invested in the original Ordinary Share class launched in 1997.

	2020	2019
Discount to NAV at 31 December [^]	19.3%	9.8%
Average discount on buybacks [^]	10.1%	10.1%
Shares bought back during the year under review [^]	4,281,119	3,068,004
Shares issued through fundraising	34,331,524	—
Shares issued under the dividend reinvestment scheme	1,944,207	1,976,383
Ongoing charges ratio (based on net assets at 31 December) [^]	2.1%	2.3%

[^]Definitions of these Alternative Performance Measures (APMs) can be found in the Glossary on page 85.

Financial Highlights

Dividends Paid and NAV Total Return (pence)*



*Based on an initial investment on 1 January 2011.

	Dividend per share	Dividend per share (rebased) [†]
19 June 2020	3.3p	1.3p
3 May 2019	5.0p	1.9p
4 May 2018	5.0p	1.9p
29 September 2017	4.0p	1.5p
3 April 2017	5.0p	1.9p
1 April 2016	7.0p	2.7p
13 March 2015	6.0p	2.3p
14 March 2014	10.0p	3.8p
14 June 2013	5.0p	1.9p
23 March 2012	7.5p	2.9p
17 June 2011	5.0p	1.9p
29 May 2009	1.0p	0.7p
7 March 2008	5.0p	3.4p
26 May 2006	0.5p	0.5p
5 July 2004	52.0p	52.0p
22 September 2003	8.0p	8.0p
30 June 2003	0.5p	0.5p
8 May 2000	100.0p	100.0p
6 August 1999	1.0p	1.0p
29 January 1999	3.2p	3.2p
Total dividends paid		193.3p
NAV per share based on 100.0p invested at launch		28.1p
NAV total return per share based on 100.0p invested at launch		221.4p

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

In addition to the details above, holders of the original C share class (which became the current ordinary shares in January 2007) have received total dividends as set out on page 84.

Chairman's Statement



John Gregory

Chairman of Foresight VCT plc

I am pleased to present the Company's Audited Annual Report and Accounts for the year ended 31 December 2020.

The Continuing Impact of Covid-19

Before providing other details, I would like to draw attention to the continuing impact of Covid-19 on the Company and its investment portfolio.

The Covid-19 virus has presented the Company and the management of every one of the businesses in the Company's portfolio with unprecedented challenges. For many of these companies, significant challenges will continue for some time to come. The Manager has been working closely with all the businesses, in order to minimise any adverse impact of the virus and it is a great credit to the quality of the management of the portfolio companies to be able to record that the fallout from the pandemic has not been more significant. Until the virus is brought under control, it is impossible to assess its full impact. However, it is clear that the value of all the businesses has been affected, a minority have benefitted but most have not.

At the end of last year, the Company held 13 investments in businesses involved in the travel, retail, entertainment and food and drink sectors; these investments amounted to some 22% by value of the Company's investment portfolio. To date these sectors are amongst those most hard hit by the various lockdowns imposed by the UK Government in response to Covid-19. I am pleased to report that during the summer, when initial lockdown provisions were eased, all the Company's investments in these sectors were continuing to trade and, with one possible exception, they were pursuing revised business strategies which hold the potential for a return to commercial viability when the current restrictions

are eased. Inevitably the reimposition of a total lockdown after Christmas has placed further demands on these and other businesses within the portfolio, the full impact of which we will only be able to assess later this year.

The immediate impact of the Covid virus at the beginning of 2020 can be seen in the material fall in the valuation of the Company's portfolio in March 2020. Since the end of the first lockdown the trading position of many of the businesses has improved, some quite significantly and the year-end valuations reflect this benefit. On behalf of the Board I would again like to thank the members of the Manager's team for the considerable work which they have done and continue to do alongside the management teams at each of the companies in the portfolio.

Strategy

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

- further development of the net assets of the Company to maintain a level in excess of £150 million;
- payment of an annual dividend of at least 5% of the NAV per share and at the same time endeavouring to maintain the NAV per share at no less than its current level;
- the implementation of a significant number of new and follow on qualifying investments every year; and
- maintaining a programme of regular share buy backs at a discount in the region of 10% to the prevailing NAV per share.

Chairman's Statement

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

Net Asset Value

At 31 December 2020 the NAV of the Company was £151.8 million (2019: £133.1 million), which is in line with the Board's objective of developing the net assets of the Company to a level in excess of £150 million.

At the start of last year some 90% of the Company's assets were already invested and the Board believed it would be in the Company's best interest to raise further funds to provide liquidity for its activities over the coming year and beyond. Despite the difficulties created by Covid-19, the Board is pleased that the Company was successful in raising additional funds. The Company closed its offer for subscription on 7 April 2020 and raised £24.8 million before expenses. The majority of the funds received were subscribed in the final allotments totalling £18.6 million, which took place on 3 April and 14 April based on a NAV of 66.5p per share, which compared with the NAV on 31 December 2019 of 76.5p per share.

During the year the NAV per share decreased by 3.7% from 76.5p at 31 December 2019 to 73.7p at 31 December 2020. Including the payment of a 3.3p per share dividend made on 19 June 2020, which is detailed below, NAV total return per share for the 12 month period was 77.0p, representing a total return of 0.7%.

After the payment of a dividend of 5.0% of NAV which is detailed below, the Company has not met its objective of maintaining NAV per share at around its current level. On this occasion, the Company's failure to achieve this most important objective was due to the impact of the Covid-19 lockdown on the Company's portfolio. The Board and the Manager are working towards achieving this key objective in the medium term and the portfolio had already seen a significant recovery from its March 2020 valuation by the year end.

Dividends

The final dividend for the year ended 31 December 2019 of 3.3p per share was paid on 19 June 2020 based on an ex-dividend date of 4 June 2020, with a record date of 5 June 2020. The total cost of this dividend was £6.8 million, including shares allotted under the dividend reinvestment scheme.

The Board is recommending a final dividend for the year ended 31 December 2020 of 3.7p per share, to be paid on

25 June 2021 based on an ex-dividend date of 10 June 2021, with a record date of 11 June 2021.

The Company continues to achieve its target dividend yield of 5% of NAV, which was set in the prior year in light of the change in portfolio towards earlier stage, higher risk companies, as required by the current VCT rules. The Board and the Manager hope that this performance may be enhanced by additional 'special' dividends as and when particularly successful portfolio disposals are achieved.

The total return per share from an investment made five years ago would be 17.7%, which is below the target return set by the Board of 5% per annum. It is the future achievement of this target that is at the centre of the Company's current and future portfolio management strategy.

Investment performance and portfolio activity

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

As mentioned earlier, the Company started 2020 with around 90% of its assets invested in a range of unquoted growth capital investments; the Board and the Manager believe that these investments will continue to mature and help improve the future rate of growth in NAV. During the year under review the Manager completed three new investments and three follow-on investments costing £4.6 million and £3.1 million respectively. This achievement was somewhat behind the Company's objective of implementing a significant number of new and follow-on investments every year, however, due to Covid-19, the Manager has been focusing on supporting the existing portfolio through the various stages of the pandemic. The Board and the Manager are confident this objective can be achieved in the year ahead, particularly with the increased investment activity in the three months to 31 December 2020, which accounts for all of the new and follow on investments noted above. Details of each of these new portfolio companies can be found in the Manager's Review.

The Company and Foresight 4 VCT plc have the same Manager and share similar investment policies. The Board closely monitors the extent and nature of the pipeline of investment opportunities and is reassured by the Manager's confidence in being able to deploy funds without compromising quality during 2021 and beyond, so as to be in a position to satisfy the investment needs of both companies.

Chairman's Statement

Buybacks

During the year the Company repurchased 4.3 million shares for cancellation at an average discount of 10.1%, achieving its objective of maintaining regular share buybacks at a discount of 10%, as noted above. The Board and the Manager consider that the ability to offer to buy back shares at a target discount of approximately 10% is fair to both continuing and selling shareholders and is an appropriate way to help underpin the discount to NAV at which the shares trade.

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

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

Management charges, co-investment and incentive arrangements

The annual management fee is an amount equal to 2.0% of net assets, excluding cash balances above £20 million, which are charged at a reduced rate of 1.0%. This has resulted in ongoing charges for the year ended 31 December 2020 of 2.1% of net assets, which is at the lower end of the range when compared to competitor VCTs.

Since March 2017, co-investments made by the Manager and individual members of the Manager's private equity team have totalled £0.8 million alongside the Company's investments of £55.8 million. Under the terms of the Incentive Arrangements, as detailed in note 14 to the accounts, the 'Total NAV Return Hurdle', has not yet been achieved and no performance incentive payment is due. The Board believes it is prudent to record a contingent liability in relation to the performance incentive fee due to there being a possible future obligation. More detail on this is given in note 16 to the accounts.

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

Board Composition

The Board continues to review its own performance and undertakes succession planning to maintain an appropriate level of independence, experience, diversity and skills in order to be in a position to discharge its responsibilities. The current year sees some planned changes to the composition of the Board.

The Board was delighted to announce recently that, following an independent professional search, Patricia (Patty) Dimond was appointed as non-executive director with effect from 1 February 2021. Patty is an experienced non-executive director currently on the Board of LXI REIT plc and English National Opera, she is a qualified chartered accountant and has a wide experience of investing in early stage technology businesses particularly those in FinTech and Consumer & Retail. Patty will be offering herself for election at the forthcoming AGM and if elected, will be appointed as a member of the Audit, Nomination, Management Engagement and Remuneration Committees.

After nearly 11 years as Chairman, I shall be retiring at the forthcoming AGM and I am especially pleased to be able to announce that Margaret Littlejohns has been invited by the Board to succeed me. Margaret has made an outstanding contribution since her appointment to the Board some three years ago and I wish her and her fellow Directors every success in the future.

Shareholder communication

As a result of the travel restrictions imposed due to Covid-19, the Manager's popular investor forums have been temporarily put on hold. Once it is possible to do so, details of both a London event and regional events will be sent to shareholders resident in the locality as and when they are organised. The Manager held an investor webinar in August 2020 and it intends to hold further webinars in June and October of this year. Details of any future events will be communicated to investors.

Outlook

Continuing uncertainty over the full impact of Covid-19 and the impact of Brexit create exceptional challenges for every business. The Company invests primarily in developing businesses which by their nature need general economic expansion and stability; the current environment places considerable demands upon them and their management teams. The Manager's private equity team is well aware of the management and business needs of each of the companies within the investment portfolio and

Chairman's Statement

is working closely with them to help them progress during these testing times. Until the pandemic is brought under worldwide control there will inevitably be further, mainly unhelpful, implications for many UK based businesses. Notwithstanding this, the Board and the Manager have been impressed by the resilience shown by the significant majority of the Company's investments and are optimistic that the existing portfolio has potential to add value once the virus has been successfully contained.

Annual General Meeting

The Company's Annual General Meeting will take place on 27 May 2021 at 1.00pm. Please refer to the formal notice on page 80 for further details in relation to the format of this year's meeting and the request to observe social distancing guidelines in place.

Shareholders will note that it is proposed by resolution 14 to adopt new articles of association ("New Articles"). The key changes to the New Articles are to provide for the ability to hold virtual and hybrid general meetings. The Board wishes to note its preference is to hold AGMs by way of an open meeting and AGMs will only be held virtually where absolutely necessary.

John Gregory

Chairman

Telephone: 01296 682751

Email: j.greg@btconnect.com

9 April 2021

Manager's Review

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

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

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

Portfolio Summary

As at 31 December 2020 the Company's portfolio comprised 46 investments with a total cost of £97.3 million and a valuation of £132.7 million. The portfolio is diversified by sector, transaction type and maturity profile. Details of the ten largest investments by valuation, including an update on their performance, are provided on pages 14 to 18.

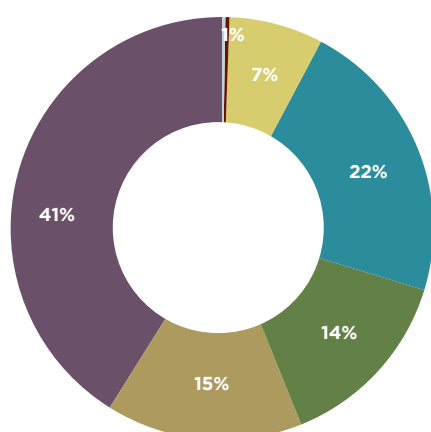
During the year, the value of investments held rose by £12.2 million, driven by deployment of £7.7 million, an increase in the value of existing investments of £4.8 million offset by a realisation of £0.3m. After a sharp drop in portfolio value in the quarter to March 2020 at the peak of uncertainty around Covid-19, the Company's portfolio, in aggregate, has

seen a recovery, as many of the portfolio companies have successfully navigated the new economic landscape, with some performing extremely strongly and some continuing to be adversely impacted by Covid-19.

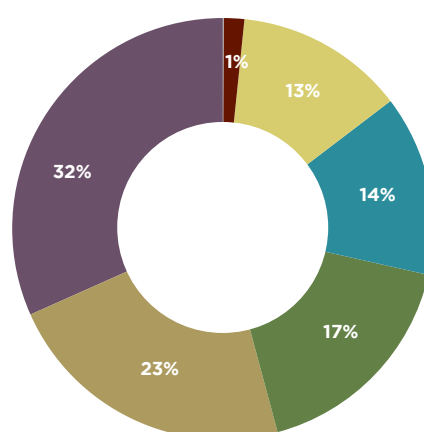
In line with the Board's strategic objectives, the Manager remains focused on maintaining NAV at above £150 million whilst paying an annual dividend to shareholders of at least 5% of the NAV per share. Whilst the Company has made reasonable progress against these objectives in the year, it has not maintained the value of the NAV per share after the payment of the dividend. This objective remains the Manager's focus in the coming year.

Portfolio Diversification

Sector by Cost



Sector by Valuation



Technology, Media and Telecommunications

Business Services

Healthcare

Consumer and Leisure

Industrials and Manufacturing

General

Manager's Review

New investments

The Manager has taken a prudent approach to investing during 2020. Repeated lockdowns have made it challenging for the private equity team to meet prospective companies and their management teams face to face, an important part of assessing investments and developing relationships. The continued economic uncertainty has also made it difficult to assess the underlying value and progress within a business as everyone has been affected by the pandemic. For much of the year there were fewer opportunities coming to market, with management teams focused on steering their businesses through economic uncertainty.

Despite these challenges, the Manager has continued to search for high quality businesses that have demonstrated resilience during Covid-19. As a result, three new investments were completed in December 2020, IMMJ Systems, a document management system serving the NHS and other healthcare providers, iMist, a manufacturer of fire suppression systems and Titania Group, a cybersecurity software business.



In December 2020 the Company made a c.£1.7 million investment into IMMJ Systems Limited, an innovative, electronic document management solution for the healthcare sector, serving NHS Trusts and private providers. Founded in 2015 by a team experienced in enterprise IT and NHS technology distribution, IMMJ developed MediViewer, software that addresses the challenge of digitising patient records and providing a single, easy access interface for clinical caregivers. The investment will enable IMMJ to scale the business through new hires in key functions such as operations, technology and account management, to support the expanding deployment of MediViewer.



In December 2020 the Company invested c.£1.6 million into iMist Holdings Limited, a manufacturer and installer of water mist fire protection systems for residential buildings. iMist was founded in 2015 by Tony Sims who has over 20

years' engineering experience. iMist has developed its own range of high-pressure water mist fire suppression systems. The proprietary solution offers a number of benefits over traditional fire sprinkler and lower pressure water mist products including more efficient use of water, ease of installation and cost effectiveness. The investment will drive further growth and development activities across the UK, on the back of the current regulatory opportunity.



In December 2020, the Company invested c.£1.2 million into Titania Group Limited, a cybersecurity software business. Founded in 2009, Titania has grown substantially due to the success of its first product, Nipper, which automates the assessment of network devices to accurately identify vulnerabilities. The winner of multiple cybersecurity industry awards, Titania has over 1,000 customers globally. The investment will be used to enhance sales and marketing efforts for Titania's current suite of products.

Follow-on investments

The Manager had expected that more portfolio companies would need additional capital to support them through difficult trading conditions resulting from the various lockdowns, driving an increase in follow-on investment. However, the portfolio has remained relatively resilient, supported by the Manager, who has increased oversight of the portfolio and provided guidance to portfolio management teams throughout the pandemic. The Manager has made follow-on investments into three companies during 2020, totalling £3.1 million. Further details of each of these are provided on the next page.

Many companies took advantage of Government support, such as the furlough scheme and the Coronavirus Business Interruption Loan Scheme, which reduced the need for additional equity injections in the period. However, as these schemes unwind and while the economic climate remains difficult, the Manager anticipates numerous requirements for follow-on investment in the coming months.

Manager's Review



During December 2020 the Company made a c.£1.0 million follow-on investment into Roxy Leisure, an entertainment bar group offering customers a variety of games such as pool and bowling. Roxy Leisure was performing extremely strongly prior to Covid-19 but has been affected by the repeated lockdowns. The business will use funds to open new sites once restrictions ease, aiming to capitalise on increased consumer demand.

SPEKTRIX

In December 2020, Spektrix, a leading enterprise software solution for the UK and US arts sector encompassing ticketing, marketing, fundraising, analytics and customer

relationship management, received a follow-on investment of c.£1.4 million from the Company. The investment will enable Spektrix to capitalise on new opportunities following the reopening of the arts sector.

accrosoft

Also in December 2020, the Company made a £0.7 million follow-on investment into Accrosoft, a software as a service company with two core products focusing on recruitment and parent-teacher-student communication. The investment will support the commercialisation of the school communications platform, with strong demand seen in the market due to the increased role of such technology while schools were closed because of Covid-19 restrictions.

Pipeline

At 31 December 2020, the Company had cash balances of £18.9 million, which will be used to fund new and follow-on investments, buybacks and running expenses. The Manager is seeing a recovery in the pipeline of potential investments and has a number of opportunities under exclusivity or in due diligence. The Company remains well positioned to continue pursuing these potential investment opportunities.

The onset of Covid-19 and the resulting economic downturn resulted in lower new investment activity in

2020. Depending on the length and severity of the Covid-19 outbreak and associated restrictions, the Manager expects to see a higher proportion of the Company's deployment focused on follow-on investments in the short to medium term.

As the economy recovers from the worst effects of the virus, the Manager expects demand for funding to increase, driving some particularly interesting opportunities for investment.

Realisations

Whilst the M&A climate has been challenging in the period, with most trade acquirers focused on their core business and private equity investors focused on their existing portfolios or on distressed acquisitions, the Manager is now seeing acquisition interest returning, particularly in the healthcare, technology and ecommerce sectors.

