



Annual Report and Accounts

31 March 2011

Foresight 4 VCT



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.

VCT Tax Benefit for Shareholders beyond 6 April 2006

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 from 6 April 2006 are:

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

Website: www.foresightgroup.eu

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Corporate Policy and Financial Highlights

Venture Capital Trust Status

Foresight 4 VCT plc ("the Company") has been granted approval as a Venture Capital Trust (VCT) under S274-S280A of the Income Tax Act 2007 and the last complete review was carried out for the year ended 28 February 2010. It is intended that the business of the Company be carried on so as to maintain its VCT status.

Summary and Financial Highlights

- Net asset value per Ordinary Share as at 31 March 2011 displayed upward momentum, increasing by 13.1% to 112.0p compared to 99.0p as at 28 February 2010.
- An interim dividend of 5.0p per share was paid on 4 February 2011.
- The Company made fourteen follow-on investments totalling £4,330,524.
- Cash proceeds of £826,151 were received via loan repayments from four investments.
- The linked offer with Foresight 3 VCT launched on 7 January 2011, raised gross proceeds of £11.0 million between its launch and 31 March 2011, of which the Company's share was £5.5 million.

	13 months ended 31 March 2011	Year ended 28 February 2010
Net asset value per Ordinary Share	112.0p	99.0p
Net asset value per Ordinary Share (including all dividends paid)	199.3p	181.3p
Share price per Ordinary Share	97.5p	85.0p
Share price total return per Ordinary Share (includes all dividends paid)	184.8p	167.3p

Chairman's Statement



Performance and Dividends

The period under review has seen a continuing modest recovery in sentiment although markets have been volatile and there is still concern about the state of government finances in many parts of Europe. However, I am pleased to be able to report some progress in the development of our investment portfolio. During the 13 months ended 31 March 2011, the net asset value of the Ordinary Shares increased by 13.1% to 112.0p per share. The total return during the period increased to 18.1% after allowing for the 5.0p per share dividend paid in February.

The performances of several of the unquoted investments within the portfolio both in terms of revenues and profits generated have improved over the period under review. A significant amount of this improvement can be attributed to export driven growth, principally to the US and Europe. Furthermore, the order books of several portfolio companies give the Investment Manager cause for optimism that the recent positive portfolio performance can be maintained.

However, stock market sentiment remains relatively fragile with significant macroeconomic uncertainties remaining combined with difficult trading and credit conditions in many sectors of the economy. Against this background, the Investment Manager continues to adopt a cautious approach to management of the portfolio.

As reported in my statement in the Interim Report in October, an interim dividend of 5.0p per Ordinary Share for the 13 months ended 31 March 2011 was paid to the Ordinary Shareholders on 4 February 2011. The Company's policy is to maximise the level of tax-free dividends generated either from income or from capital profits realised on the sale of investments.

Share Issues and Share Buy-backs

The Company launched a linked offer for new Ordinary Shares alongside Foresight 3 VCT plc on 7 January 2011, which had raised approximately £11.0 million as at 31 March 2011, of which the Company's share was £5.5 million. As a result, 4,258,053 Ordinary Shares were allotted at prices ranging from 115.0p to 120.0p per share representing £4.9 million of funds raised at 31 March 2011.

The previous linked offer with Foresight 3 VCT plc, launched on 15 October 2009 finally closed on 4 May 2010 having raised gross proceeds £10.5 million in the current financial period, of which the Company's share was £5.3 million. As a result, 5,348,100 Ordinary Shares were allotted at prices ranging from 100.0p to 101.0p per share.

It continues to be the Board's policy to consider repurchasing shares when they become available in order to provide a degree of liquidity for the sellers of the Company's shares. During the period, the Company repurchased 711,942 Ordinary Shares for cancellation at a cost of £669,000.

Board

As previously announced, I took over from Peter Dicks as Chairman of the Company at the end of July 2010 in anticipation of the new, more restrictive UK Listing Authority regulations that came into effect on 28 September 2010.

Peter also chaired a number of other Foresight managed VCTs which meant that he was no longer regarded under the new regime as independent. He had been Chairman since 2004 and has a detailed knowledge of all aspects of the portfolio and I am therefore delighted that he agreed to remain on the Board so we will continue to have the benefit of his experience and advice. For related reasons, Bernard Fairman, the Chairman of our investment manager, Foresight Group, also retired from the Board in June 2010. We are grateful to him for his contribution to the Company during his six years as a Director. I am glad that we will also continue to have access to his advice and experience as he remains involved in the affairs of Foresight Group.

Valuation Policy

Investments held by the Company have been valued in accordance with the International Private Equity and Venture Capital (IPEVC) valuation guidelines (August 2010) developed by the British Venture Capital Association and other organisations. Through these guidelines, investments are valued as defined at 'fair value'. Ordinarily, unquoted investments will be valued at cost for a limited period following the date of acquisition, being the most suitable approximation of fair value unless there is an impairment or significant accretion in value during the period. Quoted investments and investments traded on AIM and PLUS (formerly OFEX) are valued at the bid price as at 31 March 2011. The portfolio valuations are prepared by Foresight Group, reviewed and approved by the Board quarterly and subject to review by the auditors annually.

Performance-related Incentive

As a result of the 5.0p dividend payment per share paid on 4 February 2011 and the total return remaining in excess of 100p per share, Foresight Group was entitled to receive a performance fee of 15% of the dividend paid out to shareholders, equivalent to £259,000. In accordance with the carried interest agreement, the performance-related incentive payment was made in cash.

Annual General Meeting

The Company's Annual General Meeting will take place on 21 September 2011. I look forward to welcoming you to the meeting, which will be held in London, details of which can be found on page 41 of the annual report and accounts.

Outlook

Although there has been very little portfolio activity in terms of realisations over the last year, we are witnessing potential acquirers slowly returning to the market following two years of economic fragility. Additionally, Foresight Group is seeing its dealflow of new investment opportunities increasing but we remain cautious about the economic outlook and the Investment Manager will aim to invest only in new opportunities which are considered sufficiently robust and attractive. The Board and Investment Manager are, therefore, hopeful that the positive current performance of the portfolio will translate into realisations that will, over the medium term, be reflected in positive net asset value performance and further distributions to shareholders.

Philip Stephens

Chairman
20 July 2011

Investment Manager's Report

As referred to in the Chairman's statement, the recent performance of a number of companies in the portfolio gives cause for optimism at an individual investment level. However, equities are only just in positive territory year-to-date with the fundamentals remaining highly challenging and indicators inconsistent. We continue to believe that consensus expectations do not fully reflect a scenario of slowing growth for 2011 and that nascent inflation could undermine prospects over coming months. Against this background, we are only looking at opportunities which are considered sufficiently robust and attractive, particularly in valuation terms.

Portfolio Review

Over the last two years, as a result of tougher trading and credit conditions, the number of follow-on investments made by the VCT has increased. This has reflected the need for additional working capital arising as a result of trading conditions and reduced bank credit lines or overdrafts but has also included funding for growth.

The Company provided follow-on funding totalling £4,330,524 for fourteen portfolio companies: O-Gen Acme Trek (£1,778,869), The Bunker Secure Hosting (£677,040), i-plas Group (£410,848), Closed Loop Recycling (£373,333), Evance Wind Turbines (£298,707), SkillsMarket (£193,956), @Futsal (£141,977), Land Energy (£133,519), Silvigen (£74,279), Amberfin Holdings (£71,453), Trilogy Communications (£62,500), alwaysON Group (£60,020), TFC Europe (£32,577) and Adepra (£21,446).

The performance highlights during the period were as follows:

Autologic Diagnostics (formerly Diagnos Holdings) develops and sells sophisticated automotive diagnostic software and hardware to independent mechanics and garages to allow them to service and repair vehicles. In the year ended 31 December 2010, it produced an operating profit of £2.7 million on sales of £9.3 million. It is continuing to grow sales and profits in its current financial year.

Datapath is a world leading innovator in the field of computer graphics and video wall display technology. It produced an operating profit of £3.1 million on sales of £10.3 million in the year ended 31 March 2011.

TFC Europe, which distributes technical fasteners, reported an operating profit of £1.3 million on sales of £13.5 million for the year ended 31 March 2011. A further £32,577 was invested in the company during the period.

Closed Loop Recycling continues to make solid operational, commercial and revenue progress with production rates at record levels and significantly improved plant reliability and consistency. Product quality remains high and there is strong demand for all the recycled material it produces. The company continues to be affected by raw material quality which restricts throughput and yield, but is making progress in addressing this problem. It is also planning significant investment at the Dagenham site to increase capacity to meet the substantial demand for the cleaned and sorted output, which should be possible without adding significantly to its fixed overhead costs. Closed Loop is currently generating revenues in excess of £1.2 million per month.

An additional investment in O-Gen Acme Trek of £1,778,869 was required because of delays in achieving full commissioning of the underlying plant and to provide ongoing working capital. The company is generating electricity periodically and is making good progress in bringing its facility fully on stream.

Global Immersion, which provides visualisation systems for immersive theatres and planetariums, generated its first operating profit in its financial year ended 30 June 2010. Having started the current financial year with a record order book, it has exceeded budget for this year and it is expected that revenue for the year ending 30 June 2011 will be approximately double that for 2010. During the year, Global Immersion provided immersive theatres and related services to projects in Asia, Africa, North America and Europe. The company also installed its first two Zorro projection theatres. Zorro is a market leading technology which enables the projection of unmatched levels of picture quality. It is expected that the success of these initial installations will bring additional orders in the coming financial year.

Trilogy Communications is making strong progress, particularly in the defence sector where it announced a number of contract wins through partners such as Northrop Grumman and Raytheon. During 2010, Trilogy was awarded the Queen's Award for Enterprise for International Trade and was also selected by UK Trade and Investment as an Exporter of the Year. The company is now growing strongly and repaid loans to the Ordinary Shares fund of £78,125 in March 2011. The outlook for the coming year is positive, and the first few months of financial year 2011/12 have shown record trading results.

The Bunker Secure Hosting continues to win new orders, grow its annual revenues and is generating substantial profits. For the year to 31 December 2010, an EBITDA of £1.5 million was achieved on sales of £6.2 million, at which date recurring annual revenues were running at £6.4 million. As part of a £3 million investment programme, Foresight 4 provided further funds (£677,040) for hardware infrastructure investment, principally an upgrade of the Ash data centre electrical infrastructure, to support the company's growth in providing high value managed hosting services.

A further £62,020 was invested in alwaysON as part of a restructuring which involved senior management changes. Foresight 4 has significantly increased its equity holding in the business, which is starting to see signs of recovery in its underlying core operations.

Evance Wind Turbines (formerly Iskra Wind Turbines) has made progress in developing its distribution channels and is now selling turbines across Europe. Foresight 4 provided £298,707 as part of an overall funding round of £1.1 million for additional working capital as the business continues to progress towards being cash flow positive.

A further investment of £410,848 was made into i-plas Group as part of a £3 million round which enabled the business to double its capacity and increase its product range, in order to take full advantage of the opportunities available to it and deliver its sales forecast.

Silvigen received further funding of £74,279 to finance additional capital expenditure for its wood pellet plant which will enable increased production as well as provide additional working capital as the company builds its sales pipeline in the animal bedding and energy markets.

Investment Manager's Report



A second tranche (£141,977) of the investment into @Futsal was made in the period. @Futsal is the fastest growing indoor sport in the world with 30 million people currently playing this type of indoor football internationally. @Futsal's Swindon and Cardiff facilities are now fully operational and the third site in Birmingham has recently opened. Sales growth, however, is behind original expectations and progress towards profitability has been impacted as a result.

Land Energy has made good progress over the last six months, achieving positive EBITDA at a plant level for the period of January to March 2011. Demand continues to exceed supply at its Bridgend (Wales) wood pelleting plant — the further funding of £133,519 invested into Land Energy has financed capital expenditure and working capital at Bridgend to increase production as well as group working capital prior to the proposed merger later this year with Silvigen. These two businesses both now operate in the same markets. It is expected that the merger will provide the enlarged group with a strong geographical footprint in the UK with access to a substantial volume of sales and waste wood feedstock suppliers.

