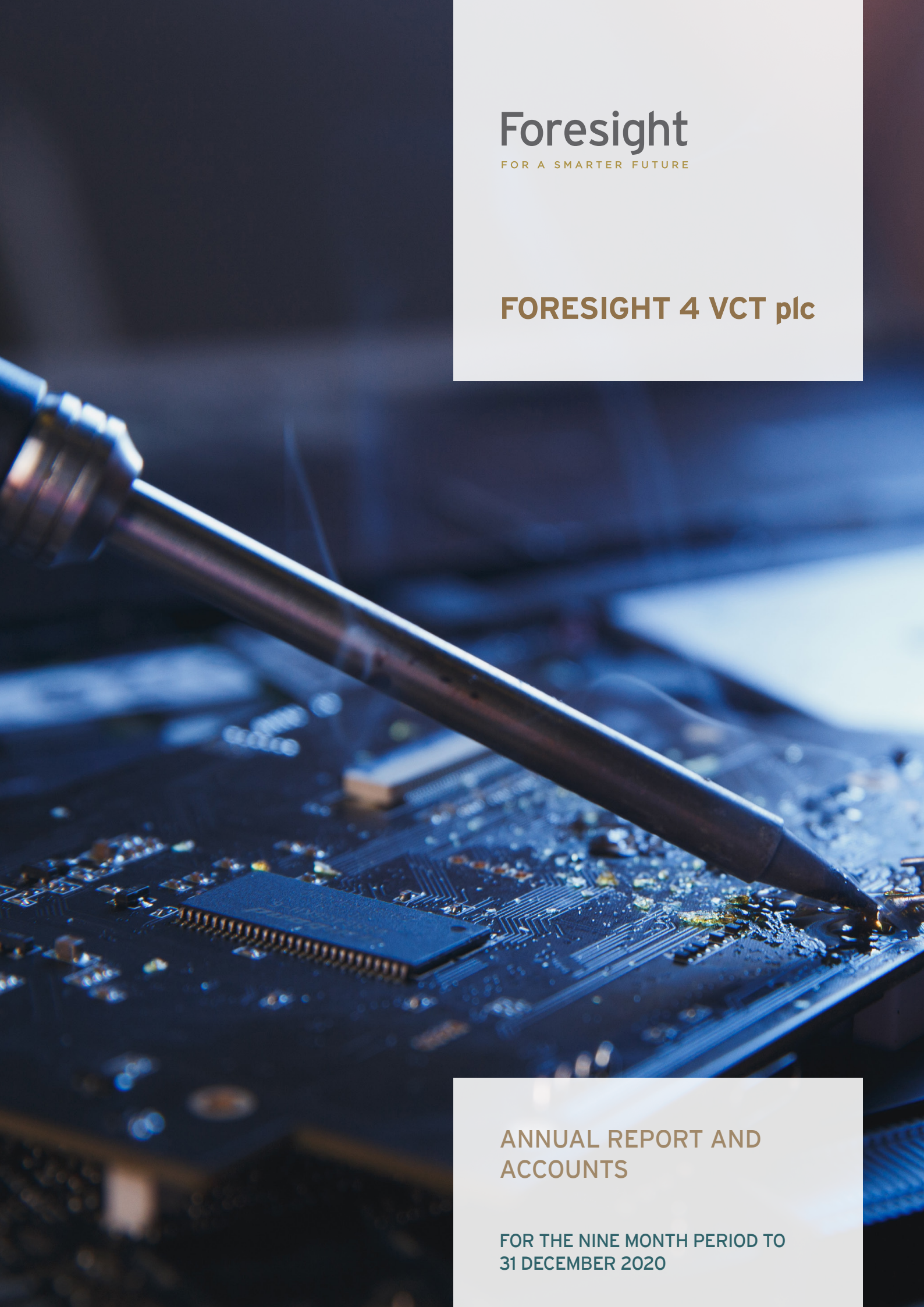




Foresight
FOR A SMARTER FUTURE

FORESIGHT 4 VCT plc

**ANNUAL REPORT AND
ACCOUNTS**

**FOR THE NINE MONTH PERIOD TO
31 DECEMBER 2020**

Shareholder Information

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

Enquiries

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

020 3667 8181

InvestorRelations@foresightgroup.eu
www.foresightgroup.eu

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

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

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



Key Dates

Annual General Meeting for the period ended 31 December 2020	7 July 2021
Interim results to 30 June 2021	September 2021
Annual results to 31 December 2021	April 2022

Dividends

The Board has made the decision that Foresight 4 VCT plc (the "Company") will no longer pay dividends by cheque. All future cash dividends will be credited to your nominated bank/building society account. Your options are:

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

www.investorcentre.co.uk

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

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

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

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

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

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

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

Alternatively you can contact Computershare by phone on 0370 703 6385

Trading shares

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

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

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

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

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

Contents

Financial Highlights	2
Key Metrics	2
Dividend History	3
Chairman's Statement	4
Manager's Review	
Portfolio Summary	6
Top Ten Investments	12
Portfolio Overview	18
About the Manager	20
Strategic Report	24
Governance	
Board of Directors	30
Directors' Report	32
Corporate Governance	36
Directors' Remuneration Report	40
Audit Committee Report	44
Statement of Directors' Responsibilities	45
Independent Auditor's Report	46
Financial Statements	
Income Statement	54
Reconciliation of Movements in Shareholders' Funds	55
Balance Sheet	56
Cash Flow Statement	57
Notes to the Accounts	58
Notice of Annual General meeting	74
Glossary of Terms	78
FCA Information	80
Corporate Information	81

Financial Highlights

Total Net Assets

as at 31 December 2020

£120.4m

Net Asset Value per Share

as at 31 December 2020

62.1p

Dividend Paid

in the period to 31 December 2020

2.8p

- During the period, the Company changed its accounting reference date from 31 March to 31 December for operational efficiency reasons. The Annual Report and Accounts are for the nine month period from 1 April 2020 to 31 December 2020.
- Total net assets £120.4 million.
- Net Asset Value per share increased by 11.3% from 55.8p at 31 March 2020 to 62.1p at 31 December 2020. Including the payment of a 2.8p dividend made on 28 August 2020, NAV total return per share at 31 December 2020 was 64.9p, representing a positive total return of 16.3%.
- The portfolio has seen an increase in valuation of £19.7 million during the period.
- Three new investments totalling c.£4.6 million and three follow-on investments totalling c.£1.9 million were made during the period.
- The Company exited its investment in The Naked Deli Ltd realising a total of £0.1 million.
- A dividend of 2.8p per share was paid on 28 August 2020 based on an ex-dividend date of 13 August 2020 and a record date 14 August 2020.

Key Metrics

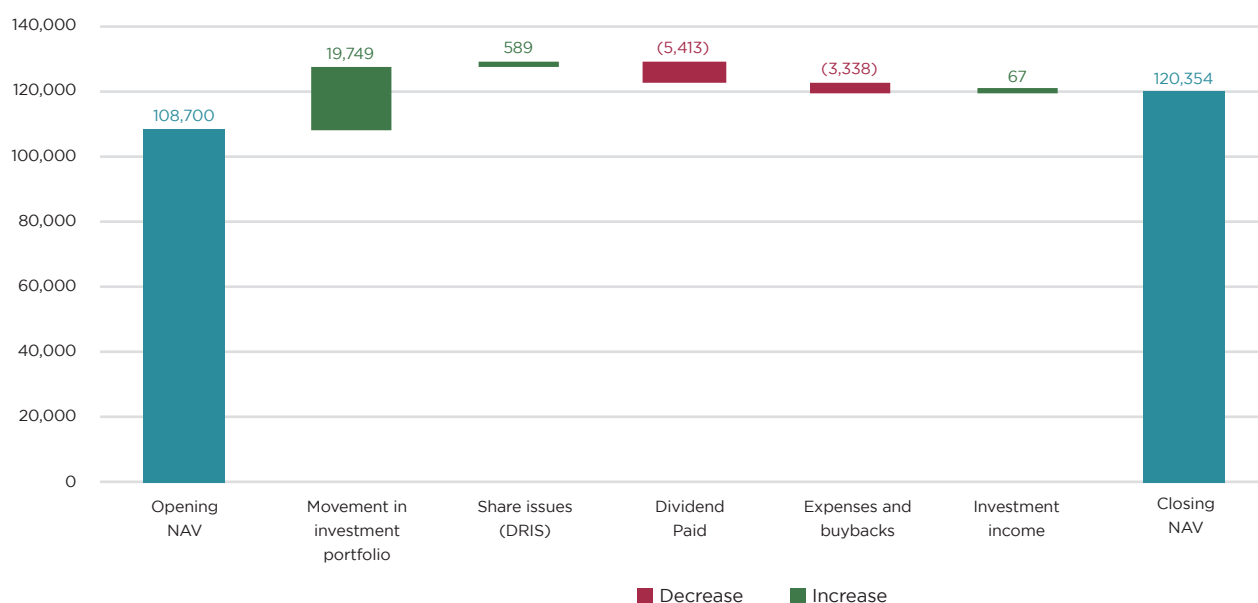
	1 year	3 years	5 years
Movement in NAV total return as at 31 December 2020 [^]	(0.2)%	5.1%	11.9%

	31 December 2020	31 March 2020
Total net assets	£120.4m	£108.7m
Net asset value per share	62.1p	55.8p
Share price	52.5p	59.5p
Share price total return [^]	107.8p	112.0p
Movement in NAV total return in the period [^]	16.3%	(11.8)%
Dividends paid in the period [^]	2.8p	4.0p
Dividend yield [^]	5.3%	6.7%
Shares in issue	193,859,213	194,826,224

	31 December 2020	31 March 2020
(Discount)/premium to NAV at period end [^]	(15.5)%	6.6%
Average discount on buybacks [^]	7.5%	9.1%
Shares bought back during the period under review [^]	2,078,035	2,786,153
Shares issued under the dividend reinvestment scheme	1,111,024	1,192,686
Ongoing charges ratio (based on net asset value) [^]	2.35%	2.2%

[^]Definitions of these Alternative Performance Measures (APMs) can be found in the Glossary on page 78.

NAV Bridge £'000



Dividend History (Since share consolidation in 2005)

Ordinary Shares	
Date	Dividend per share (p)
28 August 2020	2.8
16 August 2019	4.0
19 October 2018	4.0
17 July 2017	4.0
18 December 2015	4.0
26 April 2013	4.0
24 February 2012	5.0
4 February 2011	5.0
18 December 2009	5.0
26 December 2008	5.0
28 December 2007	5.0
15 December 2006	2.5
30 December 2005	5.0
Cumulative	55.3
NAV per share	62.1
NAV total return	117.4

C Shares	
Date	Dividend per share (p)
6 August 2015	25.0

Chairman's Statement



Raymond Abbott

Chairman of Foresight 4 VCT plc

I am pleased to present the audited Annual Report and Accounts for the nine-month period to 31 December 2020. As announced in January 2021 the Board and the Manager changed the accounting reference date to 31 December for operational efficiency reasons.

Material events during the period

Before providing other details, I would like to draw attention to a material event that occurred during the period being the continuing impact of Covid-19 on the Company and its portfolio.

The Covid-19 virus has presented the Company and the management of every one of its portfolio companies with unprecedented challenges which it is anticipated will persist for a considerable time to come. The Manager continues to work closely with the portfolio companies, attempting to minimise any adverse impact and it is a great credit to the quality of the management of the portfolio companies that the fallout from the pandemic has not been even more significant. Until this virus is brought under worldwide control, it is impossible to assess its full impact but challenges remain. However, it is already clear that the value of almost every business in the Company's portfolio has been materially affected, a minority have benefitted but most have not.

At the end of March 2020 the Company held eight investments, representing some 16% by value of its investment portfolio, in businesses involved in the travel, retail, entertainment and food and drink sectors. To date these sectors are amongst those most hard hit by the provisions of the lockdown imposed by the UK Government in response to the Covid-19 virus. I am pleased to report that all the Company's investments in these sectors are continuing to trade and, with one possible exception, they are already pursuing revised business strategies which hold the potential for a return to commercial viability in the short to medium term. It will,

however, be some time before the value of most of these businesses is again at or above their pre-Covid levels.

The overall impact of the Covid pandemic could be seen in the material fall in the valuation of the Company's portfolio at 31 March 2020. On a positive note, I can say that since March the trading position of many of these businesses has improved, resulting in a modest increase in portfolio value in the period to 31 December 2020. On behalf of the Board I would like to thank the Manager for the continued work alongside the management teams at each and every one of the companies within the portfolio.

Performance and portfolio activity

During the period Net Asset Value per share increased by 11.3% from 55.8p at 31 March 2020 to 62.1p at 31 December 2020. Including the payment of a 2.8p dividend made on 28 August 2020, NAV total return per share at 31 December 2020 was 64.9p, representing a positive total return of 16.3%. This positive movement is a result of the strategy and business changes throughout the portfolio alluded to above.

During the period under review the Manager completed three new investments and three follow-on investments costing £4.6 million and £1.9 million respectively. The Board and the Manager are confident that a number of new investments can be achieved in the year ahead, particularly with the increased investment activity in the three months to 31 December 2020, which accounts for all of the new and follow on investments noted above. Details of each of these new portfolio companies can be found in the Manager's Review.

Chairman's Statement

Foresight Group LLP, the Company's investment manager, continues to see a pipeline of potential investments sourced through its regional networks and well-developed relationships with advisors and the SME community, however, it is also focused on supporting the existing portfolio through the Covid-19 pandemic. Following both the successful fundraises launched in May 2017 and June 2018, the Company is in a position to fully support the portfolio, where appropriate, and exploit potential attractive investment opportunities.

Dividends

An interim dividend of 2.8p per Share was declared on 6 August 2020 based on an ex-dividend date of 13 August 2020 and a record date of 14 August 2020. The dividend was paid on 28 August 2020.

As noted in the prior Annual Report and Accounts and in light of the change in portfolio towards earlier stage, higher risk companies, as required by the new VCT rules, the Board felt it prudent to adjust the dividend policy towards a targeted annual dividend yield of 5% of NAV per annum. The Board and the Manager hope that this may be enhanced by additional 'special' dividends as and when particularly successful portfolio exits are made. The impact of Covid-19 will be taken into consideration when the Board considers dividends in the near term.

Post period end the Board announced the Company's successful sale of FFX Group Limited, one of the UK's largest independent suppliers of high-quality power tools, fixings and building supplies. The transaction generated proceeds of £5.7 million at completion and the Company will receive up to £0.2 million of deferred consideration after 18 months subject to certain conditions, indicating a cash on cash return of 4.3x the initial investment of £1.4 million made in October 2015. On the basis of this successful exit, it is the intention of the Board to enhance the interim dividend planned in May 2021, compared to the level of dividend paid in 2020.

Shareholder communication

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

Board composition

The Board continues to review its own performance and undertakes succession planning to maintain an appropriate level of independence, experience, diversity and skills in order to be in a position to discharge all its responsibilities. As noted in the Half-Year report, the Board are delighted to announce that Gaynor Coley was appointed to the Board on 10 September 2020 and as Chair of the Audit Committee on 19 November 2020.

Outlook

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

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

Annual general meeting

The Company's Annual General Meeting will take place on 7 July 2021 at 1.00pm. Please refer to the formal notice on page 74 for further details in relation to the format of this year's meeting and the request to observe social distancing guidelines in place.

Shareholders will note that it is proposed by resolution 11 to adopt new articles of association ("New Articles"). The key changes to the New Articles are to provide for the ability to hold virtual and hybrid general meetings. The Board wishes to note its preference is to hold AGMs by way of an open meeting and AGMs will only be held virtually where absolutely necessary.

Raymond Abbott

Chairman

23 April 2021

Manager's Review

Portfolio Summary

As at 31 December 2020 the Company's portfolio comprised 36 investments with a total cost of £58.4 million and a valuation of £92.4 million. The portfolio is diversified by sector, transaction type and maturity profile. Details of the ten largest investments by valuation, including an update on their performance, are provided on pages 12 to 16.

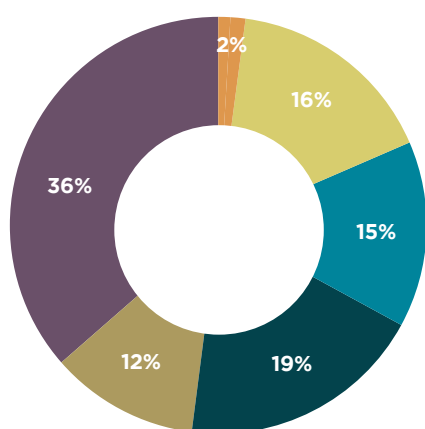
During the period, the value of investments held rose by £26.2 million, driven by deployment of £6.5 million into new and follow-on investments and an increase in the value of existing investments of £19.7 million. After a sharp drop in

portfolio value in the quarter to March 2020 at the peak of uncertainty around Covid-19, the Company's portfolio, in aggregate, has seen a recovery, as many of the portfolio companies have successfully navigated the new economic landscape, with some performing extremely strongly and some heavily impacted by Covid-19.