Fast casual and grab and go eateries have been particularly hard hit during the pandemic and to that end with the difficult market outlook as well as the remaining uncertainty around the business model, the Company realised its position in The Naked Deli, a healthy eating food chain, via an initial loan repayment of £0.2 million and the subsequent sale of share capital and loan note positions for £0.1 million to the Company. The Naked Deli closed all its stores in line with government guidance in March 2020 and the outlook for this sector remains extremely challenged. There is uncertainty about town centre footfall, particularly for lunchtime trade, while employees are still working

from home. In aggregate, The Naked Deli returned to the Company 0.2x money invested.

In contrast, post-period end, the Company successfully realised its investment in FFX Group, one of the UK's largest multi-channel independent suppliers of high-quality power tools, fixings and building supplies. The transaction generated proceeds of £11.1 million at completion and the Company will receive up to £0.3 million of deferred consideration after 18 months subject to certain conditions, implying a cash on cash return of 4.3x the initial investment of £2.7m made in October 2015, equivalent to an IRR of c.32%. During the investment period, FFX opened a new 60,000 sq ft distribution centre and a new head office in Kent, updated its brand and launched an extensive range of its own products. Since the Company's investment, FFX more than tripled revenues and increased headcount by over 125.

Disposals in the year ended 31 December 2020

Company	Detail	Accounting Cost at Date of Disposal (£)	Proceeds (£)	Realised loss (£)	Valuation at 31 December 2019 (£)	Valuation at 30 September 2020 (£)
The Naked Deli	Full disposal	1,724,139	295,487	(1,428,652)	1,215,922	Nil
Total disposals		1,724,139	295,487	(1,428,652)	1,215,922	Nil

Deferred consideration of £13,000 was also received by the company from the sale of Idio Limited.

Key Portfolio Developments

Overall, the value of unquoted investments held rose by £12.2 million in the year, driven by deployment of £7.7 million, an increase in value of existing investments by £4.8 million and offset by the sale of The Naked Deli of £0.3 million.

A disciplined approach to investment valuations has been maintained in light of Covid-19. In the quarter to March 2020, the onset of the Covid-19 pandemic drove significant

economic uncertainty and the portfolio initially saw a substantial decrease in value of £18.9 million. In the following quarters, as the businesses adapted to the new economic climate, fair values saw a recovery in aggregate. Material changes in valuation, defined as increasing or decreasing by £2.0 million or more since 31 December 2019, are detailed below. Updates on these companies are included below, or in the Top Ten Investments section on pages 14 to 18.

Key Portfolio Developments

Company	Valuation Methodology	Valuation Change (£)
Hospital Services Group Limited	Discounted earnings multiple	5,329,619
FFX Group Limited	Offer proceeds	3,439,036
Innovation Consulting Group Limited	Discounted earnings multiple	2,634,323
Mologic Ltd	Discounted revenue multiple	2,105,454
Biofortuna Limited	Discounted revenue multiple	2,089,201
Ixaris Group Holdings Limited	Discounted revenue multiple	(4,954,587)

Biofortuna

Biofortuna, established in 2008, is a molecular diagnostics business based in the North West that manufactures freeze dried, stabilised DNA tests.

31 December 2020 Update

Biofortuna's technical ability and freeze-drying capability allowed it to support several clients, manufacturing their Covid-19 testing kits, with over 30 million manufactured since April 2020. This has transformed the company's financial performance, with material revenue growth and maiden profits generated. Biofortuna continues to explore new commercial opportunities unrelated to Covid-19.

Ixaris Systems Limited

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

31 December 2020 Update

Ixaris has seen a severe downturn in trading due to the collapse of the travel sector in the wake of the pandemic. There remains significant uncertainty about when worldwide travel will resume.

Manager's Review

Outlook

On 22 February 2021, Prime Minister Boris Johnson outlined the planned route out of lockdown for businesses in England, culminating in the lifting of all social restrictions on 21 June 2021. Businesses of all sizes have faced a very testing 12 months, not least with the stop-start dynamic of multiple lockdowns. Therefore the Prime Minister's political commitment to an 'irreversible' ending of lockdown is welcomed, along with the extended support of the Coronavirus Job Retention Scheme. It is vital that SMEs are supported through the full reopening of the UK's economy in order to rebuild consumer and business confidence and to enable our retail, hospitality, cultural, leisure and tourism sectors to get back to business.

Most businesses in the portfolio had fully reopened by September, with the Manager supporting the portfolio through a transition to the 'new normal'. During the November and current year lockdowns, the Manager acted quickly to administer the same 'toolbox' of support for the portfolio companies as in the first lockdown, to guide and prepare them for a prolonged period of uncertainty. The Manager has also been working with companies to revise business plans and budgets to manage creditor stretch and debt build-up, and to prepare them for a reduction of Government support. The Manager is ensuring that finance directors at the portfolio companies continue to manage overheads tightly, reduce capital expenditure and work through longer-term cost reduction plans given the uncertain macro environment. It is important that management teams and investors are well prepared for a sustained period of weaker consumer and business demand as consumers and businesses adapt to the 'new normal'.

While Covid-19 has brought unprecedented disruption, it has also prompted many organisations to reassess their business models and take action to adapt to a new economic landscape. A number of the portfolio companies have used this as an opportunity to review their overall strategy, venture into a new market or launch a new product or service. For example, to supplement lost revenues from their core business some companies have procured and provided PPE or other protective equipment, such as hand sanitising stations or screens. Healthcare and life science investments have also contributed to national efforts to defeat the virus by manufacturing Covid-19 testing kits. An example of this is portfolio company Mologic, which received a grant of c.£1m to fund Covid related lateral flow diagnostics development. Fellow portfolio company Biofortuna, another diagnostics company, has successfully won contracts to manufacture millions of Covid-19 PCR testing kits for others.

Some of the portfolio companies used this time as an opportunity to improve online activity and have seen an uptick in revenues as a consequence. With the trend towards

ecommerce accelerating during Covid-19, retail businesses will need to continue embracing this channel fully and make it a core part of the overall growth strategy. The Manager is working closely with portfolio companies to ensure they are well-positioned to capitalise on this opportunity.

A proportion of the portfolio companies are particularly at risk due to the sectors they operate in, such as travel, hospitality and leisure. Many of these businesses are now stuck in a prolonged period of closure with anticipated re-opening in the next few months. The Manager is working closely with these businesses, paying particular attention to managing creditors and cash preservation. It is important to highlight that some of the Company's leisure investments demonstrated market leading site metrics pre-Covid and will have the ability to weather this temporary period of reduced trading. Once reopened, even with capacity limitations, the Manager expects several of these leisure businesses to return to profit and cash generation over time, thanks to a loyal customer base and favourable customer demographic.

Beyond Covid-19, another factor providing economic uncertainty was Brexit, with the Brexit transition period ending on 31 December 2020. The Manager has worked closely with portfolio companies to prepare them for this. Thanks to the diverse nature of businesses in the portfolio, most of which primarily focus on the domestic UK market and some that export and source worldwide, the Manager remains confident that the portfolio businesses are well-positioned to deal with any Brexit related difficulties.

Notwithstanding the uncertain economic backdrop, the Manager continues to see encouraging levels of activity from smaller UK companies seeking growth capital. The Manager expects this to increase as companies begin to recover from the impact of Covid-19, with requirements for permanent funding to working capital. VCTs are still viewed by many entrepreneurs as an attractive source of capital that provide scale-up funding to businesses at an early stage of their growth, when other sources of funding may not be readily available or alongside other sources of capital, including the government measures for supporting businesses during Covid-19. Despite the current challenges of Covid-19 in the medium and long term, the UK remains an excellent place to start, scale and sell a business, with broad pools of talent and an entrepreneurial culture.

Russell Healey

Head of Private Equity
Foresight Group LLP
9 April 2021

“

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

Joanne Mathews, Founder and Managing Director of Ten Health



Portfolio

Top Ten Investments

By value as at 31 December 2020. Company results are taken from the most recent publicly available financial statements.

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



SECTOR:
BUSINESS SERVICES



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

31 December 2020 Update

FFX continued to trade very strongly, with revenue and EBITDA significantly higher than prior year. This is due to a combination of greater DIY spend during lockdown, a trend towards ecommerce and FFX taking market share with its strong service offering. Post-period end, FFX was sold returning £11.1 million to the Company, a 4.3x return on the initial investment and an IRR of c.32%. During the investment period, FFX opened a new distribution centre and head office, increasing staff numbers by c.125. For more information on the FFX exit please refer to page 10 of the Manager's Review.

*Including the initial investment by Foresight 2 VCT plc ("F2").

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

Initial Investment*	September 2015
Amount invested (£)*	2,676,426
Accounting cost (£)**	2,676,426
Valuation (£)	11,196,564
Basis of valuation	Offer proceeds
Equity held (%)	33.1%
Income received in the year (£)	—
Cash returned up to 31 December 2020 (£)	139,477

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

HOSPITAL SERVICES GROUP LIMITED
www.hsl.ie **BELFAST**



SECTOR:
HEALTHCARE



Hospital Services Limited ("HSL") distributes, installs and maintains high quality healthcare equipment and consumables from global partners such as Hologic, Fujifilm and Shimadzu. HSL has strengths in the radiology, ophthalmic, endoscopy and surgical sectors, as well as a building presence in telehealth and broader healthcare IT.

31 December 2020 Update

HSL has performed exceptionally well throughout 2020 with revenues and profits materially ahead of prior year. The management team moved quickly to develop a PPE supply chain and provided significant quantities of protective equipment to Irish and Northern Irish health services in response to Covid-19. Importantly, the company's traditional business divisions have, overall, continued to perform well during the period.

*Including the initial investment by F2.

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

Initial Investment*	September 2015
Amount invested (£)*	3,320,000
Accounting cost (£)**	3,320,000
Valuation (£)	8,962,738
Basis of valuation	Discounted earnings multiple
Equity held (%)	45.2%
Income received in the year (£)	46,681
Cash returned up to 31 December 2020 (£)	46,681

£000	Year ended 30 September 2019	Year ended 30 September 2018
Sales	21,169	12,310
Loss before tax	(1,516)	(888)
Retained loss	(1,397)	(871)
Net (liabilities)/assets	(1,365)	32

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



SECTOR:
TMT



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

31 December 2020 Update

Prior to the outbreak of Covid-19, Datapath was generating material profits. Whilst it is still profitable, trading has dropped slightly. The company has invested in new product development and its sales channels over recent years, notably strengthening its worldwide sales team. Whilst Covid-19 has created some short-term volatility, the company is performing in line with revised budgets. The team are working hard on product development which should see some exciting new product ranges enter the market in 2021.

*The amount and date of initial investment by F2.

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

*** Includes £3,981,822 returned to F2 pre-merger.

Initial Investment*	September 2007
Amount invested (£)*	1,000,000
Accounting cost (£)**	7,563,365
Valuation (£)	7,835,163
Basis of valuation	Discounted earnings multiple
Equity held (%)	13.3%
Income received in the year (£)	1,403,410
Cash returned up to 31 December 2020 (£)***	5,385,232

£000	Year ended 31 March 2020	Year ended 31 March 2019
Sales	29,923	27,652
Profit before tax	6,697	3,332
Retained profit	6,007	3,063
Net assets	23,527	28,775

SPECAC INTERNATIONAL LIMITED
www.specac.com **KENT**



SECTOR:
INDUSTRIALS &
MANUFACTURING

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

31 December 2020 Update

Specac's trading has improved throughout the financial year, mainly driven by higher sales volumes and improved gross margins, however it is still down versus prior year. Management has revised forecasts in light of Covid-19 and the company has since overachieved estimates. The order book is currently healthy, and the company continues to export a large proportion of its production worldwide.

Initial Investment	April 2015
Amount invested (£)	1,345,000
Accounting cost (£)	1,300,000
Valuation (£)	7,598,956
Basis of valuation	Discounted earnings multiple
Equity held (%)	39.2%
Income received in the year (£)	149,132
Cash returned up to 31 December 2020 (£)	674,929

£000	Year ended 31 March 2020	Year ended 31 March 2019
Sales	12,545	12,744
Profit before tax	971	1,423
Retained profit	862	1,192
Net assets	4,126	3,287

Portfolio

Top Ten Investments (continued)

INNOVATION CONSULTING GROUP LIMITED
www.govgrant.co.uk **HERTFORDSHIRE**



SECTOR:
BUSINESS SERVICES



Innovation Consulting Group provides support services and advice to UK based SME businesses seeking to gain access to Government tax incentives.

31 December 2020 Update

Innovation Consulting Group ended its financial year positively, with revenues and EBITDA up significantly versus prior year. Strong trading has continued into its new financial year. Profit growth was driven primarily by larger R&D claims and improved operational efficiencies. The company has recruited a strong senior management team which is driving growth and improving margins.

*Including the initial investment by F2.

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

Initial Investment*	September 2015
Amount invested (£)*	1,650,000
Accounting cost (£)**	1,605,000
Valuation (£)	5,842,787
Basis of valuation	Discounted earnings multiple
Equity held (%)	35.6%
Income received in the year (£)	39,978
Cash returned up to 31 December 2020 (£)	484,701

£000	Year ended 30 September 2020	Year ended 30 September 2019
Sales	N/A	N/A
Profit before tax	N/A	N/A
Retained profit	N/A	N/A
Net assets	N/A	N/A

Please note that no financial statements yet filed for the new company on Companies House.

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



SECTOR:
TMT



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

31 December 2020 Update

With theatres in the UK and US closed since March 2020, Spektrix has seen a revenue reduction as part of the company's revenues are linked to ticket sales. However, the company has continued to win new clients in the period, both in the UK and US, with the latter seeing some record quarters of new sales performance. In December 2020 the business received a follow-on investment of c.£1.4 million which will enable Spektrix to capitalise on new opportunities following the reopening of the arts sector.

Initial Investment	December 2018
Amount invested (£)	4,875,999
Accounting cost (£)	4,875,999
Valuation (£)	5,697,043
Basis of valuation	Discounted revenue multiple
Equity held (%)	12.1%
Income received in the year (£)	—
Cash returned up to 31 December 2020 (£)	—

£000	Year ended 31 December 2019	Year ended 31 December 2018
Sales	9,894	8,066
Loss before tax	(1,981)	(406)
Retained loss	(1,710)	(229)
Net assets	1,630	3,363

OLLIE QUINN LIMITED
www.olliequinn.co.uk LONDON



SECTOR:
CONSUMER &
LEISURE



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

31 December 2020 Update

Ever changing restrictions in both the UK and Canada have severely impacted Ollie Quinn's trading. When stores are open, performance is strong with stores consistently achieving improved like-for-like sales. The business is focusing on increasing its online presence and negotiating new store leases for post-lockdown.

Initial Investment	March 2017
Amount invested (£)	5,693,917
Accounting cost (£)	5,693,917
Valuation (£)	5,410,853
Basis of valuation	Discounted revenue multiple
Equity held (%)	64.7%
Income received in the year (£)	—
Cash returned up to 31 December 2020 (£)	4,164

£000	Year ended 30 June 2020	Year ended 30 June 2019
Sales	N/A	N/A
Profit before tax	N/A	N/A
Retained profit	N/A	N/A
Net assets	3,753	3,965

In accordance with Section 444 of the Companies Act 2006, a statement of Income has not been delivered in the financial statements available on Companies House.

FRESH RELEVANCE LIMITED
www.freshrelevance.com HAMPSHIRE



SECTOR:
TMT



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

31 December 2020 Update

Fresh Relevance finished its financial year positively, with healthy revenue growth versus prior year and a reduced EBITDA loss. The uplift in trading is attributable to both reseller and direct new customer sales, likely boosted by the eCommerce boom caused by the pandemic.

Initial Investment	March 2017
Amount invested (£)	2,117,750
Accounting cost (£)	2,117,750
Valuation (£)	5,080,653
Basis of valuation	Discounted revenue multiple
Equity held (%)	28.9%
Income received in the year (£)	65,030
Cash returned up to 31 December 2020 (£)	194,242

£000	Year ended 30 September 2019	Year ended 30 September 2018
Sales	N/A	N/A
Profit before tax	N/A	N/A
Retained profit	N/A	N/A
Net assets	372	654

In accordance with Section 444 of the Companies Act 2006, a statement of Income has not been delivered in the financial statements available on Companies House.

Portfolio

Top Ten Investments (continued)

NANO INTERACTIVE GROUP LIMITED
www.nanointeractive.com **LONDON**



SECTOR:
TMT



Nano Interactive is an advertising technology business specialising in search re-targeting campaigns for its global customer base. The business was founded in 2010 and has offices across Europe.

31 December 2020 Update

Nano experienced a slight fall in revenues throughout the financial year due to cutbacks in marketing spend across its customer base during the pandemic. On a positive note, gross margins have improved, leading to an EBITDA loss in line with prior year. The business had a strong Q4 and also remains focused on its expansion into the US.

Initial Investment	October 2017
Amount invested (£)	4,434,191
Accounting cost (£)	4,434,191
Valuation (£)	5,058,139
Basis of valuation	Discounted revenue multiple
Equity held (%)	28.7%
Income received in the year (£)	—
Cash returned up to 31 December 2020 (£)	—

£000	Year ended 31 December 2019	Year ended 31 December 2018
Sales	N/A	N/A
Profit before tax	N/A	N/A
Retained profit	N/A	N/A
Net assets	4,959	4,158

In accordance with Section 444 of the Companies Act 2006, a statement of Income has not been delivered in the financial statements available on Companies House.

MOLOGIC LTD
www.mologic.co.uk **BEDFORD**



SECTOR:
HEALTHCARE



Mologic is a health diagnostics company based in Bedford, providing both Contract Research services for clients and is developing its own range of proprietary Point of Care diagnostics products. It also conducts various grant funded projects for large philanthropic organisations.

31 December 2020 Update

Mologic had a very strong financial year, with significant revenue growth and positive EBITDA reported. Trading was boosted by good progress in the contract service and contract manufacturing divisions as well as initial sales of Covid related products, including antibody tests. The business also received multiple grants to support development of various products.