With signs of increasing sales of Recruiter Account in late 2010, the Company invested a further £193,956 in SkillsMarket during the period to fund the operational costs associated with its turnaround strategy. Sales slowed appreciably however and were well behind budget during early 2011. As substantial further investment was required, the company's Board decided to accelerate a sales process. Despite considerable initial interest from a number of prospective purchasers, no offers were ultimately received and in consequence administrators were appointed on 18 May 2011.

In November 2010, as part of a £3 million institutional round, Foresight 4 subscribed £71,453 for new ordinary shares and loans to finance Amberfin's continuing strong growth. Amberfin is an internet content repurposing business (converting video for transmission over the internet) which is now building a diverse customer base across the World.

In October 2010, a small equity warrant was exercised for new shares in Adepra by Foresight 4 at a cost of £21,446. Adepra, the Reading based global leader in call centre automation, now has more than 60 customers Worldwide, principally major financial institutions and utility companies, many of which use a range of its services. Particularly strong growth is currently being experienced in the Asia Pacific region. Further growth is expected following the recent launch of the company's Decision Engine technology.

Realisations

Loan repayments totalling £826,151 were received from four investee companies during the period: Datapath Holdings (£422,727) following continuing good results and positive cash flow generation; O-Gen Acme trek (£293,199); Trilogy (£78,125); and SkillsMarket (£32,100). The short-term loan repayments from O-Gen Acme Trek and SkillsMarket were made following further funding rounds.

Outlook

The recovery in the underlying trading of many portfolio companies has benefited, to varying degrees, from the positive export conditions created by a weaker currency and reflects better than expected growth in portfolio companies' target markets. We remain reasonably optimistic about the current prospects and outlook for many portfolio companies, which continue to display strong order books and revenue and profit growth. This is tempered by continued challenging fundamentals and uncertainties that could lead to a prolonged period of low growth.

Furthermore, across all the portfolio companies, we have, where appropriate, ensured that management are focused on cash conservation and cost reductions in light of the continuing fragile economic recovery.

Foresight is actively pursuing a number of portfolio realisations across several market sectors to realise value and enable distributions to be made to shareholders but M&A activity at the smaller company level is still limited. As the M&A market develops more momentum, we are confident that several portfolio companies could be attractive acquisition candidates.

David Hughes

Chief Investment Officer
Foresight Group
20 July 2011

Investment Summary

Investment	31 March 2011		Valuation Methodology	28 February 2010	
	Amount invested £	Valuation £		Amount invested £	Valuation £
Datapath Holdings Limited	100,000	4,304,146 *	Discounted price/earnings multiple	522,727	2,932,477
Autologic Diagnostics Limited (formerly Diagnos Holdings Limited)	1,000,000	3,708,321 *	Discounted price/earnings multiple	1,000,000	2,236,584
O-Gen Acme Trek Limited	3,528,265	3,648,924 *	Price of recent funding round	2,042,595	2,163,253
The Bunker Secure Hosting Limited	1,618,248	3,430,729 *	Discounted revenue multiple	941,208	2,498,618
Closed Loop Recycling Limited	3,133,750	3,083,750 *	Price of recent funding round	2,760,417	2,710,417
TFC Europe Limited	782,577	2,198,739 *	Discounted price/earnings multiple	750,000	1,343,866
Trilogy Communications Limited	825,000	1,705,076 *	Discounted price/earnings multiple	825,000	685,181
ZOO Digital Group plc (AIM listed)	1,150,000	1,479,153 *	Bid price	1,150,000	1,022,692
Adepra Limited	1,304,718	1,304,718 *	Cost	1,283,272	611,416
Ixaris Systems Limited	750,000	1,015,317 *	Discounted revenue multiple	750,000	632,017
Global Immersion Limited	533,338	995,275	Discounted price/earnings multiple	533,338	521,833
Evanco Wind Turbines Limited (formerly Iskra Wind Turbines Limited)	1,745,910	872,955	Cost less impairment	1,447,203	1,283,334
i-plas Group Limited (formerly Lynwood Group Holdings Limited)	891,210	823,361	Price of recent funding round less impairment	480,362	413,695
Sindicatum Carbon Capital Limited	200,063	525,100	Price of recent funding round	200,063	525,100
Infrared Integrated Systems Limited	250,005	494,927	Discounted price/earnings multiple	250,005	181,120
Silvigen Limited	567,339	439,288	Price of recent funding round less impairment	493,060	439,288
Land Energy Limited	433,519	433,519	Price of recent funding round	300,000	300,000
VectorCommand Limited	1,468,750	407,667	Discounted revenue multiple	1,468,750	480,074
O-Gen (UK) Limited	345,014	345,014	Cost	345,014	345,014
Probability plc (AIM listed)	450,000	333,059	Bid price	450,000	198,355
Snell Corporation Limited (formerly Snell Limited)	223,817	223,817	Cost	223,817	223,817
alwaysON Group Limited	270,090	202,567	Cost less impairment	210,070	105,035
@Futsal Limited	200,000	200,000	Price of recent funding round	58,023	58,023
Amberfin Holdings Limited	84,040	71,453	Cost less impairment	12,587	24,000
Aigis Blast Protection Limited	347,226	59,057	Discounted revenue multiple	347,226	72,226
SkillsMarket Limited	890,242	—	Nil value	728,386	140,124
Signum Technologies Limited	1,254,000	—	Nil value	1,254,000	—
	24,347,121	32,305,932		20,827,123	22,147,559

* Top ten investments by value shown on pages 6 to 8.

Investment Summary continued

Top ten investments by value as at 31 March 2011



Datapath Holdings Limited

is a UK manufacturer of PC-based multi-screen computer graphics cards and video capture hardware, specialising in video wall and data wall technology. Established in 1982, it has provided solutions for wide-ranging and varied applications including control rooms, financial dealing rooms, CCTV, distance learning, digital signage and business presentations.



First investment	September 2007	Year ended:	31 March 2011
			£'000
% Equity/Voting Rights	12.5%	Sales	10,286
Income received in the year	£17,631	Profit before Tax	2,963
Equity at cost	£100,000	Retained Profit	2,208
Loan stock at cost	£—	Net Assets	6,155

Autologic Diagnostics Limited (formerly Diagnos Holdings Limited)

was founded in 1999 and develops and sells sophisticated automotive diagnostic software and hardware that enables independent mechanics, dealerships and garages to service and repair vehicles. As cars have become increasingly sophisticated and more reliant on electronic systems, mechanics need to be able to communicate to the in-car computer running the process or system, which in turn requires a diagnostic tool. Autologic Diagnostics supplies its 'Autologic' product for use with well-known car brands including Land Rover, BMW, Mercedes, Jaguar, VAG (VW, Audi, Skoda) and Porsche.



First investment	February 2009	Year ended:	31 December 2010
			£'000
% Equity/Voting Rights	11.9%	Sales	9,266
Income received in the year	£117,677	Profit before Tax	1,943
Equity at cost	£106,667	Retained Profit	1,574
Loan stock at cost	£893,333	Net Assets	3,371

O-Gen Acme Trek Limited

operate a biomass-energy facility at Stoke-on-Trent. The market for such facilities is driven by regulation and incentives associated with diversion from landfill and the ROC (Renewable Obligation Certificate) for renewable energy. The facility is one of the leading such assets in the UK benefiting from both waste gate fees and double-ROC status.



First investment	May 2007	Year ended:	31 December 2009
			£'000
% Equity/Voting Rights	31.2%	Sales	17
Income received in the year	£243,759	Loss before Tax	(1,751)
Equity at cost	£329,002	Retained Loss	(1,386)
Loan stock at cost	£3,199,263	Net Liabilities	(1,049)

Investment Summary continued**The Bunker Secure Hosting Limited**

provides ultra secure IT data centre and managed services to companies from owned and leased facilities totalling 41,500 square feet in bunkers previously constructed for military use at Ash, Kent and Greenham Common, Berkshire. With particular expertise in Open Source and Microsoft software and systems, web and digital security, The Bunker builds, hosts and manages ultra secure, high availability IT infrastructure platforms for its customers and provides secure co-location services to host customers' servers or back-up servers. The Bunker is highly regarded for its technical skills by its customers, which include top financial, telecoms and web-based businesses, concerned with data security who have made the decision to outsource their mission critical IT systems. The Bunker continues to make good progress in increasing revenues from existing customers and winning new customers under term contracts which generate high visibility of future revenues. In the year to December 2010, sales increased to £6.2 million and the company is now generating substantial profits. In order to cope with growing demand and increase capacity, a major capital investment programme was completed during 2010. The Bunker was confirmed as one of the UK's fastest growing technology companies in The Sunday Times Microsoft Tech Track 100 in September 2010.



First investment	May 2006	Year ended:	31 December 2010
			£'000
% Equity/Voting Rights	10.7%	Sales	6,177
Income received in the year	£80,245	Profit before Tax	425
Equity at cost	£354,558	Retained Profit	425
Loan stock at cost	£1,263,690	Net Assets	1,646

Closed Loop Recycling Limited

is the first plant in the UK to recycle waste PET and HDPE plastic bottles into food grade packaging material. Following a series of private and public funding issues, the 35,000 tonne capacity plant in Dagenham (East London) is now fully operational. The company is enjoying strong market demand and is pursuing its expansion plans. The company is processing 100 tonnes per day and supplying product to a range of customers including Nampak, Alpla, M&S and Britvic for the manufacture of food packaging, drinks bottles and milk bottles.



First investment	February 2007	Year ended:	30 June 2010
			£'000
% Equity/Voting Rights	13.1%	Sales	6,727
Income received in the year	£129,867	Loss before Tax	(6,491)
Equity at cost	£583,333	Retained Loss	(6,491)
Loan stock at cost	£2,550,417	Net Liabilities	(11,417)

TFC Europe Limited

is one of Europe's leading technically based suppliers of fixing and fastening products. It supplies injection moulded technical fasteners and ring and spring products to customers across a wide range of industries, including aerospace, automotive, hydraulics and petrochemicals and works with some of the leading manufacturers of technical products such as Smalley® Steel Ring Company.



First investment	March 2007	Year ended:	31 March 2010
			£'000
% Equity/Voting Rights	17.8%	Sales	10,110
Income received in the year	£58,939	Profit before Tax	452
Equity at cost	£156,370	Retained Profit	201
Loan stock at cost	£626,207	Net Assets	1,027

Trilogy Communications Limited

is a world class supplier of audio communications to the defence, emergency management, industrial and broadcast sectors. Trilogy counts some of the world's best known names in broadcast and defence among its customer base including the BBC, Sony, Radio France, Raytheon, Northrop Grumman and BAE. Trilogy's Mercury IP system continues to make good progress in the defence market, especially in the US. During 2009, Trilogy won the Queen's Award for Enterprise in International Trade.



First investment	September 2005	Year ended:	28 February 2011
			£'000
% Equity/Voting Rights	12.2%	Sales	8,624
Income received in the year	£33,997	Profit before Tax	864
Equity at cost	£206,250	Retained Profit	877
Loan stock at cost	£618,750	Net Liabilities	(1,320)

Investment Summary continued



ZOO Digital Group plc (AIM listed)

supplies workflow automation software and software led servicing, primarily to film studios and post-production firms. ZOO's software solutions include products to author home entertainment media across multiple platforms (e.g. DVD, Blu-Ray and iTunes) and regionalise marketing and packaging materials (e.g. DVD covers, bus wraps, posters) for product launches across multiple geographies. In 2007, ZOO acquired the media production and design business, Scope Seven providing an important base near key customers in California. In 2010 ZOO announced its strategic relationship with Multi Packaging Solutions a large US printing company, which will help ZOO enter new markets in addition to the filmed entertainment market.