The investment team remain focused on supporting an annual dividend to shareholders of at least 5% of the NAV per share whilst retaining a stable NAV. The Company has made reasonable progress against these objectives in the period.

Portfolio Diversification

Sector by Cost



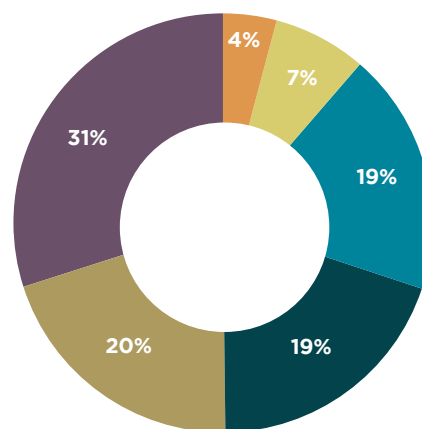
Technology, Media and Telecommunications

Consumer and Leisure

Industrials and Manufacturing

General

Sector by Valuation



Healthcare

Business Services

Manager's Review

New investments

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

Despite these challenges, the Manager has continued to search for high quality businesses that have demonstrated resilience during Covid-19. As a result, three new investments were completed in December 2020, IMMJ Systems, a document management system serving the NHS and other healthcare providers, iMist, a manufacturer of fire suppression systems and Titania Group, a cybersecurity software business. Behind these, there is a strong pipeline of opportunities that the Manager expects to convert during 2021.



In December 2020 the Company made a c.£1.8 million investment into IMMJ Systems Limited, an innovative, electronic document management solution for the healthcare sector, serving NHS Trusts and private providers. Founded in 2015 by a team experienced in enterprise IT and NHS technology distribution, IMMJ developed MediViewer, software that addresses the challenge of digitising patient records and providing a single, easy access interface for clinical caregivers. The investment will enable IMMJ to scale the business through new hires in key functions such as operations, technology and account management, to support the expanding deployment of MediViewer.



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

over 20 years' engineering experience. iMist has developed its own range of high-pressure water mist fire suppression systems. The proprietary solution offers a number of benefits over traditional fire sprinkler and lower pressure water mist products including more efficient use of water, ease of installation and cost effectiveness. The investment will drive further growth and development activities across the UK, on the back of the current regulatory opportunity.



In December 2020, the Company invested c.£1.3 million into Titania Group Limited, a cybersecurity software business. Founded in 2009, Titania has grown substantially due to the success of its first product, Nipper, which automates the assessment of network devices to accurately identify vulnerabilities. The winner of multiple cybersecurity industry awards, Titania has over 1,000 customers globally. The investment will also be used to enhance sales and marketing efforts for Titania's current suite of products.

Follow on investments

The Manager had expected that more portfolio companies would need additional capital to support them through difficult trading conditions resulting from the various lockdowns, driving an increase in follow-on investment. However the portfolio has remained relatively resilient, supported by increased monitoring and guidance to portfolio management teams by the Manager. The Manager has made follow-on investments into three companies during 2020, totalling £1.9 million. Further details of each of these are provided on the next page.

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

Manager's Review



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

SPEKTRIX

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

relationship management, received a follow-on investment of c.£0.6 million from the Company. The investment will enable Spektrix to capitalise on new opportunities following the reopening of the arts sector.

accrosoft

Also in December 2020, the Company made a £0.3 million follow-on investment into Accrosoft, a software as a service company with two core products focusing on recruitment and parent-teacher-student communication. The investment will support the commercialisation of the school communications platform, with strong demand seen in the market due to the increased role of such technology while schools are closed because of Covid-19 restrictions.

Pipeline

At 31 December 2020, the Company had cash in hand of £27.9 million, which will be used to fund new and follow-on investments, buybacks and running expenses. The Manager is seeing a recovery in the pipeline of potential investments and has a number of opportunities under exclusivity or in due diligence. The Company remains well positioned to continue pursuing these potential investment opportunities.

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

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

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

Exits and realisations

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

Fast casual and grab and go eateries have been particularly hard hit during the pandemic and to that end with the difficult market outlook as well as the remaining uncertainty around the business model, the Company realised its position in The Naked Deli, a healthy eating food chain, via an initial loan repayment of £0.1 million and the subsequent sale of share capital and loan note positions for £50k to the Company. The Naked Deli closed all its stores in line with government guidance in March and the outlook for this sector remains extremely challenging. There is uncertainty about town centre footfall, particularly for lunchtime trade, while employees are still working from home. In aggregate,

The Naked Deli returned 0.2x money invested to the Company.

In contrast, post-period end, the Company successfully realised its position in FFX Group, one of the UK's largest multi-channel, independent suppliers of high-quality power tools, fixings and building supplies. The transaction generated proceeds of £5.7 million at completion and the Company will receive up to £0.2 million of deferred consideration after 18 months subject to certain conditions, implying a cash on cash return of 4.3x the initial investment of £1.4 million made in October 2015, equivalent to an IRR of c.32%. During the investment period, FFX opened a new 60,000 sq ft distribution centre and a new head office in Kent. The business updated its brand and launched an extensive range of its own products. Since the Company's investment, FFX has more than tripled revenues and increased headcount by over 125.

Manager's Review

Disposals in the nine month period to 31 December 2020

Company	Detail	Accounting cost at date of disposal £	Proceeds £	Realised loss £	Valuation at 31 March 2020 £
The Naked Deli Ltd	Full Disposal	669,000	46,065	(622,935)	—
Total disposals		669,000	46,065	(622,935)	—

Key Portfolio Developments

Overall, the value of unquoted investments held rose by £26.2 million in the period, driven by deployment of £6.5 million and an increase in value of existing investments by £19.7 million. A disciplined approach to investment valuations has been maintained in light of Covid-19. In the quarter to March 2020, the onset of the Covid-19 pandemic drove significant economic uncertainty and the portfolio initially saw a substantial decrease in value of

£20.6 million. In the following quarters, as the portfolio adapted to the new economic climate, fair values saw a recovery in aggregate. Material changes in valuation, defined as increasing or decreasing by £1.5 million or more since 31 March 2020, are detailed below. Updates on these companies are included below, or in the Top Ten Investments section on pages 12 to 16.

Company	Valuation Methodology	Valuation Change (£)
Biofortuna Limited	Discounted revenue multiple	6,183,364
Innovation Consulting Group Limited	Discounted earnings multiple	2,903,349
FFX Group Limited	Offer proceeds	2,424,678
Procam Television Holdings Limited	Discounted earnings multiple	2,314,634
Hospital Services Group Limited	Discounted earnings multiple	1,666,181
Datapath Group Limited	Discounted earnings multiple	1,546,422
Ixaris Group Holdings Limited	Discounted revenue multiple	(2,573,874)

Procam Television Holdings Limited

Procam is a broadcast hire company, supplying equipment and crew for location TV and film production and also has a division (True Lens Services) focused on the manufacture and maintenance of camera lenses. During Covid-19, Procam's rental business had to largely close due to the halting of television and film production. Conversely, its True Lens Services division continued to trade positively, back to pre-Covid-19 levels. As challenging trading conditions continued, Procam required a formal restructuring and the Company supported a sale of the trade and assets of Procam's rental division and spun out its True Lens Service division into a separate company, supporting a substantial recovery in value. The basis of the Procam valuation reflects the loan note value and accrued interest attributable to the Company.

Ixaris Group Holdings Limited

Ixaris is a payments platform enabling efficient global payments, targeted in particular at the travel sector. The business has seen a severe downturn in trading due to the collapse of the travel sector in the wake of the pandemic. There remains significant uncertainty about when worldwide travel might resume. The Manager has engaged a new chair with extensive industry experience who has made a material contribution to improving the company's prospects since joining in December.

Manager's Review

Outlook

On 22 February 2021, Prime Minister Boris Johnson outlined the planned route out of lockdown for businesses in England, culminating in the lifting of all social restrictions on 21 June 2021 if circumstances allow. Businesses of all sizes have faced a very testing 12 months, not least with the stop-start dynamic of multiple lockdowns, therefore the Prime Minister's political commitment to an 'irreversible' ending of lockdown is welcomed, along with the extended support of the Coronavirus Job Retention Scheme. It is vital that SMEs are supported through the full reopening of UK's economy in order to rebuild consumer and business confidence and to enable our retail, hospitality, cultural, leisure and tourism sectors to get back to business. Most businesses had fully reopened after the first lockdown by September 2020, with the Manager supporting its portfolio through a transition to the 'new normal'. During the November and current lockdowns, the Manager acted quickly to administer the same 'toolbox' of support for the portfolio companies as in the first lockdown, to guide and prepare them for a prolonged period of uncertainty. The Investment Manager has also been working with companies to revise business plans and budgets to manage creditor stretch and debt build-up, and to prepare them for a reduction of Government support. The Manager is ensuring that finance directors at the portfolio companies continue to tightly manage overheads, reduce capital expenditure and work through longer-term cost reduction plans given the uncertain macro environment. It is important that management teams and investors are well prepared for a sustained period of weaker consumer and business demand as consumers and businesses adapt to the 'new normal'.

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

Some of the portfolio companies used this time as an opportunity to improve online activity and have seen an uptick in revenues as a consequence. With the trend towards ecommerce accelerating during Covid-19, retail businesses will need to continue embracing this channel

fully and make it a core part of the overall growth strategy. The Manager is working closely with portfolio companies to ensure they are well-positioned to capitalise on this opportunity.

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

Beyond Covid-19, another factor providing economic uncertainty was Brexit, with the Brexit transition period coming to an end on 31 December 2020. The Manager has worked closely with portfolio companies to prepare them to the extent possible. Thanks to the diverse nature of businesses in the portfolio, with a combination of businesses which really focus on the domestic UK market and some that export and source worldwide, the Manager remains confident that the Company is well-positioned to endure potential volatility.

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

Russell Healey

Partner and Head of Private Equity
Foresight Group LLP
23 April 2021



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

*Dave Vibert-Ward,
CEO, ClubSpark*

Top Ten Investments

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

Portfolio

For the investments below held by Foresight 3 VCT Plc ("F3") pre-merger, the amount invested refers to the initial amount invested by F3 and Foresight 4 VCT plc ("F4"). The accounting cost includes both the initial investment by both funds and also the valuation of the F3 investment at the point it was transferred to F4.

DATAPATH GROUP LIMITED

www.datapath.co.uk DERBY



SECTOR:

TMT



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

31 December 2020 Update

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

Initial Investment	September 2007
Amount invested (£)	2,000,000
Accounting cost (£)	11,081,243
Investment value (£)	15,670,327
Basis of valuation	Discounted earnings multiple
Equity held (%)	26.7%
Income received in the period (£)	—
Cash returned up to 31 December 2020 (£)	10,770,283

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

SPECAC INTERNATIONAL LIMITED

www.specac.com KENT



SECTOR:

INDUSTRIALS & MANUFACTURING



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

31 December 2020 Update

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

Initial Investment	April 2015
Amount invested (£)	1,300,000
Accounting cost (£)	2,554,761
Investment value (£)	7,263,367
Basis of valuation	Discounted earnings multiple
Equity held (%)	39.2%
Income received in the period (£)	88,150
Cash returned up to 31 December 2020 (£)	669,701

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

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



SECTOR:
HEALTHCARE



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

31 December 2020 Update

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

Initial Investment	April 2012
Amount invested (£)	3,517,537
Accounting cost (£)	3,517,537
Investment value (£)	7,181,304
Basis of valuation	Discounted revenue multiple
Equity held (%)	36.2%
Income received in the period (£)	—
Cash returned up to 31 December 2020 (£)	—

£000	Year ended 31 March 2020	Year ended 31 March 2019
Sales	N/A	N/A
Profit /(loss) before tax	N/A	N/A
Retained profit / (loss)	N/A	N/A
Net assets	486	639

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

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



SECTOR: INDUSTRIALS &
MANUFACTURING



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

31 December 2020 Update

TFC continued to generate strong sales despite the impact of COVID-19, with revenues averaging more than 90% of pre-pandemic levels. The business has remained profitable and has outperformed revised forecasts. TFC has used this period to review its pricing model, strengthen its balance sheet and overall focus on increasing market share to drive value in the long-term.

Initial Investment	March 2007
Amount invested (£)	1,408,638
Accounting cost (£)	2,149,307
Investment value (£)	6,540,051
Basis of valuation	Discounted earnings multiple
Equity held (%)	42.5%
Income received in the period (£)	—
Cash returned up to 31 December 2020 (£)	2,148,968

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

Top Ten Investments continued

Portfolio

INNOVATION CONSULTING GROUP LIMITED

www.govgrant.co.uk **HERTFORD**



SECTOR:
BUSINESS SERVICES



Innovation Consulting Group Limited, formerly the Business Advisory Limited, provides support services and contingent advice to UK based SME businesses seeking to gain access to Government tax incentives.

31 December 2020 Update

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

Initial Investment	September 2015
Amount invested (£)	1,650,000
Accounting cost (£)	1,938,046
Valuation (£)	6,002,488
Basis of valuation	Discounted earnings multiple
Equity held (%)	36.7%
Income received in the period (£)	—
Cash returned up to 31 December 2020 (£)	656,248

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

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

FFX GROUP LIMITED

www.ffx.co.uk **KENT**



SECTOR:
BUSINESS SERVICES



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

31 December 2020 Update

FFX continued to trade very strongly, with revenue and EBITDA significantly higher than prior year. This was due to a combination of greater DIY spend during lockdown, a trend towards ecommerce and FFX taking market share with its strong service offering. Post-period end, FFX was sold returning £5.7 million to the Company, a 4.3x return on the initial investment and an IRR of c.32%. During the investment period, FFX opened a new distribution centre and head office, increasing staff numbers by c.125. Foresight introduced Chairperson George Adams who had extensive sector experience, including roles at Kingfisher and Screwfix. The business updated its brand and launched a range of its own products. FFX developed its online presence while growing its direct sales team to target contractors, helping to triple sales.

Initial Investment	September 2015
Amount invested (£)	1,372,002
Accounting cost (£)	1,372,002
Investment value (£)	5,723,459
Basis of valuation	Offer proceeds
Equity held (%)	16.9%
Income received in the period (£)	—
Cash returned up to 31 December 2020 (£)	71,990

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

HOSPITAL SERVICES GROUP LIMITED
 www.hsl.ie BELFAST

SECTOR:
 HEALTHCARE


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

31 December 2020 Update

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

Initial Investment	April 2015
Amount invested (£)	1,200,000
Accounting cost (£)	1,200,000
Valuation (£)	3,223,750
Basis of valuation	Discounted earnings multiple
Equity held (%)	16.3%
Income received in the period (£)	24,766
Cash returned up to 31 December 2020 (£)	24,766

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

AEROSPACE TOOLING CORPORATION LIMITED
 www.atlturbineservices KENT

SECTOR:
 INDUSTRIALS &
 MANUFACTURING


Founded in 2007, Aerospace Tooling Holdings (“ATL”) is a niche engineering company based in Dundee. ATL provides specialist inspection, maintenance, repair and overhaul (MRO) services for components in high-specification aerospace and turbine engines.

31 December 2020 Update

ATL has had a positive start to the financial year, with strong trading ahead of a revised COVID-19 budget in both its aviation and industrial divisions. The company has recently converted a number of new customers and order levels remain strong. ATL has continued to run at full capacity with a large pipeline.

Initial Investment	June 2013
Amount invested (£)	2,000,000
Accounting cost (£)	415,255
Investment value (£)	2,996,499
Basis of valuation	Discounted earnings multiple
Equity held (%)	28.8%
Income received in the period (£)	—
Cash returned up to 31 December 2020 (£)	1,536,849

£000	Year ended 30 June 2020	Year ended 30 June 2019
Sales	7,226	7,191
Profit before tax	971	1,402
Retained profit	851	1,278
Net assets	3,625	2,774

Top Ten Investments continued

Portfolio

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

Protean Software

SECTOR:
TMT



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

31 December 2020 Update

Protean ended its financial year well with revenue and EBITDA ahead of the revised COVID-19 budget, albeit 11% down on prior year. Overall sales activity is seeing growth following a lull in summer and the full pipeline remains strong. In November the business launched its new software, Service Sight Pro, which has been well received to date.