Initial Investment	April 2018
Amount invested (£)	2,434,483
Accounting cost (£)	2,434,483
Valuation (£)	5,054,260
Basis of valuation	Discounted revenue multiple
Equity held (%)	14.7%
Income received in the year (£)	—
Cash returned up to 31 December 2020 (£)	—

£000	Year ended 31 December 2019	Year ended 31 December 2018
Sales	3,114	2,005
Loss before tax	(1,552)	(1,693)
Retained loss	(1,303)	(1,392)
Net assets	2,894	4,198



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

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

Portfolio

Overview

31 December 2020				
Investment (by value)	Date of First Investment	Sector	Accounting cost £	Valuation £
FFX Group Limited	2015	Business Services	2,676,426	11,196,564*
Hospital Services Group Limited	2015	Healthcare	3,320,000	8,962,738*
Datapath Group Limited	2007	TMT	7,563,365	7,835,163*
Specac International Limited	2015	Industrials & Manufacturing	1,300,000	7,598,956*
Innovation Consulting Group Limited	2015	Business Services	1,605,000	5,842,787*
Spektrix Limited	2018	TMT	4,875,999	5,697,043*
Ollie Quinn Limited	2017	Consumer & Leisure	5,693,917	5,410,853*
Fresh Relevance Limited	2017	TMT	2,117,750	5,080,653*
Nano Interactive Group Limited	2017	TMT	4,434,191	5,058,139*
Mologic Ltd	2018	Healthcare	2,434,483	5,054,260*
Protean Software Limited	2015	TMT	2,500,000	4,940,565
Industrial Efficiency II Limited	2014	Business Services	2,603,260	4,628,001
Itad Limited	2015	Business Services	2,750,000	4,288,221
TFC Europe Limited	2007	Industrials & Manufacturing	3,614,612	4,203,179
Accrosoft Limited	2018	TMT	2,417,207	3,369,089
Roxy Leisure Ltd	2019	Consumer & Leisure	2,467,933	2,493,536
Mowgli Street Food Limited	2017	Consumer & Leisure	1,526,750	2,431,197
Biofortuna Limited	2012	Healthcare	1,172,517	2,393,778
Clubspark Limited	2019	TMT	1,270,936	2,384,197
Procam Television Holdings Limited	2013	TMT	1,664,893	2,314,634
Codeplay Software Limited	2018	TMT	689,656	2,295,035
Aerospace Tooling Holdings Limited	2013	Industrials & Manufacturing	150,000	2,247,374
200 Degrees Holdings Limited	2017	Consumer & Leisure	1,477,832	2,132,061
Fourth Wall Creative Limited	2019	Healthcare	2,955,665	1,975,916
Steamforged Games Limited	2019	Consumer & Leisure	2,364,532	1,970,222
Aquasium Technology Limited	2001	Industrials & Manufacturing	333,333	1,923,664
IMMJ Systems Limited	2020	Healthcare	1,732,674	1,732,674
Biotherapy Services Limited	2019	Healthcare	1,477,833	1,676,831

* Top ten investments by value shown on pages 14 to 18.

31 December 2019					
Valuation Methodology	Accounting cost £	Valuation £	Additions £	Disposal proceeds £	Net valuation movement £
Offer proceeds	2,676,426	7,757,528	—	—	3,439,036
Discounted earnings multiple	3,320,000	3,633,119	—	—	5,329,619
Discounted earnings multiple	7,563,365	8,425,618	—	—	(590,455)
Discounted earnings multiple	1,300,000	6,059,027	—	—	1,539,929
Discounted earnings multiple	1,605,000	3,208,464	—	—	2,634,323
Discounted revenue multiple	3,448,276	4,164,577	1,427,723	—	104,743
Discounted revenue multiple	5,693,917	5,221,920	—	—	188,933
Discounted revenue multiple	2,117,750	4,420,757	—	—	659,896
Discounted revenue multiple	4,434,191	5,699,445	—	—	(641,306)
Discounted revenue multiple	2,434,483	2,948,806	—	—	2,105,454
Discounted revenue multiple	2,500,000	5,502,012	—	—	(561,447)
Discounted cash flow	2,603,260	4,065,796	—	—	562,205
Discounted earnings multiple	2,750,000	4,009,984	—	—	278,237
Discounted earnings multiple	3,614,612	5,606,663	—	—	(1,403,484)
Price of recent funding round	1,724,138	2,104,660	693,069	—	571,360
Discounted earnings multiple	1,477,833	1,477,833	990,100	—	25,603
Discounted earnings multiple	1,526,750	3,423,957	—	—	(992,760)
Discounted revenue multiple	1,172,517	304,577	—	—	2,089,201
Discounted revenue multiple	1,270,936	1,934,760	—	—	449,437
Price of last funding round/ Loan notes at par	1,664,893	1,174,284	—	—	1,140,350
Discounted revenue multiple	689,656	1,256,165	—	—	1,038,870
Discounted earnings multiple	150,000	2,734,091	—	—	(486,717)
Discounted earnings multiple	1,477,832	2,123,037	—	—	9,024
Discounted earnings multiple	2,955,665	3,129,220	—	—	(1,153,304)
Discounted revenue multiple	2,364,532	2,351,245	—	—	(381,023)
Discounted revenue multiple	333,333	2,132,630	—	—	(208,966)
Price of last funding round	—	—	1,732,674	—	—
VC Method	1,477,833	1,477,833	—	—	198,998

Portfolio

Overview (continued)

31 December 2020				
Investment (by value)	Date of First Investment	Sector	Accounting cost £	Valuation £
iMIST Limited	2020	Industrials & Manufacturing	1,598,515	1,598,515
Fertility Focus Limited	2018	Healthcare	1,301,779	1,596,883
Ten Health & Fitness Limited	2019	Consumer & Leisure	2,364,532	1,429,032
Dhalia Limited	2015	General	100	1,414,167
Positive Response Communications Limited	2014	Business Services	1,000,000	1,384,180
ABL Investments Limited	2015	Business Services	2,750,000	1,376,203
Luminet Networks Limited	2018	TMT	3,783,251	1,347,945
Titania Group Limited	2020	Business Services	1,237,624	1,237,624
Cinelabs International Limited	2017	TMT	2,216,250	1,155,932
Online Poundshop Limited	2017	Consumer & Leisure	2,610,000	1,099,597
Ixaris Group Holdings Limited	2006	Consumer & Leisure	2,266,036	632,221
Rovco Ltd	2019	TMT	935,961	583,937
Whitchurch PE 1 Limited	2014	General	100,000	289,928
Cole Henry PE 2 Limited	2014	General	100,000	216,558
Kingsclere PE 3 Limited	2014	General	100,000	176,912
Sindicatum Carbon Capital Limited	2007	Environmental	246,075	61,519
Powerlinks Media Limited	2017	TMT	2,709,360	—
Oxonica plc	2002	TMT	2,804,473	—
The Naked Deli Ltd	2018	Consumer & Leisure	—	—
			97,314,720	132,738,483

* Top ten investments by value shown on pages 14 to 18.

31 December 2019					
Valuation Methodology	Accounting cost £	Valuation £	Additions £	Disposal proceeds £	Net valuation movement £
Price of last funding round	—	—	1,598,515	—	—
Discounted revenue multiple	1,301,779	1,375,720	—	—	221,163
Discounted earnings multiple	2,364,532	2,452,685	—	—	(1,023,653)
Net assets	100	1,278,344	—	—	135,823
Discounted revenue multiple	1,000,000	1,331,511	—	—	52,669
Discounted earnings multiple	2,750,000	2,889,163	—	—	(1,512,960)
Discounted earnings multiple	3,783,251	3,155,111	—	—	(1,807,166)
Price of last funding round	—	—	1,237,624	—	—
Discounted revenue multiple	2,216,250	2,485,401	—	—	(1,329,469)
Discounted revenue multiple	2,610,000	477,203	—	—	622,394
Discounted revenue multiple	2,266,036	5,586,808	—	—	(4,954,587)
Discounted revenue multiple	935,961	935,961	—	—	(352,024)
Net assets	100,000	290,766	—	—	(838)
Net assets	100,000	217,395	—	—	(837)
Net assets	100,000	177,795	—	—	(883)
Price of last funding round less 75% provision	246,075	61,519	—	—	—
Nil value	2,709,360	241,303	—	—	(241,303)
Nil value	2,804,473	—	—	—	—
Sold	1,724,139	1,215,922	—	(295,487)	(920,435)
	91,359,154	120,520,615	7,679,705	(295,487)	4,833,650

About the Manager

Evolution of Foresight VCT plc

1997	Foresight VCT (formerly Foresight Technology VCT plc) was launched in November 1997, initially raising £10.9m through an issue of ordinary shares (original Ordinary Shares) for investment in technology focused companies.
1999	A separate class of C Shares was launched in 1999 initially raising £32.6m.
2007	In January 2007 the original Ordinary Share and C Share classes were merged into one class of Ordinary Shares and the Company was renamed Foresight VCT plc.
2010	Foresight VCT and Foresight 2 VCT raised £12m of Planned Exit Shares in the 2009/10 tax year.
2011	In March 2011 Keydata Income VCT 1 plc and Keydata Income VCT 2 plc were merged into the Ordinary Share class of Foresight VCT plc.
2011	In March 2011, a reconstruction of the Ordinary Shares took place to rebase the NAV per share to 100p.
2012	Foresight VCT and Foresight 2 VCT raised more than £30m in the 2011/12 tax year through the launch of a new Infrastructure Share class.
2015	On 18 December 2015, following shareholder approval, Foresight 2 VCT plc was merged into Foresight VCT plc, creating the then third largest VCT in the UK.
2017	The Company completed the sale of all investments in the Planned Exit Share class and the Infrastructure Share class. These were wound up, with final distributions made to shareholders on 29 December 2017.
2018	Since 24 January 2018, the Company has comprised one single class of share, the Ordinary Shares.
2020	On 7 April 2020, the Company closed its latest Offer for Subscription after raising £25m.

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

Led by Russell Healey, the growing private equity investment team of 31 is pro-active and hands-on, and focused on investing up to £5 million in UK growth companies across a broad range of sectors.

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

The team combines executives from varying backgrounds across corporate finance, consulting, accounting, private equity and industry. Between them, they have experience of more than 500 private equity and corporate

finance transactions and have managed more than 200 investments, the majority of these during their time at Foresight Group.

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

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

About the Manager

Responsible Investment

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

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

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



Strategy and Awareness

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



Environmental

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



Social

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



Governance

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



Third Party Interaction

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

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

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

Each portfolio company is also subject to an annual assessment where progress against each of the five Principles and SDGs are measured and an evaluation matrix

updated to allow progress to be tracked and continuous improvement encouraged.

Credentials

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

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



About the Manager

Responsible Investment case study

An example of how ESG is supported and encouraged is demonstrated below. In 2019, the Company invested in Clubspark, a club management, coaching and competitions software company that serves the grassroots sports market. Clubspark works primarily with tennis clubs, but has clients across athletics, cricket, hockey and several other sports.

Clubspark



The company works with grass roots sports, which are often volunteer run and not-for-profit organisations. The mission of the company is to increase participation in sport, which has a beneficial impact on society through physical and mental health improvements. Clubspark provides data on participation to sports' National Governing Bodies ("NGBs") to aid this.



The sports clubs that Clubspark works with have environmental policies aimed at reducing the environmental impact of operations. Clubspark's software helps sports clubs to become more environmentally friendly through integrating court lighting with booking schedules. This allows sports clubs to automate court lighting, ensuring that flood lights are not left on unnecessarily. This helps sports clubs to reduce energy consumption and accurately track light usage.



Clubspark has put in place a quarterly employee survey to collect feedback more effectively from staff and put their suggestions into action. A full-time HR director has also been appointed to better engage with employee issues.



Since investment a strong Board has been recruited including a new Non-executive Chairman, improving oversight and management reporting. Clubspark did not previously hold formal Board meetings, and now produces a detailed Board pack with high quality management information. The company is currently going through the process of becoming ISO 29001 accredited, to improve its cyber security.



Clubspark provides valuable data on sports participation to NGBs to help them better understand the impact of their policies on sporting activity. During the pandemic, Clubspark provided booking software and remote gate access to allow clubs to enforce social distancing and tracking, as well as several specific pieces of new functionality to help coaches and clubs deal with the loss of revenue as a result of the lockdown.

Climate Change Statement

The Manager has a long-term investing vision and its strategy aligns with the UN's Sustainable Development Goals and the decarbonisation targets set out in the Paris Agreement of 2015. As such, taking actions to mitigate the risks posed by climate change, whilst also investing to generate commercial returns for our investors, must be done hand in hand. The Manager has been a signatory to the United Nations-backed Principles for Responsible Investment ("PRI") since 2013. PRI is a globally recognised voluntary framework concerned with the incorporation of ESG considerations into the investment decision making process. It provides a basis for potential and existing investors to judge the quality of a company's ESG processes and positioning within an industry sector. In 2020, the Manager received an 'A+' for Strategy and Governance, and 'A' for Private Equity and Infrastructure investments.

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

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

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

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

Russell Healey

Partner and Head of Private Equity



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

James Livingston

Partner



James joined Foresight Group LLP in 2007 from Deloitte's Strategy Consulting team. James has 17 years of experience. At Foresight Group LLP, he has led numerous successful transactions including growth and replacement capital transactions in a variety of sectors. James holds an MA in Natural Sciences and Management Studies from Cambridge University as well as the CIMA Advanced Diploma in Management Accounting.

Matt Smith

Partner



Matt joined Foresight Group LLP in 2010 and has 17 years' venture capital investment experience. Prior to joining, he spent six years at Rothschild, advising companies in a range of sectors on a variety of transaction types. Matt has a particular focus on Environmental, Social and Governance considerations when evaluating investments and has successfully negotiated sales of a number of difficult assets. Matt graduated from the University of Oxford with an undergraduate degree in Biological Sciences and a distinction in a postgraduate degree in Physiology.

Strategic Report

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

Foresight VCT plc

Foresight VCT plc originally raised £10.9 million through an Ordinary Share issue in the 1997/98 tax year. At 31 December 2020, the Company had gross assets totalling £151.9 million, of which £18.9 million was in cash. The number of shares in issue at 31 December 2020 was 205,954,017.

Investment Objective

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

Performance and Key Performance Indicators ("KPIs")

The Board expects the Manager to deliver a performance which meets the objectives of the Company. The KPIs covering these objectives are growth in net asset value per share and dividend receipts, which, when combined, give an overall NAV per share or NAV total return. Additional key performance indicators and Alternative Performance Measures ("APMs") reviewed by the Board include the total expenses as a proportion of shareholders' funds. KPIs and APMs allow performance comparisons to be made between VCTs.

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

The ongoing charges ratio for the year was 2.1% of net assets. Share buy-backs were completed at an average discount of 10.1%. Further detail of the Company's KPIs and APMs can be found in the Glossary of Terms on page 85.

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

Investments in unquoted companies at an early stage of their development will involve some disappointments. However, investing the Company's funds in companies with high growth characteristics with the potential to become

strong performers within their respective fields creates an opportunity for attractive returns to shareholders.

Strategies for achieving objectives

Investment Policy

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

Investment securities

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

UK companies

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

Asset mix

The Company aims to be significantly invested in growth businesses, subject always to the quality of investment opportunities and the timing of realisations. Any uninvested funds are held in cash and a range of permitted liquidity investments.

Risk diversification and maximum exposures

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

Investment style

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

Borrowing powers

The Company has a borrowing limit of an amount not exceeding an amount equal to the adjusted capital and reserves (being the aggregate of the amount paid up on the issued share capital of the Company and the amount standing to the credit of its reserves). Whilst the Company does not currently borrow, and the Board has no plans to, its articles allow it to do so.

Co-investment

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

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

VCT regulation

The investment policy is designed to ensure that the Company continues to qualify and is approved as a VCT by HMRC. Amongst other conditions the Company may not invest more than 15% of its total investments and cash by VCT value, at the time of making the investment, in a single company and must also have at least 80% by VCT value of its investments and cash throughout the period in shares or securities in qualifying holdings. In addition, in aggregate, 70% of a VCT's qualifying investments (30% for investments made before 6 April 2018 from funds raised before 6 April 2011) by VCT value must be in ordinary shares which carry no preferential rights to assets on a winding up or to dividends (apart from certain non cumulative fixed preferential rights). For an individual investment, a minimum of 10% of the investment must be in ordinary shares of that company.

Management

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

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

- Evidence of high-margin products or services capable of addressing fast-growing markets;

- The company's ability to sustain a competitive advantage;
- The strength of the management team;
- The existence of proprietary technology;
- The company's prospects of being sold or achieving a flotation within five years.

Environmental, Human Rights, Employee, Social and Community Issues

The Board recognises the requirement under Section 414 of the Companies Act 2006 to provide information about environmental matters (including the impact of the Company's business on the environment), employee, human rights, social and community issues; and information about any policies it has in relation to these matters and the effectiveness of these policies.

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

Please refer to the Manager's Review on pages 25 to 26 for more information on the Manager's Responsible Investment Principles.

Gender diversity

With the recent appointment of Patricia Dimond, as noted in the Chairman's Statement, the Board currently comprises two female and three male Directors. The Board is conscious of the need for diversity and will consider both male and female candidates when appointing new Directors.

The Manager has an equal opportunities policy and currently employs 153 men and 84 women.

Purchase of own shares

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

Dividend policy

The Company's dividend policy was updated in 2019 and states that the Board will endeavour to pay annual dividends of at least 5% of the NAV per share. The aim of the Board and the Manager is for future investment performance to support this level of distribution, whilst also maintaining the NAV per share at around its current level. In the event that significant realised gains arise on sales of investments greatly in excess of their carrying value, the Board will consider payment of special dividends.

