



FORESIGHT SOLAR & INFRASTRUCTURE VCT plc

ANNUAL REPORT AND
ACCOUNTS

31 MARCH 2019



Foresight
group

Shareholder Information

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

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

CONTACT US

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

Telephone: 020 3667 8181

Email: InvestorRelations@foresightgroup.eu

www.foresightgroup.eu



KEY DATES

Annual General Meeting	19 September 2019
Interim results to 30 September 2019	December 2019
Annual results to 31 March 2020	July 2020

DIVIDENDS

Dividends on Ordinary Shares are ordinarily paid to shareholders in April and November. Shareholders who wish to have dividends paid directly into their bank account rather than by cheque to their registered address can complete a Mandate Form for this purpose. Mandates can be obtained by telephoning the Company's registrar, Computershare Investor Services PLC (see inside back cover for details).

SHARE PRICE

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

WWW.INVESTORCENTRE.CO.UK

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

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

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

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

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

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

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

Alternatively you can contact Computershare by phone on 0370 707 4017

TRADING SHARES

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

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

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

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

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Highlights

Ordinary Shares

Total Net Assets as at
31 March 2019

£41.7m

Ordinary Shares

Net Asset Value per share as at
31 March 2019

96.4p

Ordinary Shares

Dividends paid during the
nine months ended 31 March 2019

3.0p

- Total net assets £41.7 million.
- After payment of 3.0p in dividends, Net Asset Value per Ordinary Share at 31 March 2019 was 96.4p (30 June 2018: 93.0p).
- At 31 March 2019, the fund held positions in 12 UK solar assets, with a total installed capacity of 74.7MW. During the period the portfolio generated 46.51 gigawatt hours of clean energy, sufficient to power approximately 15,000 UK homes for a year.
- At 31 March 2019, the fund also held positions in four Italian solar assets with a total installed capacity of 3.3MW.
- During the period, five UK solar assets (Basin Bridge, Beech Farm, Dove View, Hurcott & Stables) were acquired, increasing the portfolio's capacity by 25.8MW.
- During the period, three Italian solar assets (Avetrana Tre, Manduria Uno and Balatizzo) were acquired through an investment in ForVEI II, increasing the portfolio capacity by 2.9MW.
- An interim dividend of 3.0p per Ordinary Share was paid during the period, on 23 November 2018. Post period end, another interim dividend of 3.0p per Ordinary Share was paid, on 26 April 2019.

KEY METRICS

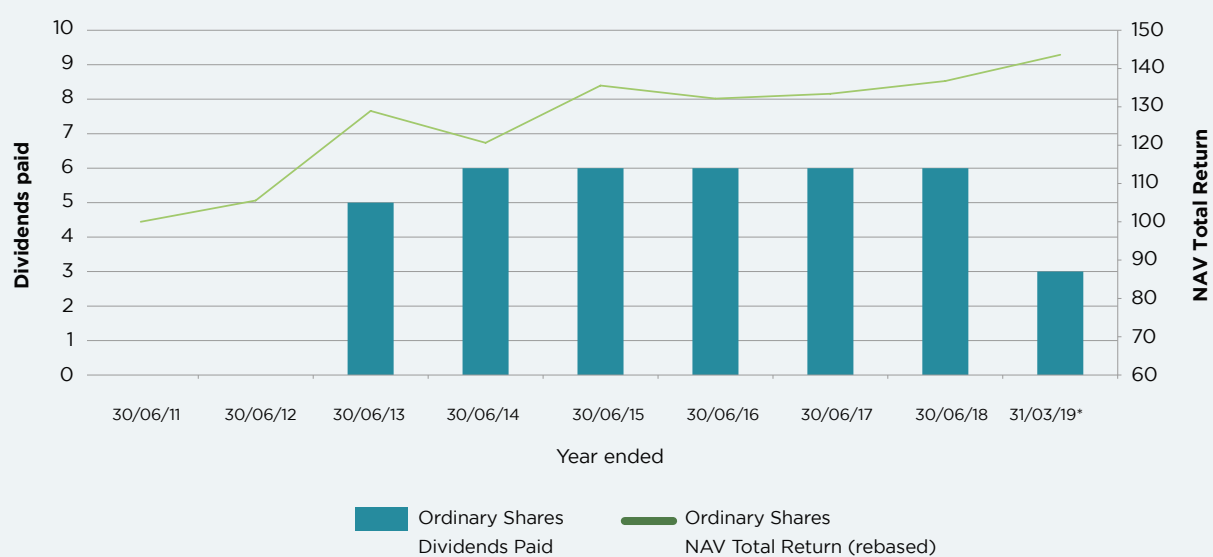
	31 March 2019	30 June 2018
Total net assets	£41.7m	£40.8m
Net asset value per share	96.4p	93.0p
Net Asset Value total return	134.4p	128.0p
Share price	93.0p	94.0p
Share price total return [^]	131.0p	129.0p
Dividends paid in the period	3.0p	6.0p
Dividend yield [^]	3.2%	6.4%
Shares in issue	43,247,592	43,911,189

	2019	2018
Share price (discount)/premium to NAV [^]	(3.5%)	1.1%
Average discount on buybacks [^]	1.5%	2.6%
Shares bought back during the period under review	663,597	298,622
Ongoing charges ratio [^]	2.7%	3.3%

	1 year	3 years	5 years
NAV Total Return (%)			
NAV Total Return as at 31 March 2019 [^]	5.0%	8.6%	19.0%

[^] Definitions of the Alternative Performance Measures (APMs) can be found in the Glossary on page 74.

Ordinary Shares Dividends Paid and NAV Total Return (pence)



DIVIDEND HISTORY

Ordinary Shares	
Date	Dividend per share
26 April 2019	3.0p
23 November 2018	3.0p
27 April 2018	3.0p
24 November 2017	3.0p
7 April 2017	3.0p
18 November 2016	3.0p
8 April 2016	3.0p
13 November 2015	3.0p
10 April 2015	3.0p
14 November 2014	3.0p
4 April 2014	3.0p
25 October 2013	3.0p
12 April 2013	2.5p
31 October 2012	2.5p
Cumulative	41.0p

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

Chairman's Statement



David Hurst-Brown

Chairman of Foresight
Solar & Infrastructure
VCT plc

INTRODUCTION

I am pleased to present the Annual Report and Accounts for Foresight Solar & Infrastructure VCT Plc and to provide you with an update on developments. As reported at the time of our interim results, the Board decided to change the year end to 31 March partly to align with the tax year end so we are currently reporting on a nine month period. Following the share class merger between the Ordinary, C and D Shares at the end of the last financial year, the Company has seen success in supplementing and enhancing the value of the existing portfolio.

PERFORMANCE AND PORTFOLIO ACTIVITY

The underlying net asset value increased by 6.4p per Ordinary Share before deducting the 3.0p per Ordinary Share dividend paid during the nine month period.

This has been driven by the increase in valuation of the UK portfolio, with production 7.6% above expectations at 46.51 gigawatt hours of electricity, sufficient to power approximately 15,000 UK homes for a year.

Existing portfolio companies

also completed the acquisition of five UK solar assets, Basin Bridge, Stables, Dove View, Beech Farm and Hurcott, adding a total of 25.8MW of capacity to the portfolio. In addition to this, existing portfolio companies committed an amount into ForVEI II, the second joint venture partnership between Foresight and VEI Capital. During the period, ForVEI II successfully completed the acquisition of three plants with a total capacity of 2.9MW located in Apulia and Sicily in Italy.

These additions support the Ordinary Shares fund's objective of continuing to deliver its target dividends and maximising long-term future returns for Shareholders, and the Board now consider the Ordinary Shares fund to be optimally invested. The Company ended the period with investments in portfolio companies with total generating capacity of 78.0MW compared with 49.3MW at 30 June 2018.

[Read more on page 6](#)

The Board also note that following its long running arbitration case with the Spanish Government with respect to retrospective changes to feed-in-tariffs on its previously held Spanish assets, the VCT has been awarded an amount of £2m-£2.5m, equivalent to 4.6-5.8p per share. However, given that no such awards against the Spanish Government have, as yet, been settled or collected, there remain significant challenges with respect to collectability. On that basis, the Board have not assigned any current value to the claim in the net asset value reported.

The overall performance of the Ordinary Shares fund remains robust and the total return since inception as at 31 March 2019 was 134.4p per Ordinary Share.

CASH AND WORKING CAPITAL

The Company had cash and liquid resources of £2.3m at 31 March

2019 (excluding cash held in portfolio companies).

The Board acknowledge that the Company is currently in a net current liabilities position, which is primarily driven by a loan of £15m with the Company's wholly owned subsidiary, Youtan Limited, which is repayable on demand as at the period end date. The Board consider this to be a timing issue and additionally the directors of Youtan have asserted that they do not intend to call upon the loan from the Company in the next 12 months from the date of this report.

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

DIVIDENDS

In its original prospectus the Board's stated objective was to pay dividends of 5.0p per Ordinary Share each year throughout the life of the Company after the first year. The level of dividends was not, however, guaranteed.

During the nine month period, total dividends of 3.0p per Ordinary Share were paid, with a further 3.0p per Ordinary Share dividend paid post period end on 26 April 2019. This means that total dividends of 41.0p per Ordinary Share have been paid during the nine years since launch.

Despite the change in the Company's year end, the Board intend to remain aligned with the existing dividend timetable, that is payments in April and November every year.

SHARE ISSUES & BUYBACKS

During the period under review, the Ordinary Shares fund repurchased 663,597 shares for cancellation at a cost of £619,000,

at an average discount to NAV of 1.5%. No new shares were issued during the period.

A table of intended communications to shareholders and likely tender offers is included on page 21.

MANAGEMENT FEES

The annual management fee of the Ordinary Shares fund is calculated as 1.5% of Net Assets and equated to £467,000 during the period.

PERFORMANCE INCENTIVE FEE

Prior to the implementation of the share class merger in the last financial year, the performance incentive hurdle for the C shares was satisfied, resulting in an accrual of £130,000 due to the Manager. This was paid during the period.

There were no other performance incentive fees paid or accrued.

LAUNCH OF NEW SHARE CLASS AND BOARD COMPOSITION

As discussed in previous communications, VCT Rules have prohibited the making of new investments into any type of energy generation activity, including photovoltaic solar, for some years now. These restrictions have recently been extended to prohibit the making of investments into companies which do not meet a widely drawn 'risk to capital' condition.

These legislative developments have not materially affected existing Ordinary Shareholders. The Ordinary Share class was fully invested before these changes took effect and, in the opinion of the Board and the Manager, is now optimally invested.

In that context, the Board have therefore considered the future direction of the Company, noting that any new fundraising which the Company undertakes will need to have a different, but complementary, profile from its historic share classes. The Board have recently been discussing

the possibility of a new VCT share class which will invest in a number of exciting engineering and technology based companies. I am pleased to confirm that we are progressing well with this possibility, and I hope to write to shareholders in the near future seeking approval for the launch of such a share class.

In anticipation of shareholder support for this development, the Board were delighted to welcome Ernie Richardson as a Director of the Company. Ernie, who was appointed as a Non-Executive Director of the Company in January this year, has extensive experience in the venture capital industry and previously served as the Chief Executive Officer and Managing Partner of MTI Partners Limited. The Board believe Ernie will provide invaluable experience with his background in the growth capital space.

Having been Chairman of the Company since 2012, I have decided to retire from the Board at the upcoming AGM and am delighted that Ernie will be taking on the role of Chairman.

SHAREHOLDER COMMUNICATIONS

Also as communicated in the Interim Report, the Board offered shareholders the opportunity to elect the method by which they receive shareholder communications. I am pleased to announce that 88% of communications to investors will now be provided electronically. The Board believe that in addition to further promoting sustainability, a key objective of the fund, this shift will result in some overall cost savings.

ANNUAL GENERAL MEETING

The Company's Annual General Meeting will take place on 19 September 2019 at 12.30pm. I look forward to welcoming you to the Meeting, which will be held at the offices of Foresight Group in London.

OUTLOOK

The Company's solar portfolio continues to generate a steady flow of dividends with limited scope for further development. Accordingly, once all Ordinary Shareholders have reached their minimum 5-year qualifying holding period, the Board and the Manager will, if appropriate, begin a managed process of returning the value of the Ordinary Shares fund to its Shareholders.

In the meantime, I will be writing to shareholders later this year with respect to the opportunity to participate in the next tender offer for shares.

Also as mentioned above, I hope to provide further communications regarding the launch of a new share class within the VCT soon.

David Hurst-Brown
Chairman
30 July 2019

Investment Manager's Review

PORTFOLIO SUMMARY

During the period to 31 March 2019, existing portfolio companies made investments in five operational UK solar assets, with a total capacity of 25.8MW. The first four solar projects were acquired in August 2018. Basin Bridge Solar and Stables Solar are situated in Leicestershire and have a capacity of 5.0MW and 2.0MW respectively. Dove View and Beech Farm are both in Staffordshire and have a capacity of 4.5MW and 4.3MW respectively. In November 2018 a further investment was completed, acquiring Hurcott Solar in Somerset, with a total production capacity of 10.0MW. These five ground-mounted solar projects, which benefit from long-term ROC subsidy payments, were acquired from other funds managed by Foresight and were supported by independent valuations from a third-party valuation expert. Previous Foresight ownership was beneficial in allowing for a more cost-efficient and lower risk acquisition process. Additionally, the assets had been in operation for a minimum period of two years and managed by Foresight Group's Asset Management

team, thereby ensuring the quality of the assets as well as securing a clear advantage in continuing to manage these assets going forwards.

In July 2018, existing portfolio companies also invested in the ForVEI II Italian solar platform. During the period ForVEI II made investments in two ground-mounted solar assets in the Apulia region of southern Italy and one in Sicily, with a total capacity of 2.9MW. The plants receive long-term subsidies under the Italian Feed-in Tariff regime.

Post period end, the Investment Manager has agreed the sale of the small Italian rooftop asset, Telecomponenti.

The debt refinancing of the Laurel Hill site, provided by Royal Bank of Scotland, was completed in August 2018. The refinancing proceeds have been used to repay the majority of the borrowings originally used to finance the acquisition.

PORTFOLIO PERFORMANCE

Performance of the assets was positive during the period 1 July 2018 to 31 March 2019 with total electricity production 7.6% above expectations. The UK assets generated a total of 46.51GWh, enough clean electricity to power more than 15,000 homes. This strong performance reflects higher than average

irradiation levels and good availability of the solar plants. There will be variances in performance caused by irradiation or the efficiency of the plants, but this does not require adjustment to the long-term forecasts. Further details on performance of the individual assets are included on pages 10 to 16.

REGULATORY AND MARKET CHANGES

Renewable power generation in the UK has continued to increase, with solar and wind representing a growing share of the country's power mix. At the beginning of May 2019 Britain went for a week without using any coal to meet its electricity requirements. This was repeated later in the month, when a new record of 14 consecutive coal-free days was set - the longest such period since 1882 and just two years since the UK's first 24-hour coal-free period.

In the five years to 2018 renewable capacity has tripled while fossil fuel capacity has fallen by a third due to the decommissioning of fossil fuel generators. In December 2018, total installed solar capacity in the UK reached c.13,096MW across c.976,200 installations, an increase of 2.1% (c.268MW) since December 2017. This modest growth was predominantly supported by new domestic rooftop installations and some ground mounted assets in Northern Ireland. This reduction in growth results from the closure of the Renewables Obligation ("RO") scheme in April 2017. As anticipated, there have been no new large-scale solar assets constructed in the UK following the closure of the RO scheme. We expect this to remain the case in the foreseeable

future, with investment activity in the sector focused on secondary market acquisitions of operational assets. The UK solar market continued to experience a period of consolidation with a significant number of secondary transactions taking place. The level of activity in the secondary market, associated with the absence of new construction of large-scale solar assets, resulted in increased competition for the acquisition of operational assets. In November 2018, Ofgem released a consultation on the Targeted Charging Review ("TCR"), which was launched initially in August 2017 as part of a review into residual network charging arrangements. The update included a number of proposed reforms, which would likely result in a reduction in revenues received by UK embedded generation assets which currently benefit from embedded benefits and could also result in an increase in network charges. Whilst the exact nature of the proposed changes is still to be confirmed, if taken forward in their present form they would be phased in from 2021. It should be noted that embedded benefits revenue represents just c.2.5% of revenues for the portfolio during the period. Despite limited growth in the solar market, the UK renewables market has continued to thrive.

