



Annual Report and Accounts
31 December 2013



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

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

Summary Financial Highlights

- Net asset value per Ordinary Share at 31 December 2013 was 101.0p after a payment of 5.0p in dividends (31 December 2012: 111.3p).
- Net asset value per Planned Exit Share at 31 December 2013 was 82.5p after a payment of 5.0p in dividends (31 December 2012: 100.0p).
- Net asset value per Infrastructure Share at 31 December 2013 was 91.5p after a payment of 2.5p in dividends (31 December 2012: 94.6p).

Ordinary Shares fund

- An interim dividend for the year ended 31 December 2013 of 10.0p per Ordinary Share was paid on 14 March 2014 based on an ex-dividend date of 26 February 2014 and a record date of 28 February 2014.
- The Ordinary Shares fund provided follow-on funding totalling £1.0 million to eight portfolio companies and £3.8 million for three new investments.
- The Ordinary Shares fund realised £11.2 million from sales and loan redemptions from ten portfolio companies.

Planned Exit Shares fund

- An interim dividend of 5.0p per Planned Exit Share was paid on 25 October 2013. The dividend had a record date of 11 October 2013 and an ex-dividend date of 9 October 2013.
- One new investment was made by the Planned Exit Shares fund totalling £0.2 million and two follow-on investments were made totalling £0.2 million.
- The Planned Exit Shares fund realised £0.2 million from sales and loan redemptions from three portfolio companies.

Infrastructure Shares fund

- An interim dividend of 2.5p per Infrastructure Share was paid on 20 December 2013. The dividend had a record date of 13 December 2013 and an ex-dividend date of 11 December 2013.
- The Infrastructure Shares fund made six new investments totalling £7.6 million and is expected to become fully invested over the next twelve months.



Dividend History

Ordinary Shares:	Dividend per share	Dividend per share (rebased)†
14 March 2014	10.0p	3.8p
14 June 2013	5.0p	1.9p
23 March 2012	7.5p	2.9p
17 June 2011	5.0p	1.9p
29 May 2009	1.0p	0.7p
7 March 2008	5.0p	3.4p
26 May 2006	0.5p	0.5p
5 July 2004	52.0p	52.0p
22 September 2003	8.0p	8.0p
30 June 2003	0.5p	0.5p
8 May 2000	100.0p	100.0p
6 August 1999	1.0p	1.0p
29 January 1999	3.2p	3.2p
Total	198.7	179.8
Nav per Ordinary Share based on 100.0p invested at launch †		34.8p
Total return per Ordinary Share		214.6p
Planned Exit Shares:		
25 October 2013	5.0p	5.0p
31 August 2012	5.0p	5.0p
17 June 2011	3.0p	3.0p
Total	13.0p	13.0p
Nav per Planned Exit Share		82.5p
Total return per Planned Exit Share		95.5p
Infrastructure Shares:		
20 December 2013	2.5p	2.5p
Total	2.5p	2.5p
Nav per Infrastructure Share		91.5p
Total return per Infrastructure Share		94.0p

† Rebased due to Ordinary Shares reconstruction on 1 March 2011 using conversion ratio of 0.554417986; and rebased in January 2007 due to merger of Ordinary and C Share portfolios at a ratio of 0.688075647795 new Ordinary Shares for every 1 Ordinary Share held.

In addition to the details above, original holders of "C" Shares which became Ordinary Shares in January 2007 have received total dividends as set out below.

"C" Shares were converted into Ordinary Shares on a 1:1 basis in January 2007 before being converted into new Ordinary Shares in March 2011 on the basis of 0.554417986 new Ordinary Shares for each existing Ordinary Share held

C Shares (converted into Ordinary Shares in January 2007):	Dividend per C share (rebased)†
14 March 2014	5.5p
14 June 2013	2.8p
23 March 2012	4.15p
17 June 2011	2.8p
29 May 2009	1.0p
7 March 2008	5.0p
26 January 2007	2.0p
27 May 2005	0.5p
1 August 2004	0.5p
22 September 2003	0.75p
30 June 2003	0.75p
24 March 2003	0.75p
7 June 2002	1.0p
11 March 2002	2.5p
26 July 2001	2.0p
Total	32.0p
Nav per C Share rebased*	50.5p
Total return per C Share (incorporating March 2014 dividend)	82.5p

*Based on an original 100.0p per Share invested at launch

Chairman's Statement

“The performance of the private equity part of the Ordinary Share portfolio including a series of realisations at attractive prices and the success of the current fund-raising, has generated significant cash balances for that fund. This underpins the Board's dividend commitment to Shareholders and provides sufficient capacity for several new investments to be made over the medium term, which we anticipate will further enhance shareholder returns.”

John Gregory Chairman

Strategic Report

This is the first time that my annual Statement has been produced under the recently introduced UK 'narrative reporting' framework. This includes a requirement to provide a separate Strategic Report with certain prescribed content in accordance with regulations made under the provisions of the Companies Act 2006. This now brings together various governance disclosures and related matters and you will find it immediately following this statement. Some of the information previously contained in my statement will therefore be found elsewhere in the Report and Accounts but my statement includes those key areas of performance which I believe are of most significance to each sub-set of Shareholders.

Performance – Ordinary Shares Fund

i. Movement in Net Asset Value of the Ordinary Shares Fund

During the year, the net assets of the Ordinary Shares Fund increased to £31.1 million at 31 December 2013 from £30.4 million at 31 December 2012.

Of this net increase, the principal contributing factors were a total of £4.2 million raised from the issue of new shares, and investment income of £0.6 million; this was offset by payment of dividends totalling £1.4 million, management fees and other expenses of £0.8 million, share buybacks of £0.7 million and disappointingly a net decrease of £1.2 million from the investment performance of the Ordinary Shares fund portfolio.

ii. Movement in Net Asset Value per Share of the Ordinary Shares Fund

During the year, the net asset value of the Ordinary Shares Fund decreased to 101.0p per share at 31 December 2013 from 111.3p per Share at 31 December 2012.

The main reason behind the fall in net assets was the aggregate performance of the investment portfolio: the private equity investments performed reasonably well but the poor performance of the small portfolio of environmental investments has meant that the overall net asset value of the Ordinary Share Fund decreased over the year.

iii. Cash & Deal Flow

During the year the Ordinary Shares Fund made the following new private equity and follow-on investments:

New Investments

Company	£
Aerospace Tooling Corporation Limited	1,500,000
Fire and Air Services Limited	1,500,000
Procam Television Holdings Limited	800,000
Total	3,800,000

Follow-on funding (including capitalised interest)

Company	£
Abacuswood Limited	120,000
AlwaysOn Group Limited	75,075
Autologic Diagnostics Holdings Limited*	73,305
Biofortuna Limited	99,095
DCG Group Limited	219,933
Flowrite Refrigeration Holdings Limited*	19,288
Trilogy Communications Limited	287,165
Withion Power Limited	136,000
Total	1,029,861

* (including capitalised interest)

Cash Availability

The Ordinary Shares Fund had cash and liquid resources of £12.1 million at 31 December 2013, which had increased to £12.2 at the time of writing. These funds will be used to make several new private equity investments over the next twelve months from Foresight Group's deal flow pipeline of new opportunities.

Additionally, a proportion of cash and liquidity will be utilised in the maintenance of payment of dividends to shareholders as well as annual running expenses and a continuing share buyback programme.

iv. Investment Gains & Losses

During the year the Ordinary Share Fund in aggregate realised net losses amounting to £529,000 and this was despite a significant gain of £4.9m from Alaric Systems Limited. The most significant losses were Sarantel plc (£3.1 million) and Corero plc (£1.7 million). Further details of these gains and losses as well as others of significance during the year are contained in the Managers' Report.

v. Running Costs

The annual management fee of the Ordinary Shares Fund is 2.0%. During the year the management fees totalled £603,000, of which £151,000 was charged to the revenue account and £452,000 was changed to the capital account. At 2.6% the total expense ratio of the Ordinary Shares Fund for the year to 31 December 2013 compares very favourably with its VCT peer group.

vi. Ordinary Share Dividends

It continues to be the Company's policy to provide a flow of tax-free dividends, generated from income and from capital profits realised on the sale of investments. However distributions will inevitably be dependent on cash being generated from portfolio investments and successful realisations.

Chairman's Statement

Based on this policy an interim dividend of 10.0p was paid on 14th March 2014 based on an ex-dividend date of 26 February 2014 and a record date of 28 February 2014.

During the year ended 31 December 2013, an interim dividend of 5.0p per Ordinary Share was paid on 14 June 2013. This dividend had an ex-dividend on 29 May 2013 and the record date for payment was 31 May 2013.

vii. Ordinary Shares Issues & Buybacks

A prospectus offer to raise £20 million was launched on 26 September 2013. At year end the offer had raised £3,772,222 through the issue of 3,646,287 Ordinary Shares based on a net asset value of 102.2p per Ordinary Share. The Company launched an Ordinary Share top-up offer on 3 December 2012 and 519,920 Ordinary Shares were allotted during the year ended 31 December 2013, based on net asset values ranging from 98.0p to 111.3p per Ordinary Share.

The Company allotted 46,334 Ordinary Shares under the Company's Dividend Reinvestment Scheme at 98.0p per share.

During the period under review 707,552 Ordinary Shares were repurchased for cancellation at a cost of £673,000 at an average discount to NAV of 10.3%. The Board and the Manager consider share buybacks to be an effective way to manage the share price discount to NAV at which the Ordinary Shares trade.

viii. Summary Post Year End Update

Following the year end, a total of £11.7 million has been raised under the current offer for subscription.

Additionally, as part of a takeover of AlwaysON Limited by DCG Group Limited, the Ordinary Shares Fund invested £130,000 into AlwaysON Limited.

A total of £3.0 million was invested into one new investment, which is expected to acquire a trading business in the next few months.

Proceeds of £20,000 were received from the liquidators of Abacuswood Limited.

Outlook – Ordinary Shares Fund

The effect of the improvement in the economy

The performance of the private equity part of the Ordinary Share portfolio including a series of realisations at attractive prices and the success of the current fund-raising, has generated significant cash balances for that fund. This underpins the Board's dividend commitment to Shareholders and provides sufficient capacity for several new investments to be made over the medium term, which we anticipate will further enhance shareholder returns.

Performance – Planned Exit Shares Fund

i. Movement in Net Asset Value of the Planned Shares Fund

During the year, the net assets of the Planned Exit Shares Fund decreased to £5,044,000 at 31 December 2013 from £6,144,000 at 31 December 2012.

Contributing to this net decrease were the Planned Exit Shares Fund dividends totalling £305,000, management fees and other expenses of £100,000 and share buybacks totalled £25,000 during the year. The principal reasons, however, behind the fall in net assets was the aggregate performance of the investment portfolio; and one investment in particular, Industrial Engineering Plastics, which fell by £814,000, as a result of tougher trading conditions. Foresight Group, however, remain confident about the longer term future prospects for this investment.

ii. Movement in Net Asset Value per share of the Planned Exit Shares Fund

Over the year, the net asset value of the Planned Exit Shares Fund decreased to 82.5p per share at 31 December 2013 from 100.0p per Share at 31 December 2012.

iii. Cash & Deal Flow

During the year the Planned Exit Shares Fund made the following new and follow-on investments:

One new investment was made during the year. As part of a £360,000 funding round in March 2013, the Planned Exit Shares Fund invested £180,000 in Industrial Efficiency Limited, an energy efficiency investment.

Follow-on funding

Company	£
DCG Group Limited	30,982
Trilogy Communications Limited	135,864
Total	166,846

The Planned Exit Shares Fund had cash and liquid resources of £88,000 at 31 December 2013, which had increased to £123,000 at the time of writing. The Planned Exit Shares Fund is considered fully invested and its investments generate a running yield, which is utilised in the payment of expenses and dividends every year.

iv. Investment Gains & Losses

There were no realised gains or losses during the year.

v. Running Costs

The annual management fee of the Planned Exit Shares Fund is 1.0%. During the year the management fees totalled £57,000, of which £14,000 was charged to the revenue account and £43,000 was charged to the capital account. The total expense ratio of the Planned Exit Shares Fund, for the year ended 31 December 2013 was 2.0%, which compares very favourably with its VCT peer group.

Chairman's Statement

vi. Planned Exit Share Dividends

An interim dividend of 5.0p per Planned Exit Share was paid on 25 October 2013. The shares were quoted ex-dividend on 9 October 2013 and the record date for payment was 11 October 2013.

It continues to be the Company's policy to provide a flow of tax-free dividends, generated from income and from capital profits realised on the sale of investments. However distributions will inevitably be dependent on cash being generated from portfolio investments and successful realisations.

vii. Planned Exit Shares Issues & Buybacks

There were no Planned Exit Shares issued during the year.

During the year under review 27,302 Planned Exit Shares were repurchased for cancellation at a cost of £25,000 at an average discount to NAV of 8.3%. The Board and the Manager consider share buybacks to be an effective way to manage the share price discount to NAV at which the Planned Exit Shares trade.

viii Summary Post Year End Update

As part of a small round of investment to acquire an existing Shareholder's shares, an investment of £1,000 was made into DCG Group.

Outlook – Planned Exit Shares Fund

The Planned Exit Shares Fund is considered fully invested and Foresight Group is working hard to manage the portfolio with a view to achieving the fund's original objective of returning 110p per Planned Exit Share to investors between the fifth and sixth anniversary of the final allotment i.e. by no later than 30 June 2016.

Performance – Infrastructure Shares Fund

i. Movement in Net Asset Value of the Infrastructure Shares Fund

During the year, the net assets of the Infrastructure Shares Fund decreased to £15,229,000 at 31 December 2013 from £15,754,000 at 31 December 2012.

Of this net decrease, the Infrastructure Shares Fund paid out dividends totalling £416,000 and management fees and other expenses of £385,000. Income for the year totalled £550,000.

ii. Movement in Net Asset Value per share of the Infrastructure Shares Fund

During the year, the net asset value of the Infrastructure Shares Fund decreased to 91.5p per share at 31 December 2013 from 94.6p per Share at 31 December 2012.

iii. Cash & Deal Flow

During the year the Infrastructure Shares Fund made the following new investments:

Company	£
Durham Infrastructure 5 limited	1,000,000
Norwich Infrastructure 4 Limited	1,000,000
Criterion Healthcare Holdings Limited	1,709,074
Lochgilthead Healthcare Holdings Limited	1,693,367
Stobhill Healthcare Facilities (Holdings) Limited	1,493,247
Wharfedale SPV (Holdings) Limited	677,947
Total	7,573,635

The Infrastructure Shares Fund had cash and liquid resources of £154,000 at 31 December 2013, which had increased to £1.6 million at the time of writing. The Infrastructure Shares Fund is currently still in its investment phase and expects to utilise its cash by making several new investments in the current year.

iv. Investment Gains & Losses

There were no realised gains or losses during the year.

v. Running Costs

The annual management fee of the Infrastructure Shares fund is 1.75%. During the year the management fees totalled £276,000, of which £69,000 was charged to the revenue account and £207,000 was charged to the capital account. The total expense ratio of the Infrastructure Shares Fund, for the year ended 31 December 2013 was 2.5%, which compares very favourably with its VCT peer group.

vi. Infrastructure Share Dividends

An interim dividend of 2.5p per Infrastructure Share was paid on 20 December 2013. The shares were quoted ex-dividend on 11 December 2013 and the record date for payment was 13 December 2013.

It continues to be the Company's policy to provide a flow of tax-free dividends, generated from income and from capital profits realised on the sale of investments. However distributions will inevitably be dependent on cash being generated from portfolio investments and successful realisations.

vii. Infrastructure Shares Issues & Buybacks

There were no Infrastructure Shares issued or bought back during the year.

viii. Summary Post Year End Update

Following the year end, a total of £1,719,000 was received from four infrastructure investments and this will be used to acquire new, qualifying infrastructure investments including solar infrastructure investments, as previously communicated to Shareholders.



Chairman's Statement

Outlook – Infrastructure Shares Fund

As previously reported, over the next few months it is expected that the Infrastructure portfolio will become fully invested in appropriate qualifying investments and this will include several significant new investments in solar infrastructure.

VCT legislation

HM Treasury has recently undertaken a consultation exercise in relation to “Enhanced Share Buy Backs” and the likely outcome is that it will not be possible to make such offers to Shareholders in future. The Manager has participated in discussions regarding the consequent legislation that the Government is proposing, with the aim of identifying and reducing the impact of any unintended consequences of this legislation that might adversely affect VCT's.

In addition, the European Commission is currently undertaking a review of the state aid regulations including the risk capital guidelines under which VCT's are approved at the European level. The aim of the review is to set out a clear framework to allow member states to grant aid without the need for the European Commission to be involved. The Association of Investment Companies (“AIC”) of which the Company is a member is involved in consideration of the rules and the Manager has provided data and case studies to assist in production of a suitable submission.