Strategic Report

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

	Foresight VCT £	Foresight 4 VCT £	Foresight Inheritance Tax Solutions £	Foresight Nottingham Fund £	Foresight Regional Investment Fund £	Foresight Williams Technology EIS Fund £	Scottish Growth Scheme £	Total Equity Managed by Foresight %
200 Degrees Holdings Limited	1,477,832	—	—	1,500,000	—	—	—	25.0
ABL Investments Limited	2,750,000	1,494,075	—	—	—	—	—	57.3
Accrosoft Limited	2,417,207	1,050,000	—	—	—	—	—	30.0
Aerospace Tooling Holdings Limited	150,000	415,255	—	—	—	—	—	50.4
Biofortuna Limited	1,172,517	3,517,537	—	—	—	—	—	48.3
Biotherapy Services Limited	1,477,833	1,500,000	—	—	—	—	—	31.3
Clubspark Limited	1,270,936	860,000	—	—	—	—	—	19.0
Codeplay Software Limited	689,656	300,000	—	1,000,000	—	1,050,000	—	35.0
Cole Henry PE 2 Limited	100,000	200,000	—	—	—	—	—	49.9
Datapath Group Limited	7,563,365	11,081,243	—	—	—	—	—	40.0
Fertility Focus Limited	1,301,779	525,569	—	—	—	—	—	14.8
FFX Group Limited	2,676,426	1,372,002	—	—	—	—	—	49.9
Fourth Wall Creative Limited	2,955,665	2,000,000	—	—	—	—	—	25.0
Hospital Services Group Limited	3,320,000	1,200,000	—	—	—	—	—	61.6
iMIST Limited	1,598,515	1,614,500	—	—	—	—	1,271,000	44.2
IMMJ Systems Limited	1,732,674	1,750,000	—	—	—	—	—	21.6
Industrial Efficiency II Limited	2,603,260	—	1,131,498	—	—	—	—	100.0
Innovation Consulting Group Limited	1,605,000	1,938,046	—	—	—	—	—	72.4
Itad Limited	2,750,000	1,371,726	—	—	—	—	—	35.0
Ixaris Systems Limited	2,266,036	3,479,188	—	—	—	—	—	17.9
Kingsclere PE 3 Limited	100,000	100,000	—	—	—	—	—	49.9
Luminet Networks Limited	3,783,251	960,000	—	—	—	—	—	49.9
Mologic Limited	2,434,483	1,059,000	—	—	—	—	—	21.4
Mowgli Street Food Limited	1,526,750	—	—	—	1,900,000	—	—	22.7
Positive Response Communications Limited	1,000,000	1,009,195	—	—	—	—	—	65.1
Procam Television Holdings Limited	1,664,893	2,162,929	1,000,000	—	—	—	—	57.7
Protean Software Limited	2,500,000	1,795,229	—	—	—	—	—	63.5
Rovco Limited	935,961	950,000	—	—	—	2,000,000	—	22.6
Roxy Leisure Limited	2,467,933	2,500,000	—	—	4,500,000	—	—	27.9
Sindicatum Carbon Capital Limited	246,075	544,538	—	—	—	—	—	1.0
Specac International Limited	1,300,000	2,554,761	—	—	—	—	—	78.4
Spektrix Limited	4,875,999	2,118,000	—	—	—	—	—	17.6
Steamforged Games Limited	2,364,532	1,600,000	—	—	1,000,000	—	—	32.6
Ten Health and Fitness Limited	2,364,532	1,600,000	—	—	—	—	—	29.2
TFC Europe Limited	3,614,612	2,149,307	—	—	—	—	—	70.9
Titania Limited	1,237,624	1,250,000	—	—	—	—	—	16.7
Whitchurch PE 1 Limited	100,000	378,000	—	—	—	—	—	49.9

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

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

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 a third party managed VCT, the Company does not have employees. Its main stakeholders therefore comprise its shareholders, who are also its customers, portfolio companies, the environment and society and a small number of suppliers. These suppliers are external firms engaged by the Board to provide, amongst others, investment management, secretarial, registrar, audit and legal services. The principal relationship is with the Manager and the 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 Manager to produce satisfactory investment performance. It seeks to maintain a constructive working relationship with the Manager and on an annual basis the Management Engagement & Remuneration Committee reviews the appropriateness of the Manager's appointment.

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

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

To help the Board in its aim to act fairly between the Company's members, it encourages communications with all shareholders. The Annual and Half-Yearly Reports are issued to shareholders and are available on the Company's website together with other relevant information including quarterly factsheets. The Manager and members of the Board are available to meet the shareholders at investor forums held throughout the year. Directors are also available to meet with shareholders at the AGM.

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

As described in more detail within the Corporate Governance Report, the Board is committed to maintaining and demonstrating high standards of corporate governance in relation to the Company's business conduct. The Board

also expects high standards at the companies in which the Company is invested. In this regard, it is satisfied that the Manager consistently and proactively engages with investee companies on environmental, social and governance matters, where these are material to the investment case and therefore to the long-term success of the Company. More detail on this can be found in the responsible investment section of the Manager's Review.

Where environmental, social and governance matters impinge upon the investment case, the Manager engages with investee companies to encourage the issues to be addressed through that company's "100 day plan". The Manager is well placed to undertake this activity, which has always been an integrated element of its investment process. The team of 31 investment professionals is well resourced and, collectively, has a deep knowledge and understanding across corporate finance, consulting, accountancy and private equity.

While the Manager supports the aims and objectives of the Stewardship Code, it is not currently a signatory to the Code which is more applicable to listed securities. A statement explaining its position has been published on the Manager's website at www.foresightgroup.eu/responsible-investing/governance/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 half-yearly reviews of the risk environment, including emerging risks, in which the Company operates. The principal risks and uncertainties identified by the Board which might affect the Company's business model and future performance, and the steps taken with a view to their mitigation, are as follows:

Market risk: Macroeconomic changes, political developments and external shocks such as pandemics and terrorist attacks may all affect the performance of stock markets in general and also specifically the valuation of investee companies and their ability to access finance. In times of adverse sentiments there can be very little, if any market demand for shares in smaller companies. This can also affect the Company's own share price and discount to net asset value.

Mitigation: The Manager ensures the portfolio is diversified and the Board reviews it at least quarterly. The Company also maintains sufficient cash reserves to be able to provide additional funding to investee companies where appropriate and to repurchase its own shares.

Strategic Report

Strategic and performance risk: The Company could fail to set an appropriate strategy, leading to both absolute and relative poor investment performance and resulting in lack of investor demand.

Mitigation: The Board and The Manager meet on an annual basis for a specific session to assess the Company's strategy. This is further monitored quarterly at Board meetings.

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

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

Legislative and regulatory risk: In order to maintain its approval as a VCT, the Company is required to comply with current UK VCT legislation, which is currently reflective of the European Commission's State Aid Rules. Changes to VCT legislation in the future could have an adverse effect on the Company's ability to achieve satisfactory investment returns whilst retaining its VCT status. The Company is also required to comply with Listing rules, GDPR rules and the Market Abuse Regulation.

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

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

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

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

realisations or the inability to raise new capital could prevent the Company from meeting its financial commitments and/or could lead to a cut in the dividend.

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

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

Mitigation: Valuations are prepared in accordance with the IPEV Valuation Guidelines, as discussed in more detail in note 1 to the accounts. Sensitivity analysis is disclosed in note 15. The Board reviews portfolio valuations quarterly and the external auditor performs an annual review, as noted in the auditor's report.

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

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

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

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

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

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

Emerging risks that have been considered include that of the Covid-19 pandemic and climate change. Further details are provided in the Climate Change Statement in the Manager's Review on page 26. The potential impact of Covid-19 on the companies in which the Company invests is under continuous assessment by the Manager, with many continuing to be impacted. Both the Manager and the

Strategic Report

Company's other key service providers implemented their business continuity plans successfully and have not had a noticeable disruption to services.

Viability Statement

In accordance with principle 21 of the AIC Code of Corporate Governance published by the AIC in February 2019, the Directors have assessed the prospects of the Company over the three year period to 31 December 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 a robust assessment of the principal risks facing the Company, including those that might threaten its business model, future performance, solvency, or liquidity. The Board concentrated its efforts on the major factors that affect the economic, regulatory and political environment.

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

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

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

Performance-related incentives

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

Valuation Policy

Investments held by the Company have been valued in accordance with the International Private Equity and Venture Capital ("IPEV") Valuation Guidelines (December 2018 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 made recently, its cost would normally provide a good starting point for estimating fair value. At each measurement date, fair value is estimated using appropriate valuation techniques. Investments quoted or traded on a market are

valued at bid price. The portfolio valuations are prepared by the Manager, reviewed and approved by the Board quarterly and are subject to annual review by the external auditor.

VCT Tax Benefit for Shareholders

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

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

The upfront income tax relief will be forfeited by shareholders if the shares are not held for five years or the Company loses its approval as a VCT in that period.

The other tax reliefs will similarly be lost if the Company loses its approval as a VCT.

Venture Capital Trust Status

Foresight VCT plc has been granted approval as a Venture Capital Trust (VCT) under Sections 274–280A of the Income Tax Act 2007 for the year ended 31 December 2019. The next complete review will be carried out for the year ended 31 December 2020. It is intended that the business of the Company be carried on so as to maintain its VCT status.

The Board and the Manager have managed, and continue to manage, the business in order to comply with the legislation applicable to VCTs. The Board has appointed Shakespeare Martineau LLP to monitor and provide continuing advice in respect of the Company's compliance with applicable VCT legislation and regulation. As at 31 December 2020 the Company had 94.7% (by VCT valuation) of its applicable funds in such VCT qualifying holdings.

Future Strategy

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

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

This report has been approved for issue by the Board.

John Gregory
Chairman
9 April 2021

BOARD OF DIRECTORS

Governance

John Gregory Chairman of the Board



Position	Chairman of the Board
Appointed	30 July 2010
Experience	John is a chartered accountant with a broad experience of banking, corporate finance and fund management; he was an executive director of Noble Fund Managers Limited until 2004. His earlier career was in the City of London and included posts as an executive director of Singer & Friedlander Holdings Limited and, before that, managing director of Henry Ansbacher & Co Limited.
Other positions	Chairman of Social Impact VCT plc and a non-executive director of a private company.
Beneficial Shareholding	49,322 shares

Gordon Humphries Non-executive Director



Position	Chairman of the Audit and Nomination Committees, Non-Executive Director
Appointed	20 February 2007
Experience	Gordon has over 30 years' experience in financial services, particularly with regard to investment trusts. He was an investment director and the head of investment companies at Standard Life Investments. Prior to this he was joint head of investment trusts at F&C Asset Management. He was previously a director of R&H Fund Services Limited and was a member of the Institute of Chartered Accountants of Scotland Audit and Assurance Committee for the period 2005 to 2015. Gordon began his career with Deloitte Haskins & Sells (now PwC), where he qualified as a chartered accountant. He has an MA (Hons) in Economics and Accounting from the University of Edinburgh.
Other positions	Director of Maven Income and Growth VCT 5 plc and JPMorgan Smaller Companies Investment Trust plc.
Beneficial Shareholding	27,783 shares

BOARD OF DIRECTORS

Governance

Jocelin Harris

Non-executive Director



Position	Non-Executive Director
Appointed	18 December 2015
Experience	Jocelin is a qualified solicitor and since 1986 has run Durrington Corporation, which provides finance and advice for small businesses. Before this he was a director of private bank Rea Brothers for 13 years. He has personally invested in over 50 development stage companies over the last 40 years.
Other positions	Currently chairman or non-executive director of a number of companies in the UK and the USA. He is also a non-executive director of Unicorn AIM VCT plc and a trustee of St Peter's College, Oxford and of the University Schools Multi Academy Trust.
Beneficial Shareholding	66,977 shares

Margaret Littlejohns

Non-executive Director



Position	Chairman of the Management Engagement & Remuneration Committee, Non-Executive Director
Appointed	1 October 2017
Experience	Margaret has 19 years of experience in both commercial and investment banking, developing particular expertise in derivatives and in credit and market risk management. Between 2004 and 2006 she co-founded two start-up ventures, providing self-storage facilities to domestic and business customers in the Midlands and acted as finance director until the businesses were successfully sold in 2016.
Other positions	Margaret currently serves as non-executive chairman of Henderson High Income Trust plc and as non-executive director of UK Commercial Property REIT Limited.
Beneficial Shareholding	38,759 shares

BOARD OF DIRECTORS

Governance

Patricia Dimond

Non-executive Director



Position	Non-executive Director
Appointed	1 February 2021
Experience	Patty has had an international career with over 30 years in the consumer, retail and financial sectors. As an Executive or Strategic Advisor, she has worked with FTSE 100, Private Equity and owner managed companies. She is an investor in early stage technology ventures, with an expertise in Fintech. Patty is an alumna of McKinsey & Company and a Chartered Financial Analyst (CFA). She qualified, with Deloitte Haskins & Sells, as a Chartered Accountant (CA), and holds an MBA from IMD Switzerland.
Other positions	Patty currently serves as a Non-Executive Director for LXi REIT Plc, where she is the Chair of the Audit Committee and is a trustee and Non-Executive Director of the English National Opera where she is Senior Independent Director (SID) and the Chair of the Audit and Risk Committee.
Beneficial Shareholding	Nil

Please note that the information on the Directors noted above is accurate up to the date of signing of the Annual Report and Accounts.



“We have found in Foresight a team that showed a great understanding of our market and immediately understood our business, our values and our mission to get more people active through the use of technology. Their experience, track record and investment is a vote of confidence in our business model and marks an important milestone as we expand into new markets and geographies.”

*Dave Vibert-Ward,
CEO, ClubSpark*

DIRECTORS' REPORT

Governance

The Directors present their report and the financial statements of the Company for the year ended 31 December 2020.

Activities and status

The principal activity of the Company during the year was the making of investments in unquoted companies in the UK. The Company is not an investment company within the meaning of Section 833 of the Companies Act 2006. It has satisfied the requirements as a VCT under Sections 274–280A of the Income Tax Act 2007. Confirmation of the Company's qualification as a VCT has been received up to 31 December 2019 and the Board has managed and intends to continue to manage the Company's affairs in such a manner as to continue to comply with these regulations.

Results and dividends

The total return attributable to shareholders for the year amounted to £3,380,000 (2019: £5,853,000).

The Board declared a final dividend of 3.3p per share which was paid on 19 June 2020.

The Board is recommending a final dividend for the year ended 31 December 2020 of 3.7p per share, to be paid on 25 June 2021 based on an ex-dividend date of 10 June 2021, with a record date of 11 June 2021.

Net asset value total return

During the year ended 31 December 2020 the Company's principal indicator of performance, NAV total return increased 0.7% (2019: 4.4%) from 76.5p per share to 77.0p per share.

Share issues

During the year 34,331,524 shares and 1,944,207 shares were issued pursuant to an offer for subscription and the dividend reinvestment scheme respectively. Shares were issued at issue prices ranging from 63.3p to 77.4p per share.

At 31 December 2020 the Company had 205,954,017 shares in issue.

Share buybacks

During the year, the Company repurchased 4,281,119 shares for cancellation at a cost of £2,674,000. No shares bought back by the Company are held in treasury. Share buy-backs have been completed at an average discount of 10.1%.

Global greenhouse gas emissions

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

Principal risks, risk management and regulatory environment

A summary of the principal risks faced by the Company is set out in the Strategic Report on page 31.

Management

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

Annually, the Management Engagement & Remuneration Committee reviews the appropriateness of the Manager's appointment. In carrying out its review, the Management Engagement & Remuneration Committee considers the investment performance of the Company and the ability of the Manager to produce satisfactory investment performance. It also considers the length of the notice period of the investment management contract and fees payable to the Manager, together with the standard of other services provided which include company secretarial services. It is the Board's opinion that the continuing appointment of the Manager on the terms agreed is in the interests of shareholders as a whole. The last review was undertaken in March 2021. The principal terms of the management agreement are set out in note 3 to the accounts.

The annual expenses cap is 2.4%, excluding performance incentive fees, which is one of the lower expenses

caps of any VCT with total assets over £20 million.

No Director has an interest in any contract to which the Company is a party other than their own appointment. Foresight Group CI Limited, which acted as Manager to the Company until 27 January 2020, earned fees of £192,000 (2019: £2,573,000). Foresight Group LLP was appointed as Manager on 27 January 2020 and earned fees of £2,527,000 up to 31 December 2020 (2019: £nil). Foresight Group LLP received £120,000 (2019: £120,000) during the year in respect of secretarial, administrative, accounting and custodian services to the Company.

Foresight Group LLP also received from investee companies arrangement fees of £230,000 (2019: £404,000) and directors' fees of £682,000 (2019: £737,000).

	£'000
Management fee	2,719
Arrangement fees	230
Directors fees	682
Secretarial fee	120
	3,751

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

At the time of writing, staff of the Manager held a total of 1,794,144 shares in the Company.

VCT status monitoring

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

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

Governance

Substantial shareholdings

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

Financial instruments

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

Likely future developments

Please refer to the Manager's Review on page 12 for more details on likely future developments.

Directors indemnification and insurance

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

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

Policy of paying creditors

The Company does not subscribe to a particular code but follows a policy whereby suppliers are paid by the due date and investment purchases are settled in accordance with the stated terms. At the year end trade creditors represented an average credit period of less than 1 day (2019: 1 day).

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 costs and administration requirements are not material. The Company's approval was confirmed in August 2014. This has not affected the current arrangements with the Manager, who continues to report to the Board and manage the Company's investments on a discretionary basis.

Audit Information

Pursuant to Section 418(2) of the Companies Act 2006, each of the Directors confirms that (a) so far as they are aware, there is no relevant audit information of which the Company's auditor is unaware; and (b) they have taken all steps they ought to have taken to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of such information.

Statutory instrument 2008/410 schedule 7 part 6

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

Capital Structure

The Company's issued share capital as at 9 April 2021 was 205,954,017 ordinary shares of 1 penny each. The ordinary shares represent 100% of the total share capital. Further information on the share capital of the Company is detailed in note 12 to the accounts.

Voting Rights in the Company's shares

Details of the voting rights in the Company's shares at the date of this report are given in note 6 in the Notice of Annual General Meeting on page 80.

Notifiable interests in the Company's voting rights

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

Auditor

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

Companies Act 2006 Disclosures

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

- the Company's capital structure and voting rights are summarised

above, and there are no restrictions on voting rights nor any agreement between holders of securities that result in restrictions on the transfer of securities or on voting rights;

- there exist no securities carrying special rights with regard to the control of the Company;
- the rules concerning the appointment and replacement of directors, amendment of the Articles of Association and powers to issue or buy back the Company's shares are contained in the Articles of Association of the Company and the Companies Act 2006;
- the Company does not have any employee share scheme;
- there exist no agreements to which the Company is party that may affect its control following a takeover bid; and
- there exist no agreements between the Company and its Directors providing for compensation for loss of office that may occur following a takeover bid or for any other reason.

Conflicts of interest

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

Whistleblowing

The Board has been informed that the Manager has arrangements in place in accordance with the UK Corporate Governance Code's recommendations by which staff may, in confidence, raise concerns within their respective organisations about possible improprieties in matters of financial reporting or other matters. On the basis of that information, adequate arrangements are in place for the proportionate and independent

DIRECTORS' REPORT

Governance

investigation of such matters and, where necessary, for appropriate follow-up action to be taken within their respective organisations.

Going concern

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

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

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

The Directors have considered both the impact of Covid-19 and Brexit during their assessment of going concern and have reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual accounts.

Post balance sheet events are disclosed in note 21.

Directors remuneration

Following changes to the Companies Act 2006, UK investment companies must comply with new regulations in relation to directors' remuneration.

Directors' fees can only be paid in accordance with a remuneration policy which has been approved by shareholders. The Company must also publish a Directors' Remuneration Report that complies with a new set of disclosure requirements. See page 47.

Annual General Meeting

A formal notice convening the Annual General Meeting on 27 May 2021 can be found on pages 80 to 83. Please refer to the notice in relation to the format of this year's meeting and the request to observe social distancing guidelines in place. Resolutions 1 to 10 will be proposed as ordinary resolutions meaning that for each resolution to be passed more than half of the votes cast at the meeting must be in favour of the resolution. Resolutions 11 to 14 will be proposed as special resolutions meaning that for each resolution to be passed at least 75% of the votes cast at the meeting must be in favour of the resolution. Resolutions 10 to 12 renew share issue and buyback authorities granted at previous general meetings of the Company and, together with Resolutions 13 and 14, are explained in further detail below. The Directors believe that the proposed resolutions to be proposed at the Annual General Meeting are in the interests of Shareholders and accordingly recommend Shareholders to vote in favour of each resolution.