Initial Investment	July 2015
Amount invested (£)	1,500,000
Accounting cost (£)	1,795,229
Investment value (£)	2,964,339
Basis of valuation	Discounted earnings multiple
Equity held (%)	23.8%
Income received in the period (£)	—
Cash returned up to 31 December 2020 (£)	90,542

£000	Year ended 31 March 2020	Year ended 31 March 2019
Sales	N/A	N/A
Profit/(loss) before tax	N/A	N/A
Retained profit/(loss)	N/A	N/A
Net assets	2,324	2,859

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

ROXY LEISURE LTD
www.roxyleisure.co.uk **LEEDS**

ROXY
LEISURE LTD

SECTOR: CONSUMER
& LEISURE



Roxy is an entertainment bar group with sites in the North of England. The venues offer a range of entertainment facilities from pool tables, ping-pong, bowling, shuffleboard, mini golf, arcade gaming and karaoke.

31 December 2020 Update

Roxy's trading has been drastically impacted by COVID-19 and the closure of the hospitality sector. As was seen in the summer when sites were operational, Roxy quickly returns to significant levels of profitability and its venues are in high demand when operational. The nature of the sites (typically over 15,000 sq.ft with designated game areas) also make social distancing much easier than in a typical hospitality environment and will likely encourage consumer confidence in returning to venues post restrictions.

Initial Investment	December 2019
Amount invested (£)	2,500,000
Accounting cost (£)	2,500,000
Investment value (£)	2,521,997
Basis of valuation	Discounted earnings multiple
Equity held (%)	5.6%
Income received in the period (£)	—
Cash returned up to 31 December 2020 (£)	—

£000	Year ended 31 December 2019	Year ended 31 March 2018
Sales	N/A	N/A
Profit/(loss) before tax	N/A	N/A
Retained profit/(loss)	N/A	N/A
Net assets	177	10

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



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

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

Portfolio Overview

31 December 2020				
Investment (by value)	Date of First Investment	Sector	Accounting Cost £	Valuation £
Datapath Group Limited	2007	TMT	11,081,243	15,670,327*
Specac International Limited	2015	Industrials & Manufacturing	2,554,761	7,263,367*
Biofortuna Limited	2012	Healthcare	3,517,537	7,181,304*
TFC Europe Limited	2007	Industrials & Manufacturing	2,149,307	6,540,051*
Innovation Consulting Group Limited (formerly The Business Advisory Limited)	2015	Business Services	1,938,046	6,002,488*
FFX Group Limited	2015	Business Services	1,372,002	5,723,459*
Hospital Services Group Limited	2015	Healthcare	1,200,000	3,223,750*
Aerospace Tooling Corporation Limited	2013	Industrials & Manufacturing	415,255	2,996,499*
Protean Software Limited	2015	TMT	1,795,229	2,964,339*
Roxy Leisure Ltd	2019	Consumer & Leisure	2,500,000	2,521,997*
Spektrix Limited	2018	TMT	2,118,000	2,472,661
Procam Television Holdings Limited	2013	TMT	2,162,929	2,314,634
Mologic Ltd	2018	Healthcare	1,059,000	2,202,147
Biotherapy Services Limited	2019	Healthcare	1,500,000	1,981,234
Itad Limited	2015	Business Services	1,371,726	1,950,547
IMMJ Systems Limited	2020	TMT	1,750,000	1,750,000
Clubspark Limited	2019	TMT	860,000	1,639,281
iMIST Limited	2020	Environmental	1,614,500	1,614,500
Accrosoft Limited	2018	TMT	1,050,000	1,469,901
Ixaris Group Holdings Limited	2006	Consumer & Leisure	3,479,188	1,388,932
Positive Response Communications Limited	2014	Business Services	1,009,195	1,384,180
Fourth Wall Creative Limited	2019	Consumer & Leisure	2,000,000	1,323,157
Steamforged Games Limited	2018	Consumer & Leisure	1,600,000	1,321,506
Iphigenie Limited	2015	General	100	1,262,665
Galinette Limited	2015	General	100	1,260,416
Titania Group Limited	2020	TMT	1,250,000	1,250,000
Codeplay Software Limited	2018	TMT	300,000	1,019,912
Ten Health & Fitness Limited	2019	Healthcare	1,600,000	953,191
Rovco Ltd	2019	TMT	950,000	786,105
ABL Investments Limited	2015	Business Services	1,494,075	732,495
Whitchurch PE 1 Limited	2014	General	378,000	651,062
Fertility Focus Limited	2018	Healthcare	525,569	649,868
Luminet Networks Limited	2018	TMT	960,000	395,203
Cole Henry PE 2 Limited	2014	General	200,000	368,505
Kingsclere PE 3 Limited	2014	General	100,000	211,628
Sindicatum Carbon Capital Limited	2007	Environmental	544,538	—
The Naked Deli Ltd	2018	Consumer & Leisure	—	—
			58,400,300	92,441,311

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

31 March 2020

Valuation Methodology	Accounting Cost £	Valuation £	Additions £	Disposal Proceeds £	Net Valuation Movement £
Discounted earnings multiple	11,081,243	14,123,905	—	—	1,546,422
Discounted earnings multiple	2,554,761	5,778,906	—	—	1,484,461
Discounted revenue multiple	3,517,537	997,940	—	—	6,183,364
Discounted earnings multiple	2,149,307	5,530,146	—	—	1,009,905
Discounted earnings multiple	1,938,046	3,099,139	—	—	2,903,349
Offer proceeds	1,372,002	3,298,781	—	—	2,424,678
Discounted earnings multiple	1,200,000	1,557,569	—	—	1,666,181
Discounted earnings multiple	415,255	2,482,022	—	—	514,477
Discounted earnings multiple	1,795,229	3,006,677	—	—	(42,338)
Discounted earnings multiple	1,500,000	1,564,288	1,000,000	—	(42,291)
Discounted revenue multiple	1,500,000	1,043,713	618,000	—	810,948
Discounted earnings multiple	2,162,929	—	—	—	2,314,634
Discounted revenue multiple	1,059,000	1,534,161	—	—	667,986
Discounted revenue multiple	1,500,000	1,470,000	—	—	511,234
Discounted earnings multiple	1,371,726	1,708,838	—	—	241,709
Price of last funding round	—	—	1,750,000	—	—
Discounted revenue multiple	860,000	1,219,079	—	—	420,202
Price of last funding round	—	—	1,614,500	—	—
Discounted revenue multiple	750,000	810,794	300,000	—	359,107
Discounted revenue multiple	3,479,188	3,962,806	—	—	(2,573,874)
Discounted revenue multiple	1,009,195	1,284,853	—	—	99,327
Discounted earnings multiple	2,000,000	1,582,050	—	—	(258,893)
Discounted revenue multiple	1,600,000	1,324,589	—	—	(3,083)
Net assets	100	1,202,520	—	—	60,145
Net assets	100	1,125,122	—	—	135,294
Price of last funding round	—	—	1,250,000	—	—
Discounted revenue multiple	300,000	599,577	—	—	420,335
Discounted revenue multiple	1,600,000	1,230,478	—	—	(277,287)
VC method	950,000	950,000	—	—	(163,895)
Discounted earnings multiple	1,494,075	1,288,860	—	—	(556,366)
Net assets	378,000	651,870	—	—	(808)
Discounted revenue multiple	525,569	363,400	—	—	286,468
Discounted earnings multiple	960,000	647,923	—	—	(252,720)
Net assets	200,000	369,310	—	—	(805)
Net assets	100,000	212,434	—	—	(806)
Nil value	544,538	184,575	—	—	(184,575)
Sold	669,000	—	—	(46,065)	46,065
	52,536,800	66,206,325	6,532,500	(46,065)	19,748,551

About the Manager

Foresight Group LLP most recently won “Best Generalist VCT” at the Investment Week Tax Efficiency Awards 2018/19. Previously Foresight Group LLP was voted “Best VCT Investment Manager” at the 2017 Growth Investor Awards and “VCT House of the Year” at the 2016 Unquoted British Private Equity awards.

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

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

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

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

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

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

Evolution of Foresight 4 VCT plc

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

2004	In August 2004, Foresight Group LLP's Private Equity team was appointed to manage Advent 2 VCT plc, which was subsequently renamed Foresight 4 VCT plc.
2011	Foresight Group LLP's Private Equity team was appointed manager of Acuity Growth VCT (formerly Acuity 2 VCT plc and previously Electra Kingsway VCT 2 plc) on 24 February 2011 which was renamed Foresight 5 VCT plc. Foresight Group was also appointed manager of Acuity VCT 3 plc (formerly Electra Kingsway VCT 3 plc) on 1 April 2011.
2012	Foresight 4 VCT plc acquired the assets and liabilities of both Foresight 5 VCT plc and Acuity VCT 3 plc. On 6 February 2012 Foresight 5 VCT plc and Acuity 3 VCT plc were merged into Foresight 4 VCT plc as a separate C share class.
2012	At the same time, Foresight Clearwater VCT plc was merged into the ordinary share class of Foresight 4 VCT plc.
2015	The C shares were converted into ordinary shares on 10 August 2015.
2017	On 22 June 2017, Foresight 3 VCT plc was merged into Foresight 4 VCT plc. The enlarged Foresight 4 VCT plc had combined net assets of £77.0 million.
2019	On 12 April 2019, the Company closed its latest offer for subscription after raising £51.1 million.

Responsible Investment

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

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

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



Strategy and Awareness

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



Environmental

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



Social

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



Governance

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



Third Party Interaction

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

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

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

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

Credentials

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

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



Responsible Investment case study

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

Clubspark



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



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



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



Since investment a strong Board has been recruited including a new Non-executive Chairman, improving oversight and management reporting. Clubspark did not previously hold formal Board meetings, and now produces a detailed Board pack with high quality management information. The company is currently going through the process to becoming ISO 27001 accredited, to improve their cyber security.



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

Climate Change Statement

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

The Company supports the Manager’s views on climate change and ESG and its vigorous process in the evaluation

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

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

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

Russell Healey

Partner and Head of Private Equity



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

James Livingston

Partner



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

Matt Smith

Partner



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

Strategic Report

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

Investment Objective

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

Performance and Key Performance Indicators ("KPIs")

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

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

The ongoing charges ratio for the period was 2.35%. The Director's note that regular share buy-backs at a competitive discount to NAV is an essential KPI and also accretive for existing shareholders. Share buy-backs were completed at an average discount of 7.5%. Further details of the Company's KPIs can be found in the Glossary of Terms on page 78.

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

Investments in unquoted companies at an early stage of their development may disappoint. However, investing

the Company's funds in companies with high growth characteristics with the potential to become strong performers within their respective fields creates an opportunity for attractive returns to shareholders.

Strategies for achieving objectives

Investment Policy

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

Investment securities

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

UK companies

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

Asset mix

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

Risk diversification and maximum exposures

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

Investment style

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

Borrowing powers

The Company has a borrowing limit of an amount not exceeding an amount equal to 50% of the adjusted capital and reserves (being the aggregate of the amount paid up

on the issued share capital of the Company and the amount standing to the credit of its reserves). Whilst the Company does not currently borrow, its articles allow it to do so.

Co-investment

The Company may invest alongside other funds managed or advised by the Manager. Where more than one fund is able to participate in an investment opportunity, allocations will generally be made in proportion to the net cash raised for each such fund, other than where a fund has a pre-existing investment where the incumbent fund will have priority. Implementation of this policy will be subject to the availability of monies to make the investment and other portfolio considerations, such as the portfolio diversity and the need to maintain VCT status. The Manager provides investment management services or advice to Foresight VCT plc, Foresight Solar & Technology VCT plc, Foresight Nottingham Fund LP, Foresight Environmental Fund LP, Foresight Solar Fund Limited, Foresight Inheritance Tax Solutions, Foresight AD EIS, Foresight Energy Infrastructure EIS, Foresight Regional Investment LP, Foresight Williams Technology EIS Fund, Foresight Italian Green Bond Fund, MEIF ESEM Equity LP, Scottish Growth Scheme - Foresight Group Equity Partners LP, NI Opportunities LP, JLEN Group Limited, Foresight Energy Infrastructure Partners S.C.Sp and Foresight Regional Investment II LP.

VCT regulation

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

Management

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

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

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

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

Environmental, Human Rights, Employee, Social and Community Issues

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

The Company does not have any policies in place for human rights, environmental, social and community issues due to having no office premises, no employees and it's 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 the Manager's website www.foresightgroup.eu.

Please refer to the Manager's Review on pages 20 to 21 for more information on the Manager's Responsible Investment Principles.

Gender diversity

The Board currently comprises three male Directors and one female Director. The Board is, however, conscious of the need for diversity and will consider both male and female candidates when appointing new Directors. More information on the Boards approach to diversity is given in the Corporate Governance section on page 37.

The Manager has an equal opportunities policy and, as at 31 December 2020, employed 153 men and 84 women.

Dividend policy

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

Purchase of own shares

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

Strategic Report

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

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

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

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

Directors' duty to promote the success of the company

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

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

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

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

To help the Board in its aim to act fairly between the Company's members, it encourages communications with all shareholders. The Annual and Half-Yearly Reports are issued to shareholders and are available on the Company's website together with other relevant information including quarterly factsheets. The Manager and members of the Board are available to meet the shareholders at investor forums held throughout the period, Directors are also available to meet with shareholders at the AGM, although this will not be possible this year.

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

As described in more detail within the Corporate Governance Report, the Board is committed to maintaining and demonstrating high standards of corporate governance in relation to the Company's business conduct. The Board also expects high standards at the companies in which the Company is invested. In this regard, it is satisfied that the

Manager consistently and proactively engages with investee companies on environmental, social and governance matters, where these are material to the investment case and therefore to the long-term success of the Company. More detail on this can be found in the responsible investment section of the Manager's Review.

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

While the Manager supports the aims and objectives of the Stewardship Code, it is not currently a signatory to the Code. A statement explaining their position has been published on the Managers website at www.foresightgroup.eu/responsible-investing/governance/stewardship-code.

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

Principal risks, risk management and regulatory environment

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

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

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

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

Strategic Report

disposal of their shares, and, in certain circumstances, to investors being required to repay the initial income tax relief on their investment.

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

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

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

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

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

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

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

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

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

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

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

Market risk: All investments are impacted by market risk. Many factors including terrorist activity and political developments can negatively impact stock markets worldwide. In times of adverse sentiment there can be very little, if any, market demand for shares in smaller companies.

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

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

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

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

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

Covid-19 and Climate change: Further details on climate change are provided in the Climate Change Statement in the Manager's Report on page 22. The potential impact of Covid-19 on the companies in which the Company invests is under continual assessment, many have already been impacted and continue to be impacted with the third lockdown. However a lot of the companies which are currently closed did show positive signs of recovery when restrictions were eased over the summer. Both the Manager and the Company's other key service providers implemented their business continuity plans and have not seen a noticeable disruption to services.

Viability Statement

In accordance with principle 21 of the AIC Code of Corporate Governance published by the AIC in February 2019, the Directors have assessed the prospects of the Company over the three year period to 31 December 2023. This three year period is used by the Board during the strategic planning process and is considered reasonable for a business of its nature and size.

In making this statement, the Board carried out an assessment of the principal risks and emerging risks facing the Company, including those that might threaten its

Strategic Report

business model, future performance, solvency, or liquidity. The Board concentrated its efforts on the major factors that affect the economic, regulatory and political environment, the Board also specifically considered the impact of the Covid-19 pandemic when carrying out its assessment. The Board also considered the ability of the Company to raise finance and deploy capital. This assessment took account of the availability and likely effectiveness of the mitigating actions that could be taken to avoid or reduce the impact of the underlying risks, including the Manager adapting their investment process to take account of the more restrictive VCT investment rules that currently apply. The Directors have also considered the Company's income and expenditure projections and underlying assumptions for the next three years and found these to be realistic and sensible.

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

Performance-related incentives

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

After each distribution is made to shareholders where a performance incentive is paid to the Manager, the High Watermark required to be achieved by the Company to trigger a further performance incentive fee increases by a per share amount equivalent to the aggregate amount of the dividend paid less the 15% performance fee paid to the Manager. The current high watermark is 108.5p per share (31 March 2020: 108.5p per share).

The performance incentive fee may be satisfied by either a cash payment or the issue of shares (or by a combination of both) ultimately at the Board's discretion and as such qualifies as a share based payment. Any new shares to be issued to the Manager would be calculated by dividing the performance fee cash equivalent amount by the latest net asset value per share after adding the cumulative dividends to be paid.