BREXIT

The uncertainty surrounding Brexit has not yet lifted as post-period end in April 2019 the UK was granted a six-month extension to the deadline for the UK to leave the EU. The Investment Manager does not consider the Company to be particularly sensitive to the various scenarios that could unfold ahead of the new 31 October cut-off date. The energy market in the UK is closely aligned with European markets and this is not expected to change over the long term. As an example, the draft political declaration made

in November 2018 sets out a desire to “consider cooperation on carbon pricing by linking a United Kingdom national greenhouse gas emissions trading system with the EUs Emissions Trading System”. An exit from the EU could cause volatility in the energy markets, that volatility in itself could lead to slightly higher electricity prices in the short term. Longer term impacts such as weaker economic demand and the availability of unskilled labour are not deemed material to the future operations of the Company.

REVENUES

During the period, 58.5% of revenue from UK portfolio investments came from subsidies (predominantly under the ROC scheme) and other green benefits to an offtaker. These revenues are directly and explicitly linked to inflation for 20 years from the accreditation date under the ROC regime and subject to Retail Price Index (“RPI”) inflationary increases applied by Ofgem in April of each year. The majority of the remaining 41.5% of revenues derive from electricity sales by our UK portfolio companies which are subject to wholesale electricity price movements.

The average power price achieved during the period was £54.20 per MWh, representing an increase on the price achieved in the 12 months to 30 June 2018 (£46.77 per MWh.)

From July 2018 prices initially increased due to increasing commodity prices, principally gas and carbon prices. More recently electricity prices have dipped as new natural gas supplies from the US and Australia entered the market. Coupled with historically high gas storage levels in Western Europe and one of the mildest winters on record, this has decreased prices for natural gas and subsequently put downward pressure on electricity prices.

Nonetheless, during the period 1 July 2018 to 31 March 2019 there was a 2.9% increase in long term power price forecasts. The Investment Manager uses forward looking power price assumptions to assess the likely future income of the portfolio investments for valuation purposes. The Company’s assumptions are formed from a blended average of the forecasts provided by third party consultants and are updated

on a quarterly basis. The Investment Manager’s forecasts continue to assume an increase in power prices in real terms over the medium to long-term of 0.27% per annum (30 June 2018: 1.08%).

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

The PPA strategy adopted by our portfolio companies seeks to optimise their revenues from the power generated, while keeping the flexibility to manage their solar assets appropriately. The Boards of our portfolio companies, with assistance from Foresight, constantly assess conditions in the electricity market and set their pricing strategy on the basis of likely future movements.

During the period, the Investment Manager completed a competitive tender process and identified a new PPA provider for six of the UK assets, representing c.30MW of generating capacity. Following lengthy negotiations to secure the best possible terms, new 10-year contracts were in place from 1 April 2019 with lower fees being charged by the new offtaker. Under the new PPA, the electricity generated is sold at a variable market rate, benefiting from positive market movements, but with the option to fix the price if this becomes attractive.

Investment Manager's Review

SUSTAINABLE INVESTING

Sustainability lies at the heart of the Manager's approach, and the Manager believes that investing responsibly, seeking to make a positive social and environmental impact, is critical to its long-term success. These factors have been integrated into the investment process, and are actively supported by all involved, regardless of seniority. Foresight refined its sustainability tracking in 2018 to further improve its investment processes, enhance the sustainability performance of existing assets and demonstrate more comprehensively the environmental benefits and social contribution of the Company's activities, implementing Foresight Group's Sustainable Investing in Infrastructure Strategy. This strategy focuses on ensuring all assets are evaluated prior to acquisition and throughout their ownership, in accordance with Foresight Group's Sustainability Evaluation Criteria. There are five central themes to the Criteria, which cover the key areas of sustainability. The five criteria are:

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

LAND MANAGEMENT

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

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

- Management of field boundaries between security fencing and hedgerows;
- Sustainable land drainage and pond restoration;
- Installation of insect hotels and reptile hibernacula;
- Installation of boxes for bats, owls and kestrels; and
- Installation of beehives by local beekeepers.

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

Compliance audits have been carried out on all UK sites held by portfolio companies, confirming that they are in line with government permits and conditions. This includes new landscaping and habitat improvements. The Investment Manager is overseeing the creation of a nature reserve on the Turweston site in Northamptonshire, including the installation of beehives.



SOCIAL AND COMMUNITY ENGAGEMENT

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

Community payments are also made to the parish councils local to the sites in the portfolio. These support a wide range of projects benefitting the

local population including helping a local football club establish new changing rooms and cleaning previously derelict land to create paving for a growing cricket club.

During the period, the Investment Manager made community contribution payments related to the Dove View site. The annual community payments for Marchington were also extended to reflect the site's 40-year consent.

HEALTH AND SAFETY

There were no reportable health and safety incidents during the period. Safety, Health, Environment and Quality ("SHEQ") performance and risk management are a top priority at all levels for Foresight Group. To further improve the management of SHEQ risks, reinforce best practice and ensure non-compliance with regulations is avoided, Foresight Group has appointed an independent health and safety consultant who regularly visits the portfolio assets

operated by our portfolio companies to ensure they not only meet, but exceed, industry and legal standards. The consultant has confirmed that all sites are in compliance with applicable regulations. Recommendations have been implemented to help raise standards further. During the period improvements were made to security arrangements for two of the plants.

OUTLOOK

It has been another positive period for the Company with a number of attractive acquisitions completed by portfolio companies and strong performance from both new and existing assets. Plant optimisation will continue to be a core objective both from an operational perspective and in respect of their ability to support a sustainable level of debt to enhance returns to the fund. The Company will focus on embedding the UK and Italian assets acquired during the period, and continuing to deliver strong operational performance across the portfolio. During the next period, in order to provide liquidity for possible investor redemptions, some assets may be selectively sold, especially when demand for such

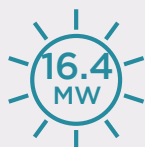
assets remains strong. The Investment Manager is also working to negotiate new debt terms with the existing lender to refinance the majority of the UK solar assets. Pricing is materially less than the current arrangement while working with the existing lender reduces costs significantly as less additional due diligence work is required. This loan will most likely be finalised in Q3 2019.

Foresight Group CI Limited
Investment Manager
30 July 2019

Investment Manager's Review

Portfolio Overview

Turweston Solar Farm, Northamptonshire



Investment date December 2014

During the period 1 July 2018 to 31 March 2019 the portfolio companies trading on the site performed above the expected level of production due to the good availability of the plant and high irradiance levels.

	31 March 2019
Voting rights in the relevant portfolio companies	49%
Current cost	£19,771,001
Valuation	£23,247,943

	Year ended 31 March 2019
Income	£3,482,010
EBITDA	£1,176,974
Net assets	£60,594



Laurel Hill Solar Farm, County Down



Investment date September 2017

The site connected to the grid in February 2018 and provisionally achieved its Performance Acceptance Certificate in November.

	31 March 2019
Voting rights in the relevant portfolio companies	49%
Current cost	£5,332,478
Valuation	£7,566,349

	Year ended 31 March 2019
Income	£1,613,866
EBITDA	£98,831
Net liabilities	(£90,987)



Littlewood Solar Farm, Nottinghamshire



Investment date August 2017

During the period 1 July 2018 to 31 March 2019 the portfolio company trading on the site performed above the expected level of production due to the good availability of the plant and high irradiance levels.

	31 March 2019
Voting rights in the relevant portfolio company	49%
Current cost	£5,087,340
Valuation	£6,760,971

	Year ended 31 March 2019
Income	£630,244
EBITDA	£492,718
Net assets	£143,533



Hurcott Solar Farm, Somerset



Investment date November 2018

Since acquisition, the portfolio company trading on the site has performed in line with expectations.

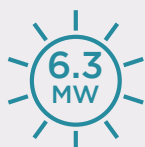
	31 March 2019
Voting rights in the relevant portfolio company	49%
Current cost	£4,149,938
Valuation	£4,720,797

	Year ended 31 March 2019
Income	£1,836,480
EBITDA	£484,429
Net assets	£79,932



Investment Manager's Review

Saron Solar Farm, Carmarthenshire



Investment date March 2015

During the period 1 July 2018 to 31 March 2019 the portfolio company trading on the site performed in line with expectations.

	31 March 2019
Voting rights in the relevant portfolio company	49%
Current cost	£3,412,909
Valuation	£3,379,050

	Year ended 31 March 2019
Income	£770,550
EBITDA	£478,848
Net liabilities	(£1,069,306)



Basin Bridge Solar Farm, Leicestershire



Investment date August 2018

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

	31 March 2019
Voting rights in the relevant portfolio company	49%
Current cost	£1,707,972
Valuation	£2,700,453

	Year ended 31 March 2019
Income	£813,314
EBITDA	£590,239
Net liabilities	(£579,085)



Marchington Solar Farm, Staffordshire



Investment date July 2016

During the period 1 July 2018 to 31 March 2019 the portfolio company trading on the site performed above the expected level of production due to the good availability of the plant and high irradiance levels.

	31 March 2019
Voting rights in the relevant portfolio company	49%
Current cost	£1,031,975
Valuation	£2,395,609

	Year ended 31 March 2019
Income	£583,523
EBITDA	£215,004
Net liabilities	(£473,672)



Dove View Solar Farm, Staffordshire



Investment date August 2018

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

	31 March 2019
Voting rights in the relevant portfolio company	49%
Current cost	£1,673,880
Valuation	£2,056,735

	Year ended 31 March 2019
Income	£854,486
EBITDA	(£469,636)
Net liabilities	(£284,938)



Investment Manager's Review

Beech Farm Solar, Staffordshire



Investment date August 2018

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

	31 March 2019
Voting rights in the relevant portfolio company	49%
Current cost	£1,421,984
Valuation	£1,396,505

	Year ended 31 March 2019
Income	£596,733
EBITDA	£328,392
Net liabilities	(£790,174)



Italian Solar



Investment date July 2018

These plants are owned by a platform named ForVEI II, a joint venture partnership between Foresight and VEI Capital. During the period 1 July 2018 to 31 March 2019, ForVEI II invested in three ground-mounted solar assets in Italy, Avetrana Tre, Manduria Uno and Balatizzo, which have a capacity of 1.0MW, 0.9MW and 1.0MW respectively. Across the three sites production was broadly in line with expectations.

	31 March 2019
Voting rights within each project investment vehicle	25.7%
Current cost	£1,177,241
Valuation	£1,177,241

	Period ended 31 March 2019
Income	€920,841
EBITDA	€669,505
Net assets	€5,075,532



Stables Solar Farm, Leicestershire



Investment date August 2018

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

	31 March 2019
Voting rights in the relevant portfolio company	49%
Current cost	£711,206
Valuation	£796,988

	Year ended 31 March 2019
Income	£226,878
EBITDA	£380,401
Net liabilities	(£518,299)



New Kaine Solar Farm, Kent



Investment date March 2015

During the period 1 July 2018 to 31 March 2019 the portfolio company trading on the site performed above the expected level of production due to the good availability of the plant and high irradiance levels.

	31 March 2019
Voting rights in the relevant portfolio company	49%
Current cost	£673,363
Valuation	£637,172

	Year ended 31 March 2019
Income	£251,063
EBITDA	£105,568
Net liabilities	(£303,483)



Investment Manager's Review

Telecomponenti Rooftop Solar, Campania, Italy



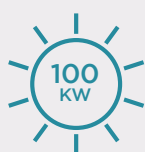
Investment date November 2017

During the period 1 July 2018 to 31 March 2019 production by the plant was slightly below expectations due to underperforming panels.

	31 March 2019
Voting rights in the relevant portfolio company	49%
Current cost	£407,797
Valuation	£474,438



Greenersite Solar Farm, Herefordshire



Investment date March 2013

During the period 1 July 2018 to 31 March 2019 the site performed below the expected level of production due to lower than expected irradiation.

	31 March 2019
Voting rights in the relevant portfolio company	100%
Current cost	£325,878
Valuation	£309,847

	Year ended 31 March 2019
Income	£30,656
EBITDA	£170
Net assets	£256,751



Investing for a smarter future for more than 30 years

Sustainable Infrastructure Foresight's Five criteria

£2BN

invested into
clean energy
projects
worldwide

More than

1.6GW

of renewable
generation
assets

Affordable, clean energy

Resilient industry,
innovation & sustainable
infrastructure

Positive contribution to
climate action



Investment
strategies
that support
sustainable
economic
and social
development



1 Sustainable development contribution

2 Environmental footprint



Reduction in CO₂

Species protection & promotion

Responsible waste management

Feedstock sustainability

Control of emissions, effluents
& wastes in all conditions

3 Social engagement



Health and wellbeing of staff & third parties

Local economic & social impact

Positive community engagement &
contribution

Positive decommissioning plan

4 Governance

Legislation compliance

Employment & human rights

Robust anti-bribery & corruption policies

Appropriate management structure

Experienced board

5 Third party interactions

Legislation compliance

Supply chain monitoring

Protecting reputation

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

*Helped shape
the Green
Investment
Handbook*

Investment Manager's Review

Portfolio Analysis

Portfolio details as at 31 March 2019 were as follows:

Name of asset	Date of investment	31 March 2019			30 June 2018	
		Current cost† (£)	Valuation (£)	Valuation Methodology	Current cost (£)	Valuation (£)
Turweston Solar Farm	December 2014	19,771,001	23,247,943	Discounted cashflow	19,771,001	22,061,202
Laurel Hill Solar Farm	September 2017	5,332,478	7,566,349	Discounted cashflow	—	14,593,193
Littlewood Solar Farm	August 2017	5,087,340	6,760,971	Discounted cashflow	—	6,547,433
Hurcott Solar Farm	November 2018	4,149,938	4,720,797	Discounted cashflow	—	—
Saron Solar Farm	March 2015	3,412,909	3,379,050	Discounted cashflow	3,412,909	3,221,491
Basin Bridge Solar Farm	August 2018	1,707,972	2,700,453	Discounted cashflow	—	—
Marchington Solar Farm	July 2016	1,031,975	2,395,609	Discounted cashflow	1,031,975	2,318,223
Dove View Solar Farm	August 2018	1,673,880	2,056,735	Discounted cashflow	—	—
Beech Farm Solar	August 2018	1,421,984	1,396,505	Discounted cashflow	—	—
Italian Solar	July 2018	1,177,241	1,177,241	Cost	—	—
Stables Solar Farm	August 2018	711,206	796,988	Discounted cashflow	—	—
New Kaine Solar Farm	March 2015	673,363	637,172	Discounted cashflow	673,363	543,006
Telecomponenti Rooftop Solar	November 2017	407,797	474,438	Expected sales proceeds	407,797	407,797
Greenersite Solar Farm	March 2013	325,878	309,847	Expected sales proceeds	325,878	378,951
Other net assets held by the portfolio companies		—	(853,282)		—	3,280,308
Total			56,766,816			53,351,604

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

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

The portfolio companies, or their wholly owned subsidiaries, may borrow to fund acquisitions and may also employ proceeds from the disposal of assets.



Investment Manager's Review

About the Investment Manager

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

The Investment Manager is a Guernsey registered company, incorporated under Guernsey Law with registered number 51471. The Investment Manager is licensed by the Guernsey Financial Services Commission.

Foresight Group is a privately-owned infrastructure and private equity Investment Manager, managing assets of c.£4.0 billion. Founded in 1984, in total Foresight manages funds on behalf of institutional and retail investors including three venture capital trusts which are listed on the premium segment of the Official List and are admitted to trading on the Main Market. Foresight Group has won a number of awards recognising its accomplishments in this area. Most recently, winning "Best Generalist VCT" at the Investment Week Tax Efficiency Awards 2018/19.