Resolution 9

The Directors recommend to shareholders the payment of a final dividend in respect of the financial year ended 31 December 2020 of 3.7p per share of 1p each in the capital of the Company, for payment on 25 June 2021 to shareholders on the register on 10 June 2021.

Resolution 10

Resolution 10 will authorise the Directors to allot relevant securities generally, in accordance with Section 551 of the Companies Act 2006, up to an aggregate nominal amount of £400,000 (representing 19.4% of the issued share capital of the Company as at the date of this Annual Report). This authority will be used for the purposes listed under the authority requested under Resolution 11. This includes authority to issue shares pursuant to the dividend

reinvestment scheme operated by the Company, performance incentive fee arrangements with Foresight Group LLP and relevant individuals of the Foresight Group LLP investment team and top-up offers for subscription to raise new funds for the Company if the Board believes this to be in the best interests of the Company. Any offer is intended to be at an offer price linked to NAV. The authority conferred by Resolution 10 is in substitution for all existing authorities and will expire (unless renewed, varied or revoked by the Company in a general meeting) on the fifth anniversary of the passing of the resolution save that the Company may allot equity shares after such date in pursuant of a contract or contracts made prior to the expiration of this authority.

Resolution 11

Resolution 11 will sanction, in a limited manner, the disapplication of pre-emption rights in respect of the allotment of equity securities (i) with an aggregate nominal amount of up to £200,000 pursuant to offer(s) for subscription, (ii) with an aggregate nominal amount of up to 10% of the issued share capital pursuant to the dividend reinvestment scheme operated by the Company at a subscription price per share which may be less than the net asset value per share, as may be prescribed by the scheme terms, (iii) with an aggregate nominal amount of up to £100,000 pursuant to performance incentive arrangements with Foresight Group LLP and relevant individuals of the Foresight Group LLP investment team at a subscription price which may be less than net asset value per share and (iv) with an aggregate nominal amount of up to 10% of the issued share capital for general purposes, in each case where the proceeds of such issue may be used in whole or part to purchase the Company's shares. The authority conferred by Resolution 11 is in substitution for all existing authorities and will expire (unless renewed, varied or revoked by the Company in a general meeting) at the conclusion of the Annual General Meeting to be held in 2022 or, if earlier, on the date falling 15 months after the passing of the resolution, save that the Company shall be entitled to make offers or agreements before the

DIRECTORS' REPORT

Governance

expiry of such authority which would or might require equity securities to be allotted after such expiry and Directors shall be entitled to allot equity securities pursuant to any such offers or agreements as if the authority conferred hereby had not expired.

Resolution 12

It is proposed by Resolution 12 that the Company be authorised to make market purchases of the Company's own shares. Under this authority the Directors may purchase up to 30,827,507 shares, (representing approximately 14.99% of the Company's shares in issue at the date of this Annual Report) or, if lower, such number of shares (rounded down to the nearest whole share) as shall equal 14.99% of the issued share capital at the date the resolution is passed. When buying shares, the Company cannot pay a price per share which is more than 105% of the average of the middle market quotation for a share taken from the London Stock Exchange daily official list on the five business days immediately before the day on which shares are purchased or, if greater, the amount stipulated by Article 5(6) of the Market Abuse Regulation (596/2014/EU). The authority conferred by Resolution 12 is in substitution for all existing authorities and will expire (unless renewed, varied or revoked by the Company in a general meeting) at the conclusion of the Annual General Meeting to be held in 2022 or, if earlier, on the date falling 15 months after the passing of the resolution, save that the Company may purchase its shares after such date in pursuance of a contract or contracts made prior to the expiration of this authority.

Up front VCT income tax relief is only obtainable by an investor who makes an investment in new shares issued by the Company. This means that investors may be willing to pay more for new shares issued by the Company than they would pay to buy existing shares in the market. Therefore, in the interest of shareholders who may need to sell shares from time to time, the Company proposes to renew the authority to buy-in shares as it enables the Board, where possible, to maintain a degree of liquidity in the Company's shares. In making purchases the Company will deal only with member

firms of the London Stock Exchange and at a discount to the then prevailing net asset value per share of the Company's shares to ensure that existing shareholders' interests are protected.

Resolution 13

Resolution 13 seeks the authority from shareholders (as required under the Companies Act 2006) to reduce the share premium account of the Company by £39.2 million.

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

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

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

The amount to be cancelled is related to share premium created by the issue of shares on or before 31 December 2017 and is not, therefore, regarded under VCT legislation as restricted capital which should not be used to make, directly or indirectly, payments to shareholders.

Resolution 14

It is proposed by Resolution 14 to adopt new articles of association ("New Articles").

The key changes in the New Articles provide for the ability to hold virtual and hybrid general meetings, with consequential changes relating to

definitions, how notices can be sent, attendance and meeting procedure and when shareholders in attendance at general meetings virtually will count and be able to vote. This will make it easier for shareholders to take part in future general meetings, particularly where the Company is unable to hold a physical meeting.

The New Articles will also permit the Directors of the Company to postpone an already convened general meeting because of unforeseen circumstances and the ability to then hold the general meeting at a different time or place or by an alternative electronic facility.

The Board wishes to note its preference is to hold AGMs by way of an open meeting and AGMs will only be held virtually where absolutely necessary.

In addition, an amendment has been made to Article 30.1 (Dividends) such that the Directors 'may' (as opposed to 'will') distribute to shareholders the realised profits of the Company provided it is considered both prudent and in the best interests of shareholders to do so. This is to allow additional flexibility to the Board when considering whether to distribute or retain realised profits of the Company.

The other changes are mostly to replace specific gender references with generic wording and some minor typographical and grammatical correction updates.

A copy of the proposed New Articles (tracked showing the changes) will be available for inspection during normal business hours (excluding Saturdays, Sundays and public holidays) at the registered office of the Company and online at www.foresightvct.com until the close of the meeting. Copies will also be available at the location of the Annual General Meeting (for 15 minutes prior to the meeting and during the meeting).

This report has been approved for issue by the Board.

Foresight Group LLP
Company Secretary
9 April 2021

Governance

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

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

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

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

Unless noted as an exception below, the requirements of the AIC Code were complied with throughout the year ended 31 December 2020.

The Board

The Board comprises five directors, all of whom are non-executive and independent of the Manager and considered independent for the purposes of the AIC Code and the Listing Rules. The Chairman has served on the Board for more than nine years from the date of his first appointment in July 2010 and as noted in the Chairman’s statement, he is intending to step down at the forthcoming AGM and is not offering himself for re-election. The Nomination Committee meets annually to discuss the appropriateness of the Board appointments and considers there to be no circumstances which are likely to impair the Chairman’s independence.

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

Division of responsibilities

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

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

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

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

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

In addition to the meetings below, nine further meetings were held in relation to the publication of corporate documents, investments and in connection with the recruitment of an additional Director where the Board engaged a third party adviser of Trust Associates Limited.

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

Patricia was appointed on 1 February 2021.

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

Board committees

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

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

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

engagement of the external auditor to supply non-audit services.

In the prior year, the Board appointed Deloitte LLP as the Company's auditor.

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

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

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

The Board believes that, as a whole, it has an appropriate balance of skills, experience and knowledge. The Board also believes that diversity of

experience and approach, including gender diversity, amongst Board members is important and it is the Company's policy to give careful consideration to issues of Board balance and diversity when making new appointments. The Board currently comprises two female and three male Directors. There is no formal diversity policy in place however the Board is conscious of the need for diversity and will consider both male and female candidates when appointing new Directors. The Nomination Committee makes recommendations to the Board on the Company's succession plans and also considers the resolutions for the annual re-election of directors.

Board evaluation

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

Internal controls

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

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

The Manager has an established system of financial control, including internal financial controls, to ensure that proper accounting records are maintained

Governance

and that financial information for use within the business and for reporting to shareholders is accurate and reliable and that the Company's assets are safeguarded.

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

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

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

The Board is provided with reports highlighting all changes to the risk ratings and confirming the action that has been, or is being, taken. This process covers consideration of the key business, operational, compliance and financial risks facing the Company and includes consideration of the risks associated with the Company's arrangements with the Manager,

Shakespeare Martineau LLP and other service providers.

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

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

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

The Board has reviewed the need for an internal audit function. It has decided that the systems and procedures employed by the Manager, the Audit Committee and other third party advisers provide sufficient assurance that a sound system of internal control, which safeguards shareholders' investments and the Company's assets, is maintained. In addition, the Company's financial statements are audited by external auditors. The Board has therefore concluded that it is not necessary to establish an internal audit function at present but this policy will be kept under review.

UK Stewardship Code

While the Manager supports the aims

and objectives of the Stewardship Code, it is not currently a signatory to the Code which is more applicable to listed securities. A statement explaining its position has been published on the Manager's website at www.foresightgroup.eu/responsible-investing/governance/stewardship-code.

Relations with shareholders

The Company communicates with shareholders and solicits their views where it considers it is appropriate to do so. The Manager hosts regular investor forums for shareholders and publishes quarterly factsheets, as well as information on new investments, on the Company's website. Individual shareholders are welcomed, when not prevented by temporary regulations, to the Annual General Meeting where they have the opportunity to ask questions of the Directors, including the Chairman, as well as the Chairmen of the Audit, Nomination and Management Engagement & Remuneration Committees. The Board may from time to time seek feedback through shareholder questionnaires and an open invitation for shareholders to meet the Manager. For more information on the Directors' relations with shareholders please refer to the Section 172(1) statement in the Strategic Report on page 31.

John Gregory

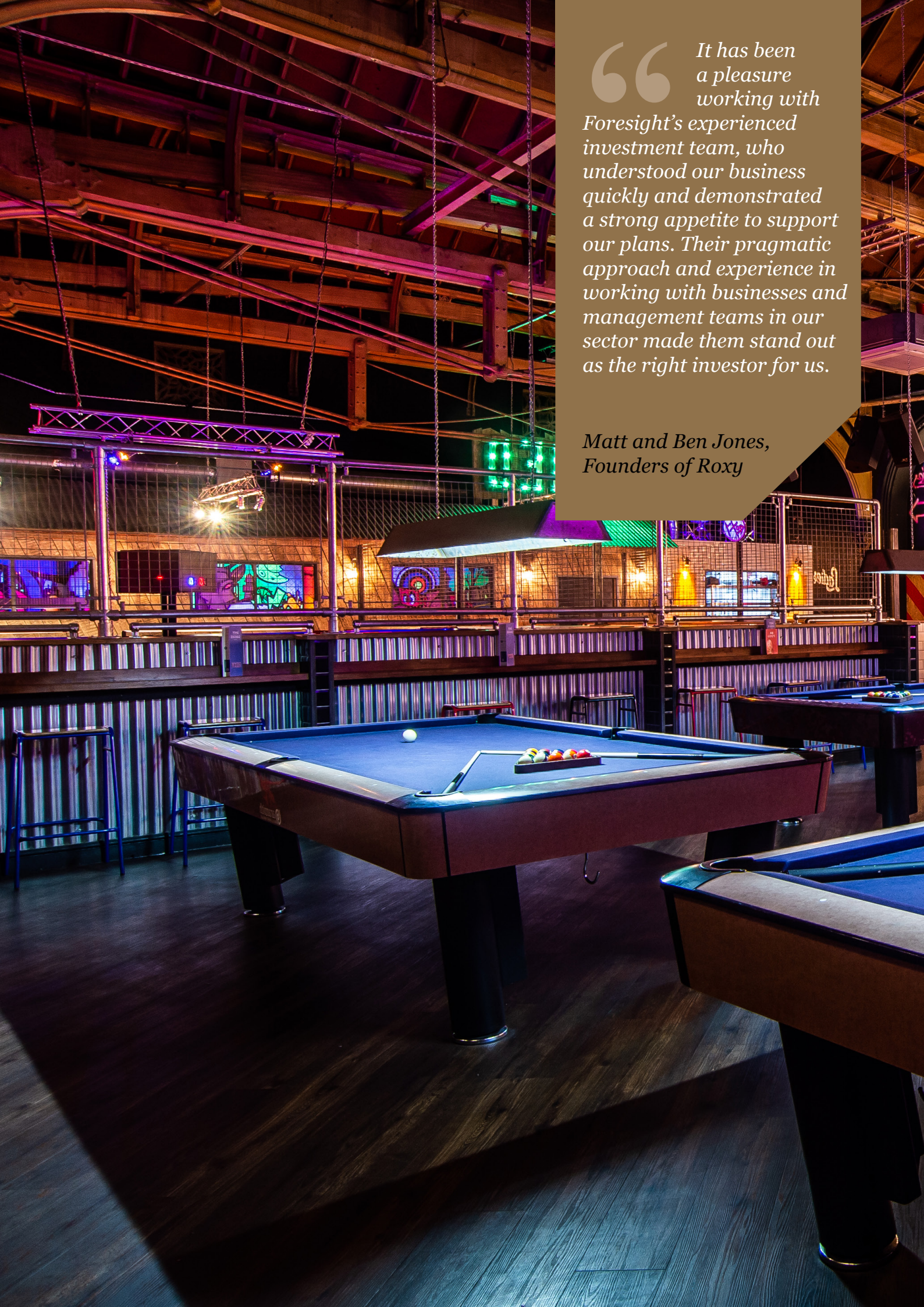
Chairman

9 April 2021

“

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

*Matt and Ben Jones,
Founders of Roxy*



AUDIT COMMITTEE REPORT

Governance

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

- Valuation of unquoted investments;
- Existence of unquoted investments; and
- 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 VCT, the Company's investments are predominantly in unlisted securities, which are difficult to value and require the application of skill, knowledge and judgement by the Board and Audit Committee. During the valuation process the Manager follows the valuation methodologies for unlisted investments as set out in the International Private Equity and Venture Capital valuation guidelines and appropriate industry valuation benchmarks. These valuation policies are set out in note 1 of the accounts. These were then further checked by the auditor and reviewed and challenged by the Audit Committee. The Manager confirmed to the Audit Committee that the investment valuations had been calculated consistently with prior periods and in accordance with published industry guidelines, taking account of the latest available information about investee companies and current market data.

Existence of unquoted investments

For all investments made, both share certificates and loan stock documentation are held by the Manager in the Company's own name

and monthly reconciliations are carried out by the Manager to ensure that valid documents of title are held.

Venture capital trust status

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

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

Auditor's assessment

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

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

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

The Audit Committee met in March 2020 to review the 2019 annual audited accounts and the Company's risk register, in August 2020 to review the half-yearly report, the audit plan for December 2020 and the Company's risk register, and in March 2021 to review the 2020 annual audited accounts.

Gordon Humphries

Audit Committee Chairman
9 April 2021

Introduction

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

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

Annual Statement from the Chairman of the Management Engagement and Remuneration Committee

The Board, which is profiled on pages 34 to 36, consists solely of non-executive directors and considers at least annually the level of the Directors' fees.

Consideration by the Directors of matters relating to Directors' Remuneration

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

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

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

remuneration paid are broadly in line with industry standards and members have access to independent advice where they consider it appropriate

During the year neither the Board nor the Management Engagement & Remuneration Committee has been provided with external advice or services by any person, but has received industry comparison information from the Manager and industry research carried out by third parties in respect of Directors' remuneration.

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

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

Remuneration policy

The Board's policy is that the remuneration of Non-Executive Directors should reflect time spent and the responsibilities borne by the Directors for the Company's affairs and should be sufficient to enable candidates of high calibre to be recruited. The levels of Directors' fees paid by the Company for the year ended 31 December 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 if requested by any Director, although no such request has been made).

None of the Directors has a service contract but, under letters of appointment dated 10 January 2018 and 1 February 2021 (Patricia Dimond), they may resign at any time. There are no set minimum notice periods and no compensation is payable to Directors leaving office.

As the Directors are not appointed for a fixed length of time there is no unexpired term to their appointment but all Directors retire every year and may seek re-election.

It is the intention of the Board that the above remuneration policy will, subject to shareholder approval, come into effect immediately following the Annual General Meeting of the Company on 27 May 2021 and will continue for a period of three years unless renewed, varied or revoked in a general meeting.

Shareholders' views in respect of Directors' remuneration may be 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 95.8% of shareholders voted for the resolution approving the Directors' Remuneration Report, showing significant shareholder support.

Please refer to page 49 for the Directors remuneration tables.

Retirement by rotation

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

Details of individual emoluments and compensation

The emoluments in respect of qualifying services of each person who served as a Director during the year are shown on page 49. No Director has waived or agreed to waive any emoluments from the Company in either the current or previous year.

DIRECTORS' REMUNERATION REPORT

Governance

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

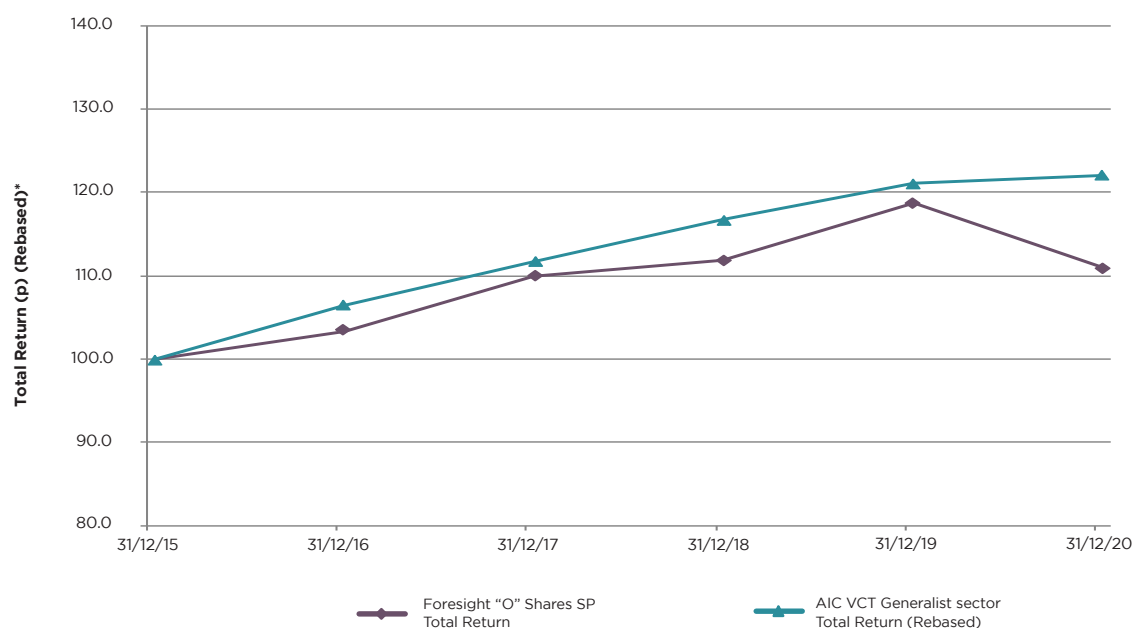
The Company's Articles of Association do not set an annual limit on the level of Directors' fees but fees must be considered within the wider Remuneration Policy noted above.