First investment	September 2006	Year ended:	31 March 2010
			\$'000
% Equity/Voting Rights	8.7%	Sales	15,056
Income received in the year	£49,798	Loss before Tax	(868)
Equity at cost	£385,000	Retained Loss	(872)
Loan stock at cost	£765,000	Net Assets	1,644

Adepra Limited

is headquartered in Reading with offices, service facilities and client implementations across Europe, North America and Asia Pacific. Adepra is the global market leader in automating key call centre customer interactions to reduce their cost and dramatically increase performance. Applications include fraud detection, payment reminders, collections, customer service and opt in marketing. By combining recorded dialogue with state of the art natural language to interact with individual customers, Adepra is able to make thousands of customer contacts simultaneously and achieves higher levels of portfolio penetration and produces significantly better results than human call centre agents alone. Customers include ten of the largest global retail banks, seven of North America's top ten financial institutions, nine of the ten top UK card issuers and major Australian banks. Increasing customer demand combined with substantial investment in R&D, product strategy, operations and service structure have resulted in 43% overall growth in annual sales from 2007 to 2010. Adepra now has more than 60 customers worldwide and is experiencing strong growth in the Asia Pacific region. Future growth is expected following the launch of its Decision Engine technology.

The Company's commitment to the highest standards of data security compliance was recently reconfirmed as Adepra became the first Interactive Voice Messaging organisation to meet both Payment Card Industry Security Standard (PCI DSS) v1.2 and ISO27001 standards on a global basis. In 2010 Adepra was listed for the sixth time and the fifth year in succession by The Sunday Times Microsoft Tech Track 100 as one of the UK's fastest growing technology companies.



First investment	December 1999	Year ended:	31 December 2010
			£'000
% Equity/Voting Rights	2.7%	Sales	21,341
Income received in the year	£—	Loss before Tax	(1,299)
Equity at cost	£800,274	Retained Loss	(1,089)
Preference shares at cost	£504,444	Net Liabilities	(32,907)

Ixaris Systems Limited

operates online bank accounts and a prepaid electronic payment service integrated with the Visa network. Consumers deposit funds by credit card, cash at Post Offices and similar payment points or via normal bank transfers. The company has made inroads into the affiliates payment market, enabling affiliate networks to make payments to their members cost-effectively wherever they are in the world. The company has launched its OPN platform that enables developers to create and run their own global payment applications under the Visa and MasterCard schemes.



First investment	March 2006	Year ended:	31 December 2010
			£'000
% Equity/Voting Rights	9.1%	Sales	8,476
Income received in the year	£—	Profit before Tax	158
Equity at cost	£750,000	Retained Profit	158
Loan stock at cost	£—	Net Assets	1,587

Investment Summary continued

at 31 March 2010

I Co-Investing Funds

Foresight Group also manages Foresight VCT plc, Foresight 2 VCT plc, Foresight 3 VCT plc, and Foresight Sustainable UK Investment Fund ('Foresight Sustainable').

Investments have been made at cost by the funds that Foresight Group manages, as follows:

Investee	Foresight VCT £	Foresight 2		Foresight 3 £	Foresight 4 £	Foresight Sustainable £	Total managed by Foresight %
		O & C shares £					
@Futsal Limited	100,000	1,895,058		200,000	200,000	—	40.0%
Aigis Blast Protection Limited	860,325	1,262,636		—	347,226	—	25.8%
alwaysON Group Limited	405,306	1,350,448		—	270,090	—	77.8%
Autologic Diagnostics Limited	750,000	1,000,000		1,000,000	1,000,000	—	44.8%
Closed Loop Recycling Limited	1,972,917	5,293,334		4,700,000	3,133,750	2,944,127	58.2%
Datapath Holdings Limited	29,012	100,000		100,000	100,000	—	37.4%
E Vance Wind Turbines Limited	—	1,513,123		1,396,728	1,745,910	603,448	24.4%
Global Immersion Limited	—	333,330		1,133,332	533,338	—	60.0%
Infrared Integrated Systems Limited	250,005	749,985		—	250,005	—	6.5%
i-plas Group Limited	1,004,392	2,059,644		2,248,934	891,210	1,733,331	66.6%
Ixaris Systems Limited	—	700,000		550,000	750,000	—	21.7%
Land Energy Limited	288,882	2,022,206		—	433,519	2,400,436	38.6%
O-Gen Acme Trek Limited	—	1,679,851		3,191,138	3,528,265	1,291,667	84.0%
O-Gen UK Limited	—	530,007		310,012	345,014	1,315,000	69.3%
Probability plc (AIM listed)	—	250,000		299,999	450,000	—	5.0%
Silvigen Limited	567,339	1,134,678		1,134,674	567,339	796,184	91.3%
Sindicatum Carbon Capital Limited	—	125,006		174,993	200,063	—	1.0%
TFC Europe Limited	—	939,092		626,061	782,577	—	53.5%
The Bunker Secure Hosting Limited	—	1,112,521		1,314,773	1,618,248	—	26.7%
Trilogy Communications Limited	825,000	1,650,000		—	825,000	—	48.7%
ZOO Digital Group plc (AIM listed)	—	600,000		1,444,625	1,150,000	—	14.2%

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

Where Foresight Group controls over 50% of an investment by virtue of its discretionary management of one or more VCTs, decisions either have to be taken by the individual Boards of the VCTs or voting is limited to 50%.

Foresight Group also manages Foresight 5 VCT plc, Acuity VCT 3 plc, Foresight Solar VCT plc and Foresight Clearwater VCT plc but there are no common investments between these funds and Foresight 4 VCT plc.

Board of Directors



I Philip Henry Peter Stephens (69) (Chairman)

Philip Stephens retired from Williams de Broe plc in 2002 where he was joint head of corporate finance. He was previously a Managing Director at UBS, which he joined in 1989. He was involved in corporate finance and corporate broking for over thirty-five years. He is currently Non-Executive Chairman of Egdon Resources PLC and Neptune-Calculus Income & Growth VCT plc. Philip is a member of the Audit Committee.

I Peter Frederick Dicks (68)

Peter Dicks was a founder Director of Abingworth plc in 1973, a successful venture capital company. He is currently a Director of a number of quoted and unquoted companies, including Private Equity Investor plc where he is Chairman, Polar Capital Technology Trust plc, Graphite Enterprise Trust plc and Standard Microsystems Inc, a US-NASDAQ quoted company. In addition, he has been a Director of Foresight VCT plc, Foresight 2 VCT plc and Foresight Clearwater VCT plc since their respective launches in 1997, 2004 and 2010 and has been a Director of Foresight 3 VCT plc and Foresight 4 VCT plc since July 2004. He is also Chairman of Unicorn AIM VCT plc and is a Director of Committed Capital VCT plc.

I Christopher Roger Ettrick Brooke (80)

Roger Brooke was, until May 1999, Chairman of Candover Investments plc, an investment trust investing mainly in buy-outs of unquoted companies, having been Chief Executive of that company since its formation in 1980. From 1969 to 1971 he was Managing Director of Scienta SA, which was involved in investing in small and medium-sized advanced technology companies in Europe. He was a Director of the Pearson Group for eight years and in 1979 became Group Managing Director of EMI until its merger with Thorn in 1980. He is a former Non-Executive Director of Foresight 3 VCT plc. He is a Director of IP Group plc as well as several unquoted companies. Roger is Chairman of the Audit Committee.

Directors' Report

The Directors present their report together with the audited financial statements of the Company for the 13 months ended 31 March 2011.

Principal activity and status

The principal activity of the Company is the making of investments in unquoted or AIM-listed companies in the UK. The Company is not an investment company within the meaning of Section 833 of the Companies Act 2006. It has satisfied the requirements as a Venture Capital Trust under sections 274–280A of the Income Tax Act 2007. Confirmation of the Company's compliance has been received up to 28 February 2010 as a Venture Capital Trust 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.

Business review

The purpose of this review is to provide shareholders with a snapshot summary setting out the business objectives of the Company, the Board's strategy to achieve those objectives, the risks faced, the regulatory environment and the key performance indicators (KPIs) used to measure performance.

Strategy for achieving objectives

Foresight 4 VCT plc is a tax efficient company listed on The London Stock Exchange.

Investment objective

The investment objective of the Company is to provide private investors with attractive returns from a portfolio of investments in fast-growing, unquoted companies in the United Kingdom.

A proportion of realised gains will normally be retained for reinvestment and to meet future costs. Subject to this, the Company will endeavour to maintain a regular dividend payment of the order of 5p per share, although a greater or lesser sum may be paid in any year. 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.

Investment policy

The Investment Manager (Foresight Group) will target UK unquoted companies which depend to a significant extent on the application of scientific and technological skills or knowledge, or whose activities embrace a significant technology component as a major source of competitive advantage.

Investment securities

The Company invests in a range of securities including, but not limited to, ordinary and preference shares, loan stock, convertible securities, and fixed-interest securities as well as cash. Unquoted investments are usually structured as a combination of ordinary shares and loan stock, while AIM investments are primarily held in ordinary shares. Pending investment in unquoted and AIM-listed securities, cash is primarily held in an interest bearing money market open ended investment company (OEIC).

UK companies

Investments are primarily made in companies which are substantially based in the UK, although many of these investees will trade overseas. The companies in which investments are made must have no more than £15 million of gross assets at the time of investment (or £7 million if the funds being invested were raised after 5 April 2006) to be classed as a VCT qualifying holding.

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 investments in a single company and must have at least 70% by value of its investments throughout the period in shares or securities comprised in Qualifying Holdings, of which 30% by value in aggregate across the portfolio must be ordinary shares which carry no preferential rights (although only a minimum of 10% needs to be in ordinary shares on a per investment basis).

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 interest bearing securities. It is intended that the significant majority of any funds raised by the Company will be invested in VCT qualifying investments.

Risk diversification and maximum exposures

Risk is spread by investing in a number of different businesses within different industry sectors using a mixture of securities. The maximum amount invested in any one company is limited to £1 million in a fiscal year (or, if lower, 15% of the portfolio at the time of investment) and generally no more than £2.5 million at cost is invested in the same company (or, if lower, 15% of the portfolio at the time of investment). The value of an individual investment is expected to increase over time as a result of trading progress and a continuous assessment is made of its suitability for sale.

Investment style

Investments are selected in the expectation that the application of private equity disciplines, including an active management style for unquoted companies through the placement of an Investor Director on investee company boards, will enhance value.

Co-investment

The Company aims to invest in larger, more mature, unquoted and AIM companies and to achieve this it invests alongside the other Foresight VCTs and the Foresight Sustainable UK Investment Fund. As such, at the time of initial investment, the combined investment can currently total up to a maximum of £6.0 million for unquoted and for AIM investees.

Borrowing powers

The Company's Articles permit borrowing to give a degree of investment flexibility. The Company's policy is not to use borrowing.

Management

The Board has engaged Foresight Group as discretionary investment manager. Foresight Fund Managers Limited provides or procures the provision of company secretarial, administrative and custodian services to the Company.

Directors' Report continued



Foresight Group prefers to take a lead role in the companies in which it invests. Larger investments may be syndicated with other investing institutions or strategic partners with similar investment criteria.

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.

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

I Principal risks, risk management and regulatory environment

The Board believes that the principal risks faced by the Company are:

- Economic risk — events such as an economic recession and movement in interest rates could affect smaller companies' performance and valuations.
- Loss of approval as a Venture Capital Trust — the Company must comply with Section 274 of the Income Tax Act 2007 which allows it to be exempted from capital gains tax on investment gains. Any breach of these rules may lead to: the Company losing its approval as a VCT; qualifying shareholders who have not held their shares for the designated holding period having to repay the income tax relief they obtained; and future dividends paid by the Company becoming subject to tax. The Company would also lose its exemption from corporation tax on capital gains.
- Investment and strategic — inappropriate strategy, poor asset allocation or consistent weak stock selection might lead to under performance and poor returns to shareholders.
- Regulatory — the Company is required to comply with the Companies Act 2006, the rules of the UK Listing Authority and United Kingdom Accounting Standards. Breach of any of these might lead to suspension of the Company's Stock Exchange listing, financial penalties or a qualified audit report.
- Reputational — inadequate or failed controls might result in breaches of regulations or loss of shareholder trust.
- Operational — failure of the Manager's or Company Secretary's accounting systems or disruption to its business might lead to an inability to provide accurate reporting and monitoring.