Headquartered in The Shard, London, with further offices in Edinburgh, Leicester, Milton Keynes, Nottingham, Manchester, Rome, Madrid, Seoul and Sydney, Foresight has over 220 staff. Foresight established its solar investment team in 2007 and launched its first solar fund, Foresight European Solar Fund, in early 2008. Foresight Solar VCT plc (later renamed Foresight Solar & Infrastructure VCT plc) was launched in November 2010 and

the Group has since raised over £200 million for solar-focused Enterprise Investment Schemes. It also launched the largest listed solar fund in the UK, Foresight Solar Fund Limited ("FSFL") in 2013, a fund with a gross asset value of over £1.1bn currently. In total, the team manages over 95 solar plants totalling over 1.2GW of existing operational capacity across the UK, Australia, Italy, Spain and Portugal.

In 2018, Foresight Group's UK solar portfolio under management generated c.5.8% of total UK solar generation. In the UK, the wider infrastructure team also manages 435MW of investments in bioenergy projects, onshore wind, lithium ion battery storage facilities and reserve power generation assets.

The Group's dedicated multinational infrastructure team of 80 consists of an Investment Team and an Asset Management Team of specialist portfolio accountants, in-house legal personnel and specialised engineers. The team possesses a comprehensive suite of capabilities, from investment origination and execution, including sourcing and structuring transactions, to ongoing active asset management within the specialist sector of energy infrastructure. The team is supported by an extensive back office team comprising of finance, investor relations, sales, marketing, HR and administration.

The Company's Investment Management team is led by a team of experienced UK-based fund managers and is responsible for new asset acquisitions, pipeline development, value enhancement of the Company and also advises the Board on the optimal borrowing strategy of the Company. The management team is supported by a team

of UK-based solar investment analysts with additional resource obtained from Foresight's Italian and Australian investment teams. Foresight, which is overseen by an Executive Committee, provides strategic investment advice to the management team and the Board.

EVOLUTION OF FORESIGHT SOLAR & INFRASTRUCTURE VCT PLC

- 2010** In April 2010, the British Government introduced index linked feed-in tariffs ('FiTs') providing minimum inflation-linked prices for electricity produced from various renewable sources, including solar power generating assets. This FiT provided the opportunity for Foresight to launch the Company and utilise its expertise and resources to invest in solar projects.
- The Ordinary shares fund was originally a five year planned exit VCT with an option to remain in the fund as a longer-term investor. The fund targeted minimum dividends of 5p per share per annum after the first two years and a minimum return of £1.30 per share after five years.
- 2013** In 2013, the Company raised an additional £13m from shareholders in a "C" shares fund, targeting investment in sub 5MW solar power plants in the UK, supported by the Government's Renewable Obligation (RO) scheme.
- The "C" shares fund was a five year planned exit VCT with an option to remain invested in the fund for the long term. The fund targeted minimum dividends of 5p per share per annum from year two, and a minimum target return of £1.20 after five years.
- 2016** In February 2016, the Company launched a new "D" shares fund in order to invest in complementary asset classes within the energy and infrastructure sectors including smart data, international solar and wider infrastructure offering a similar risk profile.
- 2017** The D shares fund raised £4.9m before it closed on 31 January 2017. A small top-up offer in March 2017 led to the D shares fund's total fund raising to be £5.6m.
- The Ordinary shares fund completed a tender offer on May 2017, buying back 10,966,024 shares for £11.0m.
- 2018** In June 2018, the Company completed the merger of the Ordinary, C and D shares funds into a single enlarged Ordinary Share class to unite its shareholder base and offer enhanced liquidity by the pooling of the existing cash reserves in each fund.

Exit Communication from the Board (based on original shareholdings)

	Funds Raised	Previous exit dates	Indicative date of next exit communication
Ordinary Shares	2010/11	2017/18	2019/20
C Shares	2013/14	n/a	2019/20
D Shares	2016/17	n/a	2021/22

Strategic Report

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

INVESTMENT POLICY

Foresight Solar & Infrastructure VCT plc invests mainly in unquoted companies that generate electricity from solar power systems and benefit from long-term government-related price guarantees as well as companies that generate and sell data derived from their ownership and operation of smart data assets.

The Company originally raised £37.8m through an Ordinary Share issue in 2010/2011 and 2011/2012, and subsequently a “C” shares fund of £13.1m and a “D” shares fund of £5.6m. On 29 June 2018, the C and D shares funds were merged with the Ordinary Shares fund. The number of Ordinary Shares in issue at 31 March 2019 was 43,247,592 and 1,222,778 Deferred Shares.

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

INVESTMENT OBJECTIVES

PERFORMANCE AND KEY PERFORMANCE INDICATORS (KPIs)

The Board expects the Investment Manager to deliver a performance which meets the objective of the Company. The KPI covering this objective is net asset value total return, calculated as net asset value per share plus total dividends paid to date. Net asset value total return allows performance comparisons to be made between venture capital trusts. Additional KPIs reviewed by the Board include the premium/discount of the share price relative to the net asset value, which shows the percentage by which the mid-market share price of the Company is higher/lower than the net asset value per share, and total ongoing charges as a proportion of shareholders' funds. These are

both further indicators of investor value.

The annualised ongoing charges ratio for the period was 2.7% and the average discount at which shares were repurchased in the market was 1.5%. The level of these KPIs compares favourably with the wider VCT marketplace based on independently published information. These indicators, along with other useful measures including share price total return, dividend yield and share price (discount)/premium to NAV, all of which are further indicators of investor value and return and allow further comparisons to be made between venture capital trusts, are included on pages 2 and 3.

A review of the Company's performance during the financial period, is contained within the Investment Manager's Report. The Board assesses the performance of the Investment Manager in meeting the Company's objective against the primary KPIs highlighted above.

STRATEGIES FOR ACHIEVING OBJECTIVES

INVESTMENT SECURITIES

The Company invests in a range of securities including, but not limited to, ordinary and preference shares, loan stock, convertible securities, and fixed-interest securities as well as cash. Unquoted investments are usually structured as a combination of ordinary shares and loan stock. Non-qualifying investments may include holdings in money market instruments, short-dated bonds, unit trusts, OEICs, structured products, guarantees to banks or third parties providing loans or other investment to portfolio companies and other assets where Foresight Group believes that the risk/return portfolio is consistent with the overall investment objectives of the portfolio.

UK COMPANIES

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

ASSET MIX

The Company has invested in unquoted companies that seek to generate solar electricity and benefit from long-term government-backed price guarantees. Investments may be made in companies seeking to generate renewable energy from other sources provided that these benefit from similar long-term government-backed price guarantees. No investments of this nature have been made to date. The Board has always ensured that at least 70% of net share capital raised has been invested in Qualifying Companies whose primary business is the generation of solar electricity. Any uninvested funds are held in cash, interest bearing securities or other investments.

RISK DIVERSIFICATION AND MAXIMUM EXPOSURES

Risk has been spread by investing in a number of different companies which have targeted a variety of separate locations for their solar power assets. The maximum amount invested by the Company in any one company has been limited to 15% of the portfolio at the time of investment in accordance with VCT Rules. The value of an investment is expected to increase over time as a result of trading progress and a continuous assessment is made of its suitability for sale. Although risk is spread across different portfolio companies, concentration risk is fairly high given that a significant portion are UK Solar projects owned by Qualifying Companies, in which Qualifying Investments were made by the Ordinary Shares fund and the C Shares fund, which have been merged to form larger trading groups.

BORROWING POWERS

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

OTHER FORESIGHT MANAGED FUNDS

The Company's Investment Manager and Adviser also manages or advises Foresight VCT plc, Foresight 4 VCT plc, Foresight Nottingham Fund LP, Foresight Environmental Fund LP, Foresight Solar Fund Limited, Foresight Capri Energy Fund, Foresight Inheritance Tax Solutions, Foresight AD EIS, Foresight Energy Infrastructure EIS, Foresight Regional Investment LP, Foresight Williams Technology EIS Fund, MEIF ESEM Equity LP, Scottish Growth Scheme - Foresight Group Equity Finance LP and John Laing Environmental Assets Group Limited.

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

VCT REGULATION

The investment policy is designed to ensure that the Company continues to qualify and is approved as a VCT by HM Revenue & Customs ("HMRC"). Amongst

other conditions, 70% of the Company's investment portfolio must comprise Qualifying Holdings in Qualifying Companies. This percentage will increase from 70% to 80% for accounting periods beginning after 6 April 2019. As at 31 March 2019, 82.94% of the Company's investment portfolio was held in Qualifying Holdings.

MANAGEMENT

The Board has engaged Foresight Group CI Limited as its manager, which has appointed Foresight Group LLP as its investment adviser and to which it has delegated the company secretarial, accounting and administration services. References to 'the Manager' throughout this report refer to the activities of both Foresight Group CI Limited and Foresight Group LLP.

Foresight Group prefers to take a lead role in the companies in which it invests. Larger investments may be syndicated with other investing institutions, or strategic partners with similar investment criteria. A review of the investment portfolio and of market conditions during the period is included within the Investment Manager's Report.

ENVIRONMENTAL, HUMAN RIGHTS, EMPLOYEE, SOCIAL AND COMMUNITY ISSUES

The Company's investments have been made in companies with clean energy and environmental infrastructure projects which have clear environmental benefits. The Board recognises the requirement under Section 414 of the Act to provide information about environmental matters (including the impact of the Company's business on the environment), employee, human rights, social and community issues; including information about any policies it has in relation to these matters and effectiveness of these policies.

Strategic Report

The Company does not have any policies in place for human rights, environmental, social and community issues due to having no office premises, no employees and its only suppliers being that of the service industry, as opposed to tangible products.

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

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

Signatory of:



GENDER DIVERSITY

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

The Investment Manager has an equal opportunities policy and as at 31 March 2019 employed 142 men and 80 women.

DIVIDEND POLICY

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

PURCHASE OF OWN SHARES

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

PRINCIPAL RISKS, RISK MANAGEMENT AND REGULATORY ENVIRONMENT

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

Economic risk: events such as economic recession or general fluctuation in stock markets and interest rates may affect the performance of projects, as well as affecting the Company's own share price and discount to net asset value.

Mitigation: the Company invests in a portfolio of investments and maintains sufficient cash reserves to be able to meet its liabilities.

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

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

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

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

Legislative and regulatory risk:

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

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

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

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

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

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

Financial risk: inappropriate accounting policies might lead

to misreporting or breaches of regulations.

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

The Board recognises that Brexit is a process that involves significant uncertainty. The Board and the Investment Manager do, however, follow Brexit developments closely with a view to identifying where changes could affect the areas of the market in which we specialise. Although we hope this should be relatively limited as the majority of the projects we invest in are largely UK focused, there will be an impact where sales or purchases are outside the UK. The Investment Manager's analysis of the portfolio has, based on current knowledge, indicated that the positives and negatives should largely balance each other out.

VIABILITY STATEMENT

In accordance with principle 21 of the AIC Code of Corporate Governance published by the AIC in February 2015, the Directors have assessed the prospects of the Company over the three year period to 31 March 2022. This three year period is used by the Board during the strategic planning process and is considered reasonable for a business of its nature and size.

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

The Board also considered the ability of the Company to raise finance and deploy capital. This assessment took account of the availability and likely effectiveness

of the mitigating actions that could be taken to avoid or reduce the impact of the underlying risks, including the Investment Manager adapting their investment process to take account of the more restrictive VCT investment rules.

This review has considered the principal risks which were identified by the Board. The Board concentrated its efforts on the major factors that affect the economic, regulatory and political environment. The Board have also considered the Company's income and expenditure projections and underlying assumptions for the next three years and found these to be realistic and sensible.

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

PERFORMANCE-RELATED INCENTIVES

ORDINARY SHARES FUND

Foresight Group is entitled to a performance incentive fee of 30% of Total Return exceeding a threshold of 130p per Ordinary Share from 30 June 2017 increasing by a simple 5% per annum going forward, i.e. 136.5p for the Company's financial year ending 30 June 2018, 141.6p for the period ending 31 March 2019, 148.7p for the year ending 31 March 2020 and so on.

FORMER SHARE CLASSES

Before the share class merger was implemented in the prior year on

Strategic Report

29 June 2018, the performance incentive hurdle for the old C shares was satisfied, with a total return of 105.3p per share, resulting in £130,000 being paid to Foresight Group in July 2018.

VALUATION POLICY

Investments held by the Company have been valued in accordance with the International Private Equity and Venture Capital Valuation (“IPEV”) guidelines (December 2015) developed by the British Venture Capital Association and other organisations. Through these guidelines, investments are valued as defined at ‘fair value’. Ordinarily, unquoted investments will be valued at cost for a limited period following the date of acquisition, being the most suitable approximation of fair value unless there is an impairment or significant accretion in value during the period. The portfolio valuations are prepared by Foresight Group, reviewed and approved by the Board quarterly and subject to review by the auditors annually.

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

VCT TAX BENEFIT FOR SHAREHOLDERS

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

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

VENTURE CAPITAL TRUST STATUS

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

The Directors and the Manager have managed, and continue to manage, the business in order to comply with the legislation applicable to VCTs. In addition, the Board has appointed RW Blears LLP to monitor and provide continuing advice in respect of the Company’s compliance with applicable VCT Rules. As at 31 March 2019 the Company had 82.94% (30 June 2018: 81.44%) of its funds in such VCT Qualifying Holdings.

FUTURE STRATEGY

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

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

David Hurst-Brown

Director
30 July 2019



Governance

Board of Directors

“The differing career backgrounds and experience of the Directors is designed to bring a complementary balance of skills, knowledge and wisdom to the management of the Company’s affairs.”

David Hurst-Brown
Chairman

David Hurst-Brown
CHAIRMAN OF THE BOARD



Position
Appointed
Experience

Chairman
6 August 2012
David was appointed as Chairman of the Board in August 2012, following the death of Lord Maples. Having graduated as a production engineer he worked for over 25 years in the investment banking industry. Prior to his retirement from UBS in 2002 he had worked for 15 years as an executive in the corporate finance division of UBS Warburg. David has previously held a number of non-executive Board positions both at VCTs and a variety of other companies listed on the AIM and the main market.

**Beneficial
Shareholding**

Ordinary Shares 52,500

Mike Liston OBE
DIRECTOR



Position
Appointed
Experience

Director
6 July 2010
A Chartered Engineer, Mike’s relevant experience in leading technology related, public businesses includes as Chief Executive of an electricity utility and Non-Executive Chairman of renewable energy developers in the wind, solar and biofuels sectors in Europe and an Asian energy infrastructure fund. He is a director of the General Partner of Foresight’s first solar power fund. Mike is a Fellow of the Royal Academy of Engineering.

Other positions

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

**Beneficial
Shareholding**

Nil

Tim Dowlen

DIRECTOR



Position Appointed Experience

Director

6 July 2010

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

Other positions Beneficial Shareholding

Director of Woking Street Angels

Ordinary Shares 29,558

Ernie Richardson

DIRECTOR



Position Appointed Experience

Director

1 January 2019

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

Other positions

Director of Thomas Swan Holdings Limited and Eastwood Langley Limited

Beneficial Shareholding

Nil

Directors' Report

The Directors present their report and the audited accounts of the Company for the period ended 31 March 2019.

ACTIVITIES AND STATUS

Foresight Solar & Infrastructure VCT plc invests mainly in unquoted companies that generate electricity from solar power systems and benefit from long-term government related price guarantees.

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

RESULTS AND DIVIDENDS

The total profit attributable to equity shareholders for the period amounted to £2.8m (2018: £0.5m). The Board paid an interim dividend of 3.0p per Ordinary Share on 23 November 2018. A further interim dividend of 3.0p per Ordinary Share was paid post period end on 26 April 2019. No final dividends are proposed.

NET ASSET VALUE TOTAL RETURN

During the period ended 31 March 2019, the Company's principal indicator of performance, net asset value total return per Ordinary Share increased 5.0% from 128.0p per share at 30 June 2018 to 134.4p per share at 31 March 2019.

SHARE BUYBACKS

During the period the Company repurchased 663,597 Ordinary Shares for cancellation at a total cost of £619,000. No shares bought back by the company are held in treasury. Share buybacks have been completed at an average discount of 1.5% to net asset value.