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

Share price total return

The graph below charts the total shareholder return to 31 December 2020, on the hypothetical value of £100, invested on 1 January 2016. The return is compared to the total shareholder return on a notional investment of £100 in the AIC VCT Generalist sector.

Share Price Total Return (pence)



*Based on an initial investment on 1 January 2016.

DIRECTORS' REMUNERATION REPORT

Governance

Directors

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

	31 December 2020 Shares (audited)	31 December 2019 Shares (audited)
John Gregory (Chairman)	49,322	46,878
Jocelin Harris	66,977	63,658
Gordon Humphries	27,783	17,363
Margaret Littlejohns	38,759	—

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

In accordance with the UK Corporate Governance Code and the Board's policy, Mr Gregory, Mr Humphries, Mr Harris and Ms Littlejohns retire annually and, being eligible, offer themselves for re-election. Biographical notes on the Directors are given on pages 34 to 36.

Patricia Dimond was appointed as a non-executive Director on 1 February 2021 and the Board believes that Ms Dimond's, Mr Gregory's, Mr Humphries', Mr Harris' and Ms Littlejohns' skills, experience and knowledge continue to complement each other and add value to the Company and recommends their re-appointment and re-election to the Board, other than Mr Gregory who, as noted in the Chairman's Statement, intends to retire at the forthcoming AGM. None of the Directors has a contract of service with the Company.

Audited Information

The information below has been audited. See the Independent Auditor's Report on pages 52 to 59.

	Audited Directors' fees year ended 31 December 2020 (£)	Audited Directors' taxable benefits^ year ended 31 December 2020 (£)	Audited total remuneration year ended 31 December 2020 (£)	Audited total remuneration year ended 31 December 2019 (£)
John Gregory (Chairman)	32,650	—	32,650	32,075
Jocelin Harris	24,200	—	24,200	23,900
Gordon Humphries	29,500	1,300	30,800	30,776
Margaret Littlejohns	25,400	—	25,400	24,500
Total	111,750	1,300	113,050	111,251

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

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

DIRECTORS' REMUNERATION REPORT

Governance

Votes cast For and Against the Directors' Remuneration Report for the year ended 31 December 2019:

Shares and Percentage of votes cast For	Shares and Percentage of votes cast Against	Number of votes withheld
95.8%	4.2%	
12,974,234 votes	574,046 votes	362,707 votes

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

	Year ended 31 December 2020	Year ended 31 December 2019
Dividends	£6,804,000	£8,753,000
Share buybacks	£2,674,000	£2,060,000
Total shareholder distributions	£9,478,000	£10,813,000
Directors fees	£111,750	£108,375
Directors fees % of shareholder distributions	1.2%	1.0%

Approval of report

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

This Directors' Remuneration Report was approved by the Board on 9 April 2021 and is signed on its behalf by Margaret Littlejohns (Director).

On behalf of the Board

Margaret Littlejohns

Director
9 April 2021

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Governance

Statement of directors' responsibilities in respect of the annual report and accounts

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

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

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

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

Statement of the Directors in respect of the annual report

We confirm that to the best of our knowledge:

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

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

On behalf of the Board

John Gregory

Chairman

9 April 2021

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FORESIGHT VCT PLC

Governance

Report on the audit of the Financial Statements

1. Opinion

In our opinion the Financial Statements of Foresight VCT PLC (the Company):

- give a true and fair view of the state of the Company's affairs as at 31 December 2020 and of its return for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the Financial Statements which comprise:

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

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

2. Basis for opinion

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

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

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

3. Summary of our audit approach

Key audit matters	The key audit matter that we identified in the current year was the valuation of unquoted investments.
	Within this report, key audit matters are identified as follows: ! Newly identified ⬆ Increased level of risk ↔ Similar level of risk ⬇ Decreased level of risk

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FORESIGHT VCT PLC

Governance

3. Summary of our audit approach (continued)

Materiality	The materiality that we used in the current year was £3.02m (2019: £1.35m), which was determined on the basis of 2% (2019: 1%) of the net asset value of the Company at year end.
Scoping	Audit work to respond to the risks of material misstatement was performed directly by the engagement team.
Significant changes in our approach	We have changed our materiality basis to 2% of the net asset value (2019: 1%), due to our experience and knowledge of the Company that we gained from the prior year audit, and to align with industry standard. We have also refined our key audit matter around the valuation of unquoted investments, focusing the key audit matter on the valuation of investments in sectors that are more impacted by Covid-19, including retail, leisure and hospitality.

4. Conclusions relating to going concern

In auditing the Financial Statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the Financial Statements is appropriate.

Our evaluation of the Directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included:

- Considering as part of our risk assessment the nature of the Company, its business model and related risks including where relevant the impact of the COVID-19 pandemic and Brexit, the requirements of the applicable financial reporting framework and the system of internal control.
- Evaluating the Directors' assessment of the Company's ability to continue as a going concern, including challenging the underlying data and key assumptions used to make the assessment through review of forecasted cash flows and the impact of external market forces, and evaluating the Directors' plans for future actions in relation to their going concern assessment.
- Assessing the Directors' statement in Note 1a to the Financial Statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the Financial Statements are authorised for issue.

In relation to the reporting on how the Company has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' statement in the Financial Statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FORESIGHT VCT PLC

Governance

5. Key audit matters

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

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

5.1. Valuation of unquoted investments <>

Key audit matter description	The Company holds unquoted investments of £132.7m, representing 87.4% of the entity's net assets (2019: £120.5m, 90.5%). The valuation of the investments held by the VCT, due to materiality in the context of the financial statements as a whole, is considered to be one of the areas which has the greatest effect on our overall audit strategy and allocation of resources in planning and completing our audit. The unquoted investments are valued in line with IPEV Guidelines and carry a higher degree of judgement. In particular, investments held by the VCT that are in the retail, leisure and hospitality industries have been highlighted as being particularly judgemental due to the adverse impact that the Covid-19 pandemic has had on these industries. Therefore, we have pinpointed the key audit matter of material misstatement to the valuation of unquoted investments operating in these sectors. Refer to note 1b to the financial statements for the accounting policy on unquoted investments and details of the investments are disclosed in note 9 to the financial statements. Critical accounting judgement and key sources of estimation uncertainty is disclosed in note 1k. The valuation of investment risk is included within the Audit Committee report on page 46.
How the scope of our audit responded to the key audit matter	Our testing included: - Obtaining an understanding of controls in place over the valuation of unquoted investments through enquiry of management and detailed review of documentation of relevant controls; - assessing the valuation methodology applied for compliance with the IPEV Guidelines and assessed the assumptions adopted, enquiring with and challenging the Manager on the assumptions where appropriate; - testing the judgemental inputs around maintainable Revenue/EBITDA adjusted for the impact of Covid-19 as relevant, against management accounts and latest audited accounts where available. We have reviewed the suitability and accuracy of the multiple from a basket of comparable transactions/quoted companies; - challenging the Manager on any adjustments made in relation to the impact of Covid-19 on the performance of the investee companies, scrutinising cash position and forecasts as relevant; - testing a sample of unquoted investee company data (e.g. financial information and capital structures) to supporting documentation; and - assessing whether any critical judgement or sources of estimation uncertainty were applied and appropriately disclosed.
Key observations	Based on our testing, we concluded that the valuation of the unquoted investments is reasonable.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FORESIGHT VCT PLC

Governance

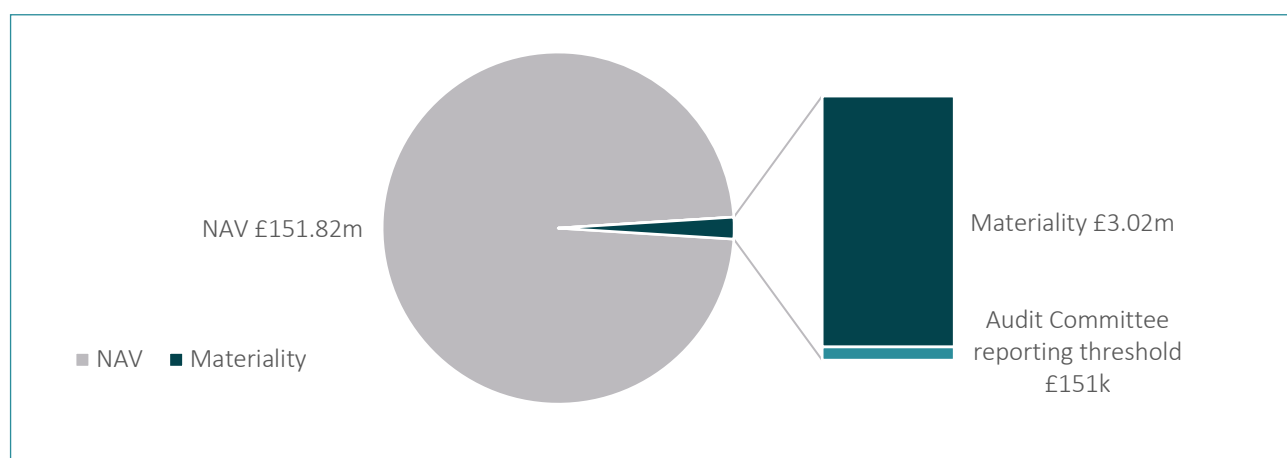
6. Our application of materiality

6.1. Materiality

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

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

Materiality	£3.02m (2019: £1.35m)
Basis for determining materiality	2% (2019: 1%) of net asset value. The change in the materiality percentage basis is as a result of the prior year being the first year of audit and therefore set at a lower percentage. The percentage has increased in the current year to bring materiality in line with the industry standard and as a result of the knowledge and understanding gained in the prior year.
Rationale for the benchmark applied	Net asset value is the primary measure used by the Shareholders in assessing the performance of the Company as an investment entity.



6.2. Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the Financial Statements as a whole.

Performance materiality was set at 60% of materiality for the 2020 audit (2019: 60%). In determining performance materiality, we considered our risk assessment, including our assessment of the company's overall control environment and that we do not rely on controls. We also considered that there has been a low number of corrected and uncorrected misstatements identified in the prior year.

6.3. Error reporting threshold

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £151k (2019: £67k), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the Financial Statements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FORESIGHT VCT PLC

Governance

7. An overview of the scope of our audit

7.1. Scoping

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

7.2. Our consideration of the control environment

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

8. Other information

The other information comprises the information included in the annual report, other than the Financial Statements and our auditor's report thereon. The Directors are responsible for the other information contained within the annual report.

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

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Financial Statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated.

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

We have nothing to report in this regard.

9. Responsibilities of directors

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

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

10. Auditor's responsibilities for the audit of the financial statements

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FORESIGHT VCT PLC

Governance

11. Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

11.1. Identifying and assessing potential risks related to irregularities

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

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

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

We also obtained an understanding of the legal and regulatory framework that the Company operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the Financial Statements. The key laws and regulations we considered in this context included the UK Companies Act and Listing Rules.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the Financial Statements but compliance with which may be fundamental to the Company's ability to operate or to avoid a material penalty. These included the Company's compliance with VCT regulations.

11.2. Audit response to risks identified

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

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

- reviewing the Financial Statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the Financial Statements;
- enquiring of management, the Audit Committee and external legal counsel concerning actual and potential litigation and claims;

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FORESIGHT VCT PLC

Governance

11.2. Audit response to risks identified (continued)

- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance, and reviewing correspondence with HMRC and the FCA; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

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

Report on other legal and regulatory requirements

12. Opinions on other matters prescribed by the Companies Act 2006

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

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

- the information given in the Strategic Report and the Directors' Report for the financial year for which the Financial Statements are prepared is consistent with the Financial Statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

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

13. Corporate Governance Statement

The Listing Rules require us to review the Directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the Financial Statements and our knowledge obtained during the audit:

- the Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 40;
- the Directors' explanation as to its assessment of the Company's prospects, the period this assessment covers and why the period is appropriate set out on page 33;
- the Directors' statement on fair, balanced and understandable set out on page 51;
- the Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 31 and 32;
- the section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 43 and 44; and
- the section describing the work of the Audit Committee set out on page 43.

14. Matters on which we are required to report by exception

14.1. Adequacy of explanations received and accounting records

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

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

We have nothing to report in respect of these matters.

14.2. Directors' remuneration

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

We have nothing to report in respect of these matters.

15. Other matters which we are required to address

15.1 Auditor tenure

Following the recommendation of the Audit Committee, we were appointed by the Board of Directors on 30 August 2019 to audit the Financial Statements for the year ending 31 December 2019 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is 2 years, covering the years ending 31 December 2019 to 31 December 2020.

15.2 Consistency of the audit report with the additional report to the Audit Committee

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

16. Use of our report

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

Chris Hunter CA (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

Edinburgh, United Kingdom

9 April 2021

FINANCIAL STATEMENTS

Income Statement

for the year ended 31 December 2020

	Notes	Year ended 31 December 2020			Year ended 31 December 2019		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Realised losses on investments	9	—	(1,415)	(1,415)	—	(2,551)	(2,551)
Investment holding gains	9	—	6,250	6,250	—	10,258	10,258
Income	2	1,844	—	1,844	1,284	—	1,284
Investment management fees	3	(680)	(2,039)	(2,719)	(643)	(1,930)	(2,573)
Other expenses	4	(580)	—	(580)	(565)	—	(565)
Return on ordinary activities before taxation		584	2,796	3,380	76	5,777	5,853
Taxation	6	—	—	—	—	—	—
Return on ordinary activities after taxation		584	2,796	3,380	76	5,777	5,853
Return per share	8	0.3p	1.4p	1.7p	0.0p	3.3p	3.3p

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

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

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

The Company has only one class of business and one reportable segment, the results of which are set out in the Income Statement and Balance Sheet.

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

The notes on pages 64 to 79 form part of these financial statements.

Reconciliation of Movements in Shareholders' Funds

Year ended 31 December 2020	Notes	Called-up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Distributable reserve^ £'000	Capital reserve^ £'000	Revaluation reserve £'000	Total £'000
As at 1 January 2020		1,740	78,841	951	23,799	(1,059)	28,847	133,119
Share issues in the year*	12	363	25,655	—	—	—	—	26,018
Expenses in relation to share issues**		—	(1,221)	—	—	—	—	(1,221)
Repurchase of shares	12	(43)	—	43	(2,674)	—	—	(2,674)
Cancellation of share premium		—	(35,641)	—	35,641	—	—	—
Realised losses on disposal of investments	9	—	—	—	—	(1,415)	—	(1,415)
Investment holding gains	9	—	—	—	—	—	6,250	6,250
Dividends paid	7	—	—	—	(6,804)	—	—	(6,804)
Management fees charged to capital	3	—	—	—	—	(2,039)	—	(2,039)
Revenue return for the year		—	—	—	584	—	—	584
As at 31 December 2020		2,060	67,634	994	50,546	(4,513)	35,097	151,818

^Reserve is available for distribution, total distributable reserves at 31 December 2020 total £46,033,000 (2019: £22,740,000).

*Includes the dividend reinvestment scheme.

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

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

*Relating to the dividend reinvestment scheme.

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

The notes on pages 64 to 79 form part of these financial statements.

FINANCIAL STATEMENTS

Balance Sheet

At 31 December 2020

Registered number: 03421340

	Notes	As at 31 December 2020 £'000	As at 31 December 2019 £'000
Fixed assets			
Investments held at fair value through profit or loss	9	132,739	120,521
Current assets			
Debtors	10	239	362
Cash and cash equivalents		18,939	12,324
		19,178	12,686
Creditors			
Amounts falling due within one year	11	(99)	(88)
Net current assets		19,079	12,598
Net assets		151,818	133,119
Capital and reserves			
Called-up share capital	12	2,060	1,740
Share premium account		67,634	78,841
Capital redemption reserve		994	951
Distributable reserve		50,546	23,799
Capital reserve		(4,513)	(1,059)
Revaluation reserve		35,097	28,847
Equity Shareholders' funds		151,818	133,119
Net asset value per share	13	73.7p	76.5p

The financial statements were approved by the Board of Directors and authorised for issue on 9 April 2021 and were signed on its behalf by:

John Gregory

Chairman

The notes on pages 64 to 79 form part of these financial statements.

Cash Flow Statement

for the year ended 31 December 2020

	Notes	Year ended 31 December 2020 £'000	Year ended 31 December 2019 £'000
Cash flow from operating activities			
Loan interest received from investments	2	478	733
Dividends received from investments	2	1,437	178
Deposit and similar interest received	2	34	186
Investment management fees paid	3	(2,719)	(2,573)
Secretarial fees paid	4	(120)	(122)
Other cash payments	4	(449)	(465)
Net cash outflow from operating activities		(1,339)	(2,063)
Cash flow from investing activities			
Purchase of investments	9	(7,680)	(15,791)
Net proceeds on sale of investments	9	296	1,966
Net proceeds on deferred consideration	9	13	441
Net cash outflow from investing activities		(7,371)	(13,384)
Cash flow from financing activities			
Proceeds of fund raising		24,203	—
Expenses of fund raising		(637)	(92)
Repurchase of own shares		(2,668)	(2,248)
Equity dividends paid	7	(5,573)	(7,308)
Net cash inflow/(outflow) from financing activities		15,325	(9,648)
Net inflow/(outflow) of cash in the year		6,615	(25,095)
Reconciliation of net cash flow to movement in net funds			
Increase/(decrease) in cash and cash equivalents for the year		6,615	(25,095)
Net cash and cash equivalents at start of year		12,324	37,419
Net cash and cash equivalents at end of year		18,939	12,324

Analysis of changes in net debt

	At 1 January 2020 £'000	Cash flow £'000	At 31 December 2020 £'000
Cash and cash equivalents	12,324	6,615	18,939

The notes on pages 64 to 79 form part of these financial statements.

FINANCIAL STATEMENTS

Notes to the Accounts

for the year ended 31 December 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 financial statements have been prepared under the historical cost convention as modified by the revaluation of investments.