- Financial — inadequate controls might lead to misappropriation of assets. Inappropriate accounting policies might lead to misreporting or breaches of regulations. Additional financial risks, including interest rate, credit, market price and currency, are detailed in note 15 to the accounts.
- Market risk — investment in AIM traded, PLUS traded and unquoted companies by its nature involves a higher degree of risk than investment in companies traded on the main market. In particular, smaller companies often have limited product lines, markets or financial resources and may be dependent for their management on a smaller number of key individuals. In addition, the market for stock in smaller companies is often less liquid than that for stock in larger companies, bringing with it potential difficulties in acquiring, valuing and disposing of such stock.
- Liquidity risk — the Company's investments, both unquoted and quoted, may be difficult to realise. Furthermore, the fact that a share is traded on AIM or PLUS Markets does not guarantee its liquidity. The spread between the buying and selling price of such shares may be wide and thus the price used for valuation may not be achievable.

The Board seeks to mitigate the internal risks by setting policy, regular review of performance, enforcement of contractual obligations and monitoring progress and compliance. In the mitigation and management of these risks, the Board applies the principles detailed in the Combined Code. Details of the Company's internal controls are contained in the Corporate Governance and Internal Control sections.

I Performance and key performance indicators (KPIs)

The Board expects the Manager to deliver a performance which meets the twin objectives of providing investors with attractive returns from a portfolio of investments in fast-growing unquoted companies and maximising tax-free income for shareholders. The key performance indicators in meeting these objectives are net asset value performance and dividends paid, which when combined give net asset value total return. Additional key performance indicators reviewed by the Board include the discount of the share price relative to the net asset value and total expenses as a ratio of shareholders' funds.

A record of some of these indicators is contained on page 1 entitled 'Summary and Financial Highlights'. Additional comments are provided in the Chairman's Statement discussing the performance of the Company over the current year. The total expense ratio in the period was 3.2%. Share buy-backs have been completed at discounts ranging from 10.0% to 13.8%. Combined, these KPIs compare favourably with the wider VCT marketplace based on independently published information.

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 highlighted.

Directors' Report continued

Clearly, some investments in unquoted companies at an early stage of their development are likely to disappoint, but investing the funds raised in high growth companies with the potential to become market leaders creates an opportunity for enhanced returns to shareholders. The growth of some of these companies is, however, largely dependent on the continuing level of expenditure on relevant products and services by larger corporations.

Foresight 4 VCT is a venture capital trust and has three Non-Executive Directors but no employees and, contracts-out its investment activities to its investment manager, Foresight Group. The Manager is currently enjoying strong dealflow, including a number of opportunities in clean energy and environmental infrastructure, sectors which fit well with the Company's investment policy. Both clean energy and environmental infrastructure projects have clear environmental benefits and include projects concentrating on reducing the amount of carbon emissions polluting the atmosphere, clean generation of electricity and efficient recycling of waste materials.

Results

	13 months ended 31 March 2011 £'000	Year ended 28 February 2010 £'000
Return on ordinary activities after taxation	6,039	1,915
Dividend paid	(1,728)	(1,342)
	4,311	573

Dividend

An interim dividend of 5.0p per Ordinary Share was paid on 4 February 2011 (18 December 2009: 5.0p per Ordinary Share).

Share Issues and Share Buy-backs

The Company launched a linked offer for new Ordinary Shares alongside Foresight 3 VCT plc on 7 January 2011, which had raised approximately £11.0 million as at 31 March 2011, of which the Company's share was £5.5 million. As a result, 4,258,053 Ordinary Shares were allotted at prices ranging from 115.0p to 120.0p per share representing £4.9 million of funds raised at 31 March 2011.

The previous linked offer with Foresight 3 VCT plc, launched on 15 October 2009 finally closed on 4 May 2010 having raised gross proceeds £10.5 million in the current financial period, of which the Company's share was £5.3 million. As a result, 5,348,100 Ordinary Shares were allotted at prices ranging from 100.0p to 101.0p per share.

During the year, the Company purchased for cancellation 711,942 shares for a total cost of £669,000.

At 31 March 2011 the Company had 35,864,981 Ordinary Shares in issue.

CREST

The Company entered CREST, a paperless settlement system, on 27 September 2001. CREST is a voluntary system and those Shareholders who wish to retain their certificates may do so. Shareholders should be aware of the fact that a disposal of their Ordinary Shares before the fifth anniversary (third anniversary if bought between 6 April 2004 and 5 April 2006) of their allotment may lead to a loss of tax relief obtained by their investment in the Company.

Directors

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

	31 March 2011 Ordinary Shares	1 March 2010 Ordinary Shares
Philip Stephens	14,893	14,893
Peter Dicks	16,706	16,706
Roger Brooke	158,308	114,395

There have been no changes in the Directors' share interests between the end of the year and the date of this report.

In accordance with the Articles of Association and the requirements of the Combined Code, Mr Stephens, Mr Dicks and Mr Brooke retire through rotation and, being eligible, offer themselves for re-election. Biographical notes on the Directors are given on page 10. The Board believes that Mr Stephens, Mr Dicks' and Mr Brooke's balance of skills, experience and knowledge continue to complement each other and add value to the Company and recommends their re-election to the Board.

None of the Directors has a contract of service with the Company.

Directors' Report continued



I Management

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

Since the end of the year, the Remuneration Committee has reviewed the appropriateness of the Manager's appointment. In carrying out its review, the Remuneration Committee considered the investment performance of the Company and the ability of the Manager to produce satisfactory investment performance in the future. It also considered 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. Following this review, 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.

Foresight Fund Managers Limited is the Secretary of the Company. The principal terms of the investment management and secretarial services agreement are set out in Note 3 of the accounts.

With the exception of Bernard Fairman, who resigned on 18 June 2010, no Director has an interest in any contract to which the Company is a party. Bernard Fairman is the Chairman of Foresight Group, which acts as investment manager to the Company in respect of its venture capital investments and which earned fees of £1,295,000 during the 13 month period including carried interest of £259,000 (2010: £622,000). Foresight Fund Managers Limited, Company Secretary, received fees of £86,294 plus VAT (2010: £69,579 plus VAT) during the period. Foresight Group, received from investee companies arrangement fees of £121,359 and Directors' fees of £145,803. Foresight Group is also a party to the performance incentive agreement described in Note 13 to the financial statements.

I VCT status monitoring

Martineau (London and Birmingham based solicitors) advise Foresight 4 VCT on compliance with legislative requirements relating to VCTs. Martineau review investment activity as appropriate and carry out regular reviews of Foresight 4 VCT's investment portfolio. Martineau work closely with Foresight Fund Managers Ltd, but report directly to the Board.

I 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.

I Financial instruments

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

I Purchase of own shares

It is the Company's policy to consider repurchasing shares when they become available in order to provide liquidity for the Company's shares.

I Payment to suppliers

It is the Company's payment policy to obtain the best possible terms for all business and therefore there is no consistent policy as to the terms used. The Company contracts with its suppliers the terms on which business will take place and seeks to abide by such terms. The number of creditor days at 31 March 2011 was 1 day (2010: 2 days).

I Directors' and officers' liability insurance

The Company maintains a Directors' and Officers' liability insurance policy.

I Annual General Meeting

A formal notice convening the Annual General Meeting to be held on 21 September 2011 can be found on pages 41 and 42. 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 and 9 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.

I 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 a nominal amount of £125,000 (representing 33.8% of the current issued share capital of the Company) for the purposes listed under the authority requested under Resolution 8. This includes authority to issue shares pursuant to performance incentive fee arrangements with Foresight Group 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 and power conferred by Resolution 7 will expire on the fifth anniversary of the passing of the resolution.

I 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 value of up to £100,000 pursuant to offer(s) for subscription, (ii) with an aggregate nominal value of up to 10% of the issued share capital in the Company pursuant to performance incentive arrangements with Foresight Group and (iii) with an aggregate nominal value of up to 10% of the issued share capital in the Company for general purposes, in each case where the proceeds of such issue may in whole or part be used to purchase the Company's shares. This authority will expire at the conclusion of the Annual General Meeting to be held in 2012.

I 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 5,376,161 Shares, representing approximately 14.99% of the issued share capital. 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 of the five business days immediately before the day on which shares are purchased or, if greater, the amount stipulated by Buyback and Stabilisation Regulation 2003. This authority will expire at the conclusion of the Annual General Meeting to be held in 2012.

Directors' Report continued

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

I Audit Information

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each Director has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

I Section 992 of the Companies Act

The following disclosures are made in accordance with Section 992 of the Companies Act 2006.

Capital structure

The Company has issued share capital of 35,864,981 Ordinary Shares as at 31 March 2011.

Voting rights in the Company's shares

Details of the voting rights in the Company's shares at the date of this report are given in note 5 in the Notice of Annual General Meeting on page 43.

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.

I Auditor

In accordance with Section 485 of the Companies Act 2006, a resolution to appoint KPMG Audit Plc as the Company's auditors will be put to the forthcoming Annual General Meeting.

I Corporate Governance

The Directors of Foresight 4 VCT confirm that the Company has taken the appropriate steps to enable it to comply with the Principles set out in Section 1 of the Combined Code on Corporate Governance ('Combined Code') issued by the Financial Reporting Council in June 2008, as appropriate for a Venture Capital Trust. The Financial Reporting Council published an updated corporate governance code in June 2010, which is applicable for accounting periods beginning on or after 29 June 2010 i.e. Foresight 4 VCT's next financial year. Had the new code been applicable during the current financial year, the corporate governance disclosures would not have changed materially.

As a Venture Capital Trust, most of the Company's day-to-day responsibilities are delegated to third parties and the Directors are all non-executive. Thus not all the procedures of the Combined Code are directly applicable to the Company. Unless noted as an exception below, the requirements of the Combined Code were complied with throughout the 13 months ended 31 March 2011.

I The Board

The Company has a Board of three Non-Executive Directors, all of whom (other than Peter Dicks who is considered non-independent under the listing rules by virtue of being a director of several Foresight VCTs which are all managed by Foresight Group) are considered to be independent.

Peter Dicks is also a Director of Foresight VCT plc, Foresight 2 VCT plc, Foresight 3 VCT plc and Foresight Clearwater VCT plc. The Board believes, having regard to the specialist nature of VCTs and the fact that the Manager advises a number of VCTs, that it is in the best interests of shareholders if, on each of the boards of the VCTs advised by the Manager, there are certain Directors who are common. That is to say, a common Director is able to assess how the Manager performs in respect of one fund with the valuable background knowledge of how well or badly the Manager is performing in relation to other funds for which he also has responsibility as a Director. Where conflicts of interest arise between the different funds then the common Director would seek to act fairly and equitably between different groups of shareholders. Where this is difficult or others might perceive that it was so, then decisions would be taken by the Directors who are not common Directors. The most likely source of potential conflicts would normally be the allocation of investment opportunities but as these are allocated by the Manager pro rata to the cash raised by each fund, subject to the availability of funds, in practice such conflicts do not arise. Additionally, 'specialist funds' may be allocated investments specific to their investment policy in priority to more generalist funds.

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

Directors' Report continued



Individual Directors may, at the expense of the Company, seek independent professional advice on any matter that concerns them in the furtherance of their duties. In view of its non-executive nature and the requirements of the Articles of Association that all Directors retire by rotation at the Annual General Meeting, the Board considers that it is not appropriate for the Directors to be appointed for a specific term as recommended by provision A.7.2 of the Combined Code. However, the Board has agreed that each Director will retire and, if appropriate, may seek re-election after three years' service and annually after serving on the Board for more than nine years. Non-independent Directors are required to retire annually.