GLOBAL GREENHOUSE GAS EMISSIONS

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

PRINCIPAL RISKS, RISK MANAGEMENT AND REGULATORY ENVIRONMENT

A summary of the principal risks faced by the Company are set out in the Strategic Report on pages 24 and 25.

MANAGEMENT

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

Annually, the Management Engagement & Remuneration Committee reviews the appropriateness of the Manager's appointment. In carrying out its review, the Management Engagement & Remuneration Committee considers the investment performance of the Company and the ability of the Investment Manager to produce satisfactory investment performance. It also considers the length of the notice period of the investment management contract and fees payable to the Investment Manager, together with the standard of other services provided which include Company Secretarial services. It is the Directors' opinion that the continuing appointment of the Investment Manager on the terms agreed is in the interests of shareholders as a whole. The last review was undertaken on 4 October 2018. Foresight Group LLP is the Secretary of the Company. The principal terms of the management agreement are

set out in note 13 to the accounts. No Director has an interest in any contract to which the Company is a party. Foresight Group CI Limited acts as manager to the Company in respect of its investments and earned fees of £0.5m (2018: £0.7m) during the period. The Manager is also a party to the performance incentive agreements described in note 13 to the Financial Statements and earned performance incentive fees of nil (2018: £0.1m). Foresight Fund Managers Limited, Company Secretary until November 2017, earned fees of nil (2018: £0.1m) during the period. Foresight Group LLP was appointed Company Secretary in November 2017 and received fees of £0.1m (2018: £0.1m) during the period in respect of secretarial, administrative and custodian services to the Company. Foresight Group received £0.3m (2018: £nil) arrangement fees from portfolio companies.

All amounts are stated, where applicable, excluding Value Added Tax.

VCT STATUS MONITORING

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

SUBSTANTIAL SHAREHOLDINGS

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

FINANCIAL INSTRUMENTS

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

DIRECTORS INDEMNIFICATION AND INSURANCE

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

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

POLICY OF PAYING CREDITORS

The Company does not subscribe to a particular code but follows a policy whereby suppliers are paid by the due date and investment purchases are settled in accordance with the stated terms. At the period end trade creditors represented an average credit period of 2 days (2018: 32 days).

ALTERNATIVE INVESTMENT FUND MANAGERS DIRECTIVE (AIFMD)

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

AUDIT INFORMATION

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

STATUTORY INSTRUMENT 2008/410 SCHEDULE 7 PART 6

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

Capital Structure

The Company's issued share capital as at 30 July 2019 was 43,135,130 Ordinary Shares and 1,222,778 Deferred Shares.

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

Voting Rights in the Company's shares

Details of the voting rights in the Company's shares at the date of this report are given in note 5 in the Notice of Annual General Meeting on page 72.

Notifiable interests in the Company's voting rights

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

AUDITOR

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

COMPANIES ACT 2006 DISCLOSURES

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

- the Company's capital structure and voting rights are summarised above, and there are no restrictions on voting rights nor any agreement between holders of securities

that result in restrictions on the transfer of securities or on voting rights;

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

CONFLICTS OF INTEREST

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

Foresight Group as investment manager, manages several funds that invest in solar projects. To ensure that projects are allocated equitably between funds, a third party review of allocation decisions is carried out by qualified risk managers.

WHISTLEBLOWING

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

GOING CONCERN

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report on pages 22 to 26. The financial position of the Company, its cash flows, liquidity position and borrowing facilities are referred to in the Chairman's Statement, Strategic Report and Notes to the Accounts. In addition, the financial statements include the Company's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposures to credit risk and liquidity risk.

The Company has sufficient financial resources together with investments and income generated therefrom across a variety of industries and sectors. As a consequence, the Directors believe that the Company is able to manage its business risks. Cash flow projections have been reviewed and show that the Company has sufficient funds to meet both its contracted expenditure and its discretionary

cash outflows in the form of share buy backs and dividends.

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

DIRECTORS REMUNERATION

Following changes to the Companies Act 2006, UK investment companies must comply with new regulations in relation to directors' remuneration. Directors' fees can only be paid in accordance with a remuneration policy which has been approved by shareholders. The Company must also publish a Directors' Remuneration Report which complies with a new set of disclosure requirements. See pages 38 to 40.

ANNUAL GENERAL MEETING

A formal notice convening the Annual General Meeting on 19 September 2019 can be found on pages 70 to 73. Resolutions 1 to 8 will be proposed as ordinary resolutions meaning that for each resolution to be passed, at least 50% of the votes cast at the meeting must be in favour of the resolution. Resolutions 9 and 10 will be proposed as special resolutions meaning that for each resolution to be passed at least 75% of the votes cast at the meeting must be in favour of the resolution.

Resolutions 8 to 10 will be in addition to existing authorities and are explained below.

RESOLUTION 8

Resolution 8 will authorise the Directors to allot relevant securities generally, in accordance with Section 551 of the Companies Act 2006, up to an aggregate nominal amount of £200,000 (representing approximately 46%

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

RESOLUTION 9

Resolution 9 will sanction, in a limited manner, the disapplication of pre-emption rights in respect of the allotment of equity securities (i) with an aggregate nominal value of up to £200,000 in Ordinary shares in the Company pursuant to offer(s) for subscription, (ii) with an aggregate nominal value of up to 10% of the issued share capital in the Company pursuant to the performance incentive arrangements with Foresight Group CI Limited and (iii) with an aggregate nominal value of up to 10% of the issued share capital in the Company, in each case where the proceeds of such issue may in whole or in part be used to purchase the Company's shares. This authority will expire at the conclusion of the Annual General Meeting to be held in 2020 and will be in addition to all other existing authorities.

RESOLUTION 10

It is proposed by Resolution 10 that the Company be empowered to make market purchases (within the meaning of Section 693(4) of the Companies Act 2006) of its own shares. Under this authority the Directors may purchase up

to 6,465,955 Ordinary Shares (representing approximately 14.99% of the issued ordinary share capital of the Company at the date of this Annual Report). When buying shares, the Company cannot pay a price per share which is more than 105% of the average of the middle market quotation for shares taken from the London Stock Exchange daily official list on the five business days preceding the day on which shares are purchased or, if greater, the amount stipulated by Article 5(1) of the Buyback and Stabilisation Regulation 2003. This authority shall expire at the conclusion of the Annual General Meeting to be held in 2020.

Whilst, generally, the Company does not expect shareholders will want to sell their shares within five years of acquiring them because this may lead to a loss of tax relief, the Directors anticipate that from time to time a shareholder may need to sell shares within this period. Front end VCT income tax relief is only obtainable by an investor who makes an investment in new shares issued by the Company. This means that an investor may be willing to pay more for new shares issued by the Company than he would pay to buy shares from an existing shareholder. Therefore, in the interest of shareholders who may need to sell shares from time to time, the Company proposes to renew the authority to buy-in shares for the benefit of new as well as existing shareholders. This authority when coupled with the ability to issue new shares for the purposes of financing a purchase of shares in the Market, enables one company to purchase shares from a shareholder and effectively to sell on those shares through the company to a new investor with the potential benefit of full VCT tax relief. In making purchases the company will deal only with member firms of the London Stock Exchange at a discount to the then

prevailing net asset value per share of the company's shares to ensure that existing shareholders are not disadvantaged.

By order of the Board

Foresight Group LLP
Secretary
30 July 2019

Governance

Corporate Governance

The Directors of Foresight Solar & Infrastructure VCT plc confirm that the Company has taken the appropriate steps to enable it to comply with the Principles set out in Section 1 of the UK Corporate Governance Code on Corporate Governance ('UK Corporate Governance Code') issued by the Financial Reporting Council in April 2016, as appropriate for a Venture Capital Trust.

As a Venture Capital Trust, the Company's day-to-day responsibilities are delegated to third parties and the Directors are all Non-Executive. Thus not all the procedures of the UK Corporate Governance Code are directly applicable to the Company. Unless noted as an exception below, the requirements of the UK Corporate Governance Code were complied with throughout the nine months ended 31 March 2019. The Annual General Meeting was convened on at least 24 days' notice but not 20 business days' notice as recommended in the UK Corporate Governance Code.

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

THE BOARD

The Company at present has a Board comprising the Chairman and three other Non-Executive Directors. The Chairman, Tim Dowlen and Ernie Richardson are considered to be independent. Mike Liston is considered non-independent by virtue of the fact that he is a Director of another Foresight Group managed fund.

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

Individual Directors may, at the expense of the Company, seek independent professional advice on any matter that concerns them in the furtherance of their duties. In view of its non-executive nature and the requirements of the Articles of Association that all Directors retire by rotation at the Annual General Meeting, the Board considers that it is not appropriate for the Directors to be appointed for a specific term as recommended by provision B.23 of the UK Corporate Governance Code. Non-independent Directors

and Directors who have been on the Board for more than nine years are required to retire annually. Full details of duties and obligations are provided at the time of appointment and are supplemented by further details as requirements change, although there is no formal induction programme for Directors as recommended by provision B.4.1.

The Board has appointed a Company Secretary who also attends all Board meetings. A representative of the Company Secretary attends all formal Committee Meetings although the Directors may meet without the Investment Manager being present. Informal meetings with management are also held between Committee Meetings as required. The Company Secretary ensures full information is provided to the Board in advance of each Committee Meeting.

MEETING ATTENDANCE DURING THE PERIOD

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

One meeting for each of the nomination and remuneration committees took place during the period, which were attended by all three directors in office at the time.

In light of the responsibilities retained by the Board and its committees and of the responsibilities delegated to Foresight Group and RW Blears LLP, the Company has not appointed a chief executive officer, deputy Chairman or a senior independent non-executive Director as recommended by

provision A.4.1 of the UK Corporate Governance Code. The provisions of the UK Corporate Governance Code which relate to the division of responsibilities between a Chairman and a chief executive officer are, accordingly, not applicable to the Company.

BOARD COMMITTEES

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

The Audit Committee comprises Mike Liston (Chairman), David Hurst-Brown, Tim Dowlen and Ernie Richardson, all of whom are considered to have sufficient recent and relevant financial experience to discharge the role, and meets, amongst other things, to consider the following:

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

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

The Directors have decided to propose the reappointment of KPMG LLP as auditor and a resolution concerning this will be

proposed at the Annual General Meeting.

The Nomination Committee comprises David Hurst-Brown (Chairman), Mike Liston, Tim Dowlen and Ernie Richardson and intends to meet at least annually to consider the composition and balance of skills, knowledge and experience of the Board and to make nominations to the Board in the event of a vacancy. New Directors are required to resign at the Annual General Meeting following appointment and then every three years by rotation.

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

The Management Engagement & Remuneration Committee (which has responsibility for reviewing the remuneration of the Directors) comprises David Hurst-Brown (Chairman), Mike Liston, Tim Dowlen and Ernie Richardson and meets at least annually to consider the levels of remuneration of the Directors, specifically reflecting the time commitment and responsibilities of the role. The Management Engagement & Remuneration committee also undertakes external comparisons and reviews to ensure that the levels of remuneration paid are broadly in line with industry standards. The Management Engagement & Remuneration Committee also reviews the appointment and terms of engagement of the Investment Manager.

Copies of the terms of reference of each of the Company's committees can be obtained from

the Investment Manager upon request.

BOARD EVALUATION

The Board undertakes a formal annual evaluation of its own performance and that of its committees, as recommended by provision B.6 of the UK Corporate Governance Code. Initially, the evaluation takes the form of a questionnaire for the Board (and its committees). The Chairman then discusses the results with the Board (and its committees) and following completion of this stage of the evaluation, the Chairman will take appropriate action to address any issues arising from the process.

RELATIONS WITH SHAREHOLDERS

The Company communicates with shareholders and solicits their views where it considers it is appropriate to do so. Individual shareholders are welcomed to the Annual General Meeting where they have the opportunity to ask questions of the Directors, including the Chairman, as well as the Chairman of the Audit Committee. The Board may from time to time seek feedback through shareholder questionnaires and an open invitation for shareholders to meet the Investment Manager. The Company is not aware of any institutions owning shares in the Company.

INTERNAL CONTROL

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

The internal controls system is designed to manage rather than eliminate the risks of failure to achieve the Company's business objectives. The system is designed to meet the particular needs of the Company and the risks to which it is exposed and by its nature can provide reasonable but

Governance

not absolute assurance against misstatement or loss.

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

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

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

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

Following publication of Internal Control: Guidance for Directors on the UK Corporate Governance Code (the Turnbull guidance), the Board confirms that there is a continuous process for identifying, evaluating and managing the

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

The Audit Committee has carried out a review of the effectiveness of the system of internal control, together with a review of the operational and compliance controls and risk management, as it operated during the period 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 period and up to the date of approval of the accounts, and the Board is satisfied with their effectiveness. These procedures are designed to manage rather than eliminate risk and, by their nature, can only provide reasonable but not absolute assurance against

material misstatement or loss. The Board monitors the investment performance of the Company in comparison to its objective at each Board meeting. The Board also reviews the Company's activities since the last Board meeting to ensure that the Investment Manager adheres to the agreed investment policy and approved investment guidelines and, if necessary, approves changes to such policy and guidelines.

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

The Board has concluded that, given the appointment of Foresight Group as Company accountant and the role of the Audit Committee, it is not necessary to establish an internal audit function at the current time but this policy will be kept under review.

DIRECTORS' PROFESSIONAL DEVELOPMENT

Full details of duties and obligations are provided at the time of appointment and are supplemented by further details as requirements change, although there is no formal induction programme for the Directors as recommended by provision B.4.1. Directors are also provided on a regular basis with key information on the Company's policies, regulatory and statutory

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

UK STEWARDSHIP CODE

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

BRIBERY ACT 2010

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

David Hurst-Brown
Director
30 July 2019

Directors' Remuneration Report

INTRODUCTION

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

The law requires the Company's auditor, KPMG LLP, to audit certain of the disclosures provided. Where disclosures have been audited, they are indicated as such. The auditors' opinion is included in the Independent Auditor's Report on pages 43 to 47.

ANNUAL STATEMENT FROM THE CHAIRMAN OF THE REMUNERATION COMMITTEE

The Board, which is profiled on pages 28 and 29, consists solely of non-executive directors and considers at least annually the level of the Board's fees.

CONSIDERATION BY THE DIRECTORS OF MATTERS RELATING TO DIRECTORS' REMUNERATION

The Management Engagement and Remuneration Committee comprises all four Directors: David Hurst-Brown (Chairman), Mike Liston, Tim Dowlen and Ernie Richardson.

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

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

with advice or services by any person in respect of its consideration of the Directors' remuneration.

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

No Director is involved in deciding their own remuneration.

REMUNERATION POLICY

The Board's policy is that the remuneration of non-executive Directors should reflect time spent and the responsibilities borne by the Directors on the Company's affairs and should be sufficient to enable candidates of high calibre to be recruited. The levels of Directors' fees paid by the Company for the period ended 31 March 2019 were agreed during the period.

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

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

The above remuneration policy was last approved by Shareholders at the Annual General Meeting on 6 December 2018 and it is the intention of the Board that the above remuneration policy will, subject to shareholder approval, come into effect immediately following the Annual General Meeting of the Company on 19 September 2019. The Directors' Remuneration Policy is available to view by writing to the Company Secretary at the registered office.

Shareholders' views in respect of Directors' remuneration are communicated at the Company's Annual General Meeting and are taken into account in formulating the Directors' remuneration policy. At the last Annual General Meeting 98% of shareholders voted for the

resolution approving the Directors' Remuneration Report, showing significant shareholder support.

RETIREMENT BY ROTATION

All Directors are subject to retirement by rotation. As the Directors are not appointed for a fixed length of time there is no unexpired term to their appointment. However, the Directors will retire by rotation as follows:

AGM 2019	AGM 2020	AGM 2021
M Liston	M Liston	M Liston
T Dowlen	T Dowlen	T Dowlen
E Richardson	—	E Richardson

David Hurst-Brown has decided to retire this year and will not seek re-election.