Management Arrangements

The Board has considered the impact on the Company of an EU directive regulating Alternative Investment Fund Managers which applies to most UK investment funds including the Company. To minimise the regulatory cost of compliance with this legislation the Board has decided that the Company will register directly with HM Treasury as permitted by the rules. This will not affect the current arrangements with the Manager which will continue to report to the Board and manage the Company's investments on a discretionary basis.

Annual General Meeting

The Company's Annual General Meeting will take place on 29 May 2014 at 12pm. I look forward to welcoming you to the Meeting, which will be held at the offices of Foresight Group in London. Details can be found on page 71.

Outlook

The Board is encouraged by the pickup in the UK economy in the second half of 2013. We are however conscious that there remains much to be done to place the UK economy on a sound footing, with public borrowing under proper control, and that many of our major export markets, particularly in Europe, continue to face great uncertainties.

The effect of the improvement in the economy has been noticeable in the performance of the private equity part of the Ordinary Share and Planned Exit Share portfolios. Within the Ordinary Shares portfolio, a series of realisations at attractive prices and the success of the current fund-raising, has generated significant cash balances for that fund. This underpins the Board's dividend commitment to Shareholders and provides sufficient capacity for several new investments to be made over the medium term, which we anticipate will further enhance Shareholder returns.

John Gregory

Chairman

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28 April 2014

Strategic Report

Introduction

This Strategic Report, on pages 7 to 12, has been prepared in accordance with the requirements of Section 414 of the Companies Act 2006 and best practice. Its purpose is to inform the members of the Company and help them to assess how the Directors have performed their duty to promote the success of the Company, in accordance with Section 172 of the Companies Act 2006.

Foresight VCT plc Ordinary Shares Fund

Foresight VCT plc originally raised £10.9 million through an Ordinary Share issue in the 1997/98 tax year. This fund currently has investments and assets totalling £31.1 million of which a significant portion is held in cash and is available to make new investments. The number of Ordinary Shares in issue at 31 December 2013 was 30,829,144.

Foresight VCT plc Planned Exit Shares fund

In the 2009/10 tax year, £12 million was raised through a linked offer for the Planned Exit Shares fund, the proceeds of which were divided equally between Foresight VCT plc and Foresight 2 VCT plc. These Funds comprise separate share classes within Foresight 2 VCT plc and Foresight VCT plc with their own investments and income streams.

The number of Planned Exit shares in the Company in issue at 31 December 2013 was 6,115,511.

Foresight VCT plc Infrastructure Shares fund

In the 2011/2012 tax year, £33 million was raised through a linked offer for the Infrastructure Shares fund, the proceeds of which were divided equally between Foresight VCT plc and Foresight 2 VCT plc. These Funds comprise separate share classes within Foresight VCT plc and Foresight 2 VCT plc with their own investments and income streams.

The number of Infrastructure Shares in the Company in issue at 31 December 2013 was 16,647,858.

Summary of the Investment Policy

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

Investment Objectives

Ordinary Shares fund

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

Planned Exit Shares fund

The investment objective of the Planned Exit Shares fund is to combine greater security of capital than is normal within a VCT with the enhancement of investor returns created by the VCT tax benefits — income tax relief of 30% of the amount invested, and tax-free distribution of income and capital gains. The key objective of the Planned Exit Shares fund is to distribute a minimum of 110p per share through a combination of tax-free income, buy-backs and tender offers before the sixth anniversary of the closing date of the original offer.

Infrastructure Shares fund

The investment objective of the Infrastructure Shares fund is to invest in companies which own and operate essential assets and services which enjoy long-term contracts with strong counterparties or government concessions. To ensure VCT qualification, Foresight Group will focus on companies where the provision of services is the primary activity and which generate long-term contractual revenues, thereby facilitating the payment of regular predictable dividends to investors.

Performance and Key Performance Indicators (KPIs)

The Board expects the Manager to deliver a performance which meets the objectives of the three classes of shares. The KPIs covering 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 proportion of shareholders funds.

A record of some of these indicators is contained on the following page. The total expense ratio in the period was 2.5%. Share buy-backs, have been completed at discounts ranging from 8.3% to 14.4%. The level of these KPIs are comparable 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 above.

Clearly, in the Ordinary Share fund, some investments in unquoted companies at an early stage of their development may disappoint. Investing the funds raised in high growth companies, however, with the potential to become strong performers within their respective fields creates an opportunity for enhanced returns to shareholders. The growth of this type of company is, however, largely dependent on the continuing level of expenditure on relevant products and services by larger corporations.



Strategic Report continued

	31 December 2013			31 December 2012		
	Ordinary Shares	Planned Exit Shares	Infrastructure Shares	Ordinary Shares	Planned Exit Shares	Infrastructure Shares
Net asset value per share	101.0p	82.5p	91.5p	111.3p	100.0p	94.6p
Net asset value total return	214.6p	95.5p	94.0p	216.6p	108.0p	94.6p
	Ordinary Shares	Planned Exit Shares	Infrastructure Shares	Ordinary Shares	Planned Exit Shares	Infrastructure Shares
Share price	93.0p	87.0p	97.5p	103.5p	84.4p	100.0p
Share price total return	206.6p	100.0p	100.0p	208.8p	92.4p	100.0p
	Ordinary Shares	Planned Exit Shares	Infrastructure Shares	Ordinary Shares	Planned Exit Shares	Infrastructure Shares
Dividends paid*	176.0p	13.0p	2.5p	174.1p	8.0p	—
Dividends paid in the year	5.0p	5.0p	2.5p	7.5p	5.0p	—
Dividend yield %	5.4	5.7	2.6	7.2	5.9	—

* From inception to 31 December 2013

Ordinary Shares fund

Discount to NAV at 31 December 2013	7.9%
Average discount on buybacks	10.3%
Shares bought back during the year under review	707,552
Decrease in net asset value during year (after adding back 5.0p dividend)	4.8%
Total expense ratio	2.6%

Planned Exit Shares fund

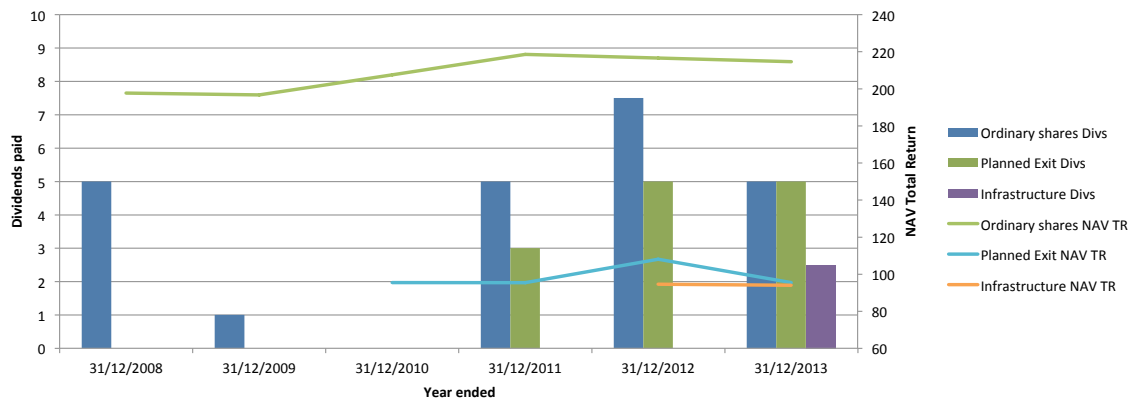
Premium to NAV at 31 December 2013	5.5%
Average discount on buybacks	8.3%
Shares bought back during the year under review	27,302
Decrease in net asset value during year (after adding back 5.0p dividend)	12.5%
Total expense ratio	2.0%

Infrastructure Shares fund

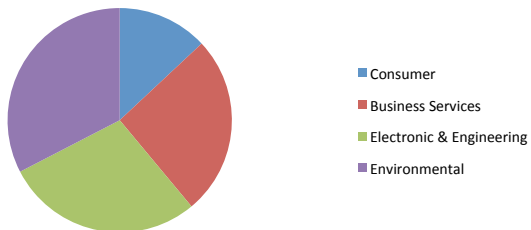
Premium to NAV at 31 December 2013	6.6%
Decrease in net asset value during year (after adding back 2.5p dividend)	0.6%
Total expense ratio	2.5%

Strategic Report continued

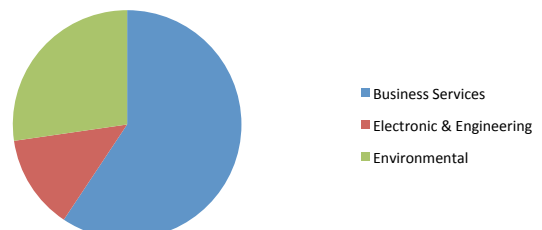
Dividends & NAV total return



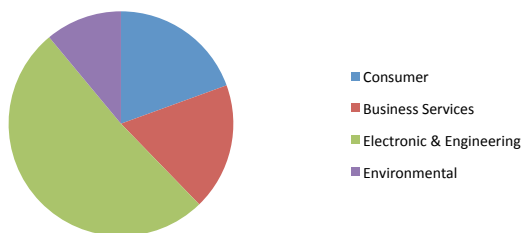
Ordinary Shares fund by Sector (Cost)



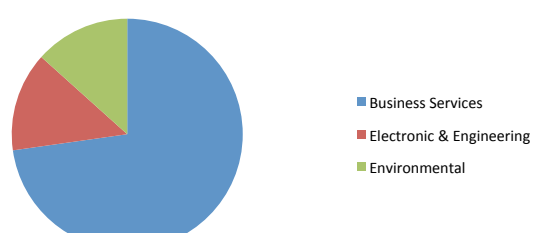
Planned Exit Shares fund by Sector (Cost)



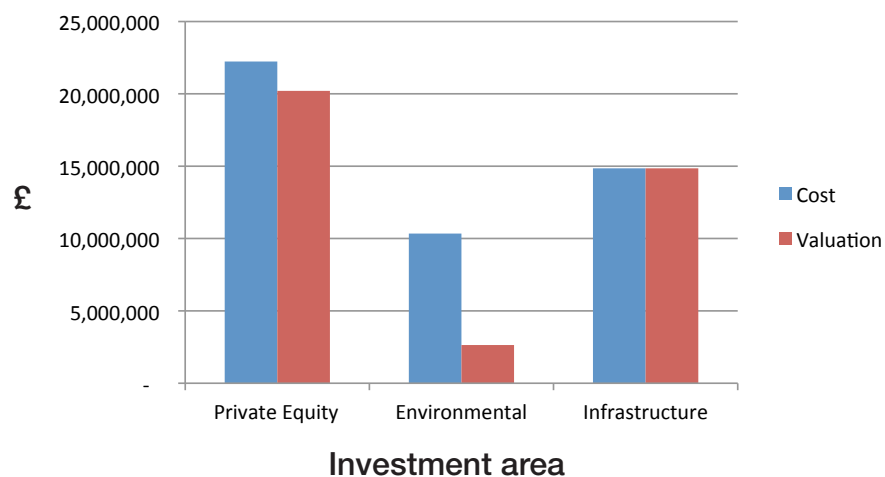
Ordinary Shares fund by Sector (Value)



Planned Exit Shares fund by Sector (Value)



Investment Areas (Company)





Strategic Report continued

Strategies for achieving objectives

Investment Policy

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

Investment securities

The Company invests in a range of securities including, but not limited to, ordinary and preference shares, loan stock, convertible securities, and fixed-interest securities 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 or AiM listed securities, cash is primarily held in interest bearing money market open ended investment companies (OEICs) as well as in a range of non-qualifying companies. Non Qualifying Investments may include holdings in money market instruments, short-dated bonds, unit trusts, OEICs, structured products, guarantees to banks or third parties providing loans or other investment to investee companies and other assets where Foresight Group believes that the risk/return portfolio is consistent with the overall investment objectives of the portfolio.

UK companies

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

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, interest bearing securities and a range of non-qualifying investments. It is intended that the significant majority (no less than 70%) of any funds raised by the Company will ultimately 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 including any guarantees to banks or third parties providing loans or other investments, is limited to 15% of the portfolio at the time of investment.

Investment style

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

Borrowing powers

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

the amount standing to the credit of its reserves). Whilst the Company does not currently borrow, its policy allows it to do so.

Co-investment

The Company aims to invest in larger, more mature, unquoted and AiM companies and, in order to achieve this, often invests alongside other Foresight funds. Consequently, at the time of initial investment, the combined investment can currently total up to a maximum of £5.0 million per annum for unquoted and for AiM investments.

VCT regulation

The investment policy is designed to ensure that the Company continues to qualify and is approved as a VCT by HM Revenue & Customs. Amongst other conditions, the Company may not invest in a single company more than 15% of its gross assets at the time of making any investment and must have at least 70% by value of its investments throughout the period in shares or securities in qualifying holdings, of which 30% by value in aggregate must be in ordinary shares which carry no preferential rights (although only 10% of any individual investment needs to be in the ordinary shares of that Company).

Management

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

Ordinary Shares fund

- Evidence of high-margin products or services capable of addressing fast-growing markets;
- The company's ability to sustain a competitive advantage;
- The strength of the management team;
- The existence of proprietary technology;
- The company's prospects of being sold or achieving a flotation within three to five years.

Planned Exit Shares fund

- Security of income and capital;
- Asset backing;
- The company's ability to provide an attractive yield for the fund;
- The prospects of achieving an exit within five years;
- The strength of the management team.

Infrastructure Shares fund

- Long-term contracts with Governmental or strong counter-parties;
- Protection from competition;
- Inflation-linked revenues over 10–50 year contract durations.

Environmental, Human Rights, Employee, Social and Community Issues

Several investments have been made in clean energy and environmental infrastructure projects which have clear environmental benefits.

The Board recognises the requirement under Section 414 of the Act to provide information about environmental matters (including the impact of the Company's business on the environment), employee, human rights, social and community issues; including information about any policies it has in relation to these matters and effectiveness of these policies. As the Company has no employees or policies in these matters this requirement does not apply.

Gender diversity

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

The Manager has an equal opportunities policy and currently employs 45 men and 22 women.

Dividend policy

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 flow of dividend payments of the order of 5p per share across all share classes, although a greater or lesser sum may be paid in any year. It is the intention to maximise the Company's 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.

Purchase of own shares

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

Principal risks, risk management and regulatory environment

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

- Economic risk
- Loss of approval as a Venture Capital Trust
- Investment and strategic
- Regulatory
- Reputational
- Operational
- Financial
- Market risk
- Liquidity risk

Further detail on these principal risks is given in note 15 on page 62. The Board regularly reviews the principal risks and uncertainties facing the Company which the Board and the Manager have identified and the Board sets out delegated controls designed to manage those risks and uncertainties. Key risks within investment strategy are managed by the Board through a defined investment policy, with guidelines and restrictions, and by the process of oversight at each Board meeting.

Operational disruption, accounting and legal risks are also covered at least annually and regulatory compliance is reviewed at each Board meeting.

The Directors have adopted a framework of internal controls which is designed to monitor the principal risks and uncertainties facing the Company and to provide a monitoring system to enable the Directors to mitigate these risks as far as possible. Details of the Company's internal controls are contained in the Corporate Governance and Internal Control sections.

Performance-related incentives

Ordinary Shares fund

Foresight is entitled to a performance incentive payout equal to 15% of the dividends paid to Ordinary Shareholders subject to the Net Asset Value plus cumulative dividends paid ('Total Return') per Ordinary Share exceeding 180.4p per Ordinary Share both immediately before and immediately after the performance incentive fee is paid

The total return at 31 December 2013 was 148.7p. This is after rebasing dividends and net asset value.

Planned Exit Shares fund

Foresight Group has a performance incentive which is conditional on distributions of a minimum of 110.0p per Planned Exit Share issued under the offer and remaining in issue at the date of calculation. The performance incentive is equivalent to the next 15.0p of distributions above this hurdle of 110.0p plus 20% of any distributions above 125.0p. The performance incentive may be satisfied in cash or by the issue of new Planned Exit Shares to Foresight Group, at the discretion of the Board. No performance incentive fees have been earned or paid during the year.

The total return at 31 December 2013 was 95.5p

Infrastructure Shares fund

Foresight Group has a performance incentive fee equal in value to 15% of Distributions made to the holders of Infrastructure Shares in excess of 100.0p per Infrastructure Share issued under the Offer and remaining in issue at the date of calculation. No payment of the performance incentive fee will be made to Foresight Group until Distributions exceed 100.0p per Infrastructure Share. Performance incentive fees may, at the discretion of the Board, be satisfied wholly or partly in cash or by the issue of new Infrastructure Shares. No performance incentive fees have been earned or paid during the year.

The total return at 31 December 2013 was 94.0p



Strategic Report continued

Valuation Policy

Investments held by the Company have been valued in accordance with the International Private Equity and Venture Capital Valuation ("IPEVCV") guidelines (December 2012) 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 ISDX Growth Market (formerly PLUS) are valued at the bid price as at 31 December 2013. The portfolio valuations are prepared by Foresight Group, reviewed and approved by the Board quarterly and subject to review by the auditors annually.