Full details of duties and obligations are provided at the time of appointment and are supplemented by further details as requirements change, although there is no formal induction programme for Directors as recommended by provision A.5.1.

The Board has access to a Company Secretary who also attends all Board meetings. The Manager attends all formal Board Meetings although the Directors may meet without the manager being present. Informal meetings with management are also held between Board Meetings as required. The Company Secretary provides full information on the Company's assets, liabilities and other relevant information to the Board in advance of each Board Meeting.

Meeting attendance

	Board	Audit	Nomination	Remuneration
Philip Stephens	4/4	2/2	1/1	1/1
Peter Dicks	4/4	2/2	1/1	1/1
Roger Brooke	2/4	1/2	0/1	0/1
Bernard Fairman (resigned 18 June '10)	1/1	n/a	n/a	n/a

In the light of the responsibilities retained by the Board and its committees and of the responsibilities delegated to Foresight Group, Foresight Fund Managers Limited, Martineau and the Company Secretary, the Company has not appointed a chief executive officer, deputy Chairman or a senior independent non-executive Director as recommended by provision A.3.3 of the Combined Code. The provisions of the Combined Code which relate to the division of responsibilities between a chairman and a chief executive officer are, accordingly, not applicable to the Company.

Directors indemnification and insurance

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

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

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 Roger Brooke (Chairman), Peter Dicks and Philip Stephens, 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, amongst other things, consider the following:

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

As a result of a tender process carried out in October 2010, the Board decided to appoint KPMG Audit Plc as the Company's auditors from 2010.

KPMG Audit Plc provides taxation services in addition to undertaking the Company's external audit. The Audit Committee is of the opinion that KPMG are best placed to provide these taxation services. These non-audit services are less in value than the audit, and the Audit Committee believes that they do not compromise the objectivity or independence of the external auditor.

The Nomination Committee comprises Philip Stephens (Chairman), Peter Dicks and Roger Brooke and meets at least annually to consider the composition and balance of skills, knowledge and experience of the Board and would make nominations to the Board in the event of a vacancy. New Directors are required to resign at the Annual General Meeting following appointment and then every three years.

The Remuneration Committee (which has responsibility for reviewing the remuneration of the Directors) comprises Philip Stephens (Chairman), Peter Dicks and Roger Brooke and meets at least annually to consider the levels of remuneration of the Directors, specifically reflecting the time commitment and responsibilities of the role. The Committee also undertakes external comparisons and reviews to ensure that the levels of remuneration paid are broadly in line with industry standards. The Remuneration Committee also reviews the appointment of the Manager.

Directors' Report continued

I Board Evaluation

The Board undertakes a formal evaluation of its own performance and that of its committees and individual Directors on a rolling three year basis. This methodology is a departure from principles A.1.3 and A.6.1 of the Combined Code, which requires annual evaluation. Initially, the evaluation takes the form of a questionnaire for the Board (and its committees) and individual Directors. The Chairman then discusses the results with the Board (and its committees) as a whole and Directors individually. Following completion of this second stage of the evaluation, the Chairman will take appropriate action to address any issues arising from the process.

I Relations with Shareholders

The Company communicates with shareholders and solicits their views where it is appropriate to do so. Individual shareholders are made welcome at the Annual General Meeting where they have the opportunity to ask questions of the Directors, including the Chairman, as well as the Chairman of the Audit, Remuneration and Nomination Committees. The Board may from time to time also seek feedback through shareholder questionnaires, workshops and an open invitation for shareholders to meet the investment manager. The Company is not aware of any institutional shareholders in the capital of the Company.

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

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

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

Pursuant to the terms of their appointment, Foresight Group advise the Company on venture capital investments. Foresight Fund Managers Limited, in their capacity as Company Secretary, have physical custody of documents of title relating to equity investments.

Following publication of Internal Control: Guidance for Directors on the Combined Code (the Turnbull guidance), the Board confirms that there is an ongoing process for identifying, evaluating and managing the significant risks faced by the Company, that has been in place for the year under review and up to the date of approval of the annual report and financial statements, and that 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 test matrix is created that identifies the key functions carried out by the Manager and other service providers, the individual activities undertaken within those functions, the risks associated with each activity and the controls employed to minimise those risks. A residual risk rating is then applied. The Board is provided with reports highlighting all material changes to the risk ratings and confirming the action, which has been, or is being, taken. This process covers consideration of the key business, operational, compliance and financial risks facing the Company and includes consideration of the risks associated with the Company's arrangements with Foresight Group, Martineau and Foresight Fund Managers Limited.

The Audit Committee has carried out a review of the effectiveness of the system of internal control, together with a review of the operational and compliance controls and risk management, as it operated during the year and reported its conclusions to the Board which was satisfied with the outcome of the review. The Board has concluded that, given the appointment of Foresight Fund Managers Limited as Company accountants and the role of the Audit Committee, it is not necessary to establish an internal audit function at the current time but this policy will be kept under review.

Directors' Report



Such review procedures have been in place throughout the full financial year and up to the date of approval of the accounts, and the Board is satisfied with their effectiveness. These procedures are designed to manage, rather than eliminate, risk and, by their nature, can only provide reasonable, but not absolute, assurance against material misstatement or loss. The Board monitors the investment performance of the Company in comparison to its objective at each Board meeting. The Board also reviews the Company's activities since the last Board meeting to ensure that the 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. The Board 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' investment and the Company's assets, is maintained. In addition, the Company's financial statements are audited by external auditors. An internal audit function, specific to the Company, is therefore considered unnecessary.

I 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 Business Review on page 11. The financial position of the Company, its cash flows, liquidity position and borrowing facilities are described in the Chairman's Statement, Business Review 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 considerable 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 well placed to manage its business risks successfully despite the current uncertain economic outlook.

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 the share buy-back programme and dividend policy. The Company has no external loan finance in place and therefore is not exposed to any gearing covenants.

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

By order of the Board

Foresight Fund Managers Limited

Company Secretary
20 July 2011

Directors' Remuneration Report

Introduction

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

The law requires the Company's auditors, KPMG Audit Plc, to audit certain of the disclosures provided. Where disclosures have been audited, they are indicated as such. The auditors' opinion is included in the 'Independent Auditors' Report'.

Consideration by the Directors of matters relating to Directors' Remuneration

The Remuneration Committee comprises three Directors: Philip Stephens (Chairman), Peter Dicks and Roger Brooke.

The 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 Remuneration Committee also undertakes external comparisons and reviews to ensure that the levels of remuneration paid are broadly in line with industry standards and members have access to independent advice where they consider it appropriate. During the year neither the Board nor the Remuneration Committee has been provided with advice or services by any person in respect of its consideration of the Directors' remuneration.

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

No Director is involved in deciding their own remuneration.

Remuneration policy

The Board's policy is that the remuneration of non-executive Directors should reflect time spent and the responsibilities borne by the Directors on the Company's affairs and should be sufficient to enable candidates of high calibre to be recruited. The levels of Directors' fees paid by the Company for the period ended 31 March 2011 were agreed during the year.

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

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

It is the intention of the Board that the above remuneration policy will continue to apply in the forthcoming financial year and subsequent years.

Service contracts

None of the Directors has a service contract and a Director may resign at any time by notice in writing to the Board. There are no set minimum notice periods but all Directors are subject to retirement by rotation. No compensation is payable to Directors on leaving office. As the Directors are not appointed for a fixed length of time there is no unexpired term to their appointment. However, the Directors will retire by rotation as follows:

P Stephens, P Dicks, R Brooke	AGM 2011
P Stephens, P Dicks, R Brooke	AGM 2012
P Stephens, P Dicks, R Brooke	AGM 2013

Details of individual emoluments and compensation

The emoluments in respect of qualifying services and compensation of each person who served as a Director during the year were as shown on page 20. No Director has waived or agreed to waive any emoluments from the Company in either the current year or previous period.

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

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

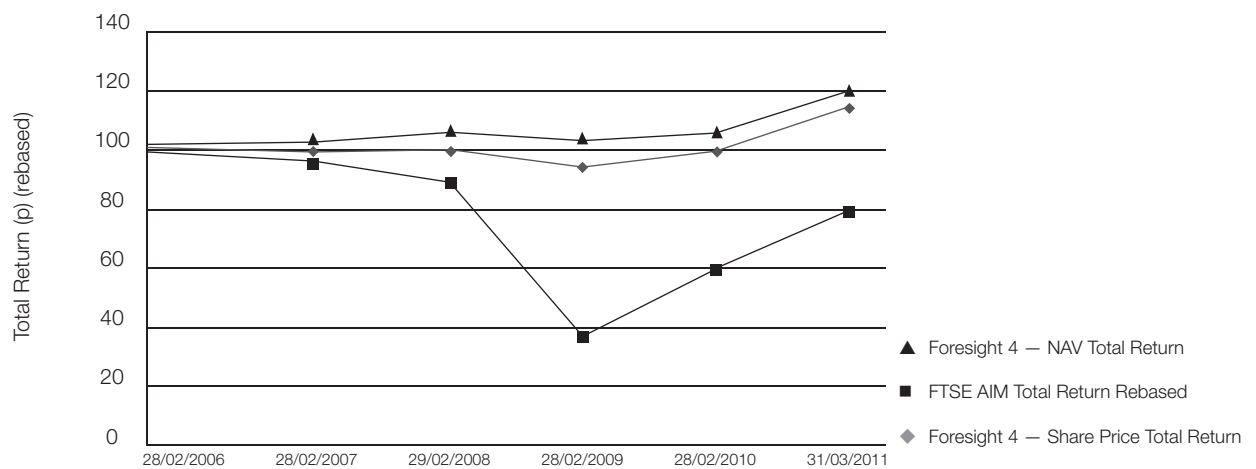
Total shareholder return

The graph on the following page charts the total shareholder return to 31 March 2011, on the hypothetical value of £100 invested by a Shareholder. The return is compared to the total shareholder return on a notional investment of £100 in the FTSE AIM All-Share Index, which is considered by the Board an appropriate index against which to measure the Company's performance both given that the profile of many AIM companies are similar to those held by Foresight 4 VCT.

Directors' Remuneration Report continued



Total Shareholder Return



Audited Information

Only the information below has been audited. See the Independent Auditors' Report on page 22.

	Directors' fees (£) 13 months ended 31 March 2011	Directors' fees (£) year ended 28 February 2010
Philip Stephens	22,500	15,000
Peter Dicks	21,250	20,000
Roger Brooke	19,167	15,000
Total	62,917	50,000

Bernard Fairman, who resigned on 18 June 2010 did not receive Directors' fees.

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

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 20 July 2011 and is signed on its behalf by Roger Brooke (Director).

On behalf of the Board

Roger Brooke

Director
20 July 2011

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Directors' Report and the financial statements, in accordance with applicable United Kingdom law and United Kingdom Generally Accepted Accounting Practice.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.

The Directors are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its financial statements comply with the Companies Act 2006.

They 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 Directors' Report (including Business Review), Directors' Remuneration Report and Corporate Governance Statement that comply with that law and those regulations.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website, www.foresightgroup.eu. Visitors to the website should be aware that legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Responsibility Statement of the Directors in respect of the Annual Financial Report

We confirm that to the best of our knowledge:

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

On behalf of the Board

Philip Stephens

Chairman
20 July 2011

Independent Auditor's Report



to the Members of Foresight 4 VCT plc

We have audited the financial statements of Foresight 4 VCT plc for the 13 months ended 31 March 2011 which comprise the Income Statement, the Reconciliation of Movements in Shareholders' Funds, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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.

I Respective responsibilities of Directors and auditor

As explained more fully in the Statement of Directors' Responsibilities set out on page 21, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

I Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

I Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2011 and of its return for the 13 months then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

I Opinion 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; and
- the information given in the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

I Matters on which we are required to report by exception

We have nothing to report in respect of the following:

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

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

Under the Listing Rules we are required to review:

- the Directors' statement, set out on page 18, in relation to going concern;
- the part of the Corporate Governance Statement on page 15 relating to the Company's compliance with the nine provisions of the June 2008 Combined Code specified for our review; and
- certain elements of the report to shareholders by the Board on Directors' remuneration.