DETAILS OF INDIVIDUAL EMOLUMENTS AND COMPENSATION

The emoluments in respect of qualifying services and compensation of each person who served as a Director during the period are as shown on page 40. No Director has waived or agreed to waive any emoluments from the Company in the current period.

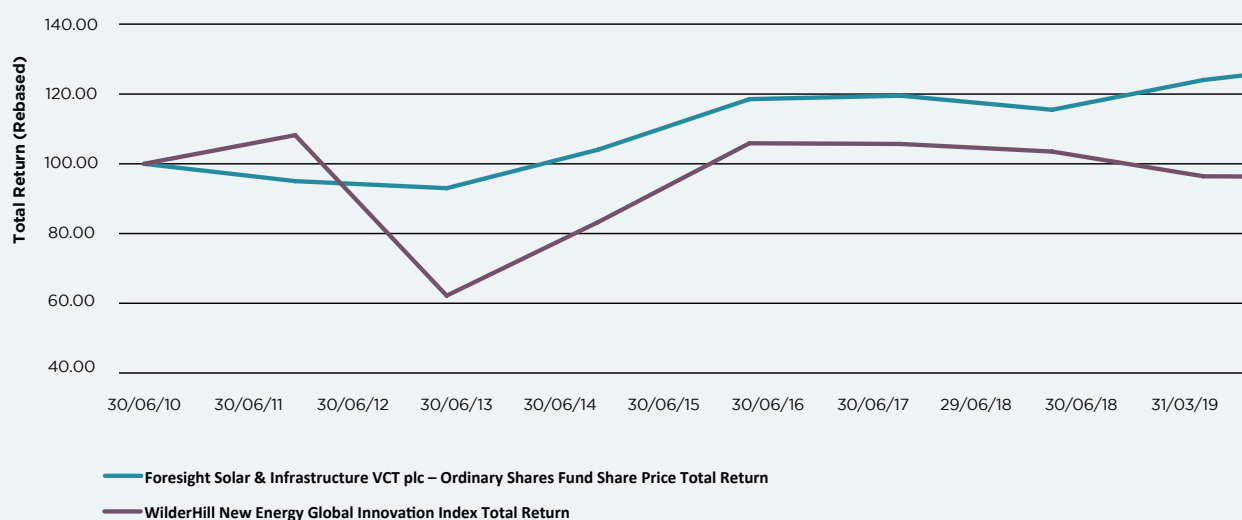
No other remuneration was paid or payable by the Company during the period nor were any expenses claimed or paid to them other than for expenses incurred wholly, necessarily and exclusively in furtherance of their duties as Directors of the Company.

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

TOTAL SHAREHOLDER RETURN

The graph on the following page charts the total shareholder return from launch to 31 March 2019, on the hypothetical value of £100 invested by a shareholder. The return is compared to the total shareholder return on a notional investment of £100 in the WilderHill New Energy Global Innovation Index, which is considered by the Board an appropriate index against which to measure the Company's performance.

Shareprice Total Return (pence)



DIRECTORS

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

	31 March 2019 Ordinary Shares	30 June 2018 Ordinary Shares
David Hurst-Brown (Chairman)	52,500	52,500
Tim Dowlen	29,558	29,558
Mike Liston	—	—
Ernie Richardson	—	—
Total	82,058	82,058

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

There have been no changes in the Directors' share interests between 31 March 2019 and the date of this report.

In accordance with the Articles of Association and the requirements of the UK Corporate Governance Code, Mr Liston must also retire by rotation by virtue of being non-independent and, being eligible, offer himself for re-election. Mr Dowlen must retire through rotation and, being eligible, offer himself for re-election. Mr Richardson, as a new Director, must be elected onto the Board. Mr Hurst-Brown is retiring at the Annual General Meeting. Biographical notes on the Directors are given on pages 28 and 29. The Board believes that Mr Liston's, Mr Dowlen's and Mr Richardson's skills, experience and knowledge complement the other Directors and add value to the Company and recommends their re-election and election respectively, to the Board. None of the directors has a contract of service with the Company.

Governance

	Audited Directors' fees nine months ended 31 March 2019 (£)	Audited Directors' fees year ended 30 June 2018 (£)
David Hurst-Brown	21,188	28,250
Mike Liston	16,875	22,500
Tim Dowlen	16,875	22,500
Ernie Richardson	5,625	—
Total	60,563	73,250

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

Votes cast for and against the Directors' Remuneration Report for the year ended 30 June 2018

Shares and Percentage of votes cast For	Shares and Percentage of votes cast Against
98.0%	2.0%
3,057,684 votes	61,397 votes

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

	Nine months ended 31 March 2019	Year ended 30 June 2018
Dividends	£1,304,000	£2,253,000
Share buybacks	£619,000	£322,000
Total Shareholder distributions	£1,923,000	£2,575,000
Directors fees	£60,563	£73,250
Directors fees % of Shareholder distributions	3.1%	2.8%

APPROVAL OF REPORT

An ordinary resolution for the approval of this Directors' Remuneration Report will be put to shareholders at the forthcoming Annual General Meeting. In addition to this, Resolution 2, which is seeking shareholder approval for the Directors Remuneration Policy, will, if approved, take effect from the AGM and will be valid for a period of three years unless renewed, varied or revoked by the Company at a general meeting.

This Directors' Remuneration Report was approved by the Board on 30 July 2019 and is signed on its behalf by David Hurst-Brown (Chairman).

On behalf of the Board

David Hurst-Brown
Chairman
30 July 2019

Audit Committee Report

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

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

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

VALUATION OF UNQUOTED INVESTMENTS

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

VENTURE CAPITAL TRUST STATUS

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

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

The Manager confirmed to the Audit Committee that they were not aware of any material misstatements. Having reviewed the reports received from the Manager and RW Blears LLP, the Audit Committee is satisfied that the key areas of risk and judgement have been addressed appropriately in the financial statements and that the significant assumptions used in determining the value of assets and liabilities have been properly appraised and are sufficiently robust.

EVALUATION OF AUDITOR

The Audit Committee considers that KPMG LLP has carried out its duties as auditor in a diligent and professional manner. During the period, the Audit Committee assessed the effectiveness of the current external audit process by assessing and discussing specific audit documentation presented

to it in accordance with guidance issued by the Auditing Practices Board. The audit director is rotated every five years ensuring that objectivity and independence is not impaired. The current audit director, Henry Todd, assumed responsibility for the audit in 2018. KPMG LLP was appointed as auditor in 2014, with their first audit for the year ended 30 June 2014. No tender for the audit of the Company has been undertaken since this date. As part of its review of the continuing appointment of the auditors, the Audit Committee considers the need to put the audit out to tender, its fees and independence from the Manager along with any matters raised during each audit.

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

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

The Audit Committee met in October 2018 to review the annual audited accounts for the year ended 30 June 2018 and the Company's risk register and in March 2019 to review the interim report and the Company's risk register. No other significant items were noted during the period.

Mike Liston
Audit Committee Chairman
30 July 2019

Statement of Directors' Responsibilities

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ANNUAL REPORT AND FINANCIAL STATEMENTS

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

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

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of its profit or loss for that 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 comply with that law and those regulations.

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

We confirm that to the best of our knowledge:

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

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

On behalf of the Board

David Hurst-Brown
Chairman
30 July 2019

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

OPINIONS AND CONCLUSIONS ARISING FROM OUR AUDIT

1. Our opinion is unmodified

We have audited the financial statements of Foresight Solar & Infrastructure VCT plc ("the Company") for the period ended 31 March 2019 which comprise the Income Statement, Reconciliation of Movements in Shareholders' Funds, Balance Sheet, Cash Flow Statement, and the related notes, including the accounting policies in Note 1.

In our opinion the financial statements:

- give a true and fair view of the state of Company's affairs as at 31 March 2019 and of its profit for the period then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

We were first appointed as auditor by the directors in March 2014. The period of total uninterrupted engagement is for the eight financial periods ended 31 March 2019. We have fulfilled our ethical responsibilities under, and we remain independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed public interest entities. No non-

audit services prohibited by that standard were provided.

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

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. We summarise below the key audit matters (noting first the change from 2018), in decreasing order of audit significance, in arriving at our audit opinion above, together with our key audit procedures to address those matters and, as required for public interest entities, our results from those procedures. These matters were addressed, and our results are based on procedures undertaken, in the context of, and solely for the purpose of, our audit of the financial statements as a whole, and in forming our opinion thereon, and consequently are incidental to that opinion, and we do not provide a separate opinion on these matters.

Key audit matter: The impact of uncertainties due to UK exiting the European Union on our audit

New risk: Refer to page 7 (Investment Manager's Review), page 22 (Strategic Report), and page 52 (Going Concern).

The risk: Unprecedented levels of uncertainty

All audits assess and challenge the reasonableness of estimates, in particular as described in "Valuation of unquoted investments" below, and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements (see below). All of these depend on assessments of the future

economic environment and the Company's future prospects and performance.

In addition, we are required to consider the other information presented in the Annual Report including the principal risks disclosure and the viability statement and to consider the directors' statement that the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business.

Brexit is one of the most significant economic events for the UK and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown.

Our response:

We developed a standardised firm-wide approach to the consideration of the uncertainties arising from Brexit in planning and performing our audits. Our procedures included:

- Our Brexit knowledge – We considered the directors' assessment of Brexit-related sources of risk for the company's business and financial resources compared with our own understanding of the risks. We considered the directors' plans to take action to mitigate the risks.
- Sensitivity analysis – When addressing the valuation of unquoted investments and other areas that depend on forecasts, we compared the directors' sensitivity analysis to our assessment of the full range of reasonably possible scenarios resulting from Brexit uncertainty and, where forecasts cash flows are required to be discounted, considered adjustments to discount rates for the level of remaining uncertainty.
- Assessing transparency – As

Independent Auditor's Report to the Members of Foresight Solar & Infrastructure VCT plc only (Continued)

well as assessing individual disclosures as part of our procedures on the "Valuation of unquoted investments" we considered all of the Brexit related disclosures together, including those in the annual report, comparing the overall picture against our understanding of the risks.

Key audit matter: Valuation of unquoted investments

(£57 million; 2018: £53 million)
Refer to page 6 (Investment Manager's Review), page 22 (Strategic Report), page 25 (Valuation Policy), page 41 (Audit Committee Report), page 52 (Accounting Policies), and page 61 (financial disclosures).

The risk: Subjective valuation: 95% (2018: 91%) of the company's total assets (by value) is held in investments where no quoted market price is available.

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

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

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

The effect of these matters is that, as part of our risk assessment, we determined that the valuation of unquoted investments has a high degree of estimation uncertainty, with

a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole. The financial statements (note 15) disclose the sensitivity estimated by the Company.

Our response:

Our procedures included:

- **Historical comparisons:**
Assessment of investment realisations in the period, if any, comparing actual sales proceeds to prior year end valuations to understand the reasons for significant variances and determine whether they are indicative of bias or error in the company's approach to valuations;
- **Methodology choice:** In the context of observed industry best practice and the provisions of the International Private Equity and Venture Capital Valuation Guidelines, we challenged the appropriateness of the valuation basis selected;
- **Our valuations experience:**
With the assistance of our own valuation specialists, challenging the investment manager on key judgements affecting investee company valuations, such as discount factors and the useful economic life of the underlying assets. We compared key underlying financial data inputs to external sources and management information as applicable. We challenged the assumptions around sustainability of earnings based on the plans of the investee companies and whether these are achievable and we obtained an understanding of existing and prospective investee company cashflows to understand whether borrowings can be serviced or whether refinancing may be required. Our work included consideration of events which occurred subsequent to

the year end up until the date of this audit report;

- **Comparing valuations:** Where a recent transaction has been used to value a holding, we obtained an understanding of the circumstances surrounding the transaction and whether it was considered to be on an arms-length basis and suitable as an input into a valuation.
- **Assessing transparency:**
Consideration of the appropriateness, in accordance with relevant accounting standards, of the disclosures in respect of unquoted investments and the effect of changing one or more inputs to reasonably possible alternative valuation assumptions.

Our results:

We found the Company's valuation of unquoted investments to be acceptable (2018: acceptable).

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

Materiality for the financial statements as a whole was set at £0.6m (2018: £0.6m), determined with reference to a benchmark of total assets, of £59.50m (2018: 58.67m), which it represents 1.0% (2018: 1.0%).

In addition, we applied materiality of £1 to directors' fees for which we believe misstatements of lesser amounts than materiality for the financial statements as a whole could reasonably be expected to influence the Company's members' assessment of the financial performance of the Company.

We agreed to report to the Audit Committee any corrected or uncorrected identified misstatements exceeding

Independent Auditor's Report to the Members of Foresight Solar & Infrastructure VCT plc only (Continued)

£30,000 (2018: £29,000), in addition to other identified misstatements that warranted reporting on qualitative grounds.

Our audit of the Company was undertaken to the materiality level specified above and was all performed at the investment manager's head office in London.

4. We have nothing to report on going concern

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

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

In our evaluation of the Directors' conclusions, we considered the inherent risks to the Company's business model, including the impact of Brexit, and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period. The risks that we considered

most likely to adversely affect the Company's available financial resources over this period were the impact of Brexit on the underlying investment company supply chains

As these were risks that could potentially cast significant doubt on the Company's ability to continue as a going concern, we considered sensitivities over the level of available financial resources indicated by the Company's financial forecasts taking account of reasonably possible (but not unrealistic) adverse effects that could arise from these risks individually and collectively and evaluated the achievability of the actions the Directors consider they would take to improve the position should the risks materialise. We also considered less predictable but realistic second order impacts, such as the impact of Brexit and the erosion of customer or supplier confidence, which could result in a rapid reduction of available financial resources.

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

- we have anything material to add or draw attention to in relation to the directors' statement in Note 1 to the financial statements on the use of the going concern basis of accounting with no material uncertainties that may cast significant doubt over the Company's use of that basis for a period of at least twelve months from the date of approval of the financial statements;

- the related statement under the Listing Rules set out on page 31 is materially inconsistent with our audit knowledge.

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

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

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

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

Strategic report and directors' report

Based solely on our work on the other information:

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

Directors' remuneration report

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

Disclosures of principal risks and longer-term viability

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

- the directors' confirmation

Independent Auditor's Report to the Members of Foresight Solar & Infrastructure VCT plc only (Continued)

within the viability statement page 25 that they have carried out a robust assessment of the principal risks facing the Company, including those that would threaten its business model, future performance, solvency and liquidity;

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

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

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

Corporate governance disclosures

We are required to report to you if:

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

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

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

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

We have nothing to report in these respects.

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

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

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

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

- adequate accounting records

have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or

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

We have nothing to report in these respects.

7. Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 42, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or other irregularities (see below), or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with

ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud, other irregularities or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk [auditorsresponsibilities](#).

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

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

The company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and its qualification as Venture Capital Trust under UK tax legislation, any breach of which could lead to the company losing various deductions and exemptions from UK corporation tax and we assessed

the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

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

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

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

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent

permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Henry Todd (Senior Statutory Auditor) for and on behalf of KPMG LLP,
Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL
30 July 2019

Financial Statements

Income Statement

FOR THE NINE MONTHS ENDED 31 MARCH 2019

	Notes	Nine months ended 31 March 2019			Year ended 30 June 2018		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Investment holding gains	8	—	3,612	3,612	—	835	835
Realised losses on investments	8	—	(197)	(197)	—	—	—
Income	2	546	—	546	1,543	—	1,543
Investment management fees	3	(117)	(350)	(467)	(173)	(649)	(822)
Loan interest payable		(311)	—	(311)	(371)	—	(371)
Other expenses	4	(374)	—	(374)	(647)	—	(647)
(Loss)/profit before taxation		(256)	3,065	2,809	352	186	538
Taxation	5	—	—	—	—	—	—
(Loss)/profit after taxation		(256)	3,065	2,809	352	186	538
Profit per share:							
Ordinary Share	7	(0.6)p	7.1p	6.5p	0.8p	0.4p	1.2p

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 period.

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

The notes on pages 52 to 69 form part of these Financial Statements.