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

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

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

Going concern

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

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

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

The Directors have considered both the impact of Covid-19 and Brexit during their assessment of going concern and have reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

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

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

NOTE 1 Accounting policies (continued)

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

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

Unquoted investments are stated at fair value by the Board in accordance with the following rules, which are consistent with the IPEV Valuation Guidelines. When valuing an unquoted investment at fair value the following factors will be considered:

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

c) Income

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

d) Expenses

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

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

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

Notes to the Accounts

for the year ended 31 December 2020

NOTE 1 Accounting policies (continued)

e) Basic financial instruments

Trade and other debtors

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

Trade and other creditors

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

Investments in preference and ordinary shares

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

Cash and cash equivalents

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

f) Other financial instruments

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

g) Taxation

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

h) Deferred Taxation

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

i) Capital reserves

The capital reserve is made up of two elements:

(i) Realised

The following are accounted for in this reserve:

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

(ii) Revaluation reserve (unrealised capital reserve)

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

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

NOTE 1 Accounting policies (continued)

j) Investment recognition and derecognition

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

k) Critical accounting judgement and key sources of estimation uncertainty

The preparation of the financial statements requires the Board to make judgements and estimates that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The Board considers that the only area where the Manager makes critical estimates and assumptions that may have a significant effect on the financial statements relates to the fair valuation of unquoted investments. Trading results of investee companies may differ from the estimates made. The underlying assumptions are reviewed on each valuation date. Sensitivity analysis is performed on the portfolio as a whole and for more detail on this please refer to note 15.

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

2 Income

	Year ended 31 December 2020 £'000	Year ended 31 December 2019 £'000
Loan stock interest	370	920
Dividends receivable	1,437	178
Deposit and similar interest received	34	186
Other income	3	—
	1,844	1,284

3 Investment management fees

	Year ended 31 December 2020 £'000	Year ended 31 December 2019 £'000
Investment management fees charged to the revenue account	680	643
Investment management fees charged to the capital account	2,039	1,930
	2,719	2,573

The Manager advises the Company on investments under an agreement dated 27 January 2020. The agreement may be terminated by not less than one year's notice in writing.

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

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

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

FINANCIAL STATEMENTS

Notes to the Accounts

for the year ended 31 December 2020

4 Other expenses

	Year ended 31 December 2020 £'000	Year ended 31 December 2019 £'000
Accounting and secretarial services (excluding VAT)	120	120
Directors' remuneration including employer's National Insurance contributions	122	116
Auditor's remuneration (excluding VAT) ¹	47	45
Taxation services	3	3
Other	288	281
	580	565

¹The Auditor's remuneration relates to the audit of the financial statements. There were no non-audit fees paid to the Company's auditor during the year (2019: Nil).

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

The Manager is the Company Secretary and received annual fees, paid quarterly in advance, for administration services provided of £120,000 (2019: £120,000). The annual administration fee will be adjusted annually in line with the UK Retail Prices Index and is subject to a cap of £130,000.

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

5 Directors' remuneration

	Year ended 31 December 2020 £'000	Year ended 31 December 2019 £'000
John Gregory	33	32
Jocelin Harris	24	24
Gordon Humphries	30	28
Margaret Littlejohns	25	24
	112	108
Employers' NIC on above as appropriate	10	8
	122	116

Further details of Directors' interests are given on page 49. The Company has no employees.

6 Tax on ordinary activities

	Year ended 31 December 2020			Year ended 31 December 2019		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Current tax						
Corporation tax	—	—	—	—	—	—
Total current tax	—	—	—	—	—	—
Deferred tax	—	—	—	—	—	—
Total tax	—	—	—	—	—	—

6 Tax on ordinary activities (continued)

Factors affecting current tax charge for the year:

The tax assessed for the year is lower (2019: lower) than the standard rate of corporation tax in the UK of 19% (2019: 19%).

The differences are explained below:

	Year ended 31 December 2020 £'000	Year ended 31 December 2019 £'000
Total return on ordinary activities before taxation	3,380	5,853
Corporation tax at 19% (2019: 19%)	642	1,112
Effect of:		
Capital realised losses not taxable	269	485
Capital unrealised gains not taxable	(1,187)	(1,949)
Movement in unutilised expenses	549	386
Dividend income not taxable	(273)	(34)
Total tax charge for the year	—	—

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

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

A deferred tax asset is recognised only to the extent that there will be taxable profits in the future against which the asset can be offset. It is considered too uncertain that this will occur and, therefore, no deferred tax asset has been recognised. There is an unrecognised deferred tax asset of approximately £2,773,000 (2019: £2,230,000).

7 Dividends

	Year ended 31 December 2020 £'000	Year ended 31 December 2019 £'000
Dividends — paid in the year	6,804	8,753

The dividends paid in the year were split between a cash dividend of £5,573,000 (2019: £7,308,000) and the value of the Dividend Re-Investment Scheme of £1,231,000 (2019: £1,445,000).

The Board is recommending a final dividend for the year ended 31 December 2020 of 3.7p (2019: 3.3p).

As at 31 December 2020, reserves available for dividend distribution totalled £46,033,000 (2019: £22,740,000) comprising the capital and distributable reserves.

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

FINANCIAL STATEMENTS

Notes to the Accounts

for the year ended 31 December 2020

8 Return per share

	Year ended 31 December 2020 £'000	Year ended 31 December 2019 £'000
Total return after taxation	3,380	5,853
Total return per share (note a)	1.7p	3.3p
Revenue return from ordinary activities after taxation	584	76
Revenue return per share (note b)	0.3p	0.0p
Capital return from ordinary activities after taxation	2,796	5,777
Capital return per share (note c)	1.4p	3.3p
Weighted average number of shares in issue in the year	199,164,754	175,090,865

Notes:

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

9 Investments held at fair value through profit or loss

	2020 £'000	2019 £'000
Unquoted investments	132,739	120,521

	£'000
Book cost as at 1 January 2020	91,360
Investment holding gains	29,161
Valuation at 1 January 2020	120,521
Movements in the year:	
Purchases at cost	7,680
Disposal proceeds [^]	(296)
Realised losses [*]	(1,428)
Investment holding gains ^{**}	6,262
Valuation at 31 December 2020	132,739
Book cost at 31 December 2020	97,316
Investment holding gains	35,423
Valuation at 31 December 2020	132,739

[^]The Company received £296,000 (2019: £1,966,000) from the disposal of investments during the year. The book cost of these investments when they were purchased was £1,724,000 (2019: £4,957,000). These investments have been revalued over time and until they were sold any unrealised gains or losses were included in the fair value of the investments.

^{*}Realised losses in the income statement includes deferred consideration of £13,000 received from Idio Limited in the year.

^{**}Investment holding gains in the income statement have been reduced by the offset in the deferred consideration debtor of £12,000 (Idio Limited).

10 Debtors

	2020 £'000	2019 £'000
Accrued interest	223	332
Deferred consideration	—	12
Prepayments	16	18
	239	362

11 Creditors: amounts falling due within one year

	2020 £'000	2019 £'000
Trade creditors	4	8
Accruals and other creditors	95	80
	99	88

12 Called-up share capital

	2020 £'000	2019 £'000
Allotted, called-up and fully paid: 205,954,017 shares of 1p each (2019: 173,959,405)	2,060	1,740

Share Issues and Share Buybacks

During the year 34,331,524 shares and 1,944,207 shares were issued pursuant to an offer for subscription and the dividend reinvestment scheme respectively. Shares were issued at issue prices ranging from 63.3p to 77.4p per share.

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

As part of the Company's buyback programme, during the year, 4,281,119 shares were purchased for cancellation at a cost of £2,674,000.

	Shares No.
At 1 January 2020	173,959,405
Shares allotted	34,331,524
Dividend reinvestment	1,944,207
Share buybacks	(4,281,119)
At 31 December 2020	205,954,017

FINANCIAL STATEMENTS

Notes to the Accounts

for the year ended 31 December 2020

13 Net asset value per share

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

	31 December 2020	31 December 2019
Net assets	£151,818,000	£133,119,000
No. of shares at year end	205,954,017	173,959,405
Net asset value per share	73.7p	76.5p

14 Co-investment and performance incentive arrangements

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

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

Co-investment

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

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

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

Performance Incentive

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

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

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

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

14 Co-investment and performance incentive arrangements (continued)

For these purposes:

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

As at 31 December 2020, the NAV total return per share was 96.6p (being the aggregate of the NAV per share as at 31 December 2020 of 73.7p and dividends paid per share (rebased) since 18 December 2015 totalling 22.9p).

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

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

No performance fees have been paid or were accrued as due during the year (2019: Nil). More detail on the contingent liability relating to the performance incentive fee is detailed in note 16.

15 Financial instrument risk management

The Company's financial instruments comprise:

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

Classification of financial instruments

The Company held the following categories of financial instruments at fair value as at 31 December 2020:

	2020 £'000	2019 £'000
Investment portfolio	132,739	120,521
Cash and cash equivalents	18,939	12,324
Total	151,678	132,845

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

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

Notes to the Accounts

for the year ended 31 December 2020

15 Financial instrument risk management (continued)

Market price risk

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

The investments in equity and loan stocks of unquoted companies are rarely traded and as such the prices are more difficult to determine than those of more widely traded securities. In addition, the ability of the Company to realise the investments at their carrying value will at times not be possible if there are no willing purchasers. The ability of the Company to purchase or sell investments is also constrained by the requirements set down for VCTs. The potential maximum exposure to market price risk, being the value of the investment portfolio as at 31 December of 2020, was £132,739,000 (31 December 2019: £120,521,000). Market price risk sensitivity analysis can be found on page 76.

Interest rate risk

The fair value of the Company's fixed rate securities and the net revenue generated from the Company's floating rate securities may be affected by interest rate movements. Investments are often in early stage businesses, which are relatively high risk investments sensitive to interest rate fluctuations. Due to the short time to maturity of some of the Company's fixed rate investments, it may not be possible to reinvest in assets which provide the same rates as those currently held. When making investments of an equity and debt nature, consideration is given during the structuring process to the potential implications of interest rate risk and the resulting investment is structured accordingly. The maximum exposure to interest rate risk was £47,798,000, being the total value of the loan stock investments, money market securities and cash as at 31 December 2020 (31 December 2019: £39,729,000). Floating rate investments relate to the interest bearing deposit account which earned interest based on the Bank of England rate of 0.1% at 31 December 2020. As at 31 December 2020 if the interest rate increased or decreased by 10 basis points the interest earned would increase or decrease by £8,600.

	Total portfolio		Weighted average interest rate		Weighted average time for which rate is fixed	
	31 December 2020 £'000	31 December 2019 £'000	31 December 2020 %	31 December 2019 %	31 December 2020 Days	31 December 2019 Days
Company Portfolio						
Loan stock — exposed to fixed interest rate risk	28,859	27,405	10.4	10.5	566	714
Loan stock —exposed to variable interest rate risk	—	—	—	—	—	—
Cash	18,939	12,324	0.1	0.7	—	—
Total exposed to interest rate risk	47,798	39,729				

15 Financial instrument risk management (continued)

Credit risk

Credit risk is the risk of failure by counterparties to deliver securities or cash to which the Company is entitled. The Company has exposure to credit risk in respect of the loan stock investments it has made into investee companies, most of which have no security attached to them, and where they do, such security ranks beneath any bank debt that an investee company may owe. The Board manages credit risk in respect of cash and cash equivalents by ensuring spread of cash balances such that none exceed 15% of the Company's total investment assets. These cash and cash equivalents are investment grade funds, and so credit risk is considered to be low. The Manager receives management accounts from portfolio companies, and members of the investment management team often sit on the boards of unquoted portfolio companies; this enables the close identification, monitoring and management of investment-specific credit risk. The maximum exposure to credit risk at 31 December 2020 was £48,021,000 (31 December 2019: £40,073,000) based on cash and cash equivalents and other receivables (amounts due on investments, dividends and interest). As at 31 December 2020, the Company's assets are held in its own name in certificated form and therefore custodian default risk is negligible.

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

	2020 £'000	2019 £'000
Loan stock investments	28,859	27,405
Cash and cash equivalents	18,939	12,324
Other debtors	223	344
Total	48,021	40,073

Liquidity risk

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

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

	2020 £'000	2019 £'000
Maturity analysis:		
— in one year or less	33,284	27,240
— in more than one year but no more than two years	3,562	—
— in more than two years but no more than three years	4,303	3,771
— in more than three years but no more than four years	3,863	4,555
— in more than four years but no more than five years	2,786	4,163
Total	47,798	39,729

Notes to the Accounts

for the year ended 31 December 2020

15 Financial instrument risk management (continued)

Sensitivity analysis

Equity price sensitivity

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

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

The Board considers that even the loan stocks are 'quasi-equity' in nature, as the value of the loan stocks is determined by reference to the enterprise value of the investee company. Such value is considered to be sensitive to changes in quoted share prices, in so far as such changes affect the enterprise value of unquoted companies. The table below shows the impact on profit and net assets if there were to be a 15% (2019: 15%) movement in overall share prices, which might in part be caused by changes in interest rate levels, but it is not considered practical to evaluate separately the impact of changes in interest rates upon the value of the Company's portfolio of investments in unquoted companies.

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

	2020 Return and net assets	2019 Return and net assets
If overall share prices fell by 15% (2019: 15%), with all other variables held constant — decrease (£'000)	(19,911)	(18,078)
Decrease in net asset value per share (in pence)	(9.67)p	(10.39)p

	2020 Return and net assets	2019 Return and net assets
If overall share prices increased by 15% (2019: 15%), with all other variables held constant — increase (£'000)	19,911	18,078
Increase in net asset value per share (in pence)	9.67p	10.39p

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

Interest rate sensitivity

Although the Company holds investments in loan stocks that pay interest, the Board does not believe that the value of these instruments is interest rate sensitive. This is because all of the interest is fixed, so not at risk of interest rate movements (2019: no interest rate risk).

15 Financial instrument risk management (continued)

Fair value hierarchy

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

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

As at 31 December 2020	Level 1 £'000	Level 2 £'000	Level 3 £'000s	Total £'000
Unquoted investments	—	—	132,739	132,739
Financial assets	—	—	132,739	132,739

As at 31 December 2019	Level 1 £'000	Level 2 £'000	Level 3 £'000s	Total £'000
Unquoted investments	—	—	120,521	120,521
Financial assets	—	—	120,521	120,521

Analysis of changes between 1 January 2020 and 31 December 2020

	Level 3 £'000
Valuation brought forward at 1 January 2020	120,521
Purchases	7,680
Disposal proceeds	(296)
Realised losses	(1,428)
Investment holding gains	6,262
Valuation carried forward at 31 December 2020	132,739

Transfers

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

16 Contingent assets and liabilities

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

Estimation of the financial effect

Should both of the hurdles detailed in note 14 be met in the future, the Manager will receive a fee equal to 20% of the amount by which the cash proceeds received by the Company exceed the Investment Growth Hurdle. Based on the current investments made on or after 31 March 2017 the contingent liability, if investments were sold at their current carrying value, would be £1.8 million.

Possibility of reimbursement

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

No performance fees have been paid or were accrued as due during the year (2019: nil).

FINANCIAL STATEMENTS

Notes to the Accounts

for the year ended 31 December 2020

17 Management of capital

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

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

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

18 Related party transactions

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

19 Transactions with the manager

Foresight Group CI Limited, which acted as Manager to the Company until 27 January 2020, earned fees of £192,000 (2019: £2,573,000). Foresight Group LLP was appointed as Manager on 27 January 2020 and earned fees of £2,527,000 up to 31 December 2020 (2019: £nil).

During the year, services of a total cost of £120,000 (2019: £120,000) were delivered to the Company by Foresight Group LLP. At 31 December 2020, the amount due to Foresight Group LLP was £nil (2019: £nil).

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

20 Related undertakings

Under Section 409 of the Companies Act 2006, the Company is required to disclose specified details of all its related undertakings, including significant holdings which are undertakings where the Company's holding amounted to 20% or more of the nominal value of any class of shares as at 31 December 2020. These are listed below. The percentage holding does not reflect the percentage voting right in the Company as a whole. All holdings are direct.

Name	Registered address	Class and percentage of shares held
200 Degrees Limited	Heston House, Meadow Lane, Nottingham, NG2 3HE	A Ordinary 49.0%
ABL Investments Limited	14 Fleming Close, Park Farm Industrial Estate, Wellingborough, NN8 6UF	A Ordinary 65.1%
Accrosoft Limited	21 Jubilee Drive, Loughborough, Leicestershire, LE11 5XS	A Ordinary 66.7% AB Ordinary 69.2%
Aerospace Tooling Corporation Limited	Charles Lake House, Claire Causeway, Crossways Business Park, Dartford, Kent, DA2 6QA	A Ordinary 42.9%
Aquasium Technology Limited	43 Pembroke Avenue, Denny Industrial Estate, Waterbeach, Cambridge, CB25 9QX	A Ordinary 66.7%
Biofortuna Limited	Unit 1 Hawkshead Road, Croft Business Park, Bromborough, Wirral, CH62 3RJ	G Ordinary 25.0% F Ordinary 24.8% D Ordinary 14.4% C Ordinary 13.5%
Biotherapy Services Limited	Gainsborough House, 59-60 Thames Street, Windsor, SL4 1TX	A Ordinary 47.6%
Cinelabs International Limited	715 Banbury Avenue, Slough, SL1 4LR	A Ordinary 97.0%
Cole Henry PE 2 Limited	The Shard, 32 London Bridge Street, London, SE1 9SG	Ordinary 50.0%