Gareth Horner (Senior Statutory Auditor)

for and on behalf of

KPMG Audit Plc

Statutory Auditor
Chartered Accountants
Edinburgh
20 July 2011

Income Statement

for the 13 months ended 31 March 2011

		13 months ended 31 March 2011			Year ended 28 February 2010		
	Notes	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Investment holding gains	8	—	6,637	6,637	—	6,300	6,300
Realised gains/(losses) on investments	8	—	30	30	—	(4,181)	(4,181)
Income	2	1,025	—	1,025	697	—	697
Investment management fees	3	(259)	(1,036)	(1,295)	(155)	(467)	(622)
Other expenses	4	(358)	—	(358)	(279)	—	(279)
Return on ordinary activities before taxation		408	5,631	6,039	263	1,652	1,915
Tax on ordinary activities	5	(93)	93	—	(74)	74	—
Return on ordinary activities after taxation		315	5,724	6,039	189	1,726	1,915
Return per share	7	1.0p	17.8p	18.8p	0.8p	6.9p	7.7p

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

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

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

The notes on pages 27 to 39 form part of these financial statements.

Reconciliation of Movements in Shareholders' Funds

for the 13 months ended 31 March 2011



	Called-up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Profit and loss account £'000	Total £'000
As at 1 March 2009	234	11,252	1,830	9,235	22,551
Share issues in the year	43	4,366	—	—	4,409
Expenses on share issues	—	(193)	—	—	(193)
Repurchase of shares	(7)	—	7	(627)	(627)
Return for the year	—	—	—	1,915	1,915
Dividend	—	—	—	(1,342)	(1,342)
As at 28 February 2010	<u>270</u>	<u>15,425</u>	<u>1,837</u>	<u>9,181</u>	<u>26,713</u>

	Called-up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Profit and loss account £'000	Total £'000
As at 1 March 2010	270	15,425	1,837	9,181	26,713
Share issues in the period	96	10,056	—	—	10,152
Expenses on share issues	—	(344)	—	—	(344)
Repurchase of shares	(7)	—	7	(669)	(669)
Return for the period	—	—	—	6,039	6,039
Dividend	—	—	—	(1,728)	(1,728)
As at 31 March 2011	<u>359</u>	<u>25,137</u>	<u>1,844</u>	<u>12,823</u>	<u>40,163</u>

The notes on pages 27 to 39 form part of these financial statements.

Balance Sheet

at 31 March 2011

Registered Number: 03506579

	Notes	As at 31 March 2011 £'000	As at 28 February 2010 £'000
Non-current assets			
Investments held at fair value through profit or loss	8	32,306	22,148
Current assets			
Debtors	9	2,502	2,255
Money market and other deposits		3,368	1,940
Cash		3,401	2,051
		9,271	6,246
Creditors: Amounts falling due within one year	10	(1,414)	(1,681)
Net current assets		7,857	4,565
Net assets		40,163	26,713
Capital and reserves			
Called-up share capital	11	359	270
Share premium account		25,137	15,425
Capital redemption reserve		1,844	1,837
Profit and loss account		12,823	9,181
Equity shareholders' funds		40,163	26,713
Net asset value per Ordinary Share	12	112.0p	99.0p

The financial statements on pages 23 to 39 were approved by the Board of Directors and authorised for issue on 20 July 2011 and were signed on its behalf by:

Roger Brooke

Director

The notes on pages 27 to 39 form part of these financial statements.

Cash Flow Statement

for the 13 months ended 31 March 2011



	13 months ended 31 March 2011 £'000	Year ended 28 February 2010 £'000
Cash flow from operating activities		
Investment income received	354	182
Deposit and similar interest received	39	14
Investment management fees paid	(1,326)	(614)
Secretarial fees paid	(119)	(85)
Other cash payments	(293)	(216)
Net cash outflow from operating activities and returns on investment	(1,345)	(719)
Taxation	—	—
Investing activities		
Purchase of unquoted investments and investments quoted on AIM	(4,290)	(2,980)
Net proceeds on sale of unquoted investments	826	1,373
Net proceeds on deferred consideration	148	620
Net capital outflow from investing activities	(3,316)	(987)
Equity dividends paid	(1,728)	(1,342)
Net cash outflow before financing and liquid resource management	(6,389)	(3,048)
Management of liquid resources		
Subscription to money market	(4,500)	(500)
Redemption from money market	3,072	209
	(1,428)	(291)
Financing		
Proceeds of fund-raising	10,040	5,580
Expenses of fund-raising	(145)	(85)
Repurchase of own shares	(728)	(284)
Net cash inflow from financing activities	9,167	5,211
Increase in cash	1,350	1,872
Reconciliation of net cash flow to movement in net cash		
Increase in cash for the year	1,350	1,872
Net cash at start of year	2,051	179
Net cash at end of year	3,401	2,051
Reconciliation of net income to net cash flow from operating activities		
Total return before taxation	6,039	1,915
Investment holding gains	(6,637)	(6,300)
Realised (gains)/losses	(30)	4,181
Increase in debtors	(523)	(694)
(Decrease)/increase in creditors	(194)	179
Net cash outflow from operating activities	(1,345)	(719)
Analysis of changes in net debt		
	At 1 March 2010 £'000	Cash flow £'000
Cash and cash equivalents	2,051	1,350
	3,401	3,401

The notes on pages 27 to 39 form part of these financial statements.

Notes to the Accounts

for the 13 months ended 31 March 2011

1 Accounting policies

A summary of the principal accounting policies, all of which have been applied consistently throughout the 13 month 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) and the Statement of Recommended Practice (SORP): Financial Statements of Investment Trust Companies and Venture Capital Trusts issued in January 2009.

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.

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

All investments held by the Company are classified as “fair value through profit and loss”. The Directors fair value investments in accordance with the International Private Equity and Venture Capital Valuation (“IPEVCV”) guidelines, as updated in August 2010. This classification is followed as the Company’s business is to invest in financial assets with a view to profiting from their total return in the form of capital growth and income.

For investments actively traded on organised financial markets, fair value is generally determined by reference to Stock Exchange market quoted bid prices at the close of business on the balance sheet date. Purchases and sales of quoted investments are recognised on the trade date where a contract of sale 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 Directors in accordance with the following rules, which are consistent with the IPEVCV guidelines:

All investments are held at the price of a recent investment for an appropriate period where there is considered to have been no change in fair value. Where such a basis is no longer considered appropriate, 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 post-tax earnings before interest and amortisation (the ratio used being based on a comparable sector but the resulting value being adjusted to reflect points of difference identified by the Investment Manager compared to the sector including, *inter alia*, a lack of marketability);
 - or
 - b) where a company’s underperformance against plan indicates a diminution in the value of the investment, provision against cost is made, as appropriate. Where the value of an investment has fallen permanently below cost, the loss is treated as a permanent impairment 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 Investment Manager, will agree the values that represent the extent to which an investment loss has become realised. This is based upon an assessment of objective evidence of that investment’s future prospects, to determine whether there is potential for the investment to recover in value.
- (iii) Premiums on loan stock investments are accrued at fair value when the Company receives the right to the premium and when considered recoverable.
- (iv) Where an earnings multiple or cost less impairment basis is not appropriate and overriding factors apply, discounted cash flow, a net asset valuation, or industry specific valuation benchmarks may be applied. An example of an industry specific valuation benchmark would be by applying a suitable turnover multiple to that company’s historic, current and forecast turnover (the multiple used based on a comparable sector but the resulting value being adjusted to reflect points of difference identified by the Investment Manager compared to the sector including, *inter alia*, a lack of marketability).

c) Income

Dividends receivable on quoted equity shares are brought into account on the ex-dividend date. 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 loan or deposit interest is included on an accruals basis using the effective interest basis. Redemption premiums are recognised on repayment of loans.

Notes to the Accounts continued

for the 13 months ended 31 March 2011



1 Accounting policies (continued)

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 Foresight Group for management fees are allocated against the capital column of the Income Statement. The basis of the allocation of management fees is expected to reflect the revenue and capital split of long-term returns in the portfolio.

Performance incentive payments will relate predominantly to the capital performance of the portfolio and will therefore be charged 100% to capital.

e) Financial Instruments

During the period the Company held non-current asset investments, shares in OEICs ('Open Ended Investment Companies'), money-market funds and cash balances and derivatives. The Company holds financial assets that comprise investments in unlisted companies, qualifying loans, and shares in companies on the Alternative Investment Market. The carrying value for all financial assets and liabilities is fair value.

f) 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.

g) Deferred Taxation

Provision is made for corporation tax at the current rates on the excess of taxable income over allowable expenses. In accordance with FRS 19 'Deferred Tax', 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.

h) 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.

Notes to the Accounts continued

for the 13 months ended 31 March 2011

2 Income

	13 months ended 31 March 2011 £'000	Year ended 28 February 2010 £'000
Loan stock interest	985	685
Overseas based Open Ended Investment Companies ("OEICs")	28	10
Bank deposits	12	2
	1,025	697

3 Investment management fees

	13 months ended 31 March 2011 £'000	Year ended 28 February 2010 £'000
Investment management fees charged to the revenue account		
— Gross	259	155
	259	155
Investment management fees charged to the capital account		
— Gross	777	467
— Performance-related incentive on dividend payment	259	—
	1,036	467
Total management fees	1,295	623

Foresight Group provide investment management services to the Company under an agreement dated 30 July 2004 and receive management fees, paid quarterly in advance, of 2.5% of net assets per annum. If the annual expenses of the Company exceed 3.5% of the Company's total assets less current liabilities, the Company is entitled to reduce the fees paid to the Manager by the amount of the excess.

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

Foresight Fund Managers Limited is the Secretary of the Company and receives annual fees, paid quarterly in advance, for the services provided of £86,294 (2010: £69,579). The annual secretarial fee (which is payable together with any applicable VAT) is adjusted annually in line with the UK Retail Prices Index.

Foresight Group are 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, Foresight Group retain the right to charge arrangement and syndication fees and Directors' or monitoring fees ('deal fees') to companies in which the Company invests.

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

Notes to the Accounts continued

for the 13 months ended 31 March 2011



4 Other expenses

	13 months ended 31 March 2011 £'000	Year ended 28 February 2010 £'000
Secretarial services excluding VAT	86	70
Directors' remuneration including employer's National Insurance contributions	69	54
Auditors' remuneration excluding VAT:		
— audit services - KPMG (2010: Ernst & Young)	21	27
— other services - interim review - Ernst & Young (2010: Ernst & Young)	4	4
— taxation services - KPMG (2010: Ernst & Young)	4	4
Other	174	120
	358	279

The Company has no employees other than the Directors.

5 Tax on ordinary activities

	13 months ended 31 March 2011 £'000	Year ended 28 February 2010 £'000
a) Analysis of charge in the year:		
Corporation tax	—	—
Total tax for the year	—	—

b) Factors affecting current tax charge for the year:

The tax assessed for the year is lower than the standard rate of corporation tax in the UK for a venture capital fund (28%).

The differences are explained below:

	13 months ended 31 March 2011 £'000	Year ended 28 February 2010 £'000
Net income before taxation	6,039	1,915
Corporation tax at 28% (2010: 28%)	1,691	536
Effect of:		
Realised (gains)/losses not deductible	(8)	1,171
Net unrealised gains not taxable	(1,859)	(1,764)
Non-taxable dividend income	(8)	—
Utilisation of brought forward excess expenses	184	—
Movement in unutilised management expenses	—	57
Current tax charge for the period	—	—

c) There is an unrecognised deferred tax asset of approximately £1,029,000 (2010: £853,000). The deferred tax asset relates to the current and prior year unutilised expenses. It is considered too uncertain that there will be taxable profits in the future against which the deferred tax assets can be offset and, therefore, in accordance with FRS 19, the asset has not been recognised.