Reconciliation of Movements in Shareholders' Funds

Nine months ended 31 March 2019	Called-up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Distrib- utable reserve* £'000	Capital reserve* £'000	Revaluation reserve £'000	Total £'000
As at 1 July 2018	439	7,050	115	21,605	(10,299)	21,908	40,818
Expenses in relation to prior year share issues	—	(18)	—	—	—	—	(18)
Repurchase of shares	(7)	—	7	(619)	—	—	(619)
Realised losses on disposal of investments	—	—	—	—	(197)	—	(197)
Investment holding gains	—	—	—	—	—	3,612	3,612
Dividends paid	—	—	—	(1,304)	—	—	(1,304)
Management fees charged to capital	—	—	—	—	(350)	—	(350)
Revenue loss for the period	—	—	—	(256)	—	—	(256)
As at 31 March 2019	432	7,032	122	19,426	(10,846)	25,520	41,686

Year ended 30 June 2018	Called-up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Distrib- utable reserve* £'000	Capital reserve* £'000	Revaluation reserve £'000	Total £'000
As at 1 July 2017	454	7,061	112	23,869	(9,650)	21,073	42,919
Expenses in relation to prior year share issues	—	(23)	—	(41)	—	—	(64)
Share class merger	(12)	12	—	—	—	—	—
Repurchase of shares	(3)	—	3	(322)	—	—	(322)
Investment holding gains	—	—	—	—	—	835	835
Dividends paid	—	—	—	(2,253)	—	—	(2,253)
Management fees charged to capital	—	—	—	—	(649)	—	(649)
Revenue profit for the year	—	—	—	352	—	—	352
As at 30 June 2018	439	7,050	115	21,605	(10,299)	21,908	40,818

The notes on pages 52 to 69 form part of these Financial Statements

* Total distributable reserves at 31 March 2019 were £8,580,000 (2018: £11,306,000).

Balance Sheet

AT 31 MARCH 2019

Registered Number: 07289280

	Notes	As at 31 March 2019 £'000	As at 30 June 2018 £'000
Fixed assets			
Investments held at fair value through profit or loss	8	56,767	53,352
Current assets			
Debtors	9	405	465
Cash and cash equivalents		2,334	4,853
		2,739	5,318
Creditors			
Amounts falling due within one year	10	(17,820)	(2,852)
Net current (liabilities)/assets		(15,081)	2,466
Creditors			
Amounts falling due greater than one year	10	—	(15,000)
Net assets		41,686	40,818
Capital and reserves			
Called-up share capital	11	432	439
Share premium		7,032	7,050
Capital redemption reserve		122	115
Distributable reserve		19,426	21,605
Capital reserve		(10,846)	(10,299)
Revaluation reserve		25,520	21,908
Equity shareholders' funds		41,686	40,818
Net asset value per share			
Ordinary Share	12	96.4p	93.0p

The accounts on pages 48 to 69 were approved by the Board of Directors and authorised for issue on 30 July 2019 and were signed on its behalf by:

David Hurst-Brown
Chairman
30 July 2019

The notes on pages 52 to 69 form part of these Financial Statements.

Cash Flow Statement

FOR THE NINE MONTHS ENDED 31 MARCH 2019

	Nine months ended 31 March 2019 £'000	Year ended 30 June 2018 £'000
Cash flow from operating activities		
Deposit and similar interest received	8	8
Investment management fees paid	(466)	(791)
Performance incentive fee paid	(130)	—
Secretarial fees paid	(99)	(269)
Other cash (payments)/receipts	(441)	107
Net cash outflow from operating activities	(1,128)	(945)
Cash flow from investing activities		
Purchase of investments	—	(97)
Net proceeds on sale of investments	—	1,332
Investment income received	550	1,515
Net cash inflow from investing activities	550	2,750
Cash flow from financing activities		
Expenses of fund raising	(18)	(80)
Repurchase of own shares	(619)	(322)
Equity dividends paid	(1,304)	(2,253)
Net cash outflow from financing activities	(1,941)	(2,655)
Net outflow of cash in the period	(2,519)	(850)
Reconciliation of net cash flow to movement in net funds		
Decrease in cash for the period	(2,519)	(850)
Net cash at start of period	4,853	5,703
Net cash at end of period	2,334	4,853

Analysis of changes in net cash	At 1 July 2018 £'000	Cash Flow £'000	At 31 March 2019 £'000
Cash and cash equivalents	4,853	(2,519)	2,334

The notes on pages 52 to 69 form part of these financial statements.

Notes to the Accounts

FOR THE NINE MONTHS ENDED 31 MARCH 2019

1 ACCOUNTING POLICIES

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

A) BASIS OF ACCOUNTING

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

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

As permitted by FRS 102, paragraph 14.4, investments are held as part of an investment portfolio, and their value to the Company is through their marketable value as part of a portfolio of investments, rather than as a medium through which the Company carries out its business. Therefore, the investments are not recognised as consolidated subsidiaries or associated undertakings, but are held at fair value through profit or loss.

GOING CONCERN

The Company’s business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report on pages 22 to 26. 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.

Notwithstanding net current liabilities of £15,081,000 as at 31 March 2019, the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons. The directors have prepared cash flow forecasts for a period of 36 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the company will have sufficient financial resources together with investments and income generated therefrom across a variety of industries and sectors. As a consequence, the Directors believe that the Company is able to manage its business risks.

The Directors note that the net current liability position is primarily driven by a loan of £15m with the Company’s wholly owned subsidiary, Youtan Limited (“Youtan”). This is repayable on demand as at 31 March 2019. The Directors do not believe this impacts the preparation of the accounts on a going concern basis because although Youtan has a loan of its own repayable on 30 September 2019, Youtan has agreed in principle available funding from a fellow subsidiary company, Adriou Limited (“Adriou”). Adriou, in turn, has a letter of intent for financing from an external party, in case new debt terms with the existing lender to refinance the majority of the UK solar assets are not agreed by the Investment Manager. The Board are confident that this refinancing will proceed, and the letter of intent not required to be called. In addition, the Directors of Youtan have asserted to the Company that they do not intend to call upon the loan in the next 12 months from the date of this report.

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

FOREIGN CURRENCIES

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

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

All investments held by the Company are classified as “fair value through profit or loss”. The Directors fair value investments in accordance with the International Private Equity and Venture Capital (“IPEV”) Valuation Guidelines, as updated in December 2015.

1 ACCOUNTING POLICIES (CONTINUED)

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.

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

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

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

Gains or losses on movement in fair value of the investments is recognised in the Income Statement. Investments are derecognised when the risks and rewards of ownership are deemed to have transferred to a third party. Upon realisation, the gain or loss on disposal is recognised in the Income Statement.

C) INCOME

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

D) EXPENSES

All expenses (inclusive of VAT), including loan interest payable, are accounted for on an accruals basis. Expenses are charged through the revenue column of the Income Statement, with the exception that 75% of the management fees payable to Foresight Group and 100% of any performance incentive fees payable to Foresight Group are allocated against the capital column of the Income Statement. The basis of the allocation of management fees has been assessed and approved by the Board and is expected to reflect the revenue and capital split of long-term returns in the portfolio.

E) SHARE BASED PAYMENTS

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

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

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

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

F) CRITICAL ESTIMATES AND ASSUMPTIONS

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

Notes to the Accounts

FOR THE NINE MONTHS ENDED 31 MARCH 2019

1 ACCOUNTING POLICIES (CONTINUED)

The Board considers that the only areas where the Manager makes critical estimates and assumptions that may have a significant effect on the financial statements relates to the fair valuation of unquoted investments and the fair valuation of share-based payments, which are based on historical experience and other factors that are considered reasonable under the circumstances. Actual results may differ from these estimates and the underlying assumptions are reviewed on an ongoing basis.

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

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

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

G) BASIC FINANCIAL INSTRUMENTS

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

Trade and other debtors

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

Trade and other creditors

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

Cash and cash equivalents

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

H) OTHER FINANCIAL INSTRUMENTS

Other financial instruments not meeting the definition of Basic Financial Instruments include investments held at fair value through profit and loss are recognised initially at fair value. Subsequent to initial recognition other financial instruments are measured at fair value with changes recognised in profit or loss.

I) TAXATION

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

J) DEFERRED TAXATION

Provision is made for corporation tax at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date on the excess of taxable income over allowable expenses. A provision is made on all material timing differences arising from the different treatment of items for accounting and tax purposes.

A deferred tax asset is recognised only to the extent that there will be taxable profits in the future against which the asset can be offset. It is considered too uncertain that this will occur and, therefore, no deferred tax asset has been recognised.

K) CAPITAL RESERVES

The capital reserves are made up of two elements:

(i) Capital reserve

The following are accounted for in this reserve:

- Gains and losses on realisation of investments;
- Permanent diminution in value of investments;
- 75% of management fee expense and 100% of any performance incentive 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 period-end are accounted for in this reserve, except to the extent that the diminution is deemed permanent.

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

2 INCOME

	Nine months ended 31 March 2019 £'000	Year ended 30 June 2018 £'000
Loan stock interest	538	572
Dividends receivable	—	963
Bank interest	8	8
	546	1,543

3 INVESTMENT MANAGEMENT FEES

	Nine months ended 31 March 2019 £'000	Year ended 30 June 2018 £'000
Performance incentive fees charged to the capital account	—	130
Investment management fees charged to the capital account	350	519
Investment management fees charged to the revenue account	117	173
	467	822

The Manager advises the Company on investments in qualifying companies under an agreement dated 31 August 2010, and receives management fees, paid quarterly in advance, of 1.5% of Ordinary Share net assets. If the annual expenses of the Company exceed 3.6% of the Company's total assets less current liabilities, the Company is entitled to reduce the fees paid to the Manager by the amount of the excess.

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

During the year ended 30 June 2018, prior to the share class merger on 29 June 2018, management fees of 1.75% per annum were received by the Manager from the C and D Share classes funds under agreements dated 18 February 2013 and 7 March 2016.

No performance incentive fee was accrued in the period (2018: C Share class £130,000). See note 13 for further information.

Notes to the Accounts

FOR THE NINE MONTHS ENDED 31 MARCH 2019

4 OTHER EXPENSES

	Nine months ended 31 March 2019 £'000	Year ended 30 June 2018 £'000
Secretarial services (excluding VAT)	97	202
Directors' remuneration including employer's National Insurance contributions	63	75
Auditor's remuneration excluding VAT		
— Fees payable to KPMG LLP, the Company's auditors for the audit of the financial statements*	92	68
Other	122	302
	374	647

* £35,000 of the amount recognised in the period ended 31 March 2019 relates to the audit for the year ended 30 June 2018. In addition, £58,000 of non-audit tax compliance services were provided to the Company's subsidiaries with amounts settled directly by those subsidiaries. The Company has no employees other than the Directors.

5 TAXATION

a) Analysis of charge in the period:

	Nine months ended 31 March 2019			Year ended 30 June 2018		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Corporation tax	—	—	—	—	—	—
Total tax for the period	—	—	—	—	—	—

b) Factors affecting current tax charge for the period:

The tax assessed for the period is lower than (2018: lower than) the standard rate of corporation tax in the UK of 19% (2018: 19%). The differences are explained below:

	Nine months ended 31 March 2019 £'000	Year ended 30 June 2018 £'000
Profit before taxation	2,809	538
Corporation tax at 19%	534	102
Effect of:		
Non taxable dividend income	—	(183)
Realised capital losses not deductible	37	—
Unrealised capital gains not taxable	(686)	(159)
Unutilised management expenses	115	240
Total tax charge for the period	—	—

c) Deferred tax:

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

A deferred tax asset is recognised only to the extent that there will be taxable profits in the future against which the asset can be offset. It is considered too uncertain that this will occur and, therefore, no deferred tax asset has been recognised. At 31 March 2019, there is an unrecognised deferred tax asset of approximately £1,100,000 (2018: £1,025,000).

5 TAXATION (CONTINUED)

d) Effects of changes on future tax rates:

On 6 September 2016, a reduction to the UK corporation tax rate was substantively enacted, reducing the corporation tax rate to 17% from 1 April 2020.

6 DIVIDENDS

	Nine months ended 31 March 2019 £'000	Year ended 30 June 2018 £'000
Ordinary Shares Dividends - paid in the period - 3p per share (2018: 6p)	1,304	1,628
C Shares Dividends - paid in the period - nil per share (2018: 5p)	—	625
D Shares Dividends - paid in the period	—	—

The Board is not recommending a final dividend on the Ordinary Shares Fund for the period ended 31 March 2019.

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

As at 31 March 2019, reserves available for dividend distribution total £8,580,000 (2018: £11,306,000) comprising the capital and distributable reserves. The dividend paid in the current period was paid solely from capital reserves.

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

7 RETURN PER SHARE

	Nine months ended 31 March 2019 Ordinary Shares £'000	Year ended 30 June 2018 Ordinary Shares £'000
Total profit after taxation	2,809	538
Total profit per share (note a)	6.5p	1.2p
Revenue (loss)/profit from ordinary activities after taxation	(256)	352
Revenue (loss)/profit per share (note b)	(0.6)p	0.8p
Capital profit from ordinary activities after taxation	3,065	186
Capital profit per share (note c)	7.1p	0.4p
Weighted average number of shares in issue during the period (note d)	43,399,944	45,273,865

Notes:

- Total profit per share is total profit after taxation divided by the weighted average number of shares in issue during the period.
- Revenue (loss)/profit per share is revenue (loss)/profit after taxation divided by the weighted average number of shares in issue during the period.
- Capital profit per share is capital profit after taxation divided by the weighted average number of shares in issue during the period.
- The weighted average number of shares for the year ended 30 June 2018 has been adjusted to take account of the O, C and D share class merger on 29 June 2018.

Notes to the Accounts

FOR THE NINE MONTHS ENDED 31 MARCH 2019

8 INVESTMENTS HELD AT FAIR VALUE THROUGH PROFIT OR LOSS

	2019 £'000	2018 £'000
Unquoted investments	56,767	53,352
	56,767	53,352
		Total £'000
Book cost at 1 July 2018		31,444
Investment holding gains		21,908
Valuation at 1 July 2018		53,352
Movements in the period:		
Purchases at cost		—
Disposal proceeds		—
Realised losses*		(197)
Investment holding gains		3,612
Valuation at 31 March 2019	56,767	56,767
Book cost at 31 March 2019		31,247
Investment holding gains		25,520
Valuation at 31 March 2019	56,767	56,767

*Realised losses represents the removal of legal costs incurred in relation to the disposal of the FiT assets and refinancing of Turweston assets.

9 DEBTORS

	2019 £'000	2018 £'000
Prepayments	4	7
Other debtors	1	46
Interest receivable	400	412
	405	465

10 CREDITORS:

Amounts falling due within one year

	2019 £'000	2018 £'000
Trade creditors	6	148
Accruals	161	356
Cash held on behalf of Shaftesbury Solar I UK Holdings Limited	1,130	1,136
Loan with Youtan Limited*	15,811	811
Interest payable on loan with Youtan Limited	712	401
	17,820	2,852

*The loan with Youtan Limited, a wholly owned subsidiary of the Company, is split into two components. The first is a loan of £811,000 which is interest free and repayable on demand. The second is a loan of £15,000,000 which accrues interest at the aggregate of LIBOR plus 1.75% and is repayable on demand. The directors of Youtan have asserted that they do not intend to call upon the loan in the next 12 months from the date of this report.

10 CREDITORS (CONTINUED)

Amounts falling due greater than one year

	2019 £'000	2018 £'000
Long term borrowing	—	15,000

11 CALLED-UP SHARE CAPITAL

	2019 £'000	2018 £'000
Allotted, called up and fully paid: 43,247,592 Ordinary Shares of 1p each (2018: 43,911,189)	432	439

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

The Ordinary Shares fund repurchased 663,597 shares for cancellation at a cost of £619,000 during the period.

There were no Shares issued in the period (2018: nil).

Details of voting rights are disclosed in the Notice of Annual General Meeting on page 70 onwards. A summary of the Investment Policy can be found in the Strategic Report on page 22.