VCT Tax Benefit for Shareholders

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

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

Venture Capital Trust Status

Foresight VCT plc has been granted approval as a Venture Capital Trust (VCT) under S274—S280A of the Income Tax Act 2007 for the year ended 31 December 2012. The next complete review will be carried out for the year ended 31 December 2013. It is intended that the business of the Company be carried on so as to maintain its VCT status.

The Directors have managed, and continue to manage, the business in order to comply with the legislation applicable to VCTs. The Board has appointed SGH Martineau to monitor and provide continuing advice in respect of the Company's compliance with applicable VCT legislation and regulation. In addition, the Board has appointed KPMG LLP as taxation adviser to the Company to provide further independent assurance of compliance with venture capital tax legislation and to provide guidance on changes in taxation legislation affecting Foresight VCT plc. The Company has appointed KPMG LLP to prepare and submit the relevant annual tax returns. As at 31 December 2013 the Company had 78.0% of its funds in such VCT qualifying holdings.

Future Strategy

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

Furthermore, the Board expects that the transition of the Infrastructure Shares' fund from solely PFI investments to a mix of PFI, solar infrastructure and other infrastructure investments will enable that fund to achieve its original objectives.

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

John Gregory

Director

28 April 2014

Manager's Report

Manager's Commentary

As reported in the interim statement, there was a notable change in economic sentiment in mid 2013 which has continued to date, with further signs of improving trading conditions across the portfolio and some companies achieving record results and growing order books. After several years of considerable macroeconomic uncertainties and weak demand in a recessionary environment, we now expect the economic climate and business confidence in the UK to improve gradually, as evidenced by the continuing strength of the stock market and high level of M & A activity. Despite these positive signs, significant economic uncertainties still remain, particularly in Europe where demand is still weak, in contrast to the more promising outlook in the USA, and this gradual improvement in sentiment could be halted by external macroeconomic factors.

Having made a number of secondary PFI investments, the Infrastructure Share class is continuing to look for more such investments but increasing competition for these assets has reduced yields substantially. Although the rate of investment to date is behind original expectations, Foresight Group expects to have fully invested the fund within the next few months and negotiations are currently well advanced to make future investments in the wider infrastructure sector. Following the dividend of 5.0p per Ordinary Share paid in June 2013, a further interim dividend of 10.0p per Ordinary Share was paid on 14 March 2014. This increase in dividend from the normal target of 5.0p per Ordinary Share reflects recent successful realisations, most notably the sale of Alaric Systems for £7.1 million (including amounts in escrow) in December 2013, over five times the original cost of investment.

Having realised a significant number of investments over recent years, we continue to focus on achieving profitable realisations from the portfolio to facilitate the payment of further dividends and make new investments.

An interim dividend of 5.0p per Planned Exit Share was paid on 25 October 2013 and an interim dividend of 2.5p per Infrastructure Share was paid on 11 December 2013.

Progress on the Current £20 million Ordinary Share Fund Raising

As indicated in the interim statement, the Board launched a full prospectus on 26 September 2013 to raise up to £20 million by the issue of new Ordinary Shares. The securities note for this issue and a related application form were sent to all existing shareholders in each of the Foresight VCTs. The issue has been well received by both new and existing investors, with over £11 million being raised to date.

Foresight are currently experiencing strong deal flow, seeing an increasing number of high quality private equity investment opportunities, examples being Aerospace Tooling, Fire and Air Services and Procram Television referred to below. Foresight believe that, with the UK and US economies showing signs of continuing recovery, investing in growing, well managed private companies in this phase of the economic cycle should, based on past experience, generate attractive returns over the long term. With realistic pricing

expectations being expected by companies and selling shareholders, limited funding available from banks and relatively lower competition for deals, Foresight believe that attractive deals are currently available on favourable terms and will utilise the funds currently being raised to take advantage of this window of opportunity.

Portfolio Review: Ordinary Shares fund

1. New Investments

Company	£
Aerospace Tooling Corporation Limited	1,500,000
Fire and Air Services Limited	1,500,000
Procram Television Holdings Limited	800,000
Total	3,800,000

2. Follow-on funding (including capitalised interest)

Company	£
Abacuswood Limited	120,000
AlwaysOn Group Limited	75,075
Autologic Diagnostics Holdings Limited*	73,305
Biofortuna Limited	99,095
DCG Group Limited	219,933
Flowrite Refrigeration Holdings Limited*	19,288
Trilogy Communications Limited	287,165
Withion Power Limited	136,000
Total	1,029,861

*includes capitalised interest

3. Realisations

- Proceeds of £6,014,417 were received in December from the sale of the investment in Alaric Systems to NCR Corporation for £51.6 million in total, representing more than five times original cost. Loan repayments (£66,454) and redemption premia (£199,361) totalling £265,815 were also received from Alaric Systems during the year.
- Leisure Efficiency II Limited, Leisure Efficiency III Limited and Wholesale Efficiency II Limited repaid £675,150, £2,000,000 and £1,000,000 respectively to provide funds for the new investments in Aerospace Tooling Corporation Limited, Fire and Air Services Limited and Procram Television Holdings Limited.
- Following a public takeover offer from Espial Group Inc, the entire investment in Aim listed ANT plc was sold in February, realising £407,252. The entire investment in AiM listed Corero Network Security plc and the remaining investment in AiM listed Sarantel Group were also sold, realising £191,110 and £13,831 respectively.
- Following a notably successful first 18 months trading after its Foresight funded MBO, Flowrite repaid a loan of £314,484, including rolled up interest, representing some 75% of original cost of investment.
- Deferred consideration and further proceeds of £256,910 were



Manager's Report continued

received from AppDNA and £89,404 was recovered from the administration of i-plas Group.

4. Material provisions to a level below cost in the year

Company	£
Abacuswood Limited	367,194
Aigis Blast Protection Limited	100,442
alwaysOn Limited	291,107
iCore Limited	175,000
Trilogy Communications Limited	764,977
Withion Power Limited	605,586
Total	2,304,306

5. Performance Summary

The net asset value decreased by 4.8% to 101.0p, after allowing for the 5.0p dividend, from 111.3p as at 31 December 2012

During the year, several of the portfolio companies in the Ordinary Shares fund continued to perform strongly, principally Aquasium Technology, Autologic Diagnostics, Blackstar Amplification and Flowrite Refrigeration, their aggregate valuations increasing by £0.8 million. The investment in Alaric Systems was sold in December 2013 to NCR Corporation for £7.1 million (including money held in escrow), helping to facilitate the payment of a dividend of 10p per Ordinary Share on 14 March 2014. This has been counterbalanced by provisions made against two environmental investments, Abacuswood and Withion Power, as well as Trilogy Communications.

No new environmental investments have been made since 2010 and the Board and Investment Manager have for some years agreed to focus solely on private equity investments. Reflecting better risk adjusted returns available from private equity investments such as MBOs, MBIs, shareholder recapitalisations and growth capital, the Investment Manager has for sometime been focusing solely on private equity investments. After making the provisions against the above two environmental investments, Closed Loop Recycling is now the only material remaining environmental investment (representing 5.6% of net assets). Following a successful £12.8 million fund raising to double its capacity to fulfil long term orders this company appears to be well placed for growth, although this continues to be dependant on a number of external factors. Consequently, the Board and Investment Manager believe that any further strong performance in the private equity portfolio of the Ordinary Shares fund will no longer be offset by further material environmental investment write-downs.

Several of the portfolio companies are displaying strong order books and revenue and profit growth, giving grounds for cautious optimism about further value growth.

The M & A market continues to be active which augurs well for further realisations. Although the economic outlook is definitely improving, the recovery is still considered fragile and could easily be stymied by changes in macroeconomic fundamentals. With cash from realisations and the proceeds from the current £20 million fund raising, Foresight will be in a good position to take advantage of its current strong deal flow and is now actively pursuing new investment opportunities.

Portfolio Review: Planned Exit Shares fund

1. New Investments

One new investment was made during the year. As part of a £360,000 funding round in March 2013, the Planned Exit Shares fund invested £180,000 in Industrial Efficiency Limited, an energy efficiency investment.

2. Follow-on funding

Company	£
DCG Group Limited	30,982
Trilogy Communications Limited	135,864
Total	166,846

3. Realisations

- A loan of £50,000 was repaid by Withion Power.
- Loans totalling £115,000 were repaid by Leisure Efficiency.
- A loan of £25,000 was repaid by Industrial Efficiency.

4. Material provisions to a level below cost in the year

Company	£
Industrial Engineering Plastics Limited	813,757
Withion Power Limited	223,952
Total	1,037,709

5. Performance Summary

As referred to in the interim statement, the performance of the Planned Exit Shares fund during the year was affected by both positive and negative factors, the latter outweighing the former, resulting in the net asset value per Planned Exit Share decreasing by 12.5% to 82.5p per share from 100.0p as at 31 December 2012, after taking into account the payment of a 5.0p dividend in October 2103

On the positive side, Channel Safety Systems, DCG Group, Industrial Efficiency and Leisure Efficiency all continue to perform satisfactorily. Channel Safety Systems is currently trading at record levels while the investment in DCG Group benefitted from the purchase of further shares and the crystallisation of a loan redemption premium.

The Planned Exit Shares fund is now fully invested in a range of established businesses. Notwithstanding the currently tough trading conditions being experienced by Industrial Engineering Plastics and Trilogy Communications, the encouraging prospects at Channel Safety Systems, DCG Group, Leisure Efficiency, Industrial Efficiency and Closed Loop Recycling following its successful raising of £12.8 million of loans to double its capacity, give comfort that the Planned Exit Shares fund's return objectives can be met. Foresight is actively monitoring the performance and likely returns from each investment to ensure that sufficient interest and cash are generated to meet the fund investors' running yield expectations and is working on meeting the planned capital repayment profile.

Portfolio Review: Infrastructure Shares fund

1. New Investments

Company	£
Durham Infrastructure 5 limited	1,000,000
Norwich Infrastructure 4 Limited	1,000,000
Criterion Healthcare Holdings Limited	1,709,074
Lochgilphead Healthcare (Holdings) Limited	1,693,367
Stobhill Healthcare Facilities (Holdings) Limited	1,493,247
Wharfedale SPV (Holdings) Limited	677,947
Total	7,573,635

2. Realisations

During the year, £6,300,000 was received from limited companies preparing to trade. Stirling Gateway also repaid £8,625 in loans.

3. Performance Summary

By the closing date of 18 July 2012, a total of £33,295,716 had been raised for the Infrastructure Shares fund jointly with Foresight 2 VCT's Infrastructure Shares fund (i.e. c. £16.6 million for each fund). The strategy of both funds is to invest in infrastructure assets on a pari passu basis, in the secondary PFI, energy efficiency and onsite power generation markets.

Although the rate of investment to date is behind original expectations, Foresight Group expects to have fully invested the fund within the next few months. In accordance with the original investment policy, these investments may be made within the wider infrastructure sector including solar investments or energy related investments where the strength of the investment counterparty will be a priority.

The overall yield on the infrastructure portfolio has, due to market competition within the PFI sector, been negatively impacted over the last 12 months but this is being addressed with the wider investment focus described above. The Board anticipates paying a total of 5p per share in dividends on the infrastructure shares by July 2014 as originally targeted but it is possible that these dividends may come out of a combination of both revenue and capital reserves.

The two funds have acquired shareholdings in eight operating PFI companies, comprising four in the education sector and four in the health sector. Across the eight investments in the portfolio, the Infrastructure Shares fund manages 13 individual schools, three acute

hospitals and one forensic psychiatry unit. In terms of geographic diversification, four of the investments are located in Scotland, three in England and one in Northern Ireland. All of the projects are contracted under UK PFI standard form and the counterparties are various Local Authorities and NHS Trusts. All of the investments have strong operating records and have remaining contract terms ranging from 13 to 28 years. They also have project finance debt in place with interest rate hedging contracts for the duration of the concession removing any refinancing or interest rate risks. All of the companies have long term facilities management subcontracts in place which pass all operational risks through to blue chip companies that are well established in the UK PFI market. Strong progress has been made towards investing the majority of the Infrastructure Shares fund in secondary PFI investments with 60% invested to date, although the proportion of VCT qualifying investments and yield profile are below the levels targeted. Secondary PFI yields have fallen significantly during the last 12 to 18 months owing to increased competition from four new PFI infrastructure funds and various tap issues from established funds, driven by increasing investor appetite for PFI investments. Foresight experienced first hand these falling yields when the Infrastructure Shares fund was out-bid during competitive bidding processes. Although the yield profile of the current PFI investments is lower than planned, Foresight expects to invest the balance of the fund to generate superior yields in order to compensate for this reduction.

Although advance VCT clearances have been received from HMRC in respect of four of the portfolio investments, only one has been executed as a VCT qualifying investment because the co-shareholders in three of those companies would not co-operate in entering into a VCT qualifying structure. The funds raised via the Infrastructure Share class will fall within the Company's qualifying holdings test from December 2014 and the intention is to increase the VCT qualifying proportion of the Infrastructure Share class to achieve 70% by this date. Prior to this date, the non-qualifying assets will be refinanced with a component of third party shareholder debt to reduce the VCT's non-qualifying holdings and the refinancing proceeds will subsequently be used to invest in either additional qualifying PFI assets or qualifying solar infrastructure assets in accordance with the investment policy.

Portfolio Company Highlights

The new **Abacuswood** management team, led by Julian Tranter, an experienced CEO, planned to double plant capacity at Bridgend and ultimately expand into the growing distributed energy supply markets by establishing ESCos (Energy Supply Companies). The company continued to incur small EBITDA losses at the Bridgend plant during 2013. Although demand for the plant's high quality wood pellets continue to exceed supply, overcapacity in the UK wood pellet market adversely impacted the selling price, with a consequent pressure on margins. Following protracted discussions with potential funders, the Company revised its business plan, reduced its overheads further and re-entered into discussions with a number of potential funders to raise £5.5 million to double wood pellet production capacity to 50,000tpa and reduce its energy costs by installing a new pellet fuelled boiler, thereby benefitting from additional revenues under the Government's Renewable Heat Incentive. The key risk was the timely availability of this required funding but ultimately a funding round could not be concluded. The Foresight VCTs subsequently decided not to provide



Manager's Report continued

any further support to maintain operations and so the company was placed into administration on 17 May 2013, with the prospect of only limited recoveries, necessitating a provision of £367,194 being made against the cost of the investment. **Held in the Ordinary Share fund.**

In June, the Ordinary Shares fund invested £1.5 million alongside other Foresight VCTs in a £3.5 million shareholder recapitalisation of Dundee based **Aerospace Tooling Limited**, a well established specialist engineering company providing repair, refurbishment and remanufacturing services to large international companies for components in high-specification aerospace and turbine engines. The company was founded in 2007 by the former CEO, John Seaton, who, following the transaction, has assumed the role of Executive Chairman. John Green, formerly General Manager of the Dundee facility, became Operations Director, alongside a newly appointed Finance Director and Business Development Director. With a heavy focus on quality assurance, the company enjoys good relationships with companies serving the aerospace, military, marine and industrial markets. A number of recent orders have underpinned growth, profitability and cash generation in the current financial year, such that turnover is now expected to double and profits to increase significantly, justifying an increase in valuation of £847,709. **Held in the Ordinary Share fund.**

Aigis Blast Protection, a small Derby based technology company specialising in developing blast absorption materials for homeland security applications such as bomb containment units, munitions boxes and anti-mine boots, was placed into administration in December 2013 due to poor, erratic order intake and consequent liquidity problems. A full provision of £100,442 has been made against the remaining cost of investment. **Held in the Ordinary Share fund.**

Alaric Systems, which develops and sells credit and debit card authorisation and card anti fraud software to major financial institutions and retailers worldwide, achieved an audited PBIT of £1.3 million on sales of £9.8 million for the year to 31 March 2013. Having won several significant orders during 2013 and with a number of large contracts in prospect, an exit process was initiated which resulted in a sale of the company to NCR Corporation for £51.6 million in December 2013. In total, the Ordinary Shares fund received £6.01 million at completion with a further £1.12 million held in escrow, (to be released in tranches over the next four years), generating a return of just over 5 times original cost of investment. Loan repayments (£66,454) and redemption premia (£199,361) totalling £265,815 were also received from Alaric Systems during the year. **Held in the Ordinary Share fund.**

Following a change of management at **alwaysON Group**, the turnaround of this VPN/VOIP service provider made progress during the year to 30 June 2012, achieving a break even operating profit on sales of £2.7 million. For the year to June 2013, an EBITDA loss of £388k was incurred on sales of £2.9 million, reflecting considerable investment in upgrading the underlying network and recruiting additional staff for the network and applications teams. In August, £75,075 was invested as part of a £250,000 round alongside other Foresight VCTs to fund the company's working capital requirements. Although good progress was made during 2013 in building a sales pipeline and, as one of only

two Tier 1 Microsoft Lync partners in the UK, also developing channels to resell this product, conversion into orders proved to be slower than expected, resulting in continuing losses. These were compounded by a number of technical issues in late 2013/early 2014. Although a formal sale process was implemented, this proved to be inconclusive, and after the year end in February 2014, a merger proposal was accepted from DCG Group, another Foresight VCT investee company. **Held in the Ordinary Share fund.**