No performance incentive was paid in the period (31 March 2020: £nil). No performance incentive fee has been accrued in the period as the Company does not consider it possible that the total return would reach the high watermark for the foreseeable future.

Valuation policy

Investments held by the Company have been valued in accordance with the International Private Equity and Venture Capital ("IPEV") Valuation Guidelines (December 2018 and further Covid-19 guidance for March 2020) developed by the British Venture Capital Association and other organisations. Through these guidelines, investments are valued as defined at 'fair value'. Where the investment

being valued was itself made recently, its cost may provide a good starting point for estimating fair value. At each measurement date, fair value is estimated using appropriate valuation techniques. Investments quoted or traded on a market are valued at bid price. The portfolio valuations are prepared by the Manager, reviewed and approved by the Board quarterly and are subject to annual review by the external auditor.

VCT Tax Benefit for Shareholders

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

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

The upfront income tax relief will be forfeited by shareholders if the shares are not held for five years.

Venture Capital Trust Status

Foresight 4 VCT plc has been granted approval as a Venture Capital Trust (VCT) under Sections 274–280A of the Income Tax Act 2007 for the year ended 31 March 2020. The next complete review will be carried out for the period to 31 December 2020. 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 Shakespeare Martineau LLP as VCT status advisor to the Company to provide further independent assurance of compliance with legislation and applicable VCT regulation. As at 31 December 2020 the Company had approximately 88.3% (by VCT Value) of its applicable funds in such VCT qualifying holdings.

Future Strategy

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

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

This report has been approved for and issued by the Board.

Raymond Abbott

Chairman
23 April 2021

Governance

Raymond Abbott Chairman of the Board


Position

Chairman of the Board

Appointed

22 June 2017

Experience

Raymond previously served as Chairman of Foresight 3 VCT plc from 2014 until the merger with Foresight 4 VCT plc. Prior to this he was a Non-Executive Director of Foresight 4 VCT plc.

Raymond has over 29 years' experience in private equity covering fund investment, direct venture investment, growth capital and buy-outs. This includes as Managing Director of Alliance Trust Equity Partners developing a £300m fund of funds programme for Alliance Trust focussed on Western European lower to mid-market buyout funds. Raymond founded Albany Ventures, with a focus on software and healthcare investments, which was acquired by Alliance Trust.

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

Other positions

Chairman of The Scottish Building Society
Chairman of Integrated Environmental Solutions Limited. Non Executive Director of Schroder UK Public Private Trust PLC.

Beneficial

60,818

Shareholding

Gaynor Coley Non-executive Director


Position

Non-Executive Director and Chair of Audit Committee

Appointed

10 September 2020

Experience

Gay is a Chartered Accountant with over 30 years of experience in private and public sector finance. She is Chair of the Audit Committee and has extensive experience of governance, compliance and risk management.

She is very familiar with the challenges of stakeholder management, business growth and development. She was part of the founding team at the £140m award winning Eden Project, leading the funding and setting up the innovative social enterprise structure. After 13 years as Managing Director at Eden she went on to join the Royal Botanic Gardens, Kew as Director of Public Programmes, responsible for rebranding the gardens and growing the commercial income streams. She was Director of Finance at Plymouth University for 5 years prior to joining Eden, encouraging spin out companies and enterprise initiatives.

Other positions

Director of Lowland Investment Company plc,
Director of Asia Dragon Trust plc and Director of the Secured Income Fund plc.

Beneficial

Nil

Shareholding

Simon Jamieson

Non-executive Director



Position Appointed Experience

Non-Executive Director

3 October 2014

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

Other positions

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

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

Beneficial Shareholding

34,841

Michael Gray

Non-executive Director



Position

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

Appointed Experience

14 February 2017

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

Other positions

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

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

Beneficial Shareholding

28,448

Governance

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

Activities and status

The principal activity of the Company during the period was the making of investments in unquoted companies in the United Kingdom. The Company is not an investment company within the meaning of Section 833 of the Companies Act 2006. It has satisfied the requirements as a VCT under sections 274-280A of the Income Tax Act 2007. Confirmation of the Company's qualification as a VCT has been received up to 31 March 2020 and the Directors have managed and intend to continue to manage the Company's affairs in such a manner as to comply with these regulations.

Results and dividends

The total profit attributable to shareholders for the period amounted to £17,591,000 (31 March 2020: loss of £15,431,000). The Board paid a dividend of 2.8p per share on 28 August 2020.

Net asset value total return

During the period ended 31 December 2020 the Company's principal indicator of performance, net asset value total return, increased by 16.3% per share.

Share issues

During the period 1,111,024 shares were issued pursuant to the dividend reinvestment scheme at an issue price of 53.0p per share. At 31 December 2020 the Company had 193,859,213 shares in issue.

Share buybacks

During the period the Company repurchased 2,078,035 shares for cancellation at a cost of £1,085,000. No shares bought back by the Company are held in treasury. Share buy-backs have been completed at an average discount of 7.5%.

Global greenhouse gas emissions

The Company has no greenhouse gas emissions to report from the operations

of the Company, nor does it have responsibility for any other emissions sources under the Companies Act 2006 (Strategic Report and Directors' Reports) regulations 2013.

Principal risks, risk management and regulatory environment

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

Management

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

Annually, the Management Engagement & Remuneration Committee reviews the appropriateness of the Manager's appointment. In carrying out its review, the Management Engagement & Remuneration Committee considers the investment performance of the Company and the ability of the Manager to produce satisfactory investment performance. It also considers the length of the notice period of the investment management contract and fees payable to the Manager, together with the standard of other services provided which include Company Secretarial services. It is the Directors' opinion that the continuing appointment of the Manager on the terms agreed is in the interests of shareholders as a whole. The last review was undertaken on 25 June 2020. The principal terms of the management agreement are set out in note 3 to the accounts.

Following the fundraise in the prior period, the Manager agreed to reduce the annual expenses cap to 2.35% of net assets from 27 January 2020.

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

Foresight Group LLP, who was appointed as investment manager on 27 January 2020 earned fees of £1,735,000 in the period to 31 December 2020 (31 March 2020: £3,000, prior to this Foresight Group CI Limited who acted as investment

manager until 27 January 2020 earned fees of £2,175,000). Foresight Group LLP received, directly and indirectly, £119,000 excluding VAT (31 March 2020: £169,000) during the period in respect of secretarial, administrative and custodian services to the Company.

Foresight Group LLP also received from investee companies arrangement fees of £196,000 (31 March 2020: £306,000) and directors' fees of £353,000 (31 March 2020: £446,000) from investee companies.

The Manager is also a party to the performance incentive agreements described in note 13 to the accounts. All amounts are stated, where applicable, net of Value Added Tax.

At the time of writing, staff of the Manager held a total of 534,360 shares in the Company.

VCT status monitoring

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

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.

Likely future developments

Please refer to the Manager's Report on page 10 for more details on likely future developments.

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,

Governance

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 1 day (31 March 2020: 1 day).

Alternative Investment Fund Managers Directive (AIFMD)

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

Audit Information

Pursuant to s418(2) of the Companies Act 2006, each of the Directors confirms that (a) so far as they are aware, there is no relevant audit information of which the Company's auditor is unaware; and (b) they have taken all steps they ought to have taken as a Director 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 23 April 2021 was 193,323,938 ordinary shares of 1 penny each.

Further information on the share capital of the Company is detailed in note 11 to the accounts.

Voting Rights in the Company's shares

Details of the voting rights in the Company's shares at the date of this report are given in note 6 in the Notice of Annual General Meeting on page 76.

Notifiable interests in the Company's voting rights

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

Auditor

Pursuant to S487(2) of the Companies Act 2006, the Board proposed the appointment of Deloitte LLP in the prior year and a resolution concerning this was passed at the Annual General Meeting.

Companies Act 2006 Disclosures

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

- the Company's capital structure and voting rights are summarised above, and there are no restrictions on voting rights nor any agreement between holders of securities that result in restrictions on the transfer of securities or on voting rights;
- there exist no securities carrying special rights with regard to the control of the Company;
- the rules concerning the appointment and replacement of directors, amendment of the Articles of Association and powers to issue or buy back the Company's shares are contained in the Articles of Association of the Company and the Companies Act 2006;

- the Company does not have any employee share scheme;
- there exist no agreements to which the Company is party that may affect its control following a takeover bid; and
- there exist no agreements between the Company and its Directors providing for compensation for loss of office that may occur following a takeover bid or for any other reason.

Conflicts of interest

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

Whistleblowing

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

Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report. The financial position of the Company, its cash flows, liquidity position and borrowing facilities are referred to in the Chairman's Statement, Strategic Report and Notes to the accounts. In addition, the accounts include the

Governance

Company's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposures to credit risk and liquidity risk.

The Company has sufficient financial resources together with investments and income generated therefrom across a variety of industries and sectors. As a consequence, the Directors believe that the Company is able to manage its business risks. Cash flow projections have been reviewed, with particular focus on the impact of Covid-19 and show that the Company has sufficient funds to meet both its contracted expenditure and its discretionary cash outflows in the form of share buy backs and dividends. The Company has no external loan finance in place and therefore is not exposed to any gearing covenants, although its underlying investments may have external loan finance.

The Directors have considered both the impact of Covid-19 and Brexit during their assessment of going concern and have reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual 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 that complies with a new set of disclosure requirements. See pages 40 to 43.

Annual General Meeting

A formal notice convening the Annual General Meeting on 7 July 2021 can be found on pages 74 to 75. Please refer to the notice in relation to the format of this year's meeting and the request

to observe social distancing guidelines in place.

Resolutions 1 to 7 will be proposed as ordinary resolutions meaning that for each resolution to be passed more than half of the votes cast at the meeting must be in favour of the resolution. Resolutions 8 to 11 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 7 to 9 supplement and renew share issue and buyback authorities granted at previous general meetings of the Company and, together with Resolutions 10 and 11, are explained in further detail below.

Resolution 7

Resolution 7 will authorise the Directors to allot relevant securities generally, in accordance with Section 551 of the Companies Act 2006, up to an aggregate nominal amount of £1,200,000 (representing 62.1% of the issued share capital of the Company as at the date of this Annual Report). This authority will be used for the purposes listed under the authority requested under Resolution 8. This includes authority to issue shares pursuant to the dividend reinvestment scheme operated by the Company, performance incentive fee arrangements with Foresight Group LLP and relevant individuals of Foresight Group LLP and top-up offers for subscription to raise new funds for the Company if the Board believes this to be in the best interests of the Company. Any offer is intended to be at an offer price linked to NAV. The authority conferred by Resolution 7 is in substitution for all existing authorities and will expire (unless renewed, varied or revoked by the Company in a general meeting) on the fifth anniversary of the passing of the resolution, save that the Company may allot equity shares after such date in pursuance of a contract or contracts made prior to the expiration of this authority.

Resolution 8

Resolution 8 will sanction, in a limited manner, the disapplication

of pre-emption rights in respect of the allotment of equity securities (i) with an aggregate nominal amount of up to 10% of the issued share capital of the Company from time to time pursuant to the dividend reinvestment scheme at a subscription price per share that may be less than the net asset value per share, as may be prescribed by the scheme terms, (ii) with an aggregate nominal amount of up to 10% of the issued share capital of the Company from time to time pursuant to performance incentive arrangements with Foresight Group LLP and relevant individuals of Foresight Group LLP at a subscription price which may be less than the net asset value per share and (iii) with an aggregate nominal amount of up to 10% of the issued share capital of the Company from time to time for general purposes, in each case where the proceeds of such issue may be used in whole or part to purchase the Company's shares. This authority is in substitution for all existing authorities and will expire (unless renewed, varied or revoked by the Company in a general meeting) at the conclusion of the Annual General Meeting to be held in 2022 or, if earlier, on the date falling 15 months after the passing of the resolution, save that the Company may allot equity shares after such date in pursuance of a contract or contracts made prior to the expiration of this authority.

Resolution 9

It is proposed by Resolution 9 that the Company be authorised to make market purchases of the Company's own shares. Under this authority the Directors may purchase up to 28,979,258 shares, (representing approximately 14.99% of the Company's shares in issue at the date of this Annual Report) or, if lower, such number of shares (rounded down to the nearest whole share) as shall equal 14.99% of the issued share capital at the date the resolution is passed. When buying shares, the Company cannot pay a price per share which is more than 105% of the average of the middle market quotation for a share taken from the London Stock Exchange daily official list on the five business days immediately before the

Governance

day on which shares are purchased or, if greater, the amount stipulated by Article 5(6) of the Market Abuse Regulation (596/2014/EU). This authority is in substitution for all existing authorities and will expire (unless renewed, varied or revoked by the Company in a general meeting) at the conclusion of the Annual General Meeting to be held in 2022 or, if earlier on the date falling 15 months after the passing of the resolution, save that the Company may purchase its shares after such date in pursuance of a contract or contracts made prior to the expiration of this authority.

Whilst, generally, the Company does not expect that shareholders will want to sell their shares within five years of subscribing for them because this may lead to a loss of tax relief, the Directors anticipate that from time to time a shareholder may need to sell shares within this period. Front end VCT income tax relief is only obtainable by an investor who makes an investment in new shares issued by the Company. This means that investors may be willing to pay more for new shares issued by the Company than they would pay to buy shares from an existing shareholder. Therefore, in the interest of shareholders who may need to sell shares from time to time, the Company proposes to renew the authority to buy-in shares as it enables the Board, where possible, to facilitate a degree of liquidity in the Company's shares. In making purchases the Company will deal only with member firms of the London Stock Exchange and at a discount to the then prevailing net asset value per share of the Company's shares to ensure that existing shareholders' interests are protected.

Resolution 10

Resolution 10 seeks the authority from shareholders (as required under the Companies Act 2006) to reduce the share premium account of the Company by £15.3 million.

Cancelling share premium allows a company to create a special reserve that can be used to write or set off losses, facilitate distributions and buybacks and for other corporate

purposes. The Company has previously cancelled share premium for these purposes and has, over time, utilised the special reserves created from these cancellations. The issue of shares pursuant to recent fundraisings has resulted in the creation of further share premium. The Board proposes to reduce the share premium account to create further special reserves.

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

The amount to be cancelled is related to share premium created by the issue of shares on or before 31 March 2019. The amount being cancelled is regarded under VCT legislation as restricted capital which should not be used to make, directly or indirectly, payments to shareholders until April 2022, when it becomes unrestricted.

Resolution 11

It is proposed by Resolution 11 to adopt new articles of association ("New Articles"). The key changes in the New Articles provide for the ability to hold virtual and hybrid general meetings, with consequential changes relating to definitions, how notices can be sent, attendance and meeting procedure and when shareholders in attendance at general meetings virtually will count and be able to vote. This will make it easier for shareholders to take part in future general meetings, particularly where the Company is unable to hold a physical meeting.

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

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

The other changes are mostly to delete historic references and provisions relating to C shares (which no longer exist following the merger of the ordinary shares and the C shares into one class of share), to replace specific gender references with generic wording and some minor typographical and grammatical correction updates.

A copy of the proposed New Articles (tracked showing the changes) will be available for inspection during normal business hours (excluding Saturdays, Sundays and public holidays) at the registered office of the Company and online at www.foresightgroup.eu/retail-investors/vct/foresight-4-vct-plc until the close of the meeting. Copies will also be available at the location of the Annual General Meeting (for 15 minutes prior to the meeting and during the meeting).

This report has been approved for issue by the Board.

Foresight Group LLP

Secretary
23 April 2021

Governance

The Board of Foresight 4 VCT plc has considered the Principles and Provisions of the AIC Code of Corporate Governance (“AIC Code”). The AIC Code addresses the Principles and Provisions set out in the UK Corporate Governance Code (“the AIC Code”) issued by the Financial Reporting Council, as well as setting out additional Provisions on issues that are of specific relevance to the Company.

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

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

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

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

The Board

The Board comprises four directors, all of whom are non-executive and independent of the Manager and considered independent for the purposes of the AIC Code and the Listing Rules. The Chairman has served on the Board for less than nine years from the date of his appointment in June 2017. The Board therefore considers the Chairman independent in character and judgement and his re-election is sought every three years. The Nomination Committee meets annually to discuss the appropriateness of the Board appointments and considers there to be no other circumstances which are likely to impair the Chairman's independence.

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

Division of responsibilities

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

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

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

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

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

In addition to the below, two further meetings were held in relation to the change in accounting reference date and in relation to investments.