20 Related undertakings (continued)

Name	Registered address	Class and percentage of shares held
Clubspark Limited	51 Rothersthorpe Road, Rothersthorpe, Trading Estate, Northampton, NN4 8JD	A Ordinary 57.1% AA Ordinary 60.0%
Dhalia Limited	The Shard, 32 London Bridge Street, London, SE1 9SG	A Ordinary 100.0%
Datapath Group Limited	Bemrose House, Bemrose Park, Wayzgoose Drive, Derby, DE21 6XQ	A Ordinary 33.3%
Fertility Focus Limited	Unit 12b, Warwick Innovation Centre, Warwick Technology Park, Gallows Hill, Warwick, CV34 6UW	C Ordinary 55.1%
FFX Group Limited	Dyna House, Lympe Industrial Estate, Lympe, Hythe, Kent, CT21 4LR	A Ordinary 66.2%
Fouth Wall Creative Limited	Barnston House Beacon Lane, Heswall, Wirral, CH60 0EE	A Ordinary 58.2%
Fresh Relevance Limited	5 Benham Rd, Southampton Science Park, Southampton, SO16 7QJ	A Ordinary 95.0%
Hospital Services Group Limited	Bramley House Bramley Road, Long Eaton, Nottingham, NG10 3SX	A Ordinary 73.5%
iMIST Limited	41a The High Street, Swanley, BR8 8AE	A Ordinary 34.8%
IMMJ Systems Limited	Insight House, Stoney Common Road, Stansted, CM24 8PL	A Ordinary 49.1%
Industrial Efficiency II Limited	The Shard, 32 London Bridge Street, London, SE1 9SG	B Ordinary 75.2%
Innovation Consulting Group	22nd Floor Churchill House, 26-30 Upper Marlborough Road, St. Albans, Hertfordshire, AL1 3UU	A Ordinary 49.2%
Itad (2015) Limited	Preece House, Davigdor Road, Hove, East Sussex, BN3 1RE	A Ordinary 68.8%
Ixaris Group Holdings Limited	2 Stephen Street, London, W1T 1AN	A Ordinary 20.6% Ordinary 0.8%
Kingsclere PE 3 Limited	The Shard, 32 London Bridge Street, London, SE1 9SG	Ordinary 50.0%
Luminet Networks Limited	Leroy House, 436 Essex Road, London, N1 3QP	A Ordinary 76.1%
Mologic Ltd	Building 109 Bedford Technology Park, Thurleigh, Bedford, MK44 2YA	AA Ordinary 68.7%
Mowgli Street Food Group Limited	69 Bold Street, Liverpool, L1 4EZ	A Ordinary 43.2%
Nano Interactive Group Limited	6th Floor Charlotte Building, 17 Gresse Street, London, W1T 1QL	A Ordinary 95.2% A1 Ordinary 28.1%
Ollie Quinn Limited	73 Cornhill, London, EC3V 3QQ	AA Ordinary 98.3% A Ordinary 98.5%
Online Poundshop Limited	Unit 8 Parkway Industrial Estate, Pacific Avenue, Wednesbury, WS10 7WP	A Ordinary 100.0% AA Ordinary 100.0%
Positive Response Corporation Limited	The Shard, 32 London Bridge Street, London, SE1 9SG	A Ordinary 50.0%
Procam Television Holdings Limited	Unit 1 To 3 Hilltop Business Park, Devizes Road, Salisbury, Wiltshire, SP3 4UF	A Ordinary 50.0%
Protean Software Limited	Units 1130-40 Elliott Court Herald Avenue, Coventry Business Park, Coventry, CV5 6UB	A Ordinary 62.5%
Rovco Limited	The Quorum, Bond Street South, Bristol, BS1 3AE	B Ordinary 24.0%
Roxy Leisure Limited	5 Clayton Wood Court, West Park, Leeds, LS16 6QW	A Ordinary 19.0%
Specac International Limited	Unit 12, Halo Business Park, Cray Avenue, Orpington, Kent, BR5 3FQ	Ordinary 50.0%
Spektrix Limited	Third Floor, 20 Old Bailey, London, EC4M 7AN	B Ordinary 69.1% A Ordinary 10.0%
Steamforged Games Limited	Unit 1 Kestrel Road, Trafford, Manchester, M17 1SF	A Ordinary 46.2%
Ten Health & Fitness Limited	2-4 Exmoor Street, London, W10 6BD	A Ordinary 57.1%
TFC Europe Limited	Hale House, Ghyll Industrial Estate, Heathfield, East Sussex, TN21 8AW	A Ordinary 40.0%
Titania Group Limited	Security House, Barbourne Road, Worcester, Worcestershire, WR1 1RS	A Ordinary 48.4%
Whitchurch PE 1 Limited	The Shard, 32 London Bridge Street, London, SE1 9SG	Ordinary 50.0%

21 Post-balance sheet events

On 26 January 2021 the Company successfully sold FFX Group Limited. The transaction generated proceeds of £11.1 million at completion for the Company and the Company will receive up to £0.3 million of deferred consideration after 18 months subject to certain conditions.

Foresight Group Holdings Limited

Foresight Group Holdings Limited is a listed infrastructure and private equity investment manager which has been managing funds on behalf of institutions and retail clients for 36 years. On 9 February 2021, Foresight Group Holdings Limited shares were listed on the premium segment of the London Stock Exchange Main Market, under ticker "FSG". Foresight Group Holdings Limited was awarded the LSE's Green Economy Mark, which recognises companies that derive 50% or more of their total annual revenues from products and services that contribute to the global green economy.

Notice of Annual General Meeting

27 May 2021

We note the continuing social distancing measures implemented as a result of the Covid-19 pandemic. These, at the time of writing, are expected to still be in place as at the date of the Annual General Meeting. The Annual General Meeting will, therefore, be held by way of a closed meeting and shareholders are requested not to attend the Annual General Meeting in person. 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 their proxy votes on-line. All proxy votes must be received by no later than 1:00pm on 25 May 2021. Further information about how to submit proxy votes is set out in notes 4 and 12 of this notice.

Shareholders will, however, be able to attend virtually, but will not be able to vote on the resolutions at the Annual General Meeting. Details on how to sign up and join the Annual General Meeting virtually will be published on both the Company's and the Manager's website. Shareholders may submit questions on the resolutions proposed via the Foresight Group Investor Relations team at InvestorRelations@foresightgroup.eu and we will endeavour to provide a response before the deadline for lodging your proxy vote. General questions for the Annual General Meeting can also be submitted using the same email address or there will be a facility to type in a question at the meeting itself. There will be a short presentation from the Manager at the beginning of the Annual General Meeting. A follow-up virtual investor presentation is intended to be held in June and updates on how to sign up to this will be provided on the Company's website at www.foresightvct.com.

Notice is hereby given that the annual general meeting of Foresight VCT plc ("the Company") will be held on 27 May 2021 at 1:00pm at The Shard, 32 London Bridge Street, London, SE1 9SG for the purpose of considering and, if thought fit, passing the following resolutions, of which resolutions 1 to 10 will be proposed as ordinary resolutions and resolutions 11 to 14 will be proposed as special resolutions.

- Resolution 1** To receive the Report and Accounts for the year ended 31 December 2020.
- Resolution 2** To approve the Directors' Remuneration Report.
- Resolution 3** To approve the Directors' Remuneration Policy.
- Resolution 4** To re-elect Gordon Humphries as a director.
- Resolution 5** To re-elect Jocelin Harris as a director.
- Resolution 6** To re-elect Margaret Littlejohns as a director.
- Resolution 7** To elect Patricia Dimond as a director.
- Resolution 8** To re-appoint Deloitte LLP as auditor and to authorise the directors to fix the auditor's remuneration.
- Resolution 9** To approve the payment of a final dividend in respect of the financial year ended 31 December 2020 of 3.7p per ordinary share of 1p each in the capital of the Company, payable on 25 June 2021 to shareholders on the register on 10 June 2021.
- Resolution 10** That, in substitution for all existing authorities, the directors be and they are generally and unconditionally authorised in accordance with Section 551 of the Companies Act 2006 to exercise all the powers of the Company to allot shares of 1p each in the capital of the Company ("Shares") and to grant rights to subscribe for, or to convert any security into, Shares ("Rights"), up to an aggregate nominal amount of £400,000, provided that this authority shall expire (unless renewed, varied or revoked by the Company in a general meeting) on the fifth anniversary of the date of the passing of this resolution, save that the Company shall be entitled to make offers or agreements before the expiry of such authority which would or might require Shares to be allotted or Rights to be granted after such expiry and the directors shall be entitled to allot Shares and grant Rights pursuant to any such offers or agreements as if this authority had not expired.
- Resolution 11** That, in substitution for all existing authorities, the directors be and they are empowered pursuant to Section 570 and Section 573 of the Companies Act 2006 to allot equity securities (within the meaning of Section 560 of that Act) for cash either pursuant to the authority conferred by Resolution 10 above or by way of a sale of treasury shares as if Section 561(1) of that Act did not apply to any such allotment, provided that this power shall be limited to:
- (a) the allotment of equity securities with an aggregate nominal amount of up to but not exceeding £200,000 pursuant to offer(s) for subscription;

- (b) the allotment of equity securities with an aggregate nominal amount of up to but not exceeding an amount equal to 10% of the issued share capital from time to time pursuant to the dividend reinvestment scheme operated by the Company at a subscription price per Share which may be less than the net asset value per Share, as may be prescribed by the scheme terms;
- (c) the allotment of equity securities with an aggregate nominal amount of up to but not exceeding £100,000 by way of an issue of Shares (which may be at a subscription price per Share which is less than the net asset value per Share) pursuant to performance incentive arrangements with Foresight Group LLP and relevant individuals of the Foresight Group LLP investment team; and
- (d) the allotment (otherwise than pursuant to sub-paragraphs (a) to (c) of this resolution) to any person or persons of equity securities with an aggregate nominal amount of up to but not exceeding an amount equal to 10% of the issued share capital from time to time,

in each case where the proceeds may be used in whole or part to purchase shares in the capital of the Company, and shall expire (unless renewed, varied or revoked by the Company in a general meeting) on the conclusion of the annual general meeting of the Company to be held in the year 2022, or, if earlier, on the date falling 15 months after the passing of this resolution, save that the Company shall be entitled to make offers or agreements before the expiry of such authority which would or might require equity securities to be allotted after such expiry and the directors shall be entitled to allot equity securities pursuant to any such offers or agreements as if the authority conferred hereby had not expired.

Resolution 12

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

- (i) the aggregate number of Shares to be purchased shall not exceed 30,827,507 or, if lower, such number of Shares (rounded down to the nearest whole Share) as shall equal 14.99% of the Company's Shares in issue at the date of passing this resolution;
- (ii) the minimum price which may be paid for a Share is 1p (the nominal value thereof);
- (iii) the maximum price which may be paid for a Share is the higher of (1) an amount equal to 105% of the average of the middle market quotation for a Share taken from the London Stock Exchange daily list for the five business days immediately preceding the day on which the Shares are purchased, and (2) the amount stipulated by Article 5(6) of the Market Abuse Regulation (596/2014/EU);
- (iv) the authority conferred by this resolution shall expire (unless renewed, varied or revoked by the Company in a general meeting) on the conclusion of the annual general meeting of the Company to be held in the year 2022 or, if earlier, on the date falling 15 months after the passing of this resolution; and
- (v) the Company may make a contract to purchase Shares under the authority conferred by this resolution prior to the expiry of such authority which will or may be executed wholly or partly after the expiration of such authority and may make a purchase of Shares pursuant to such contract.

Resolution 13

That the share premium account of the Company be reduced by £39.2 million.

Resolution 14

That the articles of association produced to the meeting and initialled by the chairman of the meeting for the purpose of identification be adopted as the new articles of association of the Company in substitution for, and to the exclusion of, the existing articles of association.

By order of the Board

Foresight Group LLP
Company Secretary
9 April 2021

The Shard
32 London Bridge Street
London
SE1 9SG

Notice of Annual General Meeting

Notes:

1. A summary of the principal changes to the Company's articles of association to be adopted pursuant to Resolution 14 to be proposed at the meeting is included on page 41 of the Annual Report. A copy of the proposed new articles of association (tracked showing the changes) will be available for inspection during normal business hours (excluding Saturdays, Sundays and public holidays) at the registered office of the Company and online at www.foresightvct.com until the close of the meeting. Copies will also be available at the location of the meeting (for 15 minutes prior to the meeting and during the meeting).
2. 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. Where the Company holds a virtual meeting the appointment letters will be available for inspection on the Company's website www.foresightvct.com.
3. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, entitlement to attend and vote at the meeting and the number of votes which may be cast thereat will be determined by reference to the Register of Members of the Company at close of business on the day which is two days (excluding non-working days) before the day of the meeting or adjourned meeting. Changes to the Register of Members after that time shall be disregarded in determining the rights of any person to attend and vote at the meeting.
4. 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.
5. You may appoint more than one proxy, provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, (an) additional form(s) of proxy may be obtained by contacting Computershare Investor Services PLC on 0370 703 6388. Please indicate in the box next to the proxy holder's name the number of shares in relation to which they are authorised to act as your proxy. Please also indicate by ticking the box provided if the proxy instruction is one of multiple instructions being given. All forms must be signed and returned together in the same envelope.
6. As at 9 April 2021 (being the last business day prior to the publication of this notice), the Company's issued share capital was 205,954,017 ordinary shares of 1p each in the capital of the Company, carrying one vote each. Therefore, the total voting rights in the Company as at 9 April 2021 was 205,954,017.
7. 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.
8. The statement of the rights of members in relation to the appointment of proxies in paragraphs 4 and 5 above does not apply to Nominated Persons. The rights described in those paragraphs can only be exercised by members of the Company.
9. 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.
10. The Register of Directors' Interests will be available for inspection at the meeting. Where the Company holds a virtual meeting the Register of Directors' Interests will be available for inspection on the Company's website www.foresightvct.com.

Notice of Annual General Meeting

11. Information regarding the meeting, including the information required by Section 311A of the Companies Act 2006, is available from www.foresightgroup.eu.
12. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If you either select the “Discretionary” option or if no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the Meeting.
13. A form of proxy and reply paid envelope is enclosed. To be valid, it should be lodged with the Company’s Registrar, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY or the proxy must be registered electronically at www.investorcentre.co.uk/eproxy, in each case, so as to be received no later than 48 hours (excluding non-working days) before the time appointed for holding the meeting or any adjourned meeting. To vote electronically, you will be asked to provide your Control Number, Shareholder Reference Number and PIN which are detailed on your proxy form. This is the only acceptable means by which proxy instructions may be submitted electronically.
14. Under Section 319A of the Companies Act 2006, the Company must answer any question you ask relating to the business being dealt with at the meeting unless answering the question would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information or the answer has already been given on a website in the form of an answer to a question or it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.
15. Pursuant to Chapter 5 of Part 16 of the Companies Act 2006 (Sections 527 to 531), where requested by a member or members meeting the qualification criteria the Company must publish on its website, a statement setting out any matter that such members propose to raise at the Meeting relating to the audit of the Company’s accounts (including the auditor’s report and the conduct of the audit) that are to be laid before the Meeting. Where the Company is required to publish such a statement on its website it may not require the members making the request to pay any expenses incurred by the Company in complying with the request, it must forward the statement to the Company’s auditors no later than the time the statement is made available on the Company’s website and the statement may be dealt with as part of the business of the meeting.

C Shares Dividend History and NAV Total Return

The C share class was launched in 1999. To provide an accurate NAV total return per share in relation to the original C share class, we have rebased dividends and NAV to account for the merger of the original ordinary share class and the C share class in January 2007 (conversion ratio of 1) and the subsequent reconstruction of the merged share class (this being the current share class) to rebase the NAV per share to 100p in March 2011 (conversion ratio of 0.554417986).

C Shares (converted into Ordinary Shares in January 2007):		Dividend per share (rebased) [†]
19 June 2020		1.8p
4 May 2019		2.8p
4 May 2018		2.8p
29 September 2017		2.2p
3 April 2017		2.8p
1 April 2016		3.9p
13 March 2015		3.3p
14 March 2014		5.5p
14 June 2013		2.8p
23 March 2012		4.15p
17 June 2011		2.8p
29 May 2009		1.0p
7 March 2008		5.0p
26 January 2007		2.0p
27 May 2005		0.5p
1 August 2004		0.5p
22 September 2003		0.75p
30 June 2003		0.75p
24 March 2003		0.75p
7 June 2002		1.0p
11 March 2002		2.5p
26 July 2001		2.0p
	Total	51.6p
NAV per C Share rebased*		40.9p
NAV total return per C Share *		92.5p

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

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

Glossary of Terms

VCT

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

NET ASSET VALUE OR NAV

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

NET ASSET VALUE PER SHARE OR NAV PER SHARE

Net Asset Value expressed as an amount per share.

NAV TOTAL RETURN SINCE INCEPTION

The sum of the published NAV per share rebased by the conversion ratios as set out on page 3 of 28.1p (2019: 29.2p) plus all dividends paid per share since inception rebased being 193.3p (2019: 192.0p). This giving a NAV Total Return of 221.4p (2019: 221.2p).

SHARE PRICE TOTAL RETURN

The sum of the current share price rebased by the conversion ratios as set out on page 3 of 22.7p (2019: 26.3p) plus all dividends paid per share since inception rebased being 193.3p (2019: 192.0p). This giving a share price total return of 216.0p (2019: 218.3p).

DIVIDEND YIELD

The sum of dividends paid during the year of 3.3p (2019: 5.0p) expressed as a percentage of the mid-market share price at the year end date of 59.5p (2019: 69.0p). This giving a dividend yield of 5.5% (2019: 7.2%).

DISCOUNT TO NAV

A discount to NAV is the percentage by which the mid-market share price of the Company of 59.5p (2019: 69.0p) is lower than the net asset value per share of 73.7p (2019: 76.5p). This giving a discount to NAV of 19.3% (2019: 9.8%).

ONGOING CHARGES RATIO

The sum of expenditure incurred in the ordinary course of business being £3.2m (2019: £3.1m) expressed as a percentage of the Net Asset Value at the reporting date being £151.8m (2019: £133.1m).

MOVEMENT IN NET ASSET VALUE TOTAL RETURN

This is the movement in the NAV per share at the start of the year to the NAV per share at the end of the year plus all dividends paid per share in the year. The NAV at the start of the year was 76.5p (2019: 78.1p), dividends paid during the year were 3.3p (2019: 5.0p) with NAV at the end of the year being 73.7p (2019: 76.5p) as such NAV total return at the end of the year was 77.0p (2019: 81.5p). Therefore the movement in net asset value total return in the year is 0.7% (2019: 4.4%).

AVERAGE DISCOUNT ON BUYBACKS

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

DIVIDENDS PAID IN THE YEAR

The total dividends paid in the year per share of 3.3p (2019: 5.0p).

SHARES BOUGHT BACK IN THE YEAR

The total number of shares which were bought back in the financial year being 4,281,119 (2019: 3,068,004).

QUALIFYING INVESTMENT

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

QUALIFYING COMPANY

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

MANAGER

Foresight Group LLP as the Company's manager.

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

Beware of share fraud

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

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

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

How to avoid share fraud

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

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

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

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

Report a scam

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

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

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

In association with:

Corporate Information

Company Number

03421340

Directors

John Gregory (Chairman)
Jocelin Harris
Gordon Humphries
Margaret Littlejohns
Patricia Dimond (appointed 1 February 2021)

Company Secretary

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

Manager

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

Auditor

Deloitte LLP
20 Castle Terrace
Edinburgh
EH1 2DB

Solicitors and VCT Status Advisers

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

Registrar

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

Market Maker

Panmure Gordon & Co
One New Change
London
EC4M 9AF

Banker

Lloyds Bank plc
25 Gresham Street
London
EC2V 7HN

Important information:

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

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

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



This Annual Report is printed on Nautilus SuperWhite, a premium ecological paper with excellent whiteness boasting an environmental profile of 100% post-consumer recycled paper with FSC recycled and EU ecolabel certifications.

A paper which is certified by the Forest Stewardship Council®.



Foresight VCT plc

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