Notes to the Accounts continued

for the 13 months ended 31 March 2011

6 Dividends

	13 months ended 31 March 2011 £'000	Year ended 28 February 2010 £'000
Ordinary Shares		
Interim dividend of 5.0p paid per share (2010: 5.0p)	1,728	1,342
	1,728	1,342

The Board is not recommending a final dividend on the Ordinary Shares (2010: £nil) for the 13 months ended 31 March 2011.

Set out below are the total income dividends payable in respect of the financial year, which is the basis on which the requirements of section 274 of The Income Tax Act 2009 are considered.

	13 months ended 31 March 2011 £'000	Year ended 28 February 2010 £'000
Income available for distribution by way of dividends for the year	315	189
Interim revenue dividend for the year ended 31 March 2011	300	240

The interim revenue dividend of £300,000 (2010: £240,000) incorporated in the total 5.0p interim dividend (2010: 5.0p) fulfilled the requirements of Section 259 and Section 274 of the Income Tax Act 2007.

7 Return per share

	13 months ended 31 March 2011 £'000	Year ended 28 February 2010 £'000
Total return after taxation	6,039	1,915
Basic return per share (note a)	18.8p	7.7p
Revenue return from ordinary activities after taxation	315	189
Revenue return per share (note b)	1.0p	0.8p
Capital return from ordinary activities after taxation	5,724	1,726
Capital return per share (note c)	17.8p	6.9p
Weighted average number of shares in issue during the year	32,204,092	24,879,997

Notes:

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

Notes to the Accounts continued

for the 13 months ended 31 March 2011



8 Investments held at fair value through profit or loss

	2011 £'000	2010 £'000
Quoted investments	1,812	1,221
Unquoted investments	30,494	20,927
	32,306	22,148

	Quoted £'000	Unquoted £'000	Total £'000
Book cost as at 1 March 2010	1,600	19,226	20,826
Investment holding (losses)/gains	(379)	1,701	1,322
Valuation at 1 March 2010	1,221	20,927	22,148
Movements in the period:			
Purchases at cost	—	4,331	4,331
Disposal proceeds	—	(826)	(826)
Realised gains	—	16	16
Investment holding gains	591	6,046	6,637
Valuation at 31 March 2011	1,812	30,494	32,306
Book cost at 31 March 2011	1,600	22,747	24,347
Investment holding gains	212	7,747	7,959
Valuation at 31 March 2011	1,812	30,494	32,306

Deferred consideration of £14,000 was recognised and £134,000 was received during the period.

9 Debtors

	2011 £'000	2010 £'000
Deferred consideration	851	985
Prepayments	56	183
Accrued income	1,557	927
Other debtors	38	160
	2,502	2,255

Notes to the Accounts continued

for the 13 months ended 31 March 2011

10 Creditors: amounts falling due within one year

	2011 £'000	2010 £'000
Trade creditors	3	181
Accruals	55	66
Fundraising amounts received still to be allotted	578	860
Amounts owed to Foresight 3 VCT plc - as a result of the linked fundraising	287	190
Fundraising creditor	167	—
Other creditors	324	384
	1,414	1,681

11 Called-up share capital

	2011 £'000	2010 £'000
Allotted, called-up and fully paid:		
35,864,981 Ordinary Shares of 1p each (2010: 26,970,770 Ordinary Shares of 1p each)	359	270

During the year the Company issued 9,606,153 Ordinary Shares (2010: 4,307,898) raising gross proceeds of £10.2 million (2010: £4.4 million). Where appropriate these funds will be used to make follow-on investments in existing portfolio companies as well as making investments in new investment opportunities.

Additionally, 711,942 Ordinary Shares (2010: 770,094) were purchased for cancellation at a cost of £669,000 (2010: £627,000).

	2011 Ordinary Shares No.	2010 Ordinary Shares No.
At 1 March 2010/1 March 2009	26,970,770	23,432,966
Allotments	9,606,153	4,307,898
Repurchase of own shares	(711,942)	(770,094)
At 31 March 2011/28 February 2010	35,864,981	26,970,770

12 Net asset value per Ordinary Share

Net asset value per Ordinary Share is based on net assets at the year end of £40,163,000 (2010: £26,713,000) and on 35,864,981 (2010: 26,970,770) Ordinary Shares, being the number of Ordinary Shares in issue at that date.

Notes to the Accounts continued

for the 13 months ended 31 March 2011



13 Performance-related incentive

Foresight Group 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 following the date of the Extraordinary General Meeting exceeding 100.0p per Share ("High Watermark"), both immediately before and immediately after the performance related incentive fee is paid.

After each distribution is made to Shareholders where a performance incentive is paid to Foresight Group, 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 Foresight Group.

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. Any new Shares to be issued to Foresight Group 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.

A performance incentive fee of £259,000 was paid in cash during the year. Had the payment been made in shares, 240,032 shares would have been issued based on a net asset value of 108.0p per share on 4 February 2011.

14 Capital commitments and contingent liabilities

The Company had no capital commitments and contingent liabilities at 31 March 2011 (28 February 2010: £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 and 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, all of which are included in the balance sheet at fair value, at 31 March 2011:

	2011 (Fair value) £'000	2010 (Fair value) £'000
Assets at fair value through profit and loss		
Investment portfolio	32,306	22,148
Current asset investments (money market funds)	3,368	1,940
Cash at bank	3,401	2,051
	39,075	26,139
Receivables		
Deferred consideration	851	985
Prepayments and other debtors	1,651	1,270
	2,502	2,255
Liabilities at amortised cost or equivalent		
Creditors	(1,414)	(1,681)
	40,163	26,713

Notes to the Accounts continued

for the 13 months ended 31 March 2011

15 Financial instrument risk management (continued)

Loans to investee companies are treated as fair value through profit and loss and are included in the investment portfolio.

The investment portfolio principally consists of unquoted investments, AIM quoted investments and qualifying loan stock valued at fair value. AIM quoted investments are valued at bid price. Current asset investments are money market funds, discussed under credit risk management below.

The investment portfolio has a high concentration of risk towards small UK-based companies, the majority being unquoted sterling denominated equity and loan stock holdings (75.9% of net assets) or quoted on the sterling denominated UK AIM market (4.5% of net assets).

An analysis of the maturity of the assets of the Company above, where this is relevant, is provided on the next page. These are assets subject to interest rate risk. There are no liabilities of significance to these accounts that mature beyond one month from the balance sheet date.

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

Detailed below is a summary of the financial risks to which the Company is exposed.

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 £20,317,000 at 31 March 2011 (28 February 2010: £15,362,000).

	Total portfolio		Weighted average interest rate		Weighted average time for which rate is fixed	
	31 March 2011 £'000	28 February 2010 £'000	31 March 2011 %	28 February 2010 %	31 March 2011 Days	28 February 2010 Days
Short-term fixed interest securities						
— exposed to cash flow interest rate risk	3,368	1,940	0.6	0.5	—	—
Loan stock						
— exposed to fair value interest rate risk	9,460	6,872	10.1	10.1	1,029	1,125
Loan stock						
— exposed to cash flow interest rate risk	4,088	4,499	4.3	4.3	—	—
Cash	3,401	2,051	—	—	—	—
Total exposed to interest rate risk	20,317	15,362				
Loan stock						
— not exposed to interest rate risk	41	—	—	—	—	—
Total	20,358	15,362				

Notes to the Accounts continued

for the 13 months ended 31 March 2011



15 Financial instrument risk management (continued)

	Total portfolio	
	31 March 2011 £'000	28 February 2010 £'000
Maturity analysis:		
— in one year or less	10,178	4,248
— in more than one year but no more than two years	1,615	1,815
— in more than two years but no more than three years	3,642	3,078
— in more than three years but no more than four years	2,113	3,828
— in more than four years but no more than five years	2,810	2,393
Total	20,358	15,362

During the course of the year the Company also held cash balances. The benchmark rate, which determines the interest payments received on cash and loan balances held, is the bank base rate which was 0.5% at 31 March 2011 (0.5% at 28 February 2010).

Credit risk

Credit risk is the risk of failure by counterparties to deliver securities which the Company has paid for, or the failure by counterparties to pay for securities which the Company has delivered. The Company has exposure to credit risk in respect of the loan stock investments it has made into 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 the current asset investments and cash by ensuring a spread of such investments in separate money market funds such that none exceed 15% of the Company's total investment assets. These money market funds are all triple A rated funds, and so credit risk is considered to be low. The Manager receives management accounts from portfolio companies, and members of the investment management team often sit on the boards of unquoted portfolio companies; this enables the close identification, monitoring and management of investment-specific credit risk. The maximum exposure to credit risk at 31 March 2011 was £22,860,000 (28 February 2010: £17,617,000) based on cash, money market funds and other receivables (amounts due on investments, dividends and interest). The majority of the Company's assets are held in its own name in certificated form and therefore custodian default risk is negligible. Several small AIM holdings held by a third party custodian in CREST are ring fenced from the assets of the custodian or other client companies.

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

	2011 £'000	2010 £'000
Loan stocks	13,589	11,371
Current asset investments (money market funds)	3,368	1,940
Deferred consideration	851	985
Prepayments and other debtors	1,651	1,270
Cash at bank	3,401	2,051
Total	22,860	17,617

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 techniques and investment structuring delegated to its Manager, Foresight Group.

The investments in equity and fixed interest stocks of unquoted companies are rarely traded (and AIM listed companies which the Company holds are thinly traded) and as such the prices are more volatile than those of more widely traded securities. In addition, 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 ability of the Company to purchase or sell investments is also constrained by the requirements set down for Venture Capital Trusts. The potential maximum exposure to market price risk, being the value of the investment portfolio as at 31 March 2011 is: £32,305,932 (28 February 2010: £22,147,559).

Notes to the Accounts continued

for the 13 months ended 31 March 2011

15 Financial instrument risk management (continued)

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 within the consideration of credit risk above 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 Investment Manager maintains sufficient cash and money market funds to meet running costs and other commitments. The Company invests its surplus funds in high quality money market funds which are all accessible on an immediate basis.

Sensitivity analysis

Equity price sensitivity

The Board believes that 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.

Although part of these assets are quoted on AIM, the majority of these assets are unquoted. All of the investments made by the Investment 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% (2010: 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 actual portfolio of investments held by the Company is perfectly correlated to this overall movement in share prices. However, shareholders should note that this level of correlation would not be the case in reality. Movements may occur to both quoted and unquoted companies and be as a result of changes to the market or alternatively as a result of assumptions made when valuing portfolio or a combination of the two.

	2011 Return and net assets	2010 Return and net assets
If overall share prices fell by 15% (2010: 15%), with all other variables held constant — decrease (£'000)	(4,846)	(3,322)
Decrease in earnings, and net asset value, per Ordinary Share (in pence)	(13.51p)	(12.32p)
	2011 Return and net assets	2010 Return and net assets
If overall share prices increase by 15% (2010: 15%), with all other variables held constant — increase (£'000)	4,846	3,322
Increase in earnings, and net asset value, per Ordinary Share (in pence)	13.51p	12.32p

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

Interest rate sensitivity

Although the Company holds investments in loan stocks that pay interest, the Board does not believe that the value of these instruments is interest rate sensitive. This is because the Board does not consider that the impact of interest rate changes materially affects the value of the portfolio in isolation, other than the consequent impact that interest rate changes have upon movements in share prices, discussed under equity price risk above. The table below shows the sensitivity of income earned to changes in interest rates.

Notes to the Accounts continued

for the 13 months ended 31 March 2011



15 Financial instrument risk management (continued)

	2011 Profit and net assets	2010 Profit and net assets
If interest rates were 1% lower, with all other variables held constant — decrease (£'000)	(41)	(45)
Decrease in earnings, and net asset value, per Ordinary Share (in pence)	(0.11p)	(0.17p)
If interest rates were 1% higher, with all other variables held constant — increase (£'000)	41	45
Increase in earnings, and net asset value, per Ordinary Share (in pence)	0.11p	0.17p

The impact of a change of 1% has been selected as this is considered reasonable, given the current level of the Bank of England base rates and market expectations for future movement.