In light of the responsibilities retained by the Board and its committees and of the responsibilities delegated to the Manager, Shakespeare Martineau LLP

	Board	Audit	Nomination	Management Engagement & Remuneration
Simon Jamieson	4/4	2/2	1/1	2/2
Michael Gray	4/4	2/2	1/1	2/2
Raymond Abbott	4/4	2/2	1/1	2/2
Gaynor Coley^	2/2	1/1	N/A	1/1

^Gaynor was appointed to the Board on 10 September 2020.

Governance

and other service providers, the Company has not appointed a chief executive officer, deputy Chairman or a senior independent non-executive Director as recommended by the AIC Code. The provisions of the AIC Code which relate to the division of responsibilities between a chairman and a chief executive officer are, accordingly, not applicable to the Company.

Board committees

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

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

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

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

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

The Management Engagement & Remuneration Committee comprises Michael Gray (Chairman), Raymond Abbott, Gaynor Coley and Simon Jamieson and meets at least annually to consider the levels of remuneration of the Directors. More details can be found in the Directors' Remuneration Report. The Management Engagement & Remuneration Committee also reviews the appointment and terms of engagement of the Manager. The Board has decided that the entire Board of Directors should fulfil the role of the Management Engagement & Remuneration Committee due to its size.

The Nomination Committee comprises Michael Gray (Chairman), Raymond Abbott, Gaynor Coley and Simon Jamieson and meets at least annually to consider the composition and balance of skills, knowledge and experience of the Board and to make nominations to the Board in the event of a vacancy. The Board has decided that the entire Board of Directors should fulfil the role of the Nomination Committee due to its size.

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

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

Board evaluation

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

Internal control

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

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

The Manager has 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

Governance

and that the Company's assets are safeguarded.

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

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

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

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

The Audit Committee has carried out a robust review of the effectiveness of the system of internal control, together with a review of the operational and compliance controls and risk management, as it operated during the 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 against its objectives at each Board meeting.

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

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

UK Stewardship Code

While the Manager supports the aims and objectives of the Stewardship

Code, it is not currently a signatory to the Code. A statement explaining its position has been published on the Managers website at www.foresightgroup.eu/responsible-investing/governance/stewardship-code.

Relations with Shareholders

The Company communicates with shareholders and solicits their views where it considers it is appropriate to do so. Foresight Group hosts regular investor forums for shareholders and publishes quarterly fact sheets, as well as information on new investments, on its website.

Due to the impact of Covid-19, this year's Annual General Meeting will be held by way of a closed virtual meeting and shareholders will not be permitted to attend. Shareholders are encouraged to send any questions to the Directors through the Manager's investor relations team, more details can be found in the formal notice on page 74. The Board may from time to time seek feedback through shareholder questionnaires and an open invitation for shareholders to meet the Manager. The Company is not aware of any institutions owning shares in the Company.

Raymond Abbott

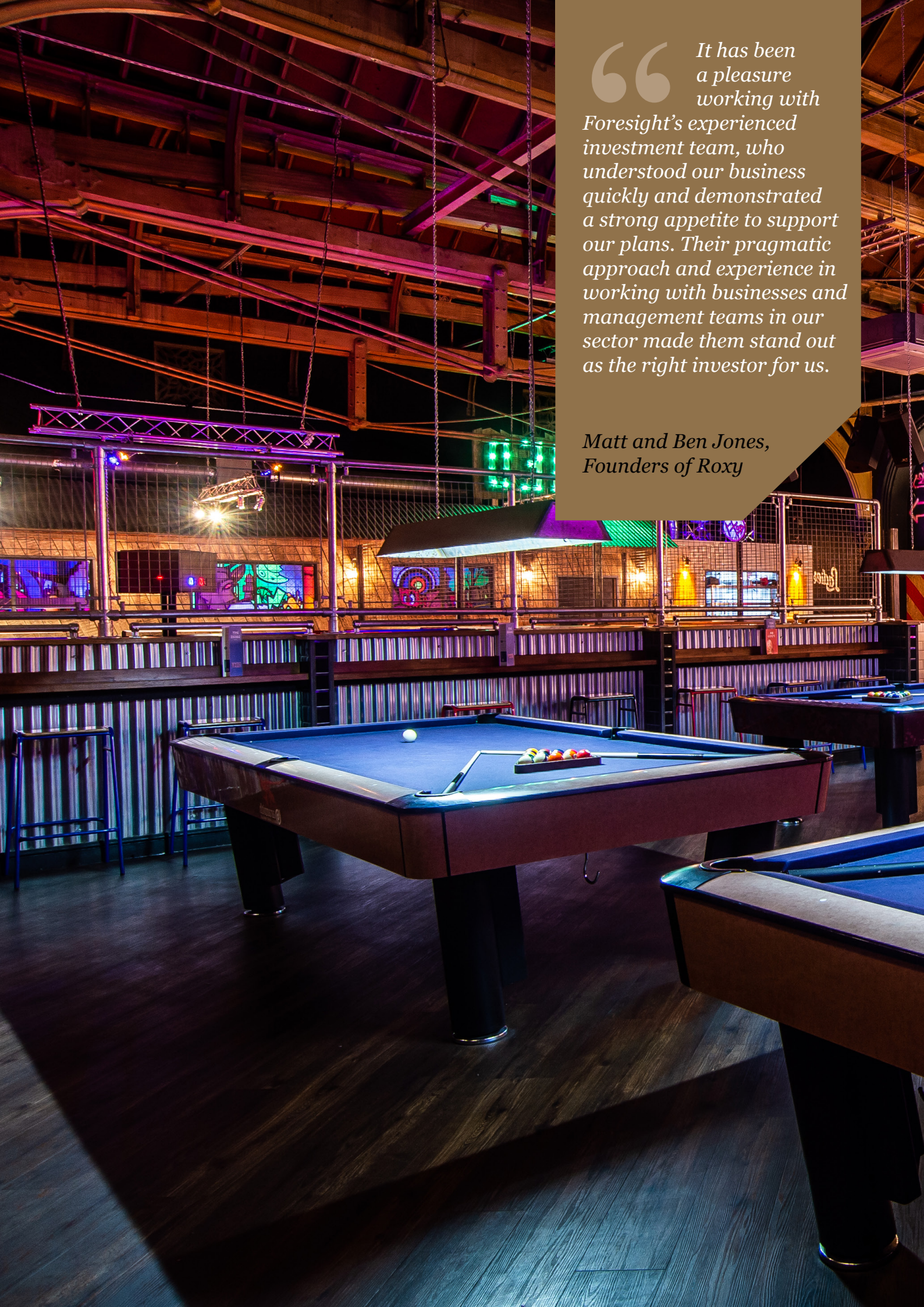
Chairman

23 April 2021

“

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

*Matt and Ben Jones,
Founders of Roxy*



Governance

Introduction

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

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

Annual Statement from the Chairman of the Remuneration Committee

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

During the period, remuneration for Directors was increased following shareholder approval of the remuneration policy and remuneration report at the Annual General Meeting. The Committee concluded following a review of the level of Directors' fees there would be no increase for the period ending 31 December 2020.

Consideration by the Directors of matters relating to Directors' Remuneration

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

The Management Engagement & Remuneration Committee has responsibility for reviewing the

remuneration of the Directors, specifically reflecting the time commitment and responsibilities of the role, and meets at least annually.

The Management Engagement & Remuneration Committee also undertakes external comparisons and reviews to ensure that the levels of remuneration paid are broadly in line with industry standards and members have access to independent advice where they consider it appropriate. During the period neither the Board nor the Management Engagement & Remuneration Committee has been provided with external advice or services by any person, but has received industry comparison information from the Manager and industry research in respect of Directors' remuneration.

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

Directors are not involved in deciding their own individual remuneration.

Remuneration policy

The Board's policy is that the remuneration of Non-Executive Directors should reflect time spent and the responsibilities borne by the Directors for the Company's affairs and should be sufficient to enable candidates of high calibre to be recruited. The levels of Directors' fees paid by the Company for the period ended 31 December 2020 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 if requested by any Director although no such request has been made). None of the Directors have a service contract but, under letters of appointment dated 22 June 2017 for Raymond Abbott, 14 February 2017 for Michael Gray, 10 September 2020 for Gaynor Coley and 3 October 2014 for Simon Jamieson, they may resign by giving six months' notice in writing to the Board or by mutual consent. No compensation is payable to Directors on leaving office.

The above remuneration policy was last approved by Shareholders at the Annual General Meeting on 10 September 2020 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 7 July 2021.

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 93.6% of Shareholders voted for the resolution approving the Directors' Remuneration Report, showing significant shareholder support.

Retirement by rotation

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

2021 AGM	2022 AGM	2023 AGM
S Jamieson	—	—
G Coley	—	—
—	R Abbott	—
—	—	M Gray

Share price total return

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

Details of individual emoluments and compensation

The emoluments in respect of qualifying services of each person who

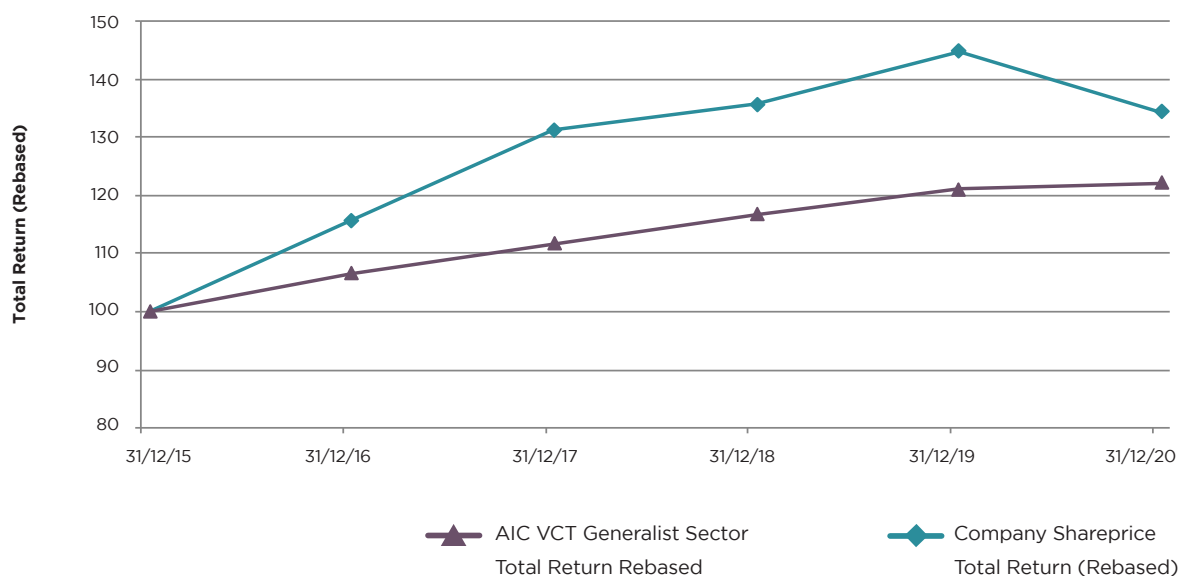
served as a Director during the period are shown on page 42. No Director has waived or agreed to waive any emoluments from the Company in either the current or previous period.

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

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

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

Share Price Total Return (pence)



Governance

Directors

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

	31 December 2020 Shares	31 March 2020 Shares
Michael Gray	28,448	28,448
Raymond Abbott	60,818*	60,818*
Simon Jamieson	34,841	34,841
Gaynor Coley	—	—
Total	124,107	124,107

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

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

There have been no changes in the Directors' share interests between 31 December 2020 and the date of this report.

In accordance with the Articles of Association and the requirements of the UK Corporate Governance Code, Mr Jamieson must retire through rotation and, being eligible, offers himself for re-election and Ms Coley will offer herself for election, having being appointed 10 September 2020. Biographical notes on the current serving Directors are given on pages 30 to 31. The Board believes that both Ms Coley's and Mr Jamieson's skills, experience and knowledge continue to complement those of the other Board members and add value to the Company and recommends their election and re-election to the Board. None of the Directors has a contract of service with the Company.

Audited Information

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

	Directors' fees for the nine months ended 31 December 2020 (£)^	Directors' fees for the year ended 31 March 2020 (£)
Raymond Abbott	24,487	31,363
Simon Jamieson	22,125	27,625
Michael Gray	19,050	24,550
Gaynor Coley*	9,077	—
Total	74,739	83,538

^There were no taxable benefits received by Directors in the period.

*Gaynor Coley was appointed to the Board on 10 September 2020.

The Directors are not eligible for pension benefits, share options or long-term incentive schemes. Directors' fees are reviewed annually, and fees were last increased in the year ended 31 March 2020 after consideration of fees paid to other VCT directors and available independent research. In the prior period, the annual remuneration for Directors was increased following shareholder approval of the remuneration policy and remuneration report at the Annual General Meeting. Prior to this increase, Directors remuneration had not been increased since the year ended 31 March 2013.

Governance

Votes cast For and Against the Directors' Remuneration Report for the period ended 31 March 2020

Shares and Percentage of votes cast For	Shares and Percentage of votes cast Against	Number of votes withheld
93.6%	6.4%	
11,453,869 votes	782,877 votes	1,118,534 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 December 2020	Year ended 31 March 2020
Dividends	£5,413,000	£7,827,000
Share buybacks	£1,085,000	£1,674,000
Total Shareholder distributions	£6,498,000	£9,501,000
Directors fees	£74,739	£83,538
Directors fees % of Shareholder distributions	1.2%	0.9%

Approval of report

An ordinary resolution for the approval of this Directors' Remuneration Report will be put to shareholders at the forthcoming Annual General Meeting.

This Directors' Remuneration Report was approved by the Board on 23 April 2021 and is signed on its behalf by Michael Gray (Director).

On behalf of the Board

Michael Gray

Chairman of the Nomination, Management, Engagement & Remuneration Committees
23 April 2021

Governance

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

- Valuation of unquoted investments;
- Existence of unquoted investments; and
- Venture capital trust status.

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

Valuation of unquoted investments

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

Existence of unquoted investments

For all investments made, both share certificates and loan stock

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

Venture capital trust status

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

The Manager confirmed to the Audit Committee that the conditions for maintaining the Company's status as an approved VCT had been met throughout the period. The Manager seeks approval in advance for all qualifying investments 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 VCT status would be discussed at or between formal meetings. In addition, an external third party review of VCT status is conducted by Shakespeare Martineau LLP on a quarterly basis and this is reported to both the Board, Audit Committee and the Manager.

Auditor assessment

The Manager and auditor confirmed to the Audit Committee that they were not aware of any material misstatements. Having reviewed the reports received from the Manager and auditor, the Audit Committee is satisfied that the key areas of risk and judgement have been addressed appropriately in the financial statements and that the significant assumptions used in determining the value of assets and liabilities have been properly appraised and are sufficiently robust. The Audit Committee considers that Deloitte LLP has carried out its duties as auditor in a diligent and professional manner. During the 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 partner is rotated every five years ensuring that objectivity and independence is not impaired. The current audit partner, Chris Hunter, assumed responsibility for the audit in 2019. Deloitte LLP was appointed as auditor on 25 November 2019, with their first audit for the year ended 31 March 2020. No tender for the audit of the Company has been undertaken since this date and the Audit Committee does not intend to put the audit out to tender during the next financial year. As part of its review of the continuing appointment of the auditor, the Audit Committee considers the need to put the audit out to tender, its fees and independence from the Manager along with any matters raised during each audit. Deloitte LLP is not engaged for non-audit services.

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

The Audit Committee met in June 2020 to review the annual audited accounts for the year ended 31 March 2020 and the Company's risk register, in November 2020 to review the interim report and the Company's risk register and in April 2021 to review the 2020 annual audited accounts.

Gaynor Coley
Audit Committee Chair
23 April 2021

Governance

Statement of Directors' Responsibilities in respect of the Annual Report and accounts

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

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

Under company law the Directors must not approve the financial statements unless they are satisfied they give a true and fair view of the state of affairs of the Company and 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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

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

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

Statement of the Directors in respect of the Annual Report

We confirm that to the best of our knowledge:

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

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

On behalf of the Board

Raymond Abbott

Chairman
23 April 2021

Governance

Report on the audit of the Financial Statements

1. Opinion

In our opinion the Financial Statements of Foresight 4 VCT PLC (the Company):

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

We have audited the Financial Statements which comprise:

- the income statement;
- the reconciliation of movement in shareholders' funds;
- the balance sheet;
- the cash flow statement; and
- the related notes 1 to 20.