	Ordinary Shares No.
At 1 July 2018	43,911,189
Allotment of shares	—
Repurchase of shares for cancellation	(663,597)
At 31 March 2019	43,247,592

12 NET ASSET VALUE PER SHARE

Net asset value per Ordinary Share is based on net assets at the period end of £41,686,000 (2018: £40,818,000) and on 43,247,592 Ordinary Shares (2018: 43,911,189), being the number of Ordinary Shares in issue at that date.

Notes to the Accounts

FOR THE NINE MONTHS ENDED 31 MARCH 2019

13 SHARE BASED PAYMENTS

ORDINARY SHARES

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

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

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

The hurdle in the Original Agreement will continue to apply to any new Ordinary Shares that are issued in accordance with the Original Agreement.

As at 31 March 2019, the amended hurdle was 141.6p per share (2018: 136.5p) and the total return per Ordinary Share was 134.4p (2018: 128.0p). The hurdle was not exceeded at any point during the period (2018: hurdle was not exceeded at any point during the year). Therefore, no performance related incentive fee expense was recognised in respect of share-based payments during the period (2018: £nil).

The Directors currently do not expect a future performance related incentive fee to become payable over the vesting period. This is because the additional annual growth hurdle of 5% is greater than the combined future projected annual dividend distributions and net asset growth. As such the fund’s total returns are not expected to exceed the amended hurdle. Therefore, as at and for the period ended 31 March 2019, no performance related incentive fee expense or liability was recognised (2018: £nil).

Upon the share class merger on 29 June 2018, when the former C Shares were converted to Ordinary Shares, the total distributions were 105.3p (net asset value of 85.3p and total dividends of 20.0p) per C Share and the C share threshold of 100.0p per C Share was satisfied. Therefore, as at and for the year ended 30 June 2018, a performance-related incentive fee expense and a liability of £130,000 (2017: £nil) was recognised. This amount was paid to the Manager during the period.

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

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

Vesting conditions: Expected total return exceeds the original hurdle

Vesting date: 8 May 2017

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

Grant Date: 4 May 2017

Vesting conditions: Expected total return exceeds the amended hurdle

Vesting period: Variable from 4 May 2017

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

14 CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

The Company had no capital commitments or contingent liabilities at 31 March 2019 (2018: £nil).

15 FINANCIAL INSTRUMENT RISK MANAGEMENT

The Company's financial instruments comprise:

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

Classification of financial instruments

The Company held the following categories of financial instruments all of which are included in the Balance Sheet at fair value, at 31 March 2019:

Company	2019 £'000	2018 £'000
Assets held at fair value through profit and loss		
Investments held at fair value	56,767	53,352

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

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

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

Credit risk

Credit risk is the risk of failure by counterparties to deliver securities which the Company has paid for, or the failure by counterparties to pay for securities which the Company has delivered. The Company has exposure to credit risk in respect of the loan stock investments it has made into portfolio companies and interest receivable from portfolio companies, most of which have no security attached to them, and where they do, such security ranks beneath any bank debt that an portfolio company may owe. The Board has delegated the management of credit risk in respect of loan stock to the Manager. The Manager receives full year accounts from portfolio companies, and members of the investment management team often sit on the boards of unquoted portfolio companies; this enables the close identification, monitoring and management of investment-specific credit risk. The Company also has exposure to credit risk in respect of its current asset investments, cash and other debtors. The Board manages credit risk in respect of the current asset investments and cash by ensuring a spread of such investments in separate money market funds such that none exceed 15% of the Company's total investment assets. These money market funds are investment grade funds, and so credit risk is considered to be low. The Company currently invests its cash holdings and loan stock (indirectly) with Barclays. Its money market holdings are with HSBC, Goldman Sachs (previously RBS), Blackrock and Insight Investments. The maximum exposure to credit risk at 31 March 2019 was £17,658,000 (30 June 2018: £20,234,000) based on loan stock, cash, money market funds and other receivables (amounts due on investments). The majority of the Company's assets are held in its own name in certificated form and therefore custodian default risk is negligible.

Notes to the Accounts

FOR THE NINE MONTHS ENDED 31 MARCH 2019

15 FINANCIAL INSTRUMENT RISK MANAGEMENT (CONTINUED)

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

	2019 £'000	2018 £'000
Loan stocks	14,923	14,923
Other debtors	401	458
Cash	2,334	4,853
Total	17,658	20,234

Price risk

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

Price risk is the risk that the fair value or cash flows of a financial instrument will fluctuate due to changes in market prices. At 31 March 2019, the Company's direct investments in the portfolio companies were valued at net assets excluding the outstanding loans issued by the Company. A 10% increase/decrease in valuation of the total portfolio would result in a valuation movement of £5,677,000 (2018: £5,335,000).

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

As the valuation of the direct investments is directly impacted by the valuation of the underlying investments in solar assets, the impact of changes in unobservable inputs is discussed in more detail on page 65.

Liquidity risk

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

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

	31 March 2019 £'000	30 June 2018 £'000
Maturity analysis:		
- in one year or less	16,771	19,289
- in more than one year but less than two years	486	1
- in more than two years but less than three years	—	486
- in more than three years but less than four years	—	—
- in more than four years but less than five years	—	—
Total	17,257	19,776

15 FINANCIAL INSTRUMENT RISK MANAGEMENT (CONTINUED)

Foreign currency risk

Foreign currency risk arises as the values of recognised monetary assets and monetary liabilities denominated in other currencies fluctuate due to changes in foreign exchange rates. The majority of the Company's assets are in the United Kingdom and denominated in sterling, and therefore the directors do not consider foreign currency risk to be material. As at 31 March 2019, the company had some assets denominated in Euro (EUR). Therefore, the Company is exposed to foreign currency risk in respect of those assets. The applicable exchange rates as at 31 March 2019 were £:€ 0.8621 (2018: £:€ 0.8851 and £:\$ 0.7602).

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

	2019 £'000	2018 £'000
Foreign exchange risk		
Investments - EUR	6,473	6,640
Investments - USD	—	275
Total	6,473	6,915

If the Euro was to strengthen/weaken 10% against the pound, the value of the Euro denominated assets would increase/decrease by £647,000 (2018: £664,000).

Interest rate risk

The fair value of the Company's loan stock and cash investments may be affected by interest rate movements. The Board does not consider this to be a significant risk as the loan stock interest rates are all fixed. The benchmark rate, which determines the interest payments received on cash and loan balances held, is the bank base rate which was 0.75% at 31 March 2019 (0.5% at 30 June 2018).

	Total fixed portfolio		Weighted average interest rate		Weighted average time for which rate is fixed	
	31 March 2019 £'000	30 June 2018 £'000	31 March 2019 %	30 June 2018 %	31 March 2019 Days	30 June 2018 Days
Company						
Short term fixed interest securities						
Loan stock						
— exposed to fixed interest rate risk*	14,923	14,923	5.1	5.1	24	41
Cash and cash equivalents	2,334	4,853	0.75	0.5	—	—
Total exposed to interest rate risk	17,257	19,776				

*91% of the Company's loan stock investments exposed to fixed interest rate risk as at 31 March 2019 is repayable on demand with no fixed term. Therefore, the weighted average time for which the rate is fixed for those loans is nil.

Notes to the Accounts

FOR THE NINE MONTHS ENDED 31 MARCH 2019

15 FINANCIAL INSTRUMENT RISK MANAGEMENT (CONTINUED)

Fair value hierarchy

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

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

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

As at 30 June 2018	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Unquoted investments	—	—	53,352	53,352
Financial assets	—	—	53,352	53,352

Transfers

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

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

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

15 FINANCIAL INSTRUMENT RISK MANAGEMENT (CONTINUED)

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

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

The significant assumptions used in the fair value measurement categorised within Level 3 of the fair value hierarchy together with a quantitative sensitivity analysis as at 31 March 2019 are set out below and on pages 66 and 67. Please note, this sensitivity analysis only refers to the impact of changes in key inputs and assumptions on the valuation of the UK Solar investments held at fair value only which constitute 95% of the portfolio. Cash in portfolio companies which has not been (re)invested in solar or infrastructure investments as at 31 March 2019 constitutes 5% of the portfolio and is not subject to changes in key inputs and assumptions.

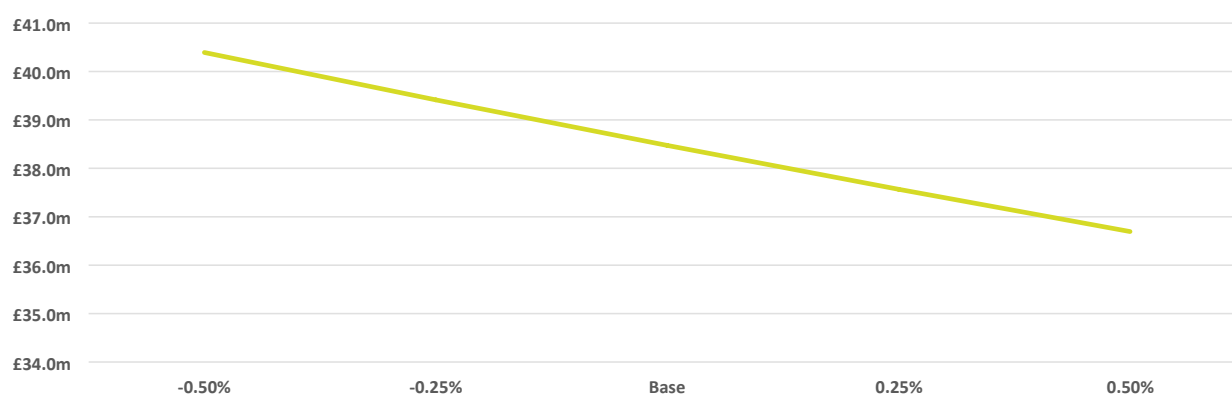
The discounted cash flow valuations of the solar assets form the majority of the NAV calculation.

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

Discount Rate Sensitivities

The range of discount rates used is 6.25% - 7.0%. The Directors do not expect to see a significant change in the discount rates applied within the Solar Infrastructure sector. Therefore a variance of +/- 0.50% is considered reasonable given the current risk profile of the fund.

	-0.50%	-0.25%	Base	0.25%	0.50%
Directors DCF Valuation (£m)	40.39	39.41	38.47	37.57	36.69



Notes to the Accounts

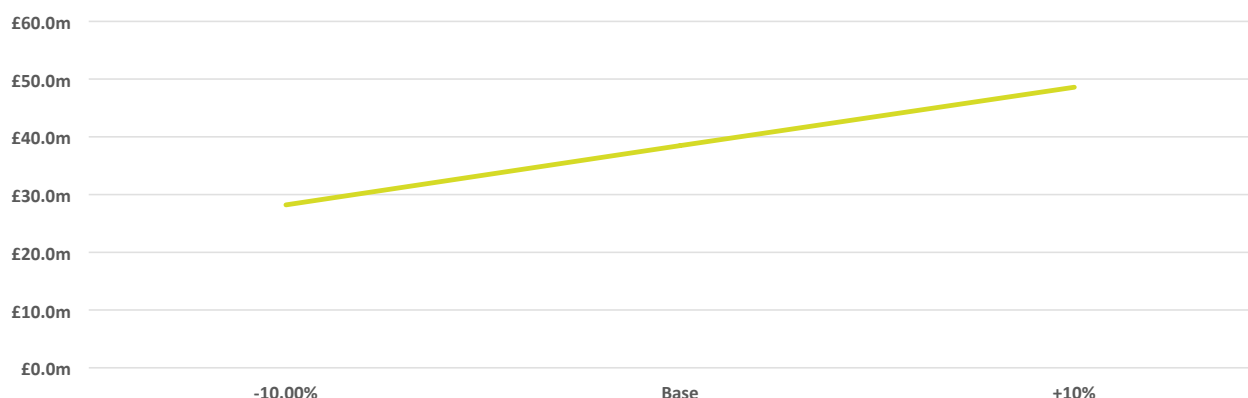
FOR THE NINE MONTHS ENDED 31 MARCH 2019

15 FINANCIAL INSTRUMENT RISK MANAGEMENT (CONTINUED)

Energy Yield Sensitivities

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

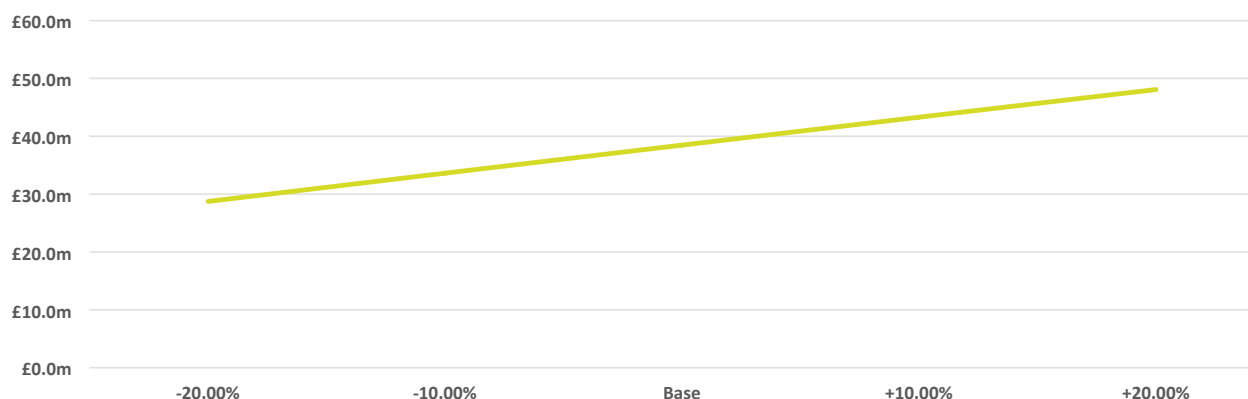
	-10.00%	Base	+10.00%
Directors DCF Valuation (£m)	28.21	38.47	48.60



Power Price Sensitivities

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

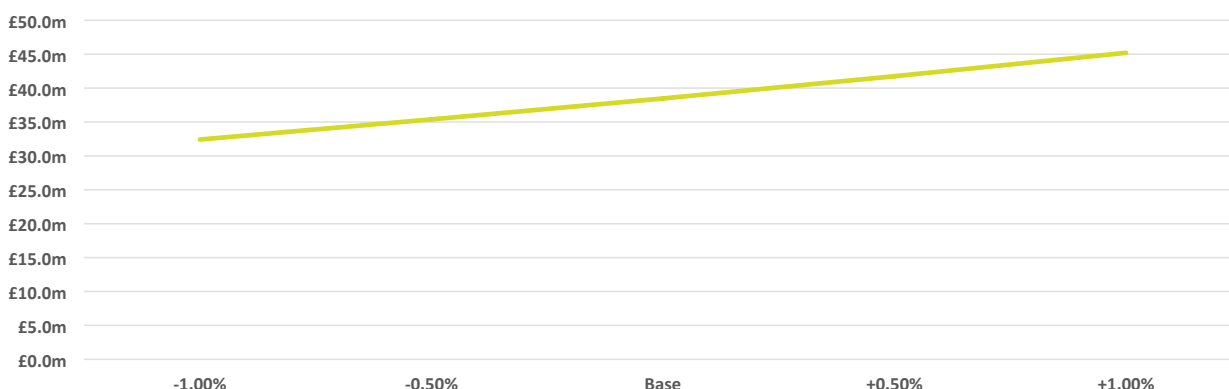
	-20.00%	-10.00%	Base	+10.00%	+20.00%
Directors DCF Valuation (£m)	28.74	33.63	38.47	43.30	48.09



Inflation Sensitivities

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

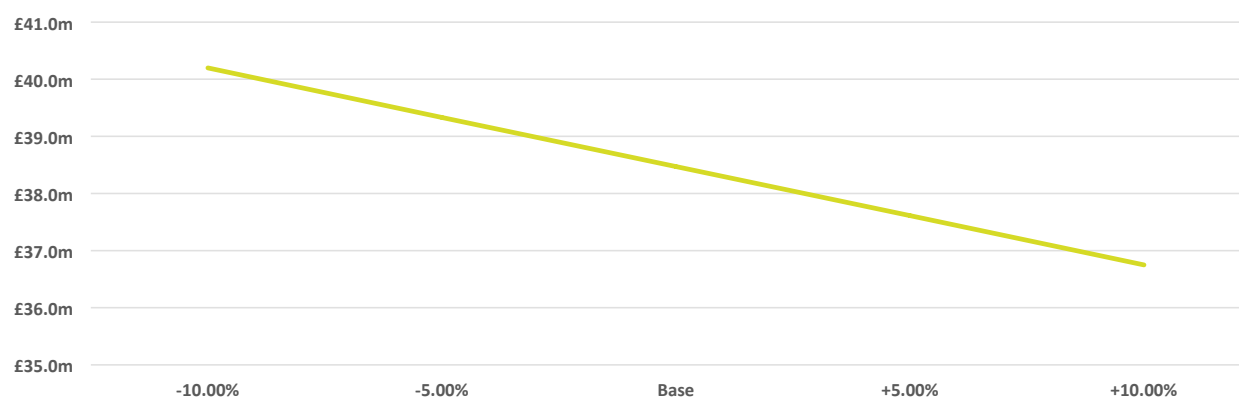
	-1.00%	-0.50%	Base	+0.50%	+1.00%
Directors DCF Valuation (£m)	32.41	35.38	38.47	41.74	45.20



Operating Cost Sensitivities (Investment Level)

Operating costs refers to the cost of running the plants.