For the year to 31 December 2012, **Aquasium Technology**, after adjusting for the sale of EBTEC division which has been sold, achieved a NPBT of £608,000 on sales of £8 million reflecting continuing demand for CVE's smaller electron welding machines. Trading in the year to 31 December 2013 was stronger, reflecting a growing sales pipeline and orders from a wider customer base across a range of industries, generating a significant increase in profits. In June 2012, Aquasium's Massachusetts based engineering services subsidiary, Ebtec Corporation, was successfully sold to NASDAQ listed EDAC Technologies Corporation for \$11 million, generating a 2.5 times return. Having invested a total of £1.93 million in Aquasium since 2001, the Company received £3,036,059 from the sale of Ebtec. During 2013, the company paid £518,345 in redemption premia and interest. The Company still holds 33% of Aquasium's equity and £666,667 of loans. With its partners, Aquasium is continuing its development of new electron beam technologies which are expected to have considerable commercial potential. **Held in the Ordinary Share fund.**

AtFutsal Group provides facilities for futsal, an increasingly popular type of indoor football with 30 million participants worldwide and the only type of indoor football recognised by the Football Association. The business has evolved so that its core focus is now on running education programmes for 16 to 18 year olds in conjunction with Football League clubs, educational establishments and training organisations. AtFutsal has developed its own education software platform so that it can provide a number of educational services previously outsourced. For the current student year which commenced in September 2013, the company registered some 1,200 students on its futsal related courses, nearly double the number in the previous student year. The educational activities are performing well, with plans to broaden the range of courses offered and increase the numbers of students overall. Although trading has improved at each of the three arenas, the Swindon and Leeds arenas continue to incur small losses. The company has reached near cash break even and management is focussed on developing new strategies for the educational activities while improving utilisation of the arenas to ensure that all are operating at cash break even or better. **Held in the Ordinary Share fund.**

Approximately 50% of the investment in **Autologic Diagnostics** was successfully sold in January 2012 in a £48 million secondary management buy-out funded by ISIS Equity Partners. The sale generated cash proceeds of £2.187 million for the Ordinary Shares fund (nearly 2.7 times original cost of £0.8 million). The Ordinary Shares fund has retained an ongoing investment of £1.486 million in a combination of equity and loan stock in the new buy-out company. In the year ended 31 December 2012, an operating profit of £5.9 million

was achieved on sales of £17.2 million (£5.2 million on sales of £12.2 million in 2011). In 2013, the management team was strengthened, a new CEO being recruited together with new Operations and Marketing directors. The company underperformed slightly against the previous year, however, in large part reflecting a slowing in the sales of one-off hardware into the UK and European markets. The UK market is maturing and continental Europe was affected by a relative lack of sales focus. The USA continues to perform well, largely driven by a well-structured sales effort. As at 31 December 2013, the company had a healthy cash balance of more than £5 million. The new management team believes long term value creation will be driven by moving to a subscription based business model with a greater proportion of recurring revenues. Such a move would likely see revenues and earnings dip before growth recovers. In the long term the quality of earnings should improve, helping to drive value. During the year, interest of £73,305 deferred under the terms of the loan agreement with Autologic was capitalised. **Held in the Ordinary Share fund.**

Biofortuna, a molecular diagnostics business based in the Wirral, has developed unique expertise in the important area of enzyme stabilisation, effectively hi-tech freeze drying. Its first range of products, SSPGo, is a series of genetic compatibility tests for organ transplant recipients, although the application of the technology is extremely broad. Because of the company's stabilisation and freeze-drying technology, its products can be transported easily (in the post if needed) and stored at room temperature for up to two years. In August, a two tranche £1.3 million funding round to finance capital expenditure and working capital requirements was completed, of which £99,095 was invested by the Ordinary Share fund as part of the first £875,000 tranche. The company is making progress in a number of areas, including broadening its product range, increasing manufacturing capacity and improving internal processes. Following successful trials, Biofortuna has obtained FDA approval for its SSPGo genetic testing product range, a particularly important milestone enabling access to the USA market, the largest in the World. A recent manufacturing issue was successfully addressed but delayed output, which was caught up resulting in the highest monthly sales to date. The freeze-dried kit manufacturing service shows promise, with paid for feasibility studies and contract discussions occurring with a number of parties. **Held in the Ordinary Share fund.**

In July 2012, the Ordinary Shares fund invested £2.5 million in Northampton based **Blackstar Amplification Holdings** alongside £1 million from Foresight 4 VCT to finance a management buy-out of and provide growth capital to Blackstar Amplification Limited. The company was founded in 2004 by four senior members of the new product development team at Marshall Amplification to design and manufacture a range of innovative guitar amplifiers. Following commercial launch in 2007, sales grew rapidly, reflecting new product launches and entry into new markets, and a global brand was soon established. In its financial year to 30 April 2013, the company achieved an EBITDA of £394k on sales of £8.1 million, nearly double that achieved in the previous year. Reflecting continuing investment in new product development and marketing initiatives, a similar performance is now expected for the current year to April 2014. Management is focused on product sell through in established markets while also increasing the company's presence in new, emerging markets, such as Asia and South

America. The company currently has a presence in over 35 countries Worldwide and its products are stocked in over 2,500 stores globally. Management is also focused on completing the portfolio of core amplifiers, whilst investigating brand extension into non-core markets. The new ID: Lite range of amplifiers, which will be the company's first products at the value end of the market, is expected to come to market in early 2014. **Held in the Ordinary Share fund.**

In December 2010, the Planned Exit Shares fund provided £565,000 to partially fund a management buy-in of long established Petersfield based **Channel Safety Systems** which designs and distributes fire safety systems and emergency lighting, as well as providing associated services. Having traded profitably through the recession, the company achieved an operating profit of over £420,000 on sales of £8.3 million for the year to 31 October 2012. Despite some temporary overseas supply problems in early 2013, the performance in the year to 31 October 2013 appreciably exceeded that achieved in 2012. The management team is implementing a growth strategy, including introducing new products such as energy efficient LED emergency lighting, a domestic fire detection range and is combining this with a more effective marketing programme. **Held in the Planned Exit Share fund.**

In January 2013, **Closed Loop Recycling** concluded a major new supply contract and new customer contracts worth £17 million per annum, as well as securing £12.8 million of loan finance (of which £6 million was provided by the Foresight Environmental Fund) to double production capacity at the Dagenham plant. Once the additional capacity is fully operational, annual revenues are expected to double, principally through these long-term supply contracts, and future profits are expected to increase substantially. Short term facilities provided by the current bankers, Allied Irish Bank, have been placed onto a term basis. In April 2013, the additional plastic waste sorting equipment was successfully installed whilst maintaining production, with an immediate beneficial impact on efficiency and output, resulting in record monthly turnover. In September 2013, additional production equipment was also successfully installed and commissioned, the first output from this additional capacity being produced in November 2013 and immediately meeting food grade standards. A number of continuing issues have arisen which are being addressed. These, together with temporary feedstock supply disruptions during December and January constrained planned growth in output and resulted in losses being incurred for longer than anticipated. The Company is expected to return to positive monthly EBITDA shortly which will increase substantially when the final machine, a third extruder, is installed. Management is examining a number of avenues to improve profitability further. **Held in the Ordinary Share and Planned Exit Share funds.**

DCG Group designs, sources, implements and maintains data storage solutions for companies and provides them as a managed service. Managed service contracts typically run for an initial term of three years and the company has a high level of customer retention. The £750,000 initial investment from the Planned Exit Shares fund was used to re-finance existing loans and to provide additional working capital to enable the company to continue the growth of its managed services.



Manager's Report continued

For the year to 31 March 2013, an EBITDA of £540,000 was achieved on sales of £5.6 million, most of which was recurring revenue. In response to increasing pricing pressure reflecting the general economic climate and reducing hardware costs, sales efforts have been increased and more channel partners are being recruited to resell DCG's services to their customers but this has yet to translate into improved orders. The company has invested in a new Support Operations Centre as well as additional sales resource. In January 2013, further shares representing 12.8% of the equity were acquired from other departing shareholders for £250,915 (£219,933 by the Ordinary Shares fund and £30,982 by the Planned Exit Shares fund). DCG Group is currently in the process of being merged with alwaysON Group. **Held in the Ordinary Share and Planned Exit Share funds.**

In August 2013, the Ordinary Shares fund invested £1.5 million alongside other Foresight VCTs in a £2.5 million shareholder recapitalisation of Stockport based **Fire and Air Services**, a hard facilities management provider which designs, installs and services air conditioning and fire sprinkler systems for retail, commercial and residential properties through a national network of engineers. The company focusses primarily on the retail sector and enjoys long term customer relationships and multi-year preferred supplier contracts with various blue chip high street retailers, giving good visibility on revenues. Two recent acquisitions give access to new customer relationships and the commercial real estate sector. Contracts have recently been entered into with two major retailers, further increasing the visibility of the sales pipeline. **Held in the Ordinary Share fund.**

In May 2012, the Ordinary Shares fund invested £492,500 in **Flowrite Refrigeration Holdings** alongside other Foresight VCTs to finance the £3.2 million management buyout of Flowrite Services Limited, a long established Maidstone based company which provides refrigeration and air conditioning maintenance and related services nationally, principally to leisure and commercial businesses such as hotels, clubs, pubs and restaurants. For the year to 31 October 2013, the company achieved an operating profit of £852,000 on sales of £7.9 million. Management has accelerated sales efforts, won a number of significant new contracts and customers and also reviewed several potential acquisitions with the aim of broadening its national coverage. In the year to 31 October 2013, reflecting a particularly busy summer, the company traded well ahead of budget and repaid much of the buyout bank debt finance. Interest of £31,785 was deferred under the terms of the loan agreement and capitalised to 31 October 2013, which was repaid prior to the year end. In December 2013, again reflecting continuing strong trading, Flowrite repaid a loan (£282,699), rolled up interest (£31,785) and accrued interest (£47,661) totalling £362,145, representing some 75% of original cost of investment, after only 18 months following the MBO. **Held in the Ordinary Share fund.**

iCore provides specialist IT consultancy services to major corporate clients in the UK and Europe to drive service improvements and maximise returns on IT investments. These services include strategic IT reviews, infrastructure design and management and outsourcing to project and business process management. Although the company achieved a net profit of £306,000 on sales of £6.5 million in the year

ended 30 June 2013, revenues and profitability are dependent on a small number of contracts at any one time and also the availability of sufficient, experienced consultants. Because of these constraints which limit upside potential, agreement has been reached for the company to purchase the investment. **Held by the Ordinary Shares fund.**

As a part of a £360,000 funding round in March 2013, the Planned Exit Shares fund invested £180,000 in **Industrial Efficiency**, alongside £180,000 from the Foresight 2 Planned Exit Shares fund. The company installs and maintains proven and robust energy switching equipment, allowing end customers to reduce emissions and make significant cost savings. The company completed its first energy cost reduction project in September 2013, with a major building supplies manufacturer as its first client, and has received its first payment. Returns are based solely on the cost savings made and do not depend on government subsidies or Feed-in Tariffs. In October, a loan of £25,000 was repaid. **Held in the Planned Exit Share fund.**

In December 2011 and March 2012, the Planned Exit Shares fund provided a total of £875,000 by way of loans and equity to partially fund a management buy-in at **Industrial Engineering Plastics**. The company is a long established Liphook based plastics distributor and fabricator to a wide range of industries nationally, principally supplying ventilation and pipe fittings, plastic welding rods, hygienic wall cladding, plastic tanks and sheets. For the year ended 30 November 2012, with some 20 employees, the company achieved an EBITDA of £646,000 on sales of £4.9 million, slightly ahead of the previous year's performance. To replace the founder, a new Chief Executive was recruited and in early 2013, a new General Manager was also appointed. The team is focussing on improving sales, consolidation and operational efficiency. In the year to 30 November 2013 and currently, the company is experiencing more challenging conditions and lower profitability as a result of increased competition and pressure on margins but sales efforts have been consequently increased. **Held in the Planned Exit Share fund.**

As part of a £1.38 million funding round in January 2012, the Planned Exit fund invested £690,000 in **Leisure Efficiency**. The company installs and maintains proven energy efficiency equipment, including voltage optimisers and heat exchangers, in 34 David Lloyd Leisure ("DLL") sites across the UK. With a fixed life of seven years, the company will generate a strong yield over that period, after which it will be sold to DLL for a nominal value. Revenues are generated from taking a significant part of the value of the energy savings made by the equipment. The equipment is currently saving energy in excess of original projections and the company has already received several cash payments from DLL. On 30 September 2013, the company repaid loans of £115,000. **Held in the Planned Exit Share fund.**

In April 2013, the Ordinary Shares fund invested £800,000 alongside other Foresight VCTs in a £1.8 million round to finance a management buy-out of **Procam Television Holdings**. Procam Television Holdings is one of the UK's leading broadcast hire companies, supplying equipment and crews for UK location TV production to broadcasters, production companies and corporates for over 20

years. Headquartered in Battersea, London, with additional facilities in Manchester, Edinburgh and Glasgow, Procam Television Holdings employs 103 people and has supported shows including Made in Chelsea, ITV's Splash, Watch's The Incredible Mr Goodwin, BBC2's The Great British Sewing Bee, Derren Brown and The Great British Bake Off. It is a preferred supplier to BSkyB and an approved supplier for BBC and ITV. Over the last four years revenues have doubled, following the introduction of new camera formats. The management buy-out team was led by current Managing Director John Brennan while the former CEO of Carlton Television, Clive Jones, has been appointed as Chairman. Trading in the year to 31 December 2013 was ahead of the previous year. The company plans to gain greater market share by launching new facilities and services during the current year. In September 2013, Procam Television Holdings acquired one of its competitors, Hammerhead, with facilities in London, Manchester, Edinburgh and Glasgow, in order to broaden the customer base and national coverage and realise various synergistic benefits. This acquisition has now been successfully integrated and is expected to improve profits substantially. **Held in the Ordinary Share fund.**

Trilogy Communications achieved strong trading results in the two years to 29 February 2012, following a number of contract wins in the defence sector with partners such as Northrop Grumman and Raytheon. Trading in the year to 28 February 2013 was however adversely affected by the deferral of certain expected orders under long-term defence programmes, particularly from the US, reflecting uncertainties about reductions in US defence spending. Specified annual reductions in such spending are now in place (the so called 'Sequester'). In the year to 28 February 2014, Trilogy Communications initially incurred substantial trading losses but, following further cost reductions and a partial recovery in defence orders, the company is nearing breakeven EBITDA. A new Chief Operating Officer has recently been appointed, which has already resulted in a number of significant improvements. The broadcast division continues to win orders and trade satisfactorily. As part of a phased £1.09 million funding round in June 2013 to meet the company's working capital requirements, the Ordinary Shares fund and the Planned Exit Shares fund advanced loans in three tranches totalling £287,165 and £135,864 respectively. To reflect the current trading performance, the valuation of the investment has been reduced by £764,977 in the Ordinary Shares fund and by £139,500 in the Planned Exit Shares fund. **Held in the Ordinary Share and Planned Exit Share funds.**

Withion Power successfully built and commissioned a second generation 0.5MW advanced gasification waste wood to energy plant in Derby, being the first of three planned phases to build ultimately a 3MW plant. Operating this small, first phase of the plant alone was always recognised as being uneconomic. The decision was taken to hibernate the plant until additional planned finance for much larger second and third phases could be raised from strategic partners and funders or, alternatively, redevelop the site but these all proved impossible. Although discussions were held with potential funders as well as with possible strategic partners to exploit this technology, no funding was forthcoming and the company was put into liquidation on 28 June 2013. To meet running costs such as insurance and security, short term loans totalling £136,000 were advanced during the first half of

the year from the Ordinary Shares fund. A full provision of £605,586 has been made against the cost of this investment in the Ordinary Shares fund and a provision of £223,952 has been made against the cost of investment in the Planned Exit Shares fund as this fund has prior ranking security over certain surplus assets. The Planned Exit Shares fund has already been repaid a loan of £50,000 and a further £101,000 is expected to be repaid from sales of these assets.