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

2. Basis for opinion

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

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

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

3. Summary of our audit approach

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

Governance

3. Summary of our audit approach (continued)

Materiality	The materiality that we used in the current period was £2.37m (31 March 2020: £1.09m), which was determined on the basis of 2% (31 March 2020: 1%) of the net asset value of the Company at period end.
Scoping	Audit work to respond to the risks of material misstatement was performed directly by the engagement team.
Significant changes in our approach	We have changed our materiality basis to 2% of the net asset value (31 March 2020: 1%), due to our experience and knowledge of the Company that we gained from the prior year audit, and to align with industry standard. We have also refined our key audit matter around the valuation of unquoted investments, focusing the key audit matter on the valuation of investments in sectors that are more impacted by Covid-19, including retail, leisure and hospitality.

4. Conclusions relating to going concern

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

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

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

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

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

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

Governance

5. Key audit matters

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

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

5.1. Valuation of unquoted investments <>

Key audit matter description	The Company holds unquoted investments of £92.4m, representing 76.8% of the entity's net assets (31 March 2020: £66.2m, 60.9%). The valuation of the investments held by the VCT, due to materiality in the context of the financial statements as a whole, is considered to be one of the areas which has the greatest effect on our overall audit strategy and allocation of resources in planning and completing our audit. The unquoted investments are valued in line with IPEV Guidelines and carry a higher degree of judgement. In particular, investments held by the VCT that are in the retail, leisure and hospitality industries have been highlighted as being particularly judgemental due to the adverse impact that the Covid-19 pandemic has had on these industries. Therefore, we have pinpointed the key audit matter of material misstatement to the valuation of unquoted investments operating in these sectors. Refer to note 1b to the financial statements for the accounting policy on unquoted investments and details of the investments are disclosed in note 8 to the financial statements. Critical accounting judgement and key sources of estimation uncertainty is disclosed in note 1l. The valuation of investment risk is included within the Audit Committee report on page 44.
How the scope of our audit responded to the key audit matter	Our testing included: - Obtaining an understanding of controls in place over the valuation of unquoted investments through enquiry of management and detailed review of documentation of relevant controls; - assessing the valuation methodology applied for compliance with the IPEV Guidelines and assessed the assumptions adopted, enquiring with and challenging the Manager on the assumptions where appropriate; - testing the judgemental inputs around maintainable Revenue/EBITDA adjusted for the impact of Covid-19 as relevant, against management accounts and latest audited accounts where available. We have reviewed the suitability and accuracy of the multiple from a basket of comparable transactions/quoted companies; - challenging the Manager on any adjustments made in relation to the impact of Covid-19 on the performance of the investee companies, scrutinising cash position and forecasts as relevant; - testing a sample of unquoted investee company data (e.g. financial information and capital structures) to supporting documentation; and - assessing whether any critical judgement or sources of estimation uncertainty were applied and appropriately disclosed.
Key observations	Based on our testing, we concluded that the valuation of the unquoted investments is reasonable.

Governance

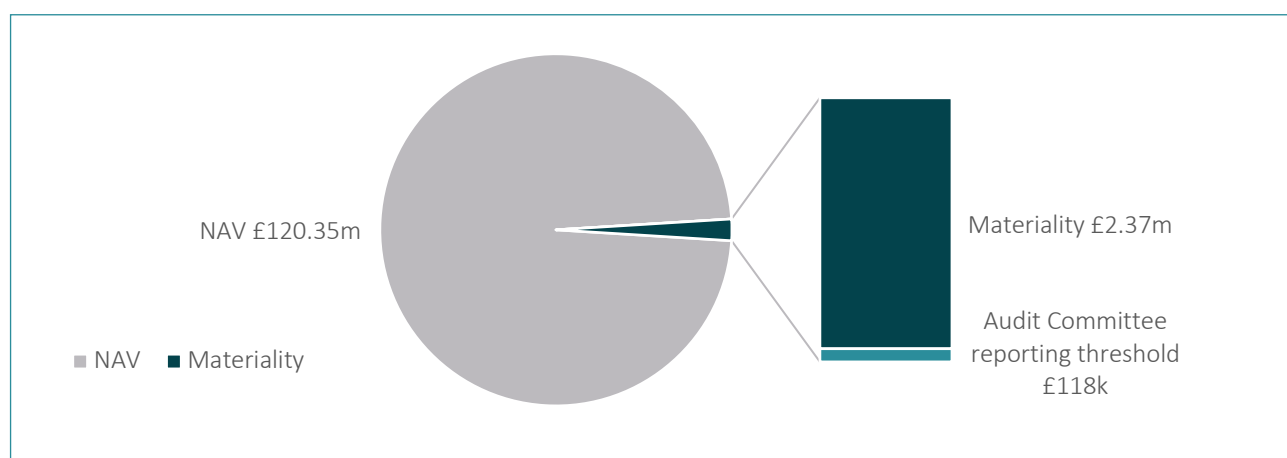
6. Our application of materiality

6.1. Materiality

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

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

Materiality	£2.37m (31 March 2020: £1.09m)
Basis for determining materiality	2% (31 March 2020: 1%) of net asset value. The change in the materiality percentage basis is as a result of the prior year being the first year of audit and therefore set at a lower percentage. The percentage has increased in the current period to bring materiality in line with the industry standard and as a result of the knowledge and understanding gained in the prior year.
Rationale for the benchmark applied	Net asset value is the primary measure used by the Shareholders in assessing the performance of the Company as an investment entity.



6.2. Performance materiality

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

Performance materiality was set at 60% of materiality for the 31 December 2020 audit (31 March 2020: 60%). In determining performance materiality, we considered our risk assessment, including our assessment of the company's overall control environment and that we do not rely on controls. We also considered that there has been a low number of corrected and uncorrected misstatements identified in the prior year.

6.3. Error reporting threshold

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £118k (31 March 2020: £54k), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the Financial Statements.

Governance

7. An overview of the scope of our audit

7.1. Scoping

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

7.2. Our consideration of the control environment

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

8. Other information

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

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

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

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

We have nothing to report in this regard.

9. Responsibilities of Directors

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

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

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

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

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

Governance

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

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

11.1. Identifying and assessing potential risks related to irregularities

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

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

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

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

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

11.2. Audit response to risks identified

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

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

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

Governance

11.2. Audit response to risks identified (continued)

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

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

Report on other legal and regulatory requirements

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

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

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

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

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

13. Corporate Governance Statement

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

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

- the Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 33 and 34;
- the Directors' explanation as to its assessment of the Company's prospects, the period this assessment covers and why the period is appropriate set out on page 28;
- the Directors' statement on fair, balanced and understandable set out on page 45;
- the board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 27;
- the section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 37; and
- the section describing the work of the Audit Committee set out on page 37.

Governance

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

14.1. Adequacy of explanations received and accounting records

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

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

We have nothing to report in respect of these matters.

14.2. Directors' remuneration

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

We have nothing to report in respect of these matters.

15. Other matters which we are required to address

15.1 Auditor tenure

Following the recommendation of the Audit Committee, we were appointed by the Board of Directors on 25 November 2019 to audit the Financial Statements for the year ending 31 March 2020 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is 2 years, covering the year ending 31 March 2020 to the period ending 31 December 2020.

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

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

16. Use of our report

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

Chris Hunter CA (Senior statutory auditor)

For and on behalf of Deloitte LLP
Statutory Auditor
Edinburgh, United Kingdom
23 April 2021

Financial Statements

Income Statement

for the nine months ended 31 December 2020

	Notes	Nine months ended 31 December 2020			Year ended 31 March 2020		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Investment holding gains/(losses)	8	—	20,372	20,372	—	(11,081)	(11,081)
Realised losses on investments	8	—	(623)	(623)	—	(5,251)	(5,251)
Income	2	67	—	67	3,673	—	3,673
Investment management fees	3	(434)	(1,301)	(1,735)	(545)	(1,633)	(2,178)
Other expenses	4	(490)	—	(490)	(594)	—	(594)
(Loss)/profit on ordinary activities before taxation		(857)	18,448	17,591	2,534	(17,965)	(15,431)
Taxation	5	—	—	—	—	—	—
(Loss)/profit on ordinary activities after taxation		(857)	18,448	17,591	2,534	(17,965)	(15,431)
(Loss)/profit per share	7	(0.4)p	9.5p	9.1p	1.3p	(9.2)p	(7.9)p

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 total comprehensive income has been presented.

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

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

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

Reconciliation of Movements in Shareholders' Funds

Nine months ended 31 December 2020	Notes	Called-up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Special distributable reserve^ £'000	Capital reserve^ £'000	Revaluation reserve £'000	Total £'000
As at 1 April 2020		1,948	79,443	503	63,127	(49,990)	13,669	108,700
Share issues in the period*	11	11	578	—	—	—	—	589
Expenses in relation to share issues**		—	(28)	—	—	—	—	(28)
Repurchase of shares	11	(20)	—	20	(1,085)	—	—	(1,085)
Cancellation of share premium		—	(12,535)	—	12,535	—	—	—
Realised losses on disposal of investments	8	—	—	—	—	(623)	—	(623)
Investment holding gains	8	—	—	—	—	—	20,372	20,372
Dividends paid	6	—	—	—	(5,413)	—	—	(5,413)
Management fees charged to capital	3	—	—	—	—	(1,301)	—	(1,301)
Revenue loss for the period		—	—	—	(857)	—	—	(857)
As at 31 December 2020		1,939	67,458	523	68,307	(51,914)	34,041	120,354

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

*Relating to the dividend reinvestment scheme.

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

^Reserve is available for distribution, total distributable reserves at 31 December 2020 are £16,393,000 (31 March 2020: £13,137,000).

Year ended 31 March 2020	Notes	Called-up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Special distributable reserve^ £'000	Capital reserve^ £'000	Revaluation reserve £'000	Total £'000
As at 1 April 2019		1,736	63,676	475	70,094	(43,106)	24,750	117,625
Share issues in the year		240	16,481	—	—	—	—	16,721
Expenses in relation to share issues		—	(714)	—	—	—	—	(714)
Repurchase of shares		(28)	—	28	(1,674)	—	—	(1,674)
Realised losses on disposal of investments		—	—	—	—	(5,251)	—	(5,251)
Investment holding losses		—	—	—	—	—	(11,081)	(11,081)
Dividends paid	6	—	—	—	(7,827)	—	—	(7,827)
Management fees charged to capital	3	—	—	—	—	(1,633)	—	(1,633)
Revenue return for the year		—	—	—	2,534	—	—	2,534
As at 31 March 2020		1,948	79,443	503	63,127	(49,990)	13,669	108,700

Financial Statements

Balance Sheet at 31 December 2020

Registered number: 03506579

	Notes	As at 31 December 2020 £'000	As at 31 March 2020 £'000
Fixed assets			
Investments held at fair value through profit or loss	8	92,441	66,206
Current assets			
Debtors	9	162	726
Cash and cash equivalents		27,862	41,872
		28,024	42,598
Creditors			
Amounts falling due within one year	10	(111)	(104)
Net current assets		27,913	42,494
Net assets		120,354	108,700
Capital and reserves			
Called-up share capital	11	1,939	1,948
Share premium account		67,458	79,443
Capital redemption reserve		523	503
Special distributable reserve		68,307	63,127
Capital reserve		(51,914)	(49,990)
Revaluation reserve		34,041	13,669
Equity shareholders' funds		120,354	108,700
Net asset value per share:	12	62.1p	55.8p

The financial statements were approved by the Board of Directors and authorised for issue on 23 April 2021 and were signed on its behalf by:

Raymond Abbott

Chairman
23 April 2021

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

Cash Flow Statement

for the nine months ended 31 December 2020

	Notes	Nine months ended 31 December 2020 £'000	Year ended 31 March 2020 £'000
Cash flow from operating activities			
Loan interest received on investments	2	136	559
Dividends received from investments	2	—	2,835
Deposit and similar interest received	2	28	238
Investment management fees paid	3	(1,283)	(2,579)
Secretarial fees paid	4	(119)	(169)
Other cash payments	4	(349)	(418)
Net cash (outflow)/inflow from operating activities		(1,587)	466
Cash flow from investing activities			
Purchase of investments	8	(6,532)	(8,361)
Net proceeds on sale of investments	8	46	434
Net proceeds on deferred consideration	8	—	31
Net cash outflow from investing activities		(6,486)	(7,896)
Cash flow from financing activities			
Proceeds of fund raising	11	—	25,586
Expenses of fund raising	11	(28)	(336)
Repurchase of own shares	11	(1,085)	(2,067)
Equity dividends paid	6	(4,824)	(7,066)
Net cash (outflow)/inflow from financing activities		(5,937)	16,117
Net (outflow)/inflow of cash for the period		(14,010)	8,687
Reconciliation of net cash flow to movement in net funds			
(Decrease)/increase in cash and cash equivalents for the period		(14,010)	8,687
Net cash and cash equivalents at start of period		41,872	33,185
Net cash and cash equivalents at end of period		27,862	41,872

Analysis of changes in net debt	At 1 April 2020 £'000	Cash flow £'000	At 31 December 2020 £'000
Cash and cash equivalents	41,872	(14,010)	27,862

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

Financial Statements

Notes to the Accounts

for the nine months ended 31 December 2020

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 October 2019.

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

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

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

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

Going concern

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

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

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

The Directors have given due consideration to the impact of Covid-19 and Brexit on the business, as set out in the Strategic Report and have reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future being at least 12 months from the date of signing of the financial statements. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

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

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

This classification is followed as the Company’s business is to invest in financial assets with a view to profiting from their total return in the form of capital growth and income.

NOTE 1 Accounting policies (continued)

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

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

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

- (i) Where a value is indicated by a material arms-length transaction by an independent third party in the shares of a company, this value will be used.
- (ii) In the absence of (i), and depending upon both the subsequent trading performance and investment structure of an investee company, the valuation basis will usually move to either:
 - a) an earnings multiple basis. The shares may be valued by applying a suitable price-earnings ratio to that company's historic, current or forecast earnings before interest, tax, depreciation and amortisation (EBITDA) (the ratio used being based on a comparable sector but the resulting value being adjusted to reflect points of difference identified by the Manager compared to the sector including, inter alia, illiquidity); or
 - b) where a company's underperformance against plan indicates a diminution in the value of the investment, a write down against cost is made, as appropriate. Where the value of an investment has fallen permanently below cost, the loss is treated as a permanent write down and as a realised loss, even though the investment is still held. The Board assesses the portfolio for such investments and, after agreement with the Manager, will agree the values that represent the extent to which a realised loss should be recognised. This is based upon an assessment of objective evidence of that investment's future prospects, to determine whether there is potential for the investment to recover in value.
- (iii) Premiums on loan stock investments are accrued at fair value when the Company receives the right to the premium and when considered recoverable.
- (iv) Where an earnings multiple or the price of last funding round basis is not appropriate and overriding factors apply, discounted cash flow, a net asset valuation, or industry specific valuation benchmarks may be applied. An example of an industry specific valuation benchmark would be the application of a multiple to that company's historic, current or forecast turnover (the multiple being based on a comparable sector but with the resulting value being adjusted to reflect points of difference including, inter alia, illiquidity).
- (v) In estimating the fair value of the investments held, the Manager has considered the potential impact the Covid-19 pandemic may have on the general economic outlook which may impact the fair value of the investments and the sectors in which they operate. The Covid-19 pandemic has had a significant impact in many sectors across the globe, and at the date of this report there is a high level of uncertainty about this impact. The Manager has applied assumptions based on a best estimate of likely outcome for each individual investment and applied discounts where it is considered necessary.

c) Income

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

d) Expenses

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

Financial Statements

Notes to the Accounts

for the nine months ended 31 December 2020

NOTE 1 Accounting policies (continued)

e) Share based payments

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

The performance incentive fee may be satisfied by either a cash payment or the issue of shares (or by a combination of both) ultimately at the Board's discretion, and therefore falls within the definition of a share based payment under FRS 102.26. However, the Board considers that the incentive fee arrangement should be accounted for as a cash-settled transaction; with the option of settling in shares in the event of any cash flow restrictions.