	-10.00%	-5.00%	Base	+5.00%	+10.00%
Directors DCF Valuation (£m)	40.20	39.33	38.47	37.61	36.75



16 MANAGEMENT OF CAPITAL

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

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

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

Financial liabilities and borrowing facilities

The Company had no committed borrowing facilities, liabilities or guarantees at 31 March 2019 or 30 June 2018, other than those shown on the balance sheet.

Fair value

The fair value of the Company's financial assets and liabilities at 31 March 2019 and 30 June 2018 are not materially different from their carrying values.

Financial Statements

17 RELATED PARTY TRANSACTIONS

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

18 TRANSACTIONS WITH THE MANAGER

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

The Company's Investment Manager earned fees of £467,000 in the nine months ended 31 March 2019 (year ended 30 June 2018: £692,000). At the period end date, management fees due from the Manager amounted to £1,000 (2018: £2,000). The Manager also earned performance incentive fees of £nil during the period (2018: £130,000). The amount accrued in respect of performance incentive fees as at 30 June 2018 was paid to the Manager during the period.

Foresight Group LLP, to whom the Manager delegated the function of Company Secretary from November 2017, earned fees amounting to £97,000 in the nine months ended 31 March 2019 (year ended 30 June 2018: £102,000), of which £nil remained payable at the period end date (2018: £2,000).

Foresight Fund Managers Limited, the delegated Company Secretary until November 2017, earned fees of £nil during the period (2018: £100,000). No amounts were due to Foresight Fund Managers Limited at the period end date (2018: £nil).

The Manager recharged fund expenses incurred on behalf of the Company of which £28,000 (2018: £158,000) remained payable at the period end date.

Foresight Group is responsible for external costs such as legal and accounting fees, incurred on transactions that do not proceed to completion ('abort expenses'). In line with industry practice, Foresight Group retain the right to charge arrangement and syndication fees and Directors' or monitoring fees ('deal fees') to companies in which the Company invests. From this, Foresight Group received from portfolio companies arrangement fees of £291,000 in the period (2018: £nil).

19 SUBSIDIARIES AND RELATED UNDERTAKINGS

SUBSIDIARIES

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

Name	Address	Principal Activity	Direct/indirect holding	Class and percentage of shares held
Adriou Limited	The Shard, 32 London Bridge Street, London, SE1 9SG	Finance company	Direct	A Ordinary 100%
Foresight Italy SEU Srl	Corso di Porta Vittoria, Milan, Italy	Investment in solar projects	Indirect	Ordinary 100%
Foresight ITA VCT Holdings S.r.l.	Via Fiori Oscuri 11, 20121 Milan	Investment in solar projects	Indirect	Ordinary 100%
Foresight VCT (Lux) 1 S.à r.l.	68-70 Boulevard de la Pétrusse, L-2320 Luxembourg	Investment in solar projects	Direct	Ordinary 100%
Foresight VCT (Lux) 2 S.à r.l.	68-70 Boulevard de la Pétrusse, L-2320 Luxembourg	Investment in solar projects	Indirect	Ordinary 100%
ForVEI Luxembourg Holding S.à r.l.	68-70 Boulevard de la Pétrusse, L-2320 Luxembourg	Investment in solar projects	Indirect	Ordinary 70.26%
Greenersite Limited	The Shard, 32 London Bridge Street, London, SE1 9SG	Production of electricity	Direct	Ordinary 100%
Skibo Solar III Limited	The Shard, 32 London Bridge Street, London, SE1 9SG	Investment in solar projects	Direct	A Ordinary 100%
Youtan Limited	The Shard, 32 London Bridge Street, London, SE1 9SG	Finance company	Direct	A Ordinary 100%

RELATED UNDERTAKINGS

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

Name	Address	Principal Activity	Direct/indirect holding	Class and percentage of shares held
Altair Solar Limited	The Shard, 32 London Bridge Street, London, SE1 9SG	Production of electricity	Direct	A Ordinary 100%, B Ordinary 100%
Avior Solar Limited	The Shard, 32 London Bridge Street, London, SE1 9SG	Investment in solar projects	Direct	AE Ordinary 100%, AA Ordinary 100%
BNRG Northern Power Limited	50 Bedford Street, Belfast, BT2 7FW	Reversionary interest in a solar site	Indirect	Ordinary 100%
Canopus Solar Limited	The Shard, 32 London Bridge Street, London, SE1 9SG	Production of electricity	Direct	A Ordinary 100%, B Ordinary 100%
Capella Solar Limited	The Shard, 32 London Bridge Street, London, SE1 9SG	Production of electricity	Direct	A Ordinary 100%, B Ordinary 100%
Foresight Luxembourg Solar 2 S.à r.l.	68-70 Boulevard de la Pétrusse, L-2320 Luxembourg	Investment in solar projects	Direct	Ordinary 28%
ForVEI II S.r.l.	Via Agnello 12, 20121 Milan	Investment in solar projects	Indirect	Ordinary 50%
Hadar Solar Limited	The Shard, 32 London Bridge Street, London, SE1 9SG	Production of electricity	Direct	A Ordinary 100%, B Ordinary 100%
Littlewood Solar Limited	The Shard, 32 London Bridge Street, London, SE1 9SG	Reversionary interest in a solar site	Indirect	Ordinary 100%
Marchington Solar Limited	The Shard, 32 London Bridge Street, London, SE1 9SG	Production of electricity	Indirect	Ordinary 100%
New Kaine Solar Limited	The Shard, 32 London Bridge Street, London, SE1 9SG	Production of electricity	Indirect	Ordinary 100%
Ponca Limited	The Shard, 32 London Bridge Street, London, SE1 9SG	Finance company	Indirect	Ordinary 100%
Rigel Solar Limited	The Shard, 32 London Bridge Street, London, SE1 9SG	Production of electricity	Direct	A Ordinary 100%, B Ordinary 100%
Saron Solar Limited	The Shard, 32 London Bridge Street, London, SE1 9SG	Production of electricity	Indirect	Ordinary 100%
Scorpii Solar Limited	The Shard, 32 London Bridge Street, London, SE1 9SG	Investment in solar projects	Direct	AS Ordinary 100%, AG Ordinary 100%
Shaftesbury Solar I UK Holdings Limited	The Shard, 32 London Bridge Street, London, SE1 9SG	Investment in solar projects	Direct	A Ordinary 100.0%
Sious Limited	The Shard, 32 London Bridge Street, London, SE1 9SG	Investment in solar projects	Direct	A Ordinary 100%,
Solektra Solar Limited	The Shard, 32 London Bridge Street, London, SE1 9SG	Investment in solar projects	Direct	A Ordinary 100%, C Ordinary 100%, D Ordinary 100%
Turweston Solar Farm Limited	The Shard, 32 London Bridge Street, London, SE1 9SG	Reversionary interest in a solar site	Indirect	Nil
Turweston Solar Parent Limited	The Shard, 32 London Bridge Street, London, SE1 9SG	Reversionary interest in a solar site	Indirect	Nil
Vega Solar Limited	The Shard, 32 London Bridge Street, London, SE1 9SG	Production of electricity	Direct	A Ordinary 100%, B Ordinary 100%

20 POST BALANCE SHEET EVENT

In July 2019, the Company's wholly owned subsidiary, Youtan Limited, who has loans repayable on 30 September 2019, secured an unconditional offer to refinance their entire loan on the expiry of the existing loan. Additionally, the directors of Youtan have asserted that they do not intend to call upon the loan from the Company in the next 12 months from the date of this report.

Notice of Annual General Meeting

19 SEPTEMBER 2019

Notice is hereby given that the Annual General Meeting of Foresight Solar & Infrastructure VCT plc (“the Company”) will be held on 19 September 2019 at 12.30 pm at the offices of Foresight Group, 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 8 will be proposed as ordinary resolutions and resolutions 9 and 10 will be proposed as special resolutions.

- Resolution 1** To receive the Report and Accounts for the nine months ended 31 March 2019.
- Resolution 2** To approve the Directors’ Remuneration Policy.
- Resolution 3** To approve the Directors’ Remuneration Report.
- Resolution 4** To re-elect Michael Liston as a director.
- Resolution 5** To re-elect Tim Dowlen as a Director
- Resolution 6** To elect Ernie Richardson as a director.
- Resolution 7** To re-appoint KPMG LLP as auditor and to authorise the directors to fix the auditor’s remuneration.
- Resolution 8** That, in addition to all existing authorities, the directors be and they are authorised to allot relevant securities generally, in accordance with Section 551 of the Companies Act 2006, up to a nominal amount of £200,000 (representing approximately 46% of the current issued ordinary share capital) provided that the authority and power conferred by this Resolution 8 will expire on the fifth anniversary of the passing of this resolution.
- Resolution 9** That, in addition to all existing authorities, the directors be and they are empowered pursuant to section 570 and section 573 of the Companies Act 2006 to allot equity securities (within the meaning of section 560 of that Act) pursuant to the authority conferred by Resolution 8 as if section 561(1) of that Act did not apply to any such allotment, provided that this power shall be limited to:
- (i) the allotment of equity securities with an aggregate nominal value of up to £200,000 by way of issue of ordinary shares of 1p each (“Ordinary Shares”) pursuant to offer(s) for subscription;
 - (ii) the allotment of equity securities with an aggregate nominal value of up to 10% of the issued share capital of the Company by way of an issue of Ordinary Shares pursuant to the performance incentive arrangements with Foresight Group CI Limited; and
 - (iii) the allotment of equity securities with an aggregate nominal value of an amount up to or equal to 10% of the issued Ordinary Share capital of the Company from time to time,

in each case where the proceeds of such issue may in whole or part be used to purchase the Company’s shares. This authority will expire at the conclusion of the Annual General Meeting to be held in 2020.

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

- (i) the aggregate number of shares to be purchased shall not exceed 6,465,955 Ordinary Shares, if lower such number of shares rounded down to the nearest whole share as shall equal 14.99% of the Company's Ordinary Shares in issue at the date of passing this resolution;
- (ii) the minimum price which may be paid for a share is 1 pence (the nominal value thereof);
- (iii) the maximum price which may be paid for shares is the higher of (1) an amount equal to 105% of the average of the middle market quotation for shares taken from the London Stock Exchange daily official list for the five business days immediately preceding the day on which the shares are purchased, and (2) the amount stipulated by Article 5(1) of the BuyBack and Stabilisation Regulation 2003;
- (iv) the authority conferred by this resolution shall expire on the conclusion of the Annual General Meeting of the Company to be held in the year 2019 unless such authority is renewed prior to such time; and
- (v) the Company may make a contract to purchase shares under the authority conferred by this resolution prior to the expiry of such authority which will or may be executed wholly or partly after the expiration of such authority and may make a purchase of shares pursuant to such contract.

By order of the Board

Foresight Group LLP

Company Secretary

30 July 2019

The Shard
32 London Bridge
Street
London
SE1 9SG

Notice of Annual General Meeting continued

NOTES:

1. No Director has a service contract with the Company. Directors' appointment letters with the Company will be available for inspection at the registered office of the Company until the time of the meeting and from 15 minutes before the meeting at the location of the meeting, as well as at the meeting.
2. To be entitled to attend and vote at the meeting (and for the purposes of the determination by the Company of the votes they may cast), members must be registered in the Register of Members of the Company at 10.00 pm on 17 September 2019 (or, in the event of any adjournment, 10.00 pm on the date which is two (excluding non-business days) days before the time of the adjourned meeting). Changes to the Register of Members of the Company after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.
3. A member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend, speak and vote on his or her behalf. A proxy need not also be a member but must attend the meeting to represent you. Details of how to appoint the chairman of the meeting or another person as your proxy using the form of proxy are set out in the notes on the form of proxy which is enclosed. If you wish your proxy to speak on your behalf at the meeting, you will need to appoint your own choice of proxy (not the chairman) and give your instructions directly to them.
4. You may appoint more than one proxy, provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, (an) additional form(s) of proxy may be obtained by contacting Computershare Investor Services PLC on 0370 707 4017. Please indicate in the box next to the proxy holder's name the number of shares in relation to which they are authorised to act as your proxy. Please also indicate by ticking the box provided if the proxy instruction is one of multiple instructions being given. All forms must be signed and returned together in the same envelope.
5. As at the publication of this notice, the Company's issued share capital was 43,135,130 Ordinary Shares, carrying one vote each. Therefore, the total voting rights in the Company as at the date of this notice is 43,135,130.
6. Any person to whom this notice is sent who is a person nominated under Section 146 of the Companies Act 2006 to enjoy information rights (a 'Nominated Person') may, under an agreement between him/her and the member by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.
7. The statement of the rights of members in relation to the appointment of proxies in paragraphs 3 to 4 above does not apply to Nominated Persons. The rights described in those paragraphs can only be exercised by members of the Company.
8. Appointment of a proxy will not preclude a member from subsequently attending and voting at the meeting should he or she subsequently decide to do so. You can only appoint a proxy using the procedures set out in these notes and the notes to the form of proxy.
9. If you wish to attend the Annual General Meeting in person, please bring the proxy form with you to the meeting.
10. The Register of Directors' Interests will be available for inspection at the 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.
16. Except as provided above, members who have general queries about the meeting should use the following means of communication (no other methods of communication will be accepted):
Telephone number: 020 3667 8100

You may not use any electronic address provided either:

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

Glossary of Terms

AVERAGE DISCOUNT ON BUYBACKS

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

DCF

Discounted Cash Flows

DIVIDEND YIELD

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

EBITDA

Earnings before Interest, Taxation, Depreciation and Amortisation

FiT

Feed-in Tariff

MANAGER/INVESTMENT MANAGER

The Manager, Foresight Group CI Limited, has appointed Foresight Group LLP as its investment adviser and to which it has delegated the company secretarial, accounting and administration services. References to “the Manager” or “Investment Manager” throughout this report refer to the activities of Foresight Group CI Limited and include the activities of Foresight Group LLP when acting as the Manager’s investment adviser and administrative delegate.

NET ASSET VALUE (NAV)

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

NET ASSET VALUE PER SHARE OR NAV PER SHARE

Net Asset Value expressed as an amount per share.

NAV TOTAL RETURN

The sum of the published NAV per share plus all dividends paid per share (for the relevant share class) over the lifetime of the Company.

ONGOING CHARGES RATIO

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

QUALIFYING COMPANY OR QUALIFYING HOLDING

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

ROC

Renewable Obligation Certificate

SHARE PRICE TOTAL RETURN

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

SHARE PRICE (DISCOUNT)/PREMIUM TO NAV

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

VCT

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

VCT RULES

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

Beware of share fraud

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

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

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

How to avoid share fraud

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

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

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

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

Report a scam

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

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

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

Corporate Information

REGISTERED NUMBER

07289280

DIRECTORS

David Hurst-Brown (Chairman)

Mike Liston

Tim Dowlen

Ernie Richardson

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Important information:

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

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



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