Under the terms of the merger between the Ordinary Shares fund and the Keydata VCTs in February 2011, additional share consideration would have been due to former Keydata shareholders after September 2013 if the value of the merger assets (Withion Power) at 30 September 2013 had exceeded their value at the time of the merger. Following the company's liquidation, the value of the merger assets was nil at that date and no such share consideration was payable. **Held in the Ordinary Share and Planned Exit Share funds.**

David Hughes

Chief Investment Officer
Foresight Group
28 April 2014



Investment Summary

Ordinary Shares Fund

Investment	31 December 2013			31 December 2012	
	Amount invested £	Valuation £	Valuation Methodology	Amount invested £	Valuation £
Blackstar Amplification Holdings Limited	2,500,000	2,916,548	* Discounted earnings multiple	2,500,000	2,500,000
Aquasium Technology Limited	1,000,000	2,514,771	* Discounted earnings multiple	1,000,000	2,318,660
Aerospace Tooling Corporation Limited	1,500,000	2,347,709	* Discounted earnings multiple	—	—
Autologic Diagnostics Group Limited	1,654,542	2,098,632	* Discounted earnings multiple	1,582,872	2,130,439
Closed Loop Recycling Limited	1,936,319	1,736,319	* Discounted cash flow	1,936,319	1,710,680
Fire and Air Services Limited	1,500,000	1,500,000	* Cost	—	—
Data Continuity Group Limited	490,032	1,094,444	* Discounted revenue multiple	270,099	1,786,767
Procam Television Holdings Limited	800,000	800,000	* Cost	—	—
Trilogy Communications Holdings Limited	1,280,880	680,188	* Discounted revenue multiple	993,715	1,158,000
Flowrite Refrigeration Holdings Limited	211,138	511,365	* Discounted earnings multiple	504,997	504,997
alwaysON Group Limited	630,531	244,976	Discounted revenue multiple	555,456	461,008
Biofortuna Limited	411,598	411,598	Recent funding round	312,531	312,531
iCore Limited	750,000	200,000	Cost less impairment	750,000	375,000
AtFutsal Group Limited	369,161	184,581	Cost less impairment	369,161	184,581
Abacuswood Limited	677,781	31,697	Administration proceeds	557,781	278,891
i-plas Group Limited	516,853	—	Nil value	606,257	—
DSM GeoData Limited	700,000	—	Nil value	700,000	—
Silvigen Limited	777,764	—	Nil value	777,764	—
Aigis Blast Protection Limited	860,325	—	Nil value	860,325	100,442
Nanotecture Group plc	1,000,000	—	Nil value	1,000,000	—
Oxonica plc	2,804,473	—	Nil value	2,804,473	—
Withion Power Limited +	5,017,546	—	Nil value	4,881,546	469,586
Alaric Systems Limited	—	—	Sold	1,404,418	6,374,892
ANT plc	—	—	Sold	1,225,600	387,386
Corero Network Security plc	—	—	Sold	1,903,116	455,544
Leisure Efficiency II Limited	—	—	Sold	675,150	675,150
Leisure Efficiency III Limited	—	—	Sold	2,000,000	2,000,000
Sarantel Group plc	—	—	Sold	3,134,493	34,550
Wholesale Efficiency II Limited	—	—	Sold	1,000,000	1,000,000
Docherty Heat and Energy Distributor Limited	—	—	Dissolved	9,438	9,438
	27,388,943	17,272,828		34,315,511	25,228,542

* Top ten investments by value shown on pages 22 to 23.

+ The Ordinary Share Fund's investment in Withion Power Limited was invested by Keydata Income VCT 1 plc and Keydata Income VCT 2 plc before they merged with Foresight VCT plc on 28 February 2011. The value of the investment at the date of the merger was £3,960,984.

Investment Summary

Planned Exit Shares Fund

Investment	31 December 2013		Valuation Methodology	31 December 2012	
	Amount invested £	Valuation £		Amount invested £	Valuation £
Data Continuity Group Limited	783,817	1,120,174	* Discounted revenue multiple	752,835	820,383
Channel Safety Systems Group Limited	690,000	836,514	* Discounted earnings multiple	690,000	918,882
Industrial Engineering Plastics Limited	875,000	778,269	* Discounted earnings multiple	875,000	1,592,026
Leisure Efficiency Limited	575,000	747,619	* Discounted earnings multiple	690,000	690,000
Trilogy Communications Limited	693,864	693,864	* Discounted revenue multiple	558,000	697,500
Closed Loop Recycling Limited	566,667	566,667	* Discounted cash flow	566,667	521,938
Industrial Efficiency Limited	155,000	155,000	* Cost	—	—
Withion Power Limited	324,952	101,000	* Administration proceeds	374,952	374,952
i-plas Group Limited	524,030	—	Nil value	524,030	—
	5,188,330	4,999,107		5,031,484	5,615,681

* All investments with a value are shown on pages 24 to 25.

Infrastructure Shares Fund

Investment	31 December 2013		Valuation Methodology	31 December 2012	
	Amount invested £	Valuation £		Amount invested £	Valuation £
Criterion Healthcare Holdings Limited	1,709,074	1,709,074	* Cost	—	—
Lochgilphead Healthcare Services (Holdings) Limited	1,693,367	1,693,367	* Cost	—	—
Stobhill Healthcare Facilities (Holdings) Limited	1,493,247	1,493,247	* Cost	—	—
Stirling Gateway HC Limited	1,078,875	1,078,875	* Discounted cash flow	1,087,750	1,087,750
Durham Infrastructure 5 Limited	1,000,000	1,000,000	* Cost	—	—
Norwich Infrastructure 4 Limited	1,000,000	1,000,000	* Cost	—	—
York Infrastructure 3 Limited	1,000,000	1,000,000	* Discounted cash flow	1,000,000	1,000,000
Wharfedale SPV (Holdings) Limited	677,947	677,947	* Cost	—	—
Limited Companies (preparing to trade)	5,200,000	5,200,000	Cost	11,500,000	11,500,000
	14,852,510	14,852,510		13,587,750	13,587,750

* All investments with a value are shown on pages 26 to 27.



Investment Summary

Ordinary Shares Fund

Top ten investments by value at 31 December 2013 are detailed below:

Blackstar Amplification Holdings Limited



designs and manufactures innovative guitar amplifiers and associated products for the UK and international music instrument market. Based in Northampton, Blackstar has established a global brand on a catalogue of 50+ products, each of which has received industry acclaim.

	July 2012	Year ended:	30 April 2013 £'000
First investment			
% Equity/Voting Rights	28.6%	Sales:	8,136
Income received and receivable in the year	£199,356	Loss before Tax:	(424)
Equity at cost	£250,000	Retained Loss:	(419)
Loan stock at cost	£2,250,000	Net Assets:	3,405

Aquasium Technology Limited



is principally engaged in the design, manufacture, sales and servicing of electron beam welding and vacuum furnace equipment at its facilities in Cambridgeshire, UK. The group sold its stake in Ebtec, a component manufacturing and processing service headquartered in Massachusetts, USA in 2012 for c\$11 million. The sale resulted in Foresight recouping c1.3x original investment. Foresight retains a loan and equity position in Aquasium.

	October 2001	Year ended:	31 December 2012 £'000
First investment			
% Equity/Voting Rights	33.3%	Sales	7,948
Income received and receivable in the year	183,225	Profit before Tax	2,475
Equity at cost	£333,333	Retained Profit	2,861
Loan stock at cost	£666,667	Net Assets	2,190

Aerospace Tooling Corporation Limited



is a specialist engineering company based in Dundee. The company provides specialist repair and refurbishment servicing for components in high-specification aerospace and turbine engines. Specifically the company targets 'legacy' components and engines that have ceased production, but are still in widespread use.

	June 2013	Year ended:	
First investment			
% Equity/Voting Rights	22.6%	No accounts filed since	
Income received and receivable in the year	£70,274	the investment was made	
Equity at cost	£150,000		
Loan stock at cost	£1,350,000		

Autologic Diagnostics Group 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.

	February 2009	Year ended:	31 December 2012 £'000
First investment			
% Equity/Voting Rights	3.7%	Sales	17,218
Income received and receivable in the year	144,450	Profit before Tax	684
Equity at cost	£17,901	Retained Profit	685
Loan stock at cost	£1,636,641	Net Assets	4,648

Closed Loop Recycling Limited



is the first plant in the UK to recycle waste PET and HDPE plastic bottles into food grade packaging material. The company continues to make solid operational, commercial and revenue progress with recent 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. Its core supplier, Veolia Environmental Services, has invested substantial sums in a new Plastic Recovery Facility, from which early supplies have been excellent. During 2013 the company secured £12 million in expansion funding in order to increase capacity to meet the substantial demands for its high quality food grade product. This will significantly increase gross margin without adding to the fixed cost base of the business. Closed Loop Recycling is now generating revenues of over £1.8 million per month, with further increases due during 2014 as increased capacity comes on stream.

	August 2008	Year ended:	30 June 2012 £'000
First investment			
% Equity/Voting Rights	4.9%	Sales	14,875
Income received and receivable in the year	—	Loss before Tax	(5,085)
Equity at cost	£250,000	Retained Loss	(5,085)
Loan stock at cost	£1,686,319	Net Liabilities	(20,376)

Investment Summary

Ordinary Shares Fund

Fire and Air Services Limited



is a Hard Facilities Management provider, designing, installing and maintaining customised air conditioning and fire sprinkler systems for retail, commercial and residential properties. The company operates within the £5.3bn UK Fire and heating, ventilation and air conditioning markets with a network of engineers across the UK enabling the company to service its nationwide customer base. Unaudited results for the year ended 31 March 2013 show on operating profit of £1.9 million on sales of £4.8 million.

First investment	August 2013	
% Equity/Voting Rights	18.5%	No accounts filed since the investment was made
Income received and receivable in the year	£43,726	
Equity at cost	£300,000	
Loan stock at cost	£1,200,000	

Data Continuity Group Limited



is a provider of data storage and back-up solutions to corporates either remotely as a managed service or at customers' premises. The demand for DCG's services is driven by greater compliance requirements for retention and retrieval of data and the ever growing volume of electronic data produced by organisations. The company continues to build its managed service customer base and its recurring revenues. A mid-range service with multi-tenanted capability has been launched for re-sale by channel partners and the company will soon provide a virtualised disaster recovery service.

			31 March 2013
First investment	March 2004	Year ended:	£'000
% Equity/Voting Rights	45.1%	Sales	5,568
Income received and receivable in the year	—	Loss before Tax	(64)
Equity at cost	£490,032	Retained Loss	(64)
Loan stock at cost	—	Net Liabilities	(1,268)

Procam Television Holdings Limited



is one of the UK's leading broadcast hire companies, supplying equipment and crew for location TV production. Clients include the major studios (e.g. ITV Studios), independent TV production companies, public broadcasters (e.g. BBC) and smaller niche broadcasters. The trading subsidiary reported audited revenues of £5.7 million and an operating profit of £0.9 million for the financial year to 31 December 2012.

First investment	April 2013	
% Equity/Voting Rights	21.1%	No accounts filed since the investment was made
Income received and receivable in the year	£53,379	
Equity at cost	£80,000	
Loan stock at cost	£720,000	

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.

			28 February 2013
First investment	September 2005	Year ended:	£'000
% Equity/Voting Rights	12.2%	Sales	4,948
Income received and receivable in the year	—	Loss before Tax	(1,451)
Equity at cost	£205,048	Retained Loss	(1,459)
Loan stock at cost	£1,075,832	Net Liabilities	(2,334)

Flowrite Refrigeration Holdings Limited



is a refrigeration and air-conditioning service, maintenance and installation company, specialising in the leisure, commercial and retail industries across the UK. Unaudited results for the year ended 31 October 2013 show an operating profit of £0.9 million on sales of £7.9 million.

			31 October 2012
First investment	May 2012	Year ended:	£'000
% Equity/Voting Rights	12.4%	Sales	4,040
Income received and receivable in the year	£60,044	Profit before Tax	102
Equity at cost	£49,782	Retained Profit	54
Loan stock at cost	£161,356	Net Assets	425



Investment Summary

Planned Exit Shares Fund

Investments at 31 December 2013 are detailed below:

Data Continuity Group Limited



is a provider of data storage and back-up solutions to corporates either remotely as a managed service or at customers' premises. The demand for DCG's services is driven by greater compliance requirements for retention and retrieval of data and the ever growing volume of electronic data produced by organisations. The company continues to build its managed service customer base and its recurring revenues. A mid-range service with multi-tenanted capability has been launched for re-sale by channel partners and the company will soon provide a virtualised disaster recovery service.

31 March 2013

First investment	November 2010	Year ended:	£'000
% Equity/Voting Rights	4.4%	Sales	5,568
Income received and receivable in the year	£33,750	Loss before Tax	(64)
Equity at cost	£108,817	Retained Loss	(64)
Loan stock at cost	£675,000	Net Liabilities	(1,268)

Channel Safety Systems Group Limited



specialises in the design, distribution, installation and service of fire detection systems and emergency lighting. Demand for most of Channel Safety Systems' products and systems is driven by health and safety regulation and, increasingly, carbon reduction initiatives and legislation, which Channel Safety Systems addresses with its low energy LED emergency lighting range. Foresight backed an MBI of Channel Safety Systems in December 2010 with an investment of £1.1 million from the Planned Exit fund. During FY 2013 the company continued introducing new product ranges and grew EBITDA profits by a further 13%.

31 October 2013

First investment	December 2010	Year ended:	£'000
% Equity/Voting Rights	16.6%	Sales	8,580
Income received and receivable in the year	£71,282	Profit before Tax	45
Equity at cost	£75,750	Retained Profit	34
Loan stock at cost	£614,250	Net Assets	443

Industrial Engineering Plastics Limited



is a Liphook and Birmingham-based company, established for over 25 years, which distributes plastics to industry, supplying ventilation and pipe fittings, plastic welding rods, hygienic wall cladding, plastic sheets and tanks. The company also fabricates plastic materials. Across the product range, the majority of customers are either plastic fabricators, duct installers or chemical plants. Industrial Engineering Plastics ("IEP") primarily sources material from Germany, the UK and China. Foresight backed an MBI of IEP in December 2011 with a total investment of £1.6 million, £800k of which was invested from the Planned Exit fund.

30 November 2012

First investment	December 2011	Year ended	£'000
% Equity/Voting Rights	25.0%	Sales	4,880
Income received and receivable in the year	£54,226	Profit before Tax	141
Equity at cost	£150,000	Retained Profit	119
Loan stock at cost	£725,000	Net Assets	419

Leisure Efficiency Limited



provides energy efficiency solutions to David Lloyd Leisure Limited ("David Lloyd"). The provisions of the energy efficiency solution includes the deployment of energy equipment across a number of David Lloyd sites. The deployment was complete in May 2012. Revenues are generated through a pay as you save agreement.

31 December 2012

First investment	January 2012	Year ended	£'000
% Equity/Voting Rights	50%	Sales	273
Income received and receivable in the year	£88,802	Loss before Tax	(187)
Equity at cost	£69,000	Retained Loss	(187)
Loan stock at cost	£506,000	Net Assets	49

Investment Summary

Planned Exit Shares Fund

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.

28 February 2013

First investment	November 2011	Year ended:	£'000
% Equity/Voting Rights	—	Sales	4,948
Income received and receivable in the year	—	Loss before Tax	(1,451)
Equity at cost	—	Retained Loss	(1,459)
Loan stock at cost	£693,864	Net Liabilities	(2,334)

Closed Loop Recycling Limited



is the first plant in the UK to recycle waste PET and HDPE plastic bottles into food grade packaging material. The company continues to make solid operational, commercial and revenue progress with recent 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. Its core supplier, Veolia Environmental Services, has invested substantial sums in a new Plastic Recovery Facility, from which early supplies have been excellent. During 2013 the company secured £12 million in expansion funding in order to increase capacity to meet the substantial demands for its high quality food grade product. This will significantly increase gross margin without adding to the fixed cost base of the business. Closed Loop Recycling is now generating revenues of over £1.8 million per month, with further increases due during 2014 as increased capacity comes on stream.

30 June 2012

First investment	April 2010	Year ended:	£'000
% Equity/Voting Rights	—	Sales	14,875
Income received and receivable in the year	—	Loss before Tax	(5,085)
Equity at cost	—	Retained Loss	(5,085)
Loan stock at cost	£566,667	Net Liabilities	(20,376)

Industrial Efficiency Limited



In March 2013, Foresight invested a total of £360,000 into Industrial Efficiency Limited. The company provides energy and cost saving services to industrial sector clients. It is currently working on its first project, a fuel switch project for a major industrial client, which is in construction phase.

First investment	March 2013	
% Equity/Voting Rights	50%	No accounts filed since the investment was made
Income received and receivable in the year	£17,343	
Equity at cost	£18,000	
Loan stock at cost	£137,000	

Withion Power Limited



Was a Derby based project which successfully generated electricity, using advanced gasification technology from waste wood sourced from local suppliers. However, despite this success, the project was unable to raise the required significant funding of £10 million to scale upto 3MW as the technology was not sufficiently proven to attract external funding. Therefore the business entered administration in June 2013 and was subsequently acquired by Clean Energy Generation who are seeking to build out the site.