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

f) Basic financial instruments

Trade and other debtors

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

Trade and other creditors

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

Investments in preference and ordinary shares

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

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and other highly liquid equivalent assets classified as cash due to insignificant risk of valuation movements. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

g) Other financial instruments

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

h) Taxation

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

i) Deferred taxation

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

NOTE 1 Accounting policies (continued)

j) Reserves

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

(i) Capital reserve

The following are accounted for in this reserve:

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

(ii) Revaluation reserve (unrealised capital reserve)

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

(iii) Special distributable reserve

The following are accounted for in this reserve:

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

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

k) Investment recognition and derecognition

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

l) Critical estimates and assumptions

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

The Board considers that the fair value of investments not quoted in an active market involves critical accounting estimates and assumptions because they are determined by the Manager, using valuation methods and techniques generally recognised as standard within the industry. Valuations use observable data to the extent practicable. However, they also rely on significant unobservable inputs about the maintainable earnings; comparable multiples and discounts. Furthermore, changes in these inputs and assumptions could affect the reported fair value of unquoted investments. The determination of what constitutes 'observable' requires significant judgement by the Manager. Consideration has also been given to the impact of Covid-19 on the valuations and the recent IPEV valuation guidance released in March 2020 has been followed, for more information please refer to Note 1b. The Manager considers observable data to be market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market. Both the Audit Committee and the Auditor review the Manager's valuations in detail. Sensitivity analysis is performed on the portfolio as a whole and for more detail on this please refer to note 15.

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

Financial Statements

Notes to the Accounts

for the nine months ended 31 December 2020

2 Income

	Nine months ended 31 December 2020 £'000	Year ended 31 March 2020 £'000
Loan stock interest	19	597
Dividends receivable	—	2,835
Deposit and similar interest received	28	241
Other income	20	—
	67	3,673

3 Investment management fees

	Nine months ended 31 December 2020 £'000	Year ended 31 March 2020 £'000
Investment management fees charged to the revenue account	434	545
Investment management fees charged to the capital account	1,301	1,633
	1,735	2,178

The Manager advises the Company on investments in qualifying companies under an agreement dated 19 December 2011 (as novated to the Manager and amended on 27 January 2020). The Manager receives management fees, paid quarterly in advance, of 2% of net assets per annum. If the annual expenses of the Company exceed 2.35% 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 and is borne by the Manager through a reduction in its fees, the excess at 31 December 2020 was nil (excess at 31 March 2020: £452,000).

This agreement may be terminated by either party giving to the other not less than twelve months' notice, at any time after the third anniversary being 27 January 2023.

Details of the performance-related incentive are given in note 13.

4 Other expenses

	Nine months ended 31 December 2020 £'000	Year ended 31 March 2020 £'000
Accounting and secretarial services (excluding VAT)	119	169
Directors' remuneration including employer's National Insurance contributions	75	86
Auditor's remuneration (excluding VAT) ¹	48	45
Other	248	294
	490	594

¹There were no non-audit fees paid to the Company's auditor during the period (31 March 2020: nil). The auditor remuneration is for the audit of the annual financial statements.

Foresight Group LLP was appointed as Company Secretary on 6 November 2017 and received fees for the nine month period to 31 December 2020, paid quarterly in advance, for the accounting and secretarial services provided of £119,000 (year ended 31 March 2020: £169,000). The annual accounting and secretarial fee (which is payable together with any applicable VAT) is adjusted annually in line with the UK Retail Prices Index.

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

5 Tax on ordinary activities

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

Factors affecting the total tax charge for the period:

The tax assessed on the profit on ordinary activities for the period is lower (31 March 2020: lower) than the standard rate of corporation tax in the UK of 19% (31 March 2020: 19%).

The differences are explained below:

	Nine months ended 31 December 2020 £'000	Year ended 31 March 2020 £'000
Profit/(loss) on ordinary activities before taxation	17,591	(15,431)
Corporation tax at 19% (31 March 2020: 19%)	3,342	(2,932)
Effect of:		
Dividend income not taxable	—	(539)
Realised capital losses not allowable	118	998
Unrealised capital (gains)/losses not taxable	(3,870)	2,105
Unutilised management expenses	410	368
Total tax charge for the period	—	—

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

The Company has not recognised an estimated deferred tax asset of £3,234,000 (31 March 2020: £2,824,000) arising as a result of unutilised excess management expenses, due to uncertainty about the availability of future taxable profits to offset the losses against.

6 Dividends

	Nine months ended 31 December 2020 £'000	Year ended 31 March 2020 £'000
Dividends — paid in the period	5,413	7,827

The Board is not recommending a final dividend for the nine months ended 31 December 2020 (31 March 2020: £nil). The Board is recommending an interim dividend of 4.2p for the nine months ended 31 December 2020 which is due to be paid in Summer 2021.

As at 31 December 2020, reserves available for dividend distribution total £16,393,000 (31 March 2020: £13,137,000) comprising the capital and distributable reserves.

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

Financial Statements

Notes to the Accounts

for the nine months ended 31 December 2020

7 Return per share

	Nine months ended 31 December 2020 £'000	Year ended 31 March 2020 £'000
Total profit/(loss) after taxation	17,591	(15,431)
Total profit/(loss) per share (note a)	9.1p	(7.9)p
Revenue (loss)/profit from ordinary activities after taxation	(857)	2,534
Revenue (loss)/profit per share (note b)	(0.4)p	1.3p
Capital profit/(loss) from ordinary activities after taxation	18,448	(17,965)
Capital profit/(loss) per share (note c)	9.5p	(9.2)p
Weighted average number of shares in issue in the period	194,099,123	195,581,908

Notes:

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

8 Investments held at fair value through profit or loss

	31 December 2020 £'000	31 March 2020 £'000
Unquoted investments	92,441	66,206
	92,441	66,206

	£'000
Book cost at 1 April 2020	52,537
Investment holding gains	13,669
Valuation at 1 April 2020	66,206
Movements in the period:	
Purchases at cost	6,532
Disposal proceeds	(46)
Realised losses	(623)
Investment holding gains	20,372
Valuation at 31 December 2020	92,441
Book cost at 31 December 2020	58,400
Investment holding gains	34,041
Valuation at 31 December 2020	92,441

9 Debtors

	31 December 2020 £'000	31 March 2020 £'000
Accrued income	8	124
Prepayments	16	18
Other debtors	138	584
	162	726

10 Creditors: amounts falling due within one year

	31 December 2020 £'000	31 March 2020 £'000
Trade creditors	3	8
Accruals	108	95
Other creditors	—	1
	111	104

11 Called-up share capital

	31 December 2020 £'000	31 March 2020 £'000
Allotted, called up and fully paid: 193,859,213 shares of 1p each (31 March 2020: 194,826,224)	1,939	1,948

Share Issues and Share Buybacks

During the period 1,111,024 shares were issued pursuant to the dividend reinvestment scheme at an issue price of 53.0p per share.

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

As part of the Company's buyback programme, during the period, 2,078,035 (31 March 2020: 2,786,153) shares were purchased for cancellation at a cost of £1,085,000 (31 March 2020: £1,674,000).

	31 December 2020	31 March 2020
Share capital at 1 April 2020	194,826,224	173,570,806
DRIS	1,111,024	1,192,686
Shares allotted	—	22,848,885
Shares bought back	(2,078,035)	(2,786,153)
Share capital at 31 December 2020	193,859,213	194,826,224

12 Net asset value per share

Net asset value per share is based on net assets at the period end of £120,354,000 (31 March 2020: £108,700,000) and on 193,859,213 (31 March 2020: 194,826,224) shares, being the number of shares in issue at that date.

13 Share based payments

The Manager is entitled to a performance incentive fee, designated a share based payment due to its nature, equal to 15% of dividends paid to shareholders, subject to the total return (net asset value plus cumulative dividends paid per share) exceeding 100p ('High Watermark'), both immediately before and after the performance related incentive fee is paid.

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

Financial Statements

Notes to the Accounts

for the nine months ended 31 December 2020

13 Share based payments (continued)

As at 31 December 2020, the High Watermark was 108.5p per share (31 March 2020: 108.5p) and the total return figure was 94.9p per share (31 March 2020: 85.8p). Therefore, no performance incentive fee or share based payment was paid during the period (31 March 2020: nil). As at 31 December 2020, no expense or liability has been recognised for the future performance incentive fee payable as it is considered highly unlikely any payments will be accrued or become due over the medium term.

The terms and conditions of the grant are as follows:

Grant Date: Date that the total return is greater than the High Watermark

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

Vesting period: 24 February 2012 – 31 March 2023

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

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

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

The Directors have prepared a calculation incorporating estimated future dividends over the vesting period and do not expect a performance incentive fee to become payable during the vesting period. Therefore, no expense or liability has been recognised as at 31 December 2020 (31 March 2020: Nil).

14 Contingent assets and liabilities

The Company had no contingent assets and contingent liabilities at 31 December 2020 (31 March 2020: £nil).

15 Financial instrument risk management

The Company's financial instruments comprise:

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

Classification of financial instruments

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

	31 December 2020 £'000	31 March 2020 £'000
Investment portfolio	92,441	66,206
Total	92,441	66,206

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

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

15 Financial instrument risk management (continued)

Market price risk

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

The investments in equity and loan stocks of unquoted companies are rarely traded and as such the prices are more difficult to determine than those of more widely traded securities. In addition, the ability of the Company to realise the investments at their carrying value will at times not be possible if there are no willing purchasers. The ability of the Company to purchase or sell investments is also constrained by the requirements set down for VCTs. The potential maximum exposure to market price risk, being the value of the investment portfolio as at 31 December 2020 was £92,441,000 (31 March 2020: £66,206,000). Market price risk sensitivity analysis can be found on page 69.

Interest rate risk

The fair value of the Company's fixed rate securities and the net revenue generated from the Company's floating rate securities may be affected by interest rate movements. Investments are often in early stage businesses, which are relatively high risk investments sensitive to interest rate fluctuations. Due to the short time to maturity of some of the Company's fixed rate investments, it may not be possible to reinvest in assets which provide the same rates as those currently held. When making investments of an equity and debt nature, consideration is given during the structuring process to the potential implications of interest rate risk and the resulting investment is structured accordingly. The maximum exposure to interest rate risk was £42,340,000 being the total value of the loan stock investments and cash as at 31 December 2020 (31 March 2020: £53,382,000). Floating rate investments relate to the interest bearing deposit account which earned interest based on the Bank of England rate of 0.1% at 31 December 2020. As at 31 December 2020 if the interest rate increased or decreased by 10 basis points the interest earned would increase or decrease by £4,500.

	Total portfolio		Weighted average interest rate		Weighted average time for which rate is fixed	
	31 December 2020 £'000	31 March 2020 £'000	31 December 2020 %	31 March 2020 %	31 December 2020 Days	31 March 2020 Days
Company Portfolio						
Loan stock — exposed to fixed interest risk	14,478	11,510	9.9	9.8	559	569
Loan stock —exposed to variable interest rate risk	—	—	—	—	—	—
Cash and cash equivalents	27,862	41,872	0.1	0.5	—	—
Total exposed to interest rate risk	42,340	53,382				

Financial Statements

Notes to the Accounts

for the nine months ended 31 December 2020

15 Financial instrument risk management (continued)

Credit risk

Credit risk is the risk of failure by counterparties to deliver securities or cash to which the Company is entitled. The Company has exposure to credit risk in respect of the loan stock investments it has made into investee companies, most of which have no security attached to them, and where they do, such security ranks beneath any bank debt that an investee company may owe. The Board manages credit risk in respect of cash and cash equivalents by ensuring a spread of cash balances such that none exceed 15% of the Company's total investment assets. The Manager receives management accounts from portfolio companies, and members of the Manager's investment management team often sit on the boards of unquoted portfolio companies; this enables the close identification, monitoring and management of investment-specific credit risk. The maximum exposure to credit risk at 31 December 2020 was £42,486,000 (31 March 2020: £54,090,000) based on cash and cash equivalents and other receivables (amounts due on investments, dividends and interest). As at 31 December 2020, the Company's assets are held in its own name in certificated form and therefore custodian default risk is negligible.

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

	31 December 2020 £'000	31 March 2020 £'000
Loan stock investments	14,478	11,510
Deferred consideration	—	—
Other debtors (less prepayments)	146	708
Cash and cash equivalents	27,862	41,872
Total	42,486	54,090

Liquidity risk

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

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

	Total portfolio	
	31 December 2020 £'000	31 March 2020 £'000
Maturity analysis:		
— in one year or less	36,278	49,022
— in more than one year but no more than two years	735	—
— in more than two years but no more than three years	1,112	1,185
— in more than three years but no more than four years	1,763	1,112
— in more than four years but no more than five years	2,452	2,063
Total	42,340	53,382

15 Financial instrument risk management (continued)

Sensitivity analysis

Equity price sensitivity

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

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

The Board considers that even the loan stocks are 'quasi-equity' in nature, as the value of the loan stocks is determined by reference to the enterprise value of the investee company. Such value is considered to be sensitive to changes in quoted share prices, in so far as such changes eventually affect the enterprise value of unquoted companies. The table below shows the impact on profit and net assets if there were to be a 15% (31 March 2020: 15%) movement in overall share prices, which might in part be caused by changes in interest rate levels, but it is not considered practical to evaluate separately the impact of changes in interest rates upon the value of the Company's portfolios of investments in small, unquoted companies.

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

	31 December 2020 Return and net assets	31 March 2020 Return and net assets
If overall share prices fell by 15% (31 March 2020: 15%), with all other variables held constant — decrease (£'000)	(13,866)	(9,931)
Decrease in earnings, and net asset value, per share (in pence)	(7.15)p	(5.10)p
If overall share prices increased by 15% (31 March 2020: 15%), with all other variables held constant — increase (£'000)	13,866	9,931
Increase in earnings, and net asset value, per share (in pence)	7.15p	5.10p

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

Financial Statements

Notes to the Accounts

for the nine months ended 31 December 2020

15 Financial instrument risk management (continued)

Interest rate sensitivity

Although the Company holds investments in loan stocks that pay interest, the Board does not believe that the value of these instruments is interest rate sensitive. This is because all of the interest is fixed, so not at risk of interest rate movements (31 March 2020: no interest rate risk).

Fair value hierarchy

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

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

As at 31 December 2020

	Level 1 £'000	Level 2 £'000	Level 3 £'000s	Total £'000
Unquoted investments	—	—	92,441	92,441
Financial assets	—	—	92,441	92,441

As at 31 March 2020

	Level 1 £'000	Level 2 £'000	Level 3 £'000s	Total £'000
Unquoted investments	—	—	66,206	66,206
Financial assets	—	—	66,206	66,206

Transfers

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

16 Management of capital

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

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

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

17 Related party transactions

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

18 Transactions with the manager

Foresight Group LLP earned fees of £1,735,000 in the nine month period to 31 December 2020 (31 March 2020: £3,000). Prior to this Foresight Group CI Limited acted as investment manager until 27 January 2020: £2,175,000). No performance fee was paid or accrued for the period (31 March 2020: nil).

Foresight Group LLP is the Company Secretary (appointed in November 2017) and received, directly and indirectly, for accounting and company secretarial services fees of £119,000 (31 March 2020: £169,000) during the period.

At the balance sheet date there was £nil due to or from Foresight Group LLP (31 March 2020: £452,000 due from Foresight Group LLP). No amounts have been written off in the period in respect of debts due to or from related parties.