Fair value hierarchy

In accordance with amendments to FRS 29, 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 March 2011

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Quoted investments	1,023	789	—	1,812
Unquoted investments	—	—	30,494	30,494
Current asset investments (money market funds)	3,368	—	—	3,368
Financial assets	4,391	789	30,494	35,674

The Company primarily invests in private equity via unquoted equity and loan securities. The Group's investment portfolio is recognised in the balance sheet at fair value, in accordance with IPEVC Valuation Guidelines.

The gains/(losses) on level 3 investments are included within investment holding gains/(losses) and realised losses on investments in the Income Statement.

Period to 31 March 2011

	Level 3 £'000
Valuation brought forward at 1 March 2010	20,927
Purchases	4,331
Disposal proceeds	(826)
Realised gains	16
Investment holding gains	6,046
Valuation carried forward at 31 March 2011	30,494

Transfers

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

Based on recent economic volatility, the Board and Investment Manager feel that for indicative purposes, a movement of 15% in the unquoted investments within level 3 is appropriate to show how reasonably possible alternative assumptions change the fair value of the investments.

If unquoted investments moved by 15%, this would create an increase or decrease in investments of £4.6 million.

Notes to the Accounts continued

for the 13 months ended 31 March 2011

16 Management of capital

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns for shareholders and to provide an adequate return to shareholders by allocating its capital to assets commensurately with the level of risk. The Company's capital is invested in quoted and unquoted investments, cash and near cash as well as current assets.

By its nature the Company has an amount of capital (net assets of £40,163,000), at least 70% (as measured under the tax legislation) of which is and must be, and remain, invested in the relatively high risk asset class of small UK companies within three years of that capital being subscribed. The Company accordingly has limited scope to manage its capital structure in the light of changes in economic conditions and the risk characteristics of the underlying assets. Subject to this overall constraint upon changing the capital structure, the Group 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 levels of gearing, 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 are small and the management of them is not directly related to managing the return to shareholders. There has been no change in this approach from the previous year.

The Company has no external imposed capital requirements.

17 Post-balance sheet event

The Company's linked offer for subscription with Foresight 3 VCT plc closed on 30 June 2011. Between 1 April 2011 and 30 June 2011, 1,110,690 Ordinary Shares were issued at prices ranging between 115.0p per share and 119.0p per share.

18 Related party transactions

Foresight Group LLP and Foresight Fund Managers Limited are considered to be related parties of the Company. Details of arrangements with these parties are given in the Directors' Report and Note 3.

Foresight Group, which acts as investment manager to the Company in respect of its venture capital investments earned fees of £1,295,000 during the period (2010: £622,000), including carried interest of £259,000 (2010: £nil).

Foresight Fund Managers Limited is the Secretary of the Company and received fees, of £86,294 (2010: £69,579) during the period. The annual secretarial fee (which is payable together with any applicable VAT) is adjusted annually in line with the UK Retail Prices Index.

At the balance sheet date there was £nil (2010: £6,718) due to or from Foresight Group and £nil (2010: £nil) due to or from Foresight Fund Managers Limited. No amounts have been written off in the period in respect of debts due to or from related parties.

Foresight Group are 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, Foresight Group retain the right to charge arrangement and syndication fees and Directors' or monitoring fees ('deal fees') to companies in which the Company invests.

Foresight Group is also a party to the performance incentive agreement described in note 13.

Shareholder Information



Dividends

Interim dividends are ordinarily paid to shareholders in December. Final dividends are ordinarily paid to shareholders in July. Shareholders who wish to have dividends paid directly into their bank account rather than by cheque to their registered address can complete a Mandate Form for this purpose. Mandates can be obtained by telephoning the Company's registrar, Computershare Investor Services (see over for details).

Share price

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

Notification of change of address

Communications with shareholders are mailed to the registered address held on the share register. In the event of a change of address or other amendment this should be notified to the Company's registrar, Computershare Investor Services, under the signature of the registered holder.

Trading shares

The Company's Ordinary Shares can be bought and sold in the same way as any other quoted company on the London Stock Exchange via a stockbroker. The primary markets maker for Foresight 4 VCT plc is Singer Capital Markets.

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 call Foresight Group (see details below) if you or your adviser have any questions about this process.

Indicative financial calendar

November 2010	Announcement of interim results for the six months to 30 September 2011
July 2012	Announcement of annual results for the year ended 31 March 2012
July 2012	Posting of the Annual Report for the year ended 31 March 2012
July 2012	Annual General Meeting

Open invitation to meet the Investment Manager

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

Enquiries

Contact:	Please contact Foresight Group, for any queries regarding Foresight 4 VCT plc
Telephone:	01732 471800
Fax:	01732 471810
e-mail:	info@foresightgroup.eu
website:	www.foresightgroup.eu

Foresight 4 VCT plc is managed by Foresight Group which is authorised and regulated by the Financial Services Authority. Past performance is not necessarily a guide to future performance. Stock markets and currency movements may cause the value of investments and the income from them to fall as well as rise and investors may not get back the amount they originally invested. Where investments are made in unquoted securities and smaller companies, their potential volatility may increase the risk to the value of, and the income from, the investment.

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of Foresight 4 VCT plc ("the Company") will be held on 21 September 2011 at 12.00 pm at the offices of Martineau, 35 New Bridge Street, London EC4V 6BW 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 and 9 will be proposed as special resolutions.

- Resolution 1 To receive the Report and Accounts for the period ended 31 March 2011.
- Resolution 2 To approve the Directors' Remuneration Report.
- Resolution 3 To re-elect Philip Stephens as a director.
- Resolution 4 To re-elect Peter Dicks as a director.
- Resolution 5 To re-elect Roger Brooke as a director.
- Resolution 6 To appoint KPMG Audit Plc as auditor 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 in the Company and to grant rights to subscribe for, or to convert any security into, shares in the Company ("Rights") up to an aggregate nominal amount of £125,000 provided that this authority shall expire on the fifth anniversary of the date of 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 offer or agreement as if this authority had not expired.
- Resolution 8 That, in substitution for 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 £100,000 pursuant to offer(s) for subscription;
 - (b) the allotment of equity securities with an aggregate nominal amount of up to but not exceeding 10% of the issued share capital from time to time by way of an issue of shares pursuant to performance incentive arrangements with Foresight Group LLP, such shares to be issued at nominal value; 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 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, such authority to expire on the conclusion of the annual general meeting of the Company to be held in the year 2012, save that the Company shall be entitled to make offers or agreements before the expiry of such power 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 power conferred hereby had not expired.

Notice of Annual General Meeting



- Resolution 9 That, the Company be empowered to make market purchases (within the meaning of Section 693(4) of the Companies Act 2006) of its own shares provided that:
- (i) the aggregate number of shares to be purchased shall not exceed 5,376,161;
 - (ii) the minimum price which may be paid for a share is 1 pence (the nominal value thereof);
 - (iii) the maximum price which may be paid for shares is the higher of (1) an amount equal to 105% of the average of the middle market quotation for shares taken from the London Stock Exchange daily official list for the five business days immediately preceding the day on which the shares are purchased, and (2) the amount stipulated by Article 5(1) of the BuyBack and Stabilisation Regulation 2003;
 - (iv) the authority conferred by this resolution shall expire on the conclusion of the annual general meeting of the Company to be held in the year 2012 unless such authority is renewed prior to such time; and
 - (v) the Company may make a contract to purchase shares under the authority conferred by this resolution prior to the expiry of such authority which will or may be executed wholly or partly after the expiration of such authority and may make a purchase of shares pursuant to such contract.

By order of the Board

Foresight Fund Managers Ltd

Company Secretary
20 July 2011

ECA Court
South Park
Sevenoaks
Kent
TN13 1DU

Notice of Annual General Meeting

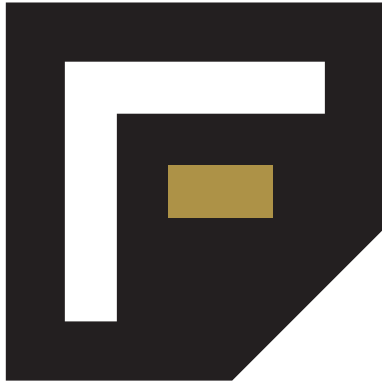
Notes:

1. No Director has a service contract with the Company. Directors' appointment letters with the Company will be available for inspection at the registered office of the Company until the time of the meeting and from 15 minutes before the meeting at the location of the meeting, as well as at the meeting.
2. To be entitled to attend and vote at the meeting (and for the purposes of the determination by the Company of the votes they may cast), members must be registered in the Register of Members of the Company at 6.00 pm on 19 September 2011 (or, in the event of any adjournment, 6.00 pm on the date which is two days before the time of the adjourned meeting). Changes to the Register of Members of the Company after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.
3. A member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend, speak and vote on his or her behalf. A proxy need not also be a member but must attend the meeting to represent you. Details of how to appoint the chairman of the meeting or another person as your proxy using the form of proxy are set out in the notes on the form of proxy which is enclosed. If you wish your proxy to speak on your behalf at the meeting, you will need to appoint your own choice of proxy (not the chairman) and give your instructions directly to them.
4. You may appoint more than one proxy, provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, (an) additional form(s) of proxy may be obtained by contacting Computershare Investor Services plc on 0870 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.
5. As at 19 July 2011 (being the last business day prior to the publication of this notice), the Company's issued share capital was 36,975,671 shares, carrying one vote each. Therefore, the total voting rights in the Company as at 19 July 2011 was 36,975,671.
6. Any person to whom this notice is sent who is a person nominated under Section 146 of the Companies Act 2006 to enjoy information rights (a 'Nominated Person') may, under an agreement between him/her and the member by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.
7. The statement of the rights of members in relation to the appointment of proxies in paragraphs 3 to 5 above does not apply to Nominated Persons. The rights described in those paragraphs can only be exercised by members of the Company.
8. Appointment of a proxy will not preclude a member from subsequently attending and voting at the meeting should he or she subsequently decide to do so. You can only appoint a proxy using the procedures set out in these notes and the notes to the form of proxy.
9. The Register of Directors' Interests will be available for inspection at the meeting.
10. Information regarding the meeting, including the information required by Section 311A of the Companies Act 2006, is available from www.foresightgroup.eu.
11. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If you either select the "Discretionary" option or if no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the meeting.
12. A form of proxy and reply paid envelope is enclosed. To be valid, it should be lodged with the Company's Registrar, Computershare Investor Services plc, The Pavilions, Bridgwater Road, Bristol BS99 6ZY or the proxy must be registered electronically at **www.eproxyappointment.com**, in each case, so as to be received no later than 48 hours before the time appointed for holding the meeting or any adjourned meeting. To vote electronically, you will be asked to provide your Control Number, Shareholder Reference Number and PIN which are detailed on your proxy form. This is the only acceptable means by which proxy instructions may be submitted electronically.
13. Under Section 319A of the Companies Act 2006, the Company must answer any question you ask relating to the business being dealt with at the meeting unless answering the question would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information or the answer has already been given on a website in the form of an answer to a question or it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.
14. Pursuant to Chapter 5 of Part 16 of the Companies Act 2006 (Sections 527 to 531), where requested by a members 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.





Foresight 4 VCT plc
ECA Court
South Park
Sevenoaks
Kent
TN13 1DU



Corporate Information

Directors

Philip Stephens (Chairman)
Peter Dicks
Roger Brooke
Bernard Fairman (resigned 18 June 2010)

Company Secretary

Foresight Fund Managers Limited
ECA Court
South Park
Sevenoaks
TN13 1DU

Registered Office and Investment Advisers

Foresight Group
ECA Court
South Park
Sevenoaks
TN13 1DU

Auditors and Tax Advisers

KPMG Audit Plc
Saltire Court
20 Castle Terrace
Edinburgh
EH1 2EG

Solicitors and VCT Status Advisers

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B4 6AA

Registrar

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

Registered Number

03506579