30 September 2011

First investment	December 2010	Year ended:	£'000
% Equity/Voting Rights	5.0%	Sales	—
Income received and receivable in the year	—	Loss before Tax	(10,306)
Equity at cost	£37,452	Retained Loss	(10,306)
Loan stock at cost	£287,500	Net Liabilities	(4,424)

Investment Summary continued

Infrastructure Shares Fund

All investments with value at 31 December 2013 are detailed below:

Criterion Healthcare Holdings Limited

In March 2013 Foresight VCT Infrastructure and Foresight 2 VCT Infrastructure invested a combined £3.42 million in Criterion Healthcare Holdings Limited which operates "Bishop Auckland", a secondary PFI investment in an acute hospital project near Darlington with 19.5 years of the concession remaining.

First investment	March 2013	Year ended:	30 April 2013
			£'000
% Equity/Voting Rights	10.0%	Sales	6,806
Income received and receivable in the year	£39,163	Profit before Tax	756
Equity at cost	£1,484,074	Retained Profit	514
Loan stock at cost	£225,000	Net Assets	1,236

Lochgilphead Healthcare Services (Holdings) Limited

In March 2013 Foresight VCT Infrastructure and Foresight 2 VCT Infrastructure invested a combined £3.39 million in Lochgilphead Healthcare Services Limited which operates Lochgilphead Hospital, a secondary PFI investment in Scotland with 23 years of the concession remaining.

First investment	March 2013	Year ended:	31 December 2012
			£'000
% Equity/Voting Rights	22.5%	Sales	1,041
Income received and receivable in the year	£69,902	Profit before Tax	453
Equity at cost	£1,335,880	Retained Profit	404
Loan stock at cost	£357,487	Net Assets	161

Stobhill Healthcare Facilities (Holdings) Limited

In March 2013 Foresight VCT Infrastructure and Foresight 2 VCT Infrastructure invested a total of £2.99 million in Stobhill Healthcare Facilities Limited which operates Stobhill Hospital, a secondary PFI investment in a forensic psychiatry unit with 30 years of the concession remaining.

First investment	March 2013	Year ended:	31 December 2012
			£'000
% Equity/Voting Rights	20.0%	Sales	—
Income received and receivable in the year	£70,925	Profit before Tax	—
Equity at cost	£1,091,235	Retained Profit	—
Loan stock at cost	£402,012	Net Assets	30

Stirling Gateway HC Limited

Foresight VCT Infrastructure and Foresight 2 VCT Infrastructure completed an investment in Stirling Gateway HC Limited in December 2012. The Project includes the design, redevelopment, construction, financing and operation of five secondary schools and a new Community Campus. It incorporates two primary schools, a special needs school, a nursery, community facilities, sports facilities and associated services. It has been operating for just over four years and has 26 years left on the original 30 year contract.

First investment	December 2012	Year ended:	31 March 2013
			£'000
% Equity/Voting Rights	6.3%	Sales	—
Income received and receivable in the year	£68,836	Profit before Tax	1,700
Equity at cost	£665,290	Retained Profit	1,700
Loan stock at cost	£413,585	Net Assets	50

Investment Summary continued

Infrastructure Shares Fund

All investments with value at 31 December 2013 are detailed below:

Durham Infrastructure 5 Limited

In January 2013 Foresight VCT Infrastructure and Foresight 2 VCT Infrastructure invested in Staffordshire Schools through Durham Infrastructure 5 Limited. Staffordshire Schools is a secondary PFI investment in a school project in the West Midlands with 15 years of the concession remaining.

First investment	January 2013	Year ended:	31 March 2013
			£'000
% Equity/Voting Rights	50.0%	Sales	—
Income received and receivable in the year	£44,014	Loss before Tax	(135)
Equity at cost	£700,000	Retained Loss	(135)
Loan stock at cost	£300,000	Net Assets	1,265

Norwich Infrastructure 4 Limited

In January 2013 Foresight VCT Infrastructure and Foresight 2 VCT Infrastructure invested in Sandwell Schools through Norwich Infrastructure 4 Limited. Sandwell Schools is a secondary PFI investment in a school project in the West Midlands with 17 years of the concession remaining.

First investment	January 2013	Year ended:	31 March 2013
			£'000
% Equity/Voting Rights	50.0%	Sales	—
Income received and receivable in the year	£44,014	Loss before Tax	(105)
Equity at cost	£700,000	Retained Loss	(105)
Loan stock at cost	£300,000	Net Assets	1,295

York Infrastructure 3 Limited

In October 2012 Foresight VCT Infrastructure and Foresight 2 VCT Infrastructure invested £2.0 million in Drumglass High School PFI Project through the York Infrastructure 3 Limited SPV. The Project is a 26 year concession to design, build, finance and maintain a 6,800m² secondary school in the town of Dungannon, Northern Ireland. Construction of the facility began in July 1999 and completed in August 2000. There are 13 years of the concession remaining.

First investment	October 2012	Year ended:	31 March 2013
			£'000
% Equity/Voting Rights	50.0%	Sales	—
Income received and receivable in the year	£45,000	Loss before Tax	(146)
Equity at cost	£700,000	Retained Loss	(146)
Loan stock at cost	£300,000	Net Assets	1,254

Wharfedale SPV (Holdings) Limited

In March 2013 Foresight VCT Infrastructure and Foresight 2 VCT Infrastructure invested a combined £1.36 million in Wharfedale SPV Holdings Limited which operates Wharfedale Hospital, a secondary PFI investment in a hospital project near Leeds with 19.5 years of the concession remaining.

First investment	March 2013	Year ended:	31 December 2012
			£'000
% Equity/Voting Rights	12.5%	Sales	125
Income received and receivable in the year	£27,021	Profit before Tax	125
Equity at cost	£485,015	Retained Profit	125
Loan stock at cost	£192,932	Net Assets	17



Investment Summary

at 31 December 2013

Co-investing funds

Foresight Group also manages or advises Foresight 2 VCT plc, Foresight 3 VCT plc, Foresight 4 VCT plc, Foresight Solar VCT plc, Albany Ventures Fund III Limited, Foresight Nottingham Fund, Foresight Environmental Fund LP, Foresight Solar Fund Limited, Foresight European Solar Fund LP, Foresight Solar EIS, Foresight Solar EIS2, Foresight Solar EIS3, Foresight Solar EIS4, Foresight Inheritance Tax Solutions, UK Waste Resources and Energy Investments LP and Foresight Sustainable UK Investment Fund ('Foresight Sustainable'). Investments have been made by the funds that Foresight Group advises and manages, as follows:

Investee	Foresight VCT O, PE, Infra Shares £	Foresight 2 O, & PE & Infra Shares £	Foresight 3 £	Foresight 4 O & C Shares £	Foresight Sustainable £	Foresight Environ- mental Fund	Total Equity managed by Foresight %
Abacuswood Limited	677,781	1,809,783	—	954,593	2,400,436	—	99.3%
Aerospace Tooling Holdings Limited	1,500,000	—	500,000	1,500,000	—	—	56.0%
alwaysON Group Limited	630,531	1,725,073	—	420,240	—	—	79.3%
AtFutsal Limited	369,161	2,166,693	738,323	738,323	—	—	44.1%
Autologic Diagnostics Group Limited	1,654,542	2,207,310	2,207,089	2,206,031	—	—	18.4%
Limited Companies (preparing to trade)	5,200,000	5,200,000	—	—	—	—	100.0%
Biofortuna Limited	411,598	411,597	411,597	411,569	—	—	25.6%
Blackstar Amplifications Holdings Limited	2,500,000	—	—	1,000,000	—	—	36.0%
Channel Safety Systems Limited	690,000	690,000	—	—	—	—	33.2%
Closed Loop Recycling Limited	2,502,986	5,423,334	5,848,628	4,025,053	2,944,124	6,000,000	52.6%
Criterion Healthcare Holdings Limited	1,709,074	1,709,074	—	—	—	—	20.0%
DCG Group Limited	1,273,849	783,817	—	—	—	—	54.0%
Durham Infrastructure 5 Limited	1,000,000	1,000,000	—	—	—	—	100.0%
Fire and Air Services Limited	1,500,000	—	—	1,000,000	—	—	30.8%
Flowrite Refrigeration Holdings Limited	211,139	—	85,742	296,881	—	—	35.0%
Industrial Efficiency Limited	155,000	155,000	—	—	—	—	100.0%
Industrial Engineering Plastics Limited	875,000	875,000	—	—	—	—	92.5%
Leisure Efficiency Limited	575,000	575,000	—	—	—	—	100.0%
Lochgilphead Healthcare Services (Holdings) Limited	1,693,367	1,693,367	—	—	—	—	45.0%
Norwich Infrastructure 4 Limited	1,000,000	1,000,000	—	—	—	—	100.0%
Procam Television Holdings Limited	800,000	100,000	250,000	650,000	—	—	47.5%
Stirling Gateway HC Limited	1,078,875	1,078,875	—	—	—	—	12.6%
Stobhill Healthcare Facilities (Holdings) Limited	1,493,247	1,493,247	—	—	—	—	40.0%
Trilogy Communications Limited	1,974,744	2,428,963	—	776,383	—	—	48.7%
Wharfedale SPV (Holdings) Limited	677,947	677,947	—	—	—	—	25.0%
Withion Power Limited	†17,795,648	1,409,048	—	—	—	—	63.4%
York Infrastructure 3 Limited	1,000,000	1,000,000	—	—	—	—	100.0%

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

† Foresight VCT plc's investment in Withion Power Limited includes £12,453,150 that was invested by Keydata Income VCT 1 plc and Keydata Income VCT 2 plc before they merged with Foresight VCT plc on 28 February 2011.

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%.

Investment Summary — Realisation Summary

The table below gives details of realisations during the year:

	Cost of investment disposed of £	Sales proceeds £	Realised gain/(loss) £	Valuation at 31 December 2012 £
Ordinary Shares Fund				
Alaric Systems Limited	1,404,419	6,280,232	4,875,813	6,374,892
Ant plc	1,225,600	407,252	(818,348)	387,386
AppDNA Limited	—	256,910	256,910	—
Corero plc	1,903,116	191,110	(1,712,006)	455,544
Docherty Heat and Energy Distributor Limited	9,438	—	(9,438)	9,438
i-plas Group Limited	89,404	89,404	—	—
Flowrite Refrigeration Holdings Limited	314,484	314,484	—	296,104
Leisure Efficiency II Limited	675,150	675,150	—	675,150
Leisure Efficiency III Limited	2,000,000	2,000,000	—	2,000,000
Sarantel plc	3,134,493	13,831	(3,120,662)	34,550
Wholesale Efficiency II Limited	1,000,000	1,000,000	—	1,000,000
	11,756,104	11,228,373	(527,731)	11,233,064

	Cost of investment disposed of £	Sales proceeds £	Realised gain/(loss) £	Valuation at 31 December 2012 £
Planned Exit Shares Fund				
Industrial Efficiency Limited	25,000	25,000	—	—
Leisure Efficiency Limited	115,000	115,000	—	115,000
Withion Power Limited	50,000	50,000	—	50,000
	190,000	190,000	—	165,000

	Cost of investment disposed of £	Sales proceeds £	Realised gain/(loss) £	Valuation at 31 December 2012 £
Infrastructure Shares Fund				
Limited Companies (preparing to trade)	6,300,000	6,300,000	—	6,300,000
Stirling Gateway HC Limited	8,625	8,625	—	8,625
	6,308,625	6,308,625	—	6,308,625



Board of Directors

John Gregory (65)

Chairman

John Gregory is a chartered accountant with a broad experience of banking, corporate finance and fund management; he was an executive director of Noble Fund Managers Limited until 2004. Currently, he is senior independent non-executive director of Sphere Medical Holding plc, an AIM listed medical devices company, non-executive Chairman of Social Impact VCT plc and a non-executive director or Chairman of a number of private companies. His earlier career was in the City of London and included posts as an executive director of Singer & Friedlander Holdings Limited and, before that, managing director of Henry Ansbacher & Co Limited.

Gordon James Humphries (52)

Director

Gordon Humphries qualified as a chartered accountant with PricewaterhouseCoopers before moving into financial services, where he has over 25 years' experience. He is currently head of investment companies at Standard Life Investments and before that he was deputy head of investment trusts at F&C Asset Management plc. Gordon is a non-executive director of Maven Income and Growth VCT 5 plc.

Peter Frederick Dicks (71)

Director

Peter Dicks was a founder director of Abingworth plc a successful venture capital company in 1973. He is currently a director of a number of quoted and unquoted companies, including Private Equity Investor plc where he is chairman, Mears plc and Graphite Enterprise Trust plc. In addition, he has been a director of Foresight VCT plc and Foresight 2 VCT plc since their launch in 1997 and 2004 respectively and is a director of Foresight 3 VCT plc and Foresight 4 VCT plc. He is also chairman of Unicorn AIM VCT plc.

Directors' Report

The Directors present their report and the audited accounts of the Company for the year ended 31 December 2013.

Activities and status

The principal activity of the Company during the period was the making of investments in unquoted or AiM-listed companies in the United Kingdom. The Company is 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 as a Venture Capital Trust has been received up to 31 December 2012 and the Directors have managed and intend to continue to manage the Company's affairs in such a manner as to comply with these regulations.

Results and dividends

The total loss attributable to equity shareholders for the period amounted to £1,954,000 (2012: loss of £778,000). The Board paid an interim dividend of 5.0p per Ordinary Share on 14 June 2013. An interim dividend of 5.0p per Planned Exit Share was paid on 25 October 2013. An interim dividend of 2.5p per Infrastructure Share was paid on 20 December 2013.

Net asset value total return

During the year ended 31 December 2013 the Company's principal indicator of performance, net asset value total return (including dividends paid since launch), decreased 0.9% from 216.6p per Ordinary Share at 31 December 2012 to 214.6p per Ordinary Share at 31 December 2013.

The net asset value total return (including dividends paid since launch) per Planned Exit Share has decreased 11.6% to 95.5p per share at 31 December 2013 from 108.0p per share at 31 December 2012.

The net asset value total return per Infrastructure Share has decreased 0.6% to 94.0p per share at 31 December 2013 from 94.6p per share at 31 December 2012.

Share issues

The Company announced a small top-up offer of Ordinary Shares on 3 December 2012. The offer was open during the year and 519,920 Ordinary Shares were issued at prices ranging from 98.0p to 111.3p per share raising gross proceeds of £579,125.

The Company allotted 46,334 Ordinary Shares under the Company's Dividend Reinvestment Scheme 98.0p per share.

The Company launched a Prospectus offer for its Ordinary Share fund on 26 September 2013 which raised £3,772,222 of gross proceeds. Under this offer, 3,646,287 Ordinary Shares were issued based on a net asset value of 102.2p per share.

At 31 December 2013 the Company had 30,829,144 Ordinary Shares, 6,115,511 Planned Exit Shares and 16,647,858 Infrastructure Shares in issue. There are no restrictions on the transfer of any class of share.

Share buybacks

During the year, the Company repurchased 707,552 Ordinary Shares and 27,302 Planned Exit Shares for cancellation at a cost of £673,000 and £25,000 respectively. No shares brought back by the Company are held in treasury. Share buy-backs have been completed at discounts ranging from 8.3% to 14.4%.

Global greenhouse gas emissions

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

Principal risks, risk management and regulatory environment

A summary of the principal risks faced by the Company is set out on page 11 of the Strategic Report with further detail being given in note 15 on page 62.

Management

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

Annually, the Management Engagement & Remuneration Committee reviews the appropriateness of the Manager's appointment. In carrying out its review, the Management Engagement & Remuneration Committee considers the investment performance of the Company and the ability of the Manager to produce satisfactory investment performance. It also considers the length of the notice period of the investment management contract and fees payable to the Manager, together with the standard of other services provided which include Company Secretarial services. It is the Directors' opinion that the continuing appointment of the Manager on the terms agreed is in the interests of shareholders as a whole. The last review was undertaken on 11 March 2014. Foresight Fund Managers Limited is the Secretary of the Company. The principal terms of the management agreement is set out in note 3 to the accounts.

No Director has an interest in any contract to which the Company is a party. Foresight Group acts as manager to the Company in respect of its investments and earned fees of £936,000 (2012: £928,000) during the year. Foresight Fund Managers Limited received £100,000 (2012: £100,000 excluding VAT) during the year in respect of secretarial, administrative and custodian services to the Company. Foresight Group also received from investee companies arrangement fees of £352,000 (2012: £289,000).



Directors' Report continued

VCF Partners, an associate of Foresight Group, received from investee companies, Directors' fees of £184,308 (2012: £209,138).

Foresight Group is also a party to the performance incentive agreements described in Note 14 to the financial Statements. All amounts are stated, where applicable, net of Value Added Tax.

VCT status monitoring

The Company has retained SGH Martineau LLP (London and Birmingham based solicitors) as legal advisers on, inter alia, compliance with legislative requirements. The Directors monitor the Company's VCT status at meetings of the Board.