Financial Statements

Notes to the Accounts

for the nine months ended 31 December 2020

19 Related undertakings

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

Name	Registered Office Address	Class and percentage of shares held
ABL Investments Limited	14 Fleming Close, Park Farm Industrial Estate, Wellingborough, NN8 6UF	A Ordinary 34.9%
Accrosoft Limited	21 Jubilee Drive, Loughborough, Leicestershire, England, LE11 5XS	A Ordinary 30.0% AB Ordinary 30.0%
Aerospace Tooling Corporation Limited	Charles Lake House, Claire Causeway, Crossways Business Park, Dartford, Kent, DA2 6QA	A Ordinary 57.1%
Biofortuna Limited	Unit 1 Hawkshead Road, Croft Business Park, Bromborough, Wirral, England, CH62 3RJ	G Ordinary 75.0% F Ordinary 74.4% D Ordinary 43.2% C Ordinary 40.5%
Biotherapy Services Limited	Gainsborough House, 59-60 Thames Street, Windsor, United Kingdom, SL4 1TX	A Ordinary 50.0% Preferred Ordinary 50.0%
Cole Henry PE 2 Limited	The Shard, 32 London Bridge Street, London, SE1 9SG	Ordinary 50.0%
Clubspark Limited	51 Rothersthorpe Road, Rothersthorpe Trading Estate, Northampton, NN4 8JD	A Ordinary 40.0% AA Ordinary 40.0%
Datapath Group Limited	Bemrose House, Bemrose Park, Wayzgoose Drive, Derby, DE21 6XQ	A Ordinary 66.6%
Fertility Focus Limited	Unit 12b, Warwick Innovation Centre, Warwick Technology Park, Gallows Hill, Warwick, England, CV34 6UW	C Ordinary 24.0%
FFX Group Limited	Dyna House, Lympne Industrial Estate, Lympne, Hythe, Kent, CT21 4LR	A Ordinary 33.8% Preferred Ordinary 33.1%
Fourth Wall Creative	Barnston House Beacon Lane, Heswall, Wirral, United Kingdom, CH60 0EE	A Ordinary 40.0% Preferred Ordinary 40.0%
Galinette Limited	The Shard, 32 London Bridge Street, London, SE1 9SG	A Ordinary 100.0%
Hospital Services Group Limited	The Shard, 32 London Bridge Street, London, SE1 9SG	A Ordinary 26.5%
iMIST Limited	41a The High Street, Swanley, England, BR8 8AE	A Ordinary 35.8% Preferred Ordinary 50.0%
IMMJ Systems Limited	Insight House, Stoney Common Road, Stansted, England, CM24 8PL	A Ordinary 50.0% Preferred Ordinary 50.0%
Innovation Consulting Group Limited	2nd Floor Churchill House, 26-30 Upper Marlborough Road, St Albans, Hertfordshire, United Kingdom, AL1 3UU	A Ordinary 50.8%
Iphigenie Limited	The Shard, 32 London Bridge Street, London, SE1 9SG	A Ordinary 100.0%
Itad (2015) Limited	Preece House, Davigdor Road, Hove, East Sussex, England, BN3 1RE	Preferred Ordinary 32.8% A Ordinary 31.2%
Ixaris Group Holdings Limited	2 Stephen Street, London, England, W1T 1AN	A Ordinary 38.4% Preference Ordinary 68.7%

19 Related undertakings (continued)

Name	Address	Class and percentage of shares held
Kingsclere PE 3 Limited	The Shard, 32 London Bridge Street, London, SE1 9SG	Ordinary 50.0%
Luminet Networks Limited	2 Angel Square, London, United Kingdom, EC1V 1NY	A Ordinary 20.0% Preferred Ordinary 20.0%
Mologic Limited	Building 109 Bedford Technology Park, Thurleigh, Bedford, MK44 2YA	AA Ordinary 30.0%
Positive Response Corporation Limited	The Shard, 32 London Bridge Street, London, SE1 9SG	A Ordinary 50.0%
Procam Television Holdings Limited	Unit 1 To 3 Hilltop Business Park, Devizes Road, Salisbury, Wiltshire, SP3 4UF	A Ordinary 50.0%
Protean Software Limited	Units 1130-40 Elliott Court Herald Avenue, Coventry Business Park, Coventry, CV5 6UB	A Ordinary 37.5% A Preferred Ordinary 37.5%
Rovco Limited	The Quorum, Bond Street South, Bristol, England, BS1 3AE	A Ordinary 24.3%
Roxy Leisure Limited	5 Clayton Wood Court, West Park, Leeds, England, LS16 6QW	A Ordinary 20.0% Preferred Ordinary 50.0%
Specac International Limited	Unit 12, Halo Business Park, Cray Avenue, Orpington, Kent, United Kingdom, BR5 3FQ	A Ordinary 50.0%
Steamforged Games Limited	Unit 1 Kestrel Road, Trafford, Manchester, United Kingdom, M17 1SF	A Ordinary 32.0% Preferred Ordinary 32.0%
Spektrix Limited	Third Floor, 20 Old Bailey, London, United Kingdom, EC4M 7AN	A Ordinary 4.4% B Ordinary 30.0%
Ten Health & Fitness Limited	2-4 Exmoor Street, London, W10 6BD	A Ordinary 40.0% Preferred Ordinary 40.0%
TFC Europe Limited	Hale House Ghyll Industrial, Estate Heathfield, East Sussex, TN21 8AW	A Ordinary 60.0%
Titania Group Limited	Security House, Barbourne Road, Worcester, Worcestershire, England, WR1 1RS	A Ordinary 50.0% Preferred Ordinary 50.0%
Whitchurch PE 1 Limited	The Shard, 32 London Bridge Street, London, SE1 9SG	Ordinary 50.0%

20 Post balance sheet events

Post period end the Company realised its position in FFX Group Limited, one of the UK's largest independent suppliers of high quality power tools. The transaction generated proceeds of £5.7 million at completion and the Company will receive up to £0.2 million of deferred consideration after 18 months subject to certain conditions, implying a cash on cash return of 4.3x the initial investment of £1.4 million made in October 2015.

On 25 February 2021 the Company purchased 535,275 shares for cancellation based on a NAV of 57.6p per share.

Foresight Group Holdings Limited

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

Notice of Annual General Meeting

7 July 2021

We note the continuing social distancing measures implemented as a result of the Covid-19 pandemic. These, at the time of writing, may still be in place as at the date of the Annual General Meeting. The Annual General Meeting will, therefore, be held by way of a closed meeting and shareholders are requested not to attend the Annual General Meeting in person. Voting on the resolutions to be proposed will be conducted by way of a poll and we encourage all shareholders to submit their votes through the submission of a proxy form by post or by casting their proxy votes on-line. All proxy votes must be received by no later than 1:00pm on 5 July 2021. Further information about how to submit proxy votes is set out in notes 5 and 13.

Shareholders will, however, be able to attend virtually, but will not be able to vote on the resolutions at the Annual General Meeting. Details on how to sign up and join the Annual General Meeting virtually will be published on the Company's Report and Accounts section of the Manager's website. Shareholders may submit questions on the resolutions proposed via the Foresight Group Investor Relations team at InvestorRelations@foresightgroup.eu and we will endeavour to provide a response before the deadline for lodging your proxy vote. General questions for the Annual General Meeting can also be submitted using the same email address or there will be a facility to type in a question at the meeting itself. There will be a short presentation from the Manager at the beginning of the Annual General Meeting. Prior to the Annual General Meeting a virtual investor presentation is going to be held in June and updates on how to sign up to this will be provided on the Company's section of the Manager's website www.foresightgroup.eu/retail-investors/vct/foresight-4-vct-plc.

Notice is hereby given that the annual general meeting of Foresight 4 VCT plc ("the Company") will be held on 7 July 2021 at 1.00pm at The Shard, 32 London Bridge Street, London, SE1 9SG for the purpose of considering and, if thought fit, passing the following resolutions, of which resolutions 1 to 7 will be proposed as ordinary resolutions and resolutions 8 to 11 will be proposed as special resolutions.

- Resolution 1** To receive the Report and Accounts for the nine months ended 31 December 2020.
- Resolution 2** To approve the Directors' Remuneration Report.
- Resolution 3** To approve the Directors' Remuneration Policy.
- Resolution 4** To re-elect Simon Jamieson as a director.
- Resolution 5** To elect Gaynor Coley as a director.
- Resolution 6** To re-appoint Deloitte LLP as auditors and to authorise the directors to fix the auditor's remuneration.
- Resolution 7** That, in substitution for all existing authorities, the directors be and they are generally and unconditionally authorised in accordance with section 551 of the Companies Act 2006 to exercise all the powers of the Company to allot shares of 1p each in the capital of the Company ("Shares") and to grant rights to subscribe for, or to convert any security into, Shares ("Rights") up to an aggregate nominal amount of £1,200,000, provided that this authority shall expire (unless renewed, varied or revoked by the Company in a general meeting) on the fifth anniversary of the date of the passing of this resolution, save that the Company shall be entitled to make offers or agreements before the expiry of such authority which would or might require Shares to be allotted or Rights to be granted after such expiry and the directors shall be entitled to allot Shares and grant Rights pursuant to any such offers or agreements as if this authority had not expired.
- Resolution 8** That, in substitution for all existing authorities, the directors be and they are empowered pursuant to section 570 and section 573 of the Companies Act 2006 to allot equity securities (within the meaning of section 560 of that Act) for cash either pursuant to the authority conferred by Resolution 7 above or by way of a sale of treasury shares as if section 561(1) of that Act did not apply to any such allotment, provided that this power shall be limited to:
- (a) the allotment of equity securities with an aggregate nominal amount of up to but not exceeding an amount equal to 10% of the issued share capital from time to time pursuant to the dividend re-investment scheme operated by the Company at a subscription price per Share which may be less than the net asset value per Share, as may be prescribed by the scheme terms;
 - (b) the allotment of equity securities with an aggregate nominal amount of up to but not exceeding an amount equal to 10% of the issued share capital from time to time by way of an issue of Shares pursuant to performance incentive arrangements to Foresight Group LLP and relevant individuals of Foresight Group LLP, at a subscription price which may be less than the net asset value per Share; and

- (c) the allotment (otherwise than pursuant to sub-paragraphs (a) and (b) of this resolution) to any person or persons of equity securities with an aggregate nominal amount of up to but not exceeding an amount equal to 10% of the issued share capital from time to time,

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

Resolution 9

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

- (i) the aggregate number of Shares to be purchased shall not exceed 28,979,258 or, if lower, such number of Shares (rounded down to the nearest whole Share) as shall equal 14.99% of the Company's Shares in issue at the date of passing of this resolution;
- (ii) the minimum price which may be paid for a Share is 1p (the nominal value thereof);
- (iii) the maximum price which may be paid for a Share is the higher of (1) an amount equal to 105% of the average of the middle market quotation for a Share taken from the London Stock Exchange daily official list for the five business days immediately preceding the day on which the Shares are purchased and (2) the amount stipulated by Article 5(6) of the Market Abuse Regulation (596/2014/EU);
- (iv) the authority conferred by this resolution shall expire (unless renewed, varied or revoked by the Company in a general meeting) on the conclusion of the annual general meeting of the Company to be held in the year 2022 or, if earlier, on the date falling 15 months after the passing of this resolution; and
- (v) the Company may make a contract to purchase Shares under the authority conferred by this resolution prior to the expiry of such authority which will or may be executed wholly or partly after the expiration of such authority and may make a purchase of Shares pursuant to such contract.

Resolution 10 That the share premium account of the Company be reduced by £15.3 million.

Resolution 11 That the articles of association produced to the meeting and initialled by the chairman of the meeting for the purpose of identification be adopted as the new articles of association of the Company in substitution for, and to the exclusion of, the existing articles of association.

By order of the Board.

Foresight Group LLP

Company Secretary

23 April 2021

The Shard
32 London Bridge Street
London
SE1 9SG

Notice of Annual General Meeting

Notes:

1. A summary of the principal changes to the Company's articles of association to be adopted pursuant to Resolution 11 to be proposed at the meeting is included on page 35 of the Annual Report. A copy of the proposed new articles of association (tracked showing the changes) will be available for inspection during normal business hours (excluding Saturdays, Sundays and public holidays) at the registered office of the Company and online at <https://www.foresightgroup.eu/retail-investors/vct/foresight-4-vct-plc> until the close of the meeting. Copies will also be available at the location of the meeting (for 15 minutes prior to the meeting and during the meeting).
2. No Director has a service contract with the Company. Directors' appointment letters with the Company will be available for inspection at the registered office of the Company until the time of the meeting and from 15 minutes before the meeting at the location of the meeting, as well as at the meeting.
3. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, entitlement to attend and vote at the meeting and the number of votes that may be cast thereat will be determined by reference to the Register of Members of the Company at the close of business on the day which is two days (excluding non-working days) before the end of the meeting or adjourned meeting. Changes to the Register of Members of the Company after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.
4. A member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend, speak and vote on his or her behalf. A proxy need not also be a member but must attend the meeting to represent you. Details of how to appoint the chairman of the meeting or another person as your proxy using the form of proxy are set out in the notes on the form of proxy which is enclosed. If you wish your proxy to speak on your behalf at the meeting, you will need to appoint your own choice of proxy (not the chairman) and give your instructions directly to them.
5. You may appoint more than one proxy, provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, (an) additional form(s) of proxy may be obtained by contacting Computershare Investor Services plc on 0370 703 6385. Please indicate in the box next to the proxy holder's name the number of shares in relation to which they are authorised to act as your proxy. Please also indicate by ticking the box provided if the proxy instruction is one of multiple instructions being given. All forms must be signed and returned together in the same envelope.
6. As at 23 April 2021 (being the last business day prior to the publication of this notice), the Company's issued share capital was 193,323,938 shares of 1p each in the capital of the Company, carrying one vote each. Therefore, the total voting rights in the Company as at 23 April 2021 was 193,323,938.
7. Any person to whom this notice is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a 'Nominated Person') may, under an agreement between him/her and the member by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.
8. The statement of the rights of members in relation to the appointment of proxies in paragraphs 4 to 5 above does not apply to Nominated Persons. The rights described in those paragraphs can only be exercised by members of the Company.
9. Appointment of a proxy will not preclude a member from subsequently attending and voting at the meeting should he or she subsequently decide to do so. You can only appoint a proxy using the procedures set out in these notes and the notes to the form of proxy.
10. The Register of Directors' Interests will be available for inspection at the meeting.
11. Information regarding the meeting, including the information required by section 311A of the Companies Act 2006, is available from www.foresightgroup.eu.

Notice of Annual General Meeting

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 business days) before the time appointed for holding the meeting or any adjourned meeting. To vote electronically, you will be asked to provide your Control Number, Shareholder Reference Number and PIN which are detailed on your proxy form. This is the only acceptable means by which proxy instructions may be submitted electronically.
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.

Glossary of Terms

VCT

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

Net Asset Value or NAV

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

Net Asset Value per share or NAV per share

Net Asset Value expressed as an amount per share.

Share Price Total Return

The sum of the current share price of 52.5p (31 March 2020: 59.5p) plus all dividends paid per share since the share consolidation in 2005 being 55.3p (31 March 2020: 52.5p). This giving a share price total return of 107.8p (2020: 112.0p).

Movement in NAV total return

This is the movement in the NAV per share at the start of the period to the NAV per share at the end of the period plus all dividends paid per share in the period. The NAV at the start of the period was 55.8p (31 March 2020: 67.8p), dividends paid during the period were 2.8p (31 March 2020: 4.0p) with NAV at the end of the period being 62.1p (31 March 2020: 55.8p) as such NAV total return at the end of the period was 64.9p (31 March 2020: 59.8p). Therefore the movement in net asset value total return in the period was 16.3% (31 March 2020: (11.8)%). Please note this differs from the movement in the one year NAV total return as at 31 December 2020 which compares to the opening NAV at 31 December 2019 of 65.0p.

Dividend yield

The sum of dividends paid during the period of 2.8p (31 March 2020: 4.0p) expressed as a percentage of the mid-market share price at the period end date of 52.5p (31 March 2020: 59.5p). This giving a dividend yield of 5.3% (31 March 2020: 6.7%)

Average discount on buybacks

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

Premium/discount to NAV

A premium/discount to NAV is the percentage by which the mid-market share price of the Company of 52.5p (31 March 2020: 59.5p) is lower/higher than the net asset value per share of 62.1p (31 March 2020: 55.8p). This giving a (discount)/premium to NAV of (15.5)% (31 March 2020: 6.6%).

Ongoing charges ratio

The sum of expenditure incurred in the ordinary course of business being £2.1m (31 March 2020: £2.7m) expressed as a percentage of the Net Asset Value at the end of the period being £120.4m (Average Net Asset Value 31 March 2020: £124.5m), adjusted for the number of months in the period in order to give an annual figure.

Dividends paid in the period

The total dividends paid in the period per share of 2.8p (31 March 2020: 4.0p).

Shares bought back in the period

The total number of shares which were bought back in the financial period being 2,078,035 (31 March 2020: 2,786,153).

Qualifying investment

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

Qualifying company

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

Manager

Foresight Group LLP as the Company's manager.

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

Beware of share fraud

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

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

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

How to avoid share fraud

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

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

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

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

Report a scam

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

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

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

In association with:

icsa.
Registrars
Group

Corporate Information

Company Number

03506579

Directors

Raymond Abbott (Chairman)
Simon Jamieson
Michael Gray
Gaynor Coley (appointed 10 September 2020)

Company Secretary

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

Manager

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

Auditor

Deloitte LLP
20 Castle Terrace
Edinburgh
EH1 2DB

Solicitors and VCT Status Advisers

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

and

60 Gracechurch Street
London
EC3V 0HR

Registrar

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

Market Maker

Panmure Gordon & Co
One New Change
London
EC4M 9AF

Important information:

Foresight 4 VCT plc currently conducts its affairs so that its shares can be recommended by IFAs to ordinary retail investors in accordance with the FCA's rules in relation to non-mainstream pooled investment products and intends to continue to do so for the foreseeable future.

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

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



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

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



Foresight 4 VCT plc

The Shard
32 London Bridge Street
London
SE1 9SG

www.foresightgroup.eu