Substantial shareholdings

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

Financial instruments

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

Directors indemnification and insurance

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

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

Policy of paying creditors

The Company does not subscribe to a particular code but follows a policy whereby suppliers are paid by the due date and investment purchases are settled in accordance with the stated terms. At the year end trade creditors represented an average credit period of 5 days (2012: 9 days). Foresight Group, which provides investment management services, was the only trade creditor of the Company at the year end.

Alternative Investment Fund Managers Directive (AIFMD)

The AIFMD came into force on 22 July 2013 and sets out the rules for the authorisation and on-going regulation of managers (AIFMs) that manage alternative investment funds (AIFs) in the EU. The Company qualifies as an AIF and so will be required to comply, although additional cost and administration requirements are not expected to be material. Transitional provisions for existing AIFs are such that an extra year is allowed (until 22 July 2014) before the regulatory provisions become mandatory.

Audit Information

Pursuant to s418(2) of the Companies Act 2006, each of the Directors confirms that (a) so far as they are aware, there is no relevant audit

information of which the Company's auditors are unaware; and (b) they have taken all steps they ought to have taken to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of such information.

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's issued share capital as at 28 April 2014 was 38,427,484 Ordinary Shares, 6,115,511 Planned Exit Shares and 16,647,858 Infrastructure Shares.

The Ordinary Shares represent 62.8% of the total share capital, the Planned Exit Shares represent 10.0% of the total share capital and the Infrastructure Shares represent 27.2% of the total share capital. Further information on the share capital of the Company is detailed in note 12 of the notes to the financial statements

Voting Rights in the Company's shares

Details of the voting rights in the Company's shares at the date of this report are given in note 5 in the Notice of Annual General Meeting on page 73.

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.

Auditors

The Company's independent auditor, KPMG Audit Plc has instigated an orderly, wind-down of its own business. The Directors have decided to propose the appointment of KPMG LLP as auditor in succession to KPMG Audit Plc and a resolution concerning this will be proposed at the Annual General Meeting.

Companies Act 2006 Disclosures

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

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

- there exist no agreements between the Company and its Directors providing for compensation for loss of office that may occur following a takeover bid or for any other reason.

Conflicts of interest

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

Whistleblowing

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

Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report on pages 7 to 12. The financial position of the Company, its cash flows, liquidity position and borrowing facilities are referred to in the Chairman's Statement, Strategic Report and Notes to the Accounts. In addition, the financial statements include the Company's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposures to credit risk and liquidity risk.

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

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

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

Directors remuneration

Following changes to the Companies Act 2006, UK investment companies must comply with new regulations in relation to directors' remuneration. Directors' fees can only be paid in accordance with a remuneration policy which has been approved by shareholders. The company must also publish a Directors' Remuneration Report which complies with a new set of disclosure requirements. The new disclosure requirements for the Directors' Remuneration Report are applicable for financial years ending on or after 31 December 2013.

Annual General Meeting

A formal notice convening the Annual General Meeting on 29 May 2014 can be found on pages 71 to 73. Resolutions 1 to 8 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 9 and 10 will be proposed as special resolutions meaning that for each resolution to be passed at least 75% of the votes cast at the meeting must be in favour of the resolution. Resolutions 8 to 10 renew share issue and buyback authorities for the Ordinary Shares, Planned Exit Shares and Infrastructure Shares.

Resolution 8

Resolution 8 will authorise the Directors to allot relevant securities generally, in accordance with Section 551 of the Companies Act 2006, up to an aggregate nominal amount of £250,000 (representing 40.9% of the current issued share capital of the Company) and will be used for the purposes listed under the authority requested under Resolution 9. This includes authority to issue shares pursuant to the dividend investment scheme, 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 conferred by Resolution 8 will expire (unless renewed, varied or revoked by the Company in a general meeting) on the fifth anniversary of the passing of the resolution.

Resolution 9

Resolution 9 will sanction, in a limited manner, the disapplication of pre-emption rights in respect of the allotment of equity securities (i) with an aggregate nominal amount of up to £200,000 in respect of Ordinary Shares and/or up to £100,000 in respect of each of the Planned Exit Shares and/or Infrastructure Shares, in each case pursuant to offer(s) for subscription, (ii) with an aggregate nominal value of up to 10% of the issued Ordinary Share capital pursuant to the dividend investment scheme, (iii) with an aggregate nominal value of up to £100,000 in each class of share in the Company pursuant to performance incentive arrangements with Foresight Group and (iv) with an aggregate nominal value of up to 10% of the issued share capital of each class of share in the Company for general purposes, in each case where the proceeds of such issue may be used in whole or part to purchase the Company's shares. This authority will expire (unless renewed, varied or revoked by the Company in a general meeting) at the conclusion of the Annual General Meeting to be held in 2015, or, if earlier on the date falling 15 months after the passing of the resolution, save that the Company may purchase its Ordinary Shares, Planned Exit Shares or Infrastructure Shares (as relevant) after the date in pursuance of a contract or contracts made prior to the expiration of this authority.



Directors' Report continued

Resolution 10

It is proposed by Resolution 10 that the Company be authorised to make market purchases of the Company's own shares. Under this authority the Directors may purchase up to 5,760,280 Ordinary Shares, 916,716 Planned Exit Shares and 2,495,514 Infrastructure Shares (representing approximately 14.99% of each share class at the date of this Annual Report) or, if lower, such number of Ordinary Shares, Planned Exit Shares or Infrastructure Shares (as relevant, and in each case rounded down to the nearest whole share) as shall equal 14.99% of each share class at the date the resolution is passed. When buying shares, the Company cannot pay a price per share which is more than 105% of the average of the middle market quotation for an Ordinary Share, Planned Exit Share, or Infrastructure Share (as relevant) taken from the London Stock Exchange daily official list on the five business days immediately before the day on which shares are purchased or, if greater, the amount stipulated by Buyback and Stabilisation Regulation 2003. This authority will expire (unless renewed, varied or revoked by the Company in a general meeting) at the conclusion of the Annual General Meeting to be held in 2015, or, if earlier on the date falling 15 months after the passing of the resolution, save that the Company may purchase its Ordinary Shares, Planned Exit Shares or Infrastructure Shares (as relevant) after this date in pursuance of a contract or contracts made prior to the expiration of this authority.

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

Separate Meetings of the Ordinary Shareholders, Planned Exit Shareholders and Infrastructure Shareholders

Formal notices convening separate meetings of Ordinary Shareholders, Planned Exit Shareholders and Infrastructure Shareholders also to be held on 29 May 2014, can be found on pages 74 to 79. The resolutions proposed at these meetings, if passed, will approve the passing of Resolutions 8 and 10 to be proposed at the Annual General Meeting and will sanction any modification of the rights attaching to Ordinary Shares, Planned Exit Shares and Infrastructure Shares resulting therefrom.

The resolutions to be proposed at the separate meetings 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.

By order of the Board

Foresight Fund Managers Limited

Secretary
28 April 2014

Corporate Governance

The Directors of Foresight VCT plc confirm that the Company has taken the appropriate steps to enable it to comply with the Principles set out in Section 1 of the UK Corporate Governance Code on Corporate Governance ('UK Corporate Governance Code') issued by the Financial Reporting Council in June 2010, as appropriate for a Venture Capital Trust.

As a Venture Capital Trust, the Company's day-to-day responsibilities are delegated to third parties and the Directors are all Non-Executive. Thus not all the procedures of the UK Corporate Governance Code are directly applicable to the Company. Unless noted as an exception below, the requirements of the UK Corporate Governance Code were complied with throughout the year ended 31 December 2013. The Annual General Meeting was convened on at least 24 days' notice but not 20 business days' notice as recommended in the UK Corporate Governance Code.

The Board

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 2 VCT plc, Foresight 3 VCT plc, Foresight 4 VCT plc and Foresight Solar Fund Limited. 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 is a Director who is common. 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 is also 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 should not arise. Additionally, 'specialist funds' may be allocated investments specific to their investment policy in priority to more generalist funds.

Division of responsibilities

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

All shareholdings are voted, where practicable, in accordance with the Manager's own corporate governance policy, which is to seek to maximise shareholder value by constructive use of votes at company meetings and by endeavouring to use its influence as an investor with a principled approach to corporate governance.

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 Directors retire by rotation at the Annual General Meeting, the Board considers that it is not appropriate for the Directors to be appointed for a specific term as recommended by provision B.2.3 of the UK Corporate Governance Code. However, the Board has agreed that each Director will retire and, if appropriate, may seek re-election after each year. 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 the Directors as recommended by provision B.4.1.

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

Meeting attendance

	Board	Audit	Nomination	Remuneration
John Gregory	4/4	2/2	1/1	1/1
Peter Dicks	4/4	2/2	1/1	1/1
Gordon Humphries	4/4	2/2	1/1	1/1

In addition to the above, further meetings were held in relation to the publication of corporate documents and in relation to investments where Foresight Group manages more than 50% of voting rights.

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 and SGH Martineau LLP, the Company has not appointed a chief executive officer, deputy Chairman or a senior independent non-executive Director as recommended by provision A.4.1 of the UK Corporate Governance Code. The provisions of the UK Corporate Governance Code which relate to the division of responsibilities between a chairman and a chief executive officer are, accordingly, not applicable to the Company.



Corporate Governance continued

Board committees

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

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

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

KPMG LLP prepares the Company's tax returns in addition to carrying out the Company's external audit. This is completed after signing off on the annual accounts. The Audit Committee is of the opinion that KPMG LLP are best placed to provide these taxation services. These non-audit services are non-material in value compared to the audit, and the Audit Committee believes that they do not compromise the objectivity or independence of the external auditors.

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

The Nomination Committee comprises Gordon Humphries (Chairman), Peter Dicks and John Gregory and meets at least annually to consider the composition and balance of skills, knowledge and experience of the Board and to make nominations to the Board in the event of a vacancy. New Directors are required to resign at the Annual General Meeting following appointment and then seek re-election annually thereafter.

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

The Management Engagement & Remuneration Committee (which has responsibility for reviewing the remuneration of the Directors) comprises Gordon Humphries (Chairman), Peter Dicks and John Gregory and meets at least annually to consider the levels of remuneration of the Directors, specifically reflecting the time commitment and responsibilities of the role. The Management Engagement & Remuneration committee also undertakes external comparisons and

reviews to ensure that the levels of remuneration paid are broadly in line with industry standards. The Management Engagement & Remuneration Committee also reviews the appointment and terms of engagement of the Manager.

Copies of the terms of reference of each of the Company's committees can be obtained from the Manager upon request.

Board evaluation

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

Relations with Shareholders

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

Internal control

The Directors of Foresight VCT plc have overall responsibility for the Company's system of internal control and for reviewing its effectiveness. The internal controls system is designed to manage rather than eliminate the risks of failure to achieve the Company's business objectives. The system is designed to meet the particular needs of the Company and the risks to which it is exposed and by its nature can provide reasonable but not absolute assurance against misstatement or loss.

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

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

Foresight Fund Managers Limited was appointed by the Board as Company Secretary in 2004 with responsibilities relating to the administration of the non-financial systems of internal control. All

Directors have access to the advice and services of the Company Secretary, who is responsible to the Board for ensuring that Board procedures and applicable rules and regulations are complied with.

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

Following publication of Internal Control: Guidance for Directors on the UK Corporate Governance Code (the Turnbull guidance), the Board confirms that there is a continuous process for identifying, evaluating and managing the significant risks faced by the Company, that 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, that has been, or is being, taken. This process covers consideration of the key business, operational, compliance and financial risks facing the Company and includes consideration of the risks associated with the Company's arrangements with Foresight Group, Foresight Fund Managers Limited and SGH Martineau LLP.

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

Such review procedures have been in place throughout the full financial year and up to the date of approval of the accounts, and the Board is satisfied with their effectiveness. These procedures are designed to manage, rather than eliminate, risk and, by their nature, can only provide reasonable, but not absolute, assurance against material misstatement or loss. The Board monitors the investment performance of the Company in comparison to its objective at each Board meeting. The Board also reviews the Company's activities since the last Board meeting to ensure that the Manager adheres to the agreed investment policy and approved investment guidelines and, if necessary, approves changes to such policy and guidelines.

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

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

Directors' Professional Development

Full details of duties and obligations are provided at the time of appointment and are supplemented by further details as requirements change, although there is no formal induction programme for the Directors as recommended by provision B.4.1. Directors are also provided on a regular basis with key information on the Company's policies, regulatory and statutory requirements and internal controls. Changes affecting Directors' responsibilities are advised to the Board as they arise. Directors also participate in industry seminars.

UK Stewardship Code

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

Bribery Act 2010

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

John Gregory

Director

28 April 2014



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 to approve this report will be put to the members at the forthcoming Annual General Meeting.

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

Annual Statement from the Chairman of the Remuneration Committee.

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

Consideration by the Directors of matters relating to Directors' Remuneration

The Management Engagement & Remuneration Committee comprises three Directors: Gordon Humphries (Chairman), Peter Dicks and John Gregory.

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

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

The Directors are not involved in deciding their own individual remuneration.

Remuneration policy

The Board's policy is that the remuneration of Non-Executive Directors should reflect time spent and the responsibilities borne by the Directors for the Company's affairs and should be sufficient to enable candidates of high calibre to be recruited. The levels of Directors' fees paid by the Company for the year ended 31 December 2013 were agreed during the year.

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

The Company's policy is to pay the Directors monthly in arrears, to the Directors personally (or to a third party if requested by any Director although no such request has been made).

None of the Directors has a service contract but, under letters of appointment dated 29 September 1997 (and Board resolution dated 9 March 2007 for Gordon Humphries and 30 July 2010 for John Gregory) may resign at any time by mutual consent. There are no set minimum notice periods but all Directors are subject to retirement annually. No Compensation is payable to Directors leaving office. As the Directors are not appointed for a fixed length of time there is no unexpired term to their appointment but, as noted above, the Directors will retire by rotation every year.

It is the intention of the Board that the above remuneration policy will, subject to shareholder approval, come into effect immediately following the Annual General Meeting of the Company on 29 May 2014 and will continue for the financial year ended 31 December 2014 and subsequent years.

Shareholders' views in respect of Directors' remuneration are communicated at the Company's Annual General Meeting and are taken into account in formulating the Directors' remuneration policy. At the last Annual General Meeting 91.2% of Shareholders voted for the resolution approving the Directors' Remuneration Report, showing significant shareholder support.

Retirement by rotation

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

P Dicks, G Humphries, J Gregory	AGM 2014
P Dicks, G Humphries, J Gregory	AGM 2015
P Dicks, G Humphries, J Gregory	AGM 2016

Shareprice total return

The graph on the following page charts the total shareholder return to 31 December 2013, on the hypothetical value of £100, invested by an Ordinary Shareholder since 1 January 2008, a Planned Exit Shareholder since 3 March 2010 or an Infrastructure Shareholder since February 2012. 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 an appropriate broad index against which to measure the Company's performance given that the profiles of many AiM companies being similar to those held by the Company.

Details of individual emoluments and compensation

The emoluments in respect of qualifying services of each person who served as a Director during the year and those forecast for the year ahead are shown on page 40. No Director has waived or agreed to waive any emoluments from the Company in either the current or previous year.

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

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

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



Directors' Remuneration Report continued

Directors

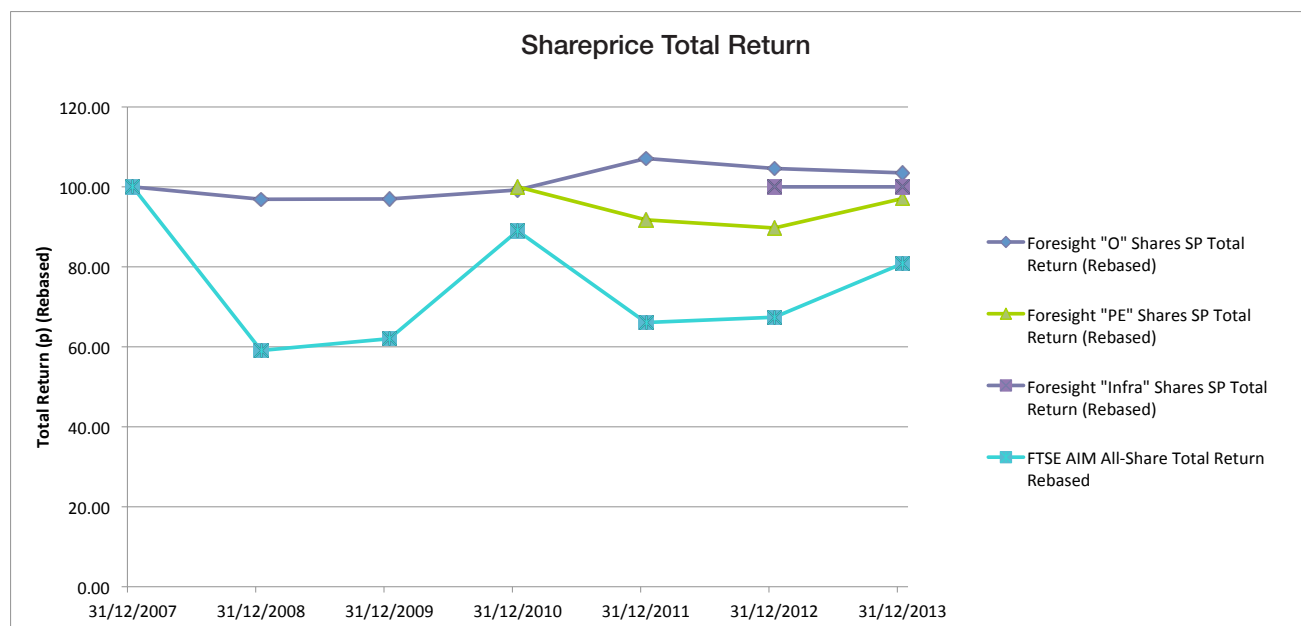
The Directors who held office during the year and their interests in the issued Ordinary Shares, Planned Exit Shares and Infrastructure Shares of 1p each of the Company were as follows:

	31 December 2013 Ordinary Shares	31 December 2013 Planned Exit Shares	31 December 2013 Infrastructure Shares	31 December 2012 Ordinary Shares	31 December 2012 Planned Exit Shares	31 December 2012 Infrastructure Shares
John Gregory (Chairman)	—	—	—	—	—	—
Peter Dicks	49,579	—	—	49,579	—	—
Gordon Humphries	6,182	—	—	3,335	—	—

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

Post year end, J Gregory purchased 4,966 Ordinary Shares based on an issue price of 102.2p

In accordance with the Articles of Association and the requirements of the UK Corporate Governance Code and the Board's policy, Mr Gregory, Mr Dicks and Mr Humphries must retire through rotation and, being eligible, offer themselves for re-election. Biographical notes on the Directors are given on page 30. The Board believes that Mr Gregory's, Mr Dicks' and Mr Humphries' 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.



Audited Information

The information below has been audited, with the exception of those fees forecasted for the year to 31 December 2014. See the Independent Auditors' Report on page 46.

	Anticipated Directors' fees year ending 31 December 2014 (£)	Audited Directors' fees year ended 31 December 2013 (£)	Audited Directors' fees year ended 31 December 2012 (£)
John Gregory (Chairman)	28,250	27,500	27,500
Peter Dicks	21,000	22,000	22,000
Gordon Humphries	23,000	22,000	22,000
Total	72,250	71,500	71,500

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

Votes cast for and against the Directors' Remuneration Report for the year ended 31 December 2012

Shares & Percentage of votes cast	Shares & Percentage of votes cast	Number of votes withheld
For	Against	
91.2%	8.8%	
3,954,407 votes	379,851 votes	82,085

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

	Year ended 31 December 2013	Year ended 31 December 2012
Dividends	£2,096,000	£2,405,000
Share buybacks	£698,000	£915,000
Total Shareholder distributions	£2,794,000	£3,320,000
Directors fees	£71,500	£71,500
Directors fees % of Shareholder distributions	2.6%	2.2%

Approval of report

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

This Directors' Remuneration Report was approved by the Board on 28 April 2014 and is signed on its behalf by Gordon Humphries (Director).

On behalf of the Board

Gordon Humphries

Director

28 April 2014



Audit Committee Report

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

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

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

Valuation of unquoted investments

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

Venture capital trust status

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

The Manager confirmed to the Audit Committee that the conditions for maintaining the Company's status as an approved venture capital trust had been met throughout the year. The Manager seeks HMRC approval in advance for all qualifying investments and reviews the Company's qualifying status in advance of realisations being made and throughout

the year. The Audit Committee is in regular contact with the Manager and any potential issues with Venture Capital Trust Status would be discussed at or between formal meetings. In addition, an external third party review of Venture Capital Trust Status is conducted by SGH Martineau LLP on a quarterly basis and this is reported to both the Board and Audit Committee and the Manager.

The Manager and auditor confirmed to the Audit Committee that they were not aware of any material misstatements. Having reviewed the reports received from the Manager and auditor, the Audit Committee is satisfied that the key areas of risk and judgement have been addressed appropriately in the financial statements and that the significant assumptions used in determining the value of assets and liabilities have been properly appraised and are sufficiently robust. The Audit Committee considers that KPMG Audit Plc has carried out its duties as auditor in a diligent and professional manner. During the year, the Audit Committee assessed the effectiveness of the current external audit process by assessing and discussing specific audit documentation presented to it in accordance with guidance issued by the Auditing Practices Board. The audit partner is rotated every five years ensuring that objectivity and independence is not impaired. The current audit partner has been in place for four year ends. KPMG Audit Plc was appointed as auditor in October 2010, with their first audit for the year ended 31 December 2010. No tender for the audit of the Company has been undertaken since this date. As part of its review of the continuing appointment of the auditors, the Audit Committee considers the need to put the audit out to tender, its fees and independence from the Manager along with any matters raised during each audit.

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

Gordon Humphries

Audit Committee Chairman
28 April 2014

Statement of Directors' Responsibilities

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

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

Under company law the directors must not approve the financial statements unless they are satisfied they give a true and fair view of the state of affairs of the Company and 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They 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 the Strategic Report, Directors' Report, Directors' Remuneration Report and Corporate Governance Statement that complies with that law and those regulations.

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

Statement of 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 accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company;
- the Chairman's Statement, Directors' Report and Strategic 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 the Company faces; and
- the report and accounts, taken as a whole, are fair, balanced, and understandable and provide the necessary information for shareholders to assess the company's performance, business model and strategy.

On behalf of the Board

John Gregory

Chairman

28 April 2014



Unaudited Non-Statutory Analysis of the Share Classes

Income Statements

for the year ended 31 December 2013

	Ordinary Shares Fund			Planned Exit Shares Fund			Infrastructure Shares Fund		
	Revenue	Capital	Total	Revenue	Capital	Total	Revenue	Capital	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Realised losses on investments	—	(816)	(816)	—	—	—	—	—	—
Investment holding losses	—	(404)	(404)	—	(774)	(774)	—	—	—
Income	611	—	611	150	—	150	580	—	580
Investment management fees	(151)	(452)	(603)	(14)	(43)	(57)	(69)	(207)	(276)
Other expenses	(213)	—	(213)	(43)	—	(43)	(109)	—	(109)
Return/(loss) on ordinary activities before taxation	247	(1,672)	(1,425)	93	(817)	(724)	402	(207)	195
Taxation	(15)	29	14	(19)	9	(10)	(79)	75	(4)
Return/(loss) on ordinary activities after taxation	232	(1,643)	(1,411)	74	(808)	(734)	323	(132)	191
Return/(loss) per share	0.8p	(5.9)p	(5.1)p	1.2p	(13.2)p	(12.0)p	1.9p	(0.8)p	1.1p

Balance Sheets

at 31 December 2013

	Ordinary Shares Fund £'000	Planned Exit Shares Fund £'000	Infrastructure Shares Fund £'000
Fixed assets			
Investments held at fair value through profit or loss	17,273	4,999	14,853
Current assets			
Debtors	2,028	143	259
Money market securities and other deposits	7,056	74	—
Cash	4,995	14	154
	14,079	231	413
Creditors			
Amounts falling due within one year	(221)	(186)	(37)
Net current assets	13,858	45	376
Net assets	31,131	5,044	15,229
Capital and reserves			
Called-up share capital	308	61	166
Share premium account	7,660	—	—
Capital redemption reserve	396	1	—
Special distributable reserve	25,071	5,452	15,101
Revenue reserve	125	463	300
Capital reserve	7,496	(743)	(338)
Revaluation reserve	(9,925)	(190)	—
Equity shareholders' funds	31,131	5,044	15,229
Number of shares in issue	30,829,144	6,115,511	16,647,858
Net asset value per share	101.0p	82.5p	91.5p

At 31 December 2013 there was an inter-share debtor/creditor of £223,000 which has been eliminated on aggregation.

Unaudited Non-Statutory Analysis of the Share Classes

Reconciliations of Movements in Shareholders' Funds

for the year ended 31 December 2013

	Called-up share capital	Share premium account	Capital redemption reserve	Special distributable reserve	Revenue reserve	Capital reserve	Revaluation reserve	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Ordinary Shares Fund								
As at 1 January 2013	273	3,513	389	26,206	(107)	9,658	(9,521)	30,411
Share issues in the year	42	4,355	—	—	—	—	—	4,397
Expenses in relation to share issues	—	(208)	—	—	—	—	—	(208)
Repurchase of shares	(7)	—	7	(673)	—	—	—	(673)
Net realised losses on disposal of investments	—	—	—	—	—	(816)	—	(816)
Investment holding losses	—	—	—	—	—	—	(404)	(404)
Dividends	—	—	—	—	—	(1,375)	—	(1,375)
Investment transaction costs	—	—	—	(10)	—	—	—	(10)
Management fees charged to capital	—	—	—	(452)	—	—	—	(452)
Tax credited to capital	—	—	—	—	—	29	—	29
Revenue return for the year	—	—	—	—	232	—	—	232
As at 31 December 2013	308	7,660	396	25,071	125	7,496	(9,925)	31,131

	Called-up share capital	Share premium account	Capital redemption reserve	Special distributable reserve	Revenue reserve	Capital reserve	Revaluation reserve	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Planned Exit Shares Fund								
As at 1 January 2013	61	—	1	5,556	389	(447)	584	6,144
Expenses in relation to share issues	—	—	—	(36)	—	—	—	(36)
Repurchase of shares	—	—	—	(25)	—	—	—	(25)
Investment holding losses	—	—	—	—	—	—	(774)	(774)
Dividends	—	—	—	—	—	(305)	—	(305)
Management fees charged to capital	—	—	—	(43)	—	—	—	(43)
Tax credited to capital	—	—	—	—	—	9	—	9
Revenue return for the year	—	—	—	—	74	—	—	74
As at 31 December 2013	61	—	1	5,452	463	(743)	(190)	5,044

	Called-up share capital	Share premium account	Capital redemption reserve	Special distributable reserve	Revenue reserve	Capital reserve	Revaluation reserve	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Infrastructure Shares Fund								
As at 1 January 2013	166	15,777	—	(169)	(23)	3	—	15,754
Expenses in relation to share issues	—	—	—	(266)	—	—	—	(266)
Cancellation of share premium	—	(15,777)	—	15,777	—	—	—	—
Dividends	—	—	—	—	—	(416)	—	(416)
Investment transaction costs	—	—	—	(34)	—	—	—	(34)
Management fees charged to capital	—	—	—	(207)	—	—	—	(207)
Tax credited to capital	—	—	—	—	—	75	—	75
Revenue return for the year	—	—	—	—	323	—	—	323
As at 31 December 2013	166	—	—	15,101	300	(338)	—	15,229



Independent Auditor's Report

Opinions and conclusions arising from our audit

1. Our opinion on the financial statements is unmodified

We have audited the financial statements of Foresight VCT plc for the year ended 31 December 2013 set out on pages 48 to 69. In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2013 and of its loss for the year then ended;
- have been properly prepared in accordance with UK Accounting Standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

2. Our assessment of risks of material misstatement

In arriving at our audit opinion above on the financial statements, the risks of material misstatement that had the greatest effect on our audit were as follows:

- *Valuation of Unquoted Investments: (£37.125million)*

Refer to page 42 (Audit Committee Report), page 52 (accounting policy) and pages 48 to 69 (financial statements)

The risk - 72.2% of the Company's total assets (by value) is held in investments where no quoted market price is available. Unquoted investments are measured at fair value, which is established in accordance with the International Private Equity and Venture Capital Valuation Guidelines by using measurements of value such as price of recent orderly transactions, earnings multiples and net assets. There is a significant risk over the valuation of these investments and this is one of the key judgemental areas that our audit focused on.

Our response - Our procedures included, among others:

- enquiry of the Investment Manager to document and assess the design and implementation of the investment valuation processes and controls in place;
- assessment of the investment realisations in the period, comparing actual sales proceeds to prior year end valuations to understand the reasons for significant variances and consideration of whether they are indicative of bias or error in the Company's approach to valuations;
- challenging the Investment Manager on key judgements affecting investee company valuations in the context of observed industry best practice and the provisions of the International Private Equity and Venture Capital Valuation Guidelines. In particular, we focussed on the appropriateness of the valuation basis selected as well as underlying assumptions, such as discount factors and the choice of benchmark for earnings multiples. We compared key underlying financial data inputs to external sources and investee company audited accounts and management information as applicable. We challenged the assumptions around the sustainability of earnings based on the plans of the investee companies and whether these are achievable, and we obtained an understanding of existing and prospective investee company cash flows to understand whether

borrowings can be serviced or refinancing may be required. Where a recent transaction is used to value any holding, we obtained an understanding of the circumstances surrounding those transactions and whether they were considered to be on an arms-length basis and suitable as an input into a valuation. Our work included consideration of events which occurred subsequent to the year end up until the date of this audit report;

- attending the year end Audit Committee meeting where we assessed the effectiveness of the Audit Committee's challenge and approval of unlisted investment valuations; and
- consideration of the appropriateness, in accordance with relevant accounting standards, of the disclosures in respect of unlisted investments and the effect of changing one or more inputs to reasonably possible alternative valuation assumptions.

- *VCT qualifying status:*

Refer to page 42 (Audit Committee Report), page 52 (accounting policy) and pages 48 to 69 (financial statements)

The risk - The Company is required at all times all times to observe the conditions of the Income Tax Act 2007 for the maintenance of approved VCT status. The loss of such approval could result in the Company losing its exemption from corporation tax on capital gains giving rise to significant tax liabilities arising from investment gains that are correctly unrecognised.

Our response - While we do not provide any specific assurance over the VCT status to the Company or its shareholders in this report, we perform the following procedures for the purposes of our audit:

- documenting and assessing the processes and controls in place at the investment manager to monitor VCT status compliance throughout the period; and
- examination of the relevant income and distribution ratios, based on the earnings in the period and the proposed final dividend recommended by the directors, to assess whether the Company's income has been derived wholly or mainly from shares or securities, and that it has not retained more than 15% of that income from shares or securities; and
- placing reliance on the third party VCT status report prepared by SGH Martineau LLP. Reading the report and discussing any findings with SGH Martineau LLP and the Foresight Group management team.

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

The materiality for the financial statements as a whole was set at £1.040 million. This was determined using a benchmark of Total Assets (of which it represents 2%). Total Assets, which is primarily composed of the Company's investment portfolio, is considered the key driver of the Company's capital and revenue performance and, as such, we believe that it is one of the principal considerations for members of the Company in assessing its financial performance.

We agreed with the Audit Committee to report to it all corrected and uncorrected misstatements we identified through our audit with a value in excess of £52,013, in addition to other audit misstatements below that threshold that we believe warranted reporting on qualitative grounds.

Our audit of the Company was undertaken to the materiality level specified above and was all performed at the Investment Manager, Foresight Group.

4. Our opinion on other matters prescribed by the Companies Act 2006 is unmodified

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 Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

5. We have nothing to report in respect of the matters on which we are required to report by exception

Under International Standards on Auditing (UK and Ireland) we are required to report to you if, based on the knowledge we acquired during our audit, we have identified other information in the annual report that contains a material inconsistency with either that knowledge or the financial statements, a material misstatement of fact, or that is otherwise misleading.

In particular, we are required to report to you if:

- we have identified material inconsistencies between the knowledge we acquired during our audit and the directors' statement that they consider that the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy; or
- the section of the Statement of Corporate Governance describing the work of the Audit Committee does not appropriately address matters communicated by us to the audit committee.

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

- adequate accounting records have not been kept by the Company, 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 33, in relation to going concern; and
- the part of the Corporate Governance Statement on pages 35 relating to the Company's compliance with the nine provisions of the 2010 UK Corporate Governance Code specified for our review.

We have nothing to report in respect of the above responsibilities.

Scope of report and responsibilities

As explained more fully in the Directors' Responsibilities Statement set out on page 43, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate. This report is made solely to the Company's members as a body and is subject to important explanations and disclaimers regarding our responsibilities, published on our website at www.kpmg.com/uk/auditscopeukco2013a, which are incorporated into this report as if set out in full and should be read to provide an understanding of the purpose of this report, the work we have undertaken and the basis of our opinions.

Gareth Horner (Senior Statutory Auditor) for and on behalf of KPMG Audit Plc, Statutory Auditor

Chartered Accountants

Saltire Court
20 Castle Terrace
Edinburgh
EH1 2EG

28 April 2014



Income Statement

for the year ended 31 December 2013

		Year ended 31 December 2013			Year ended 31 December 2012		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Realised (losses)/gains on investments		—	(816)	(816)	—	3,372	3,372
Investment holding losses		—	(1,178)	(1,178)	—	(3,736)	(3,736)
Income	2	1,341	—	1,341	974	—	974
Investment management fees	3	(234)	(702)	(936)	(232)	(696)	(928)
Other expenses	4	(365)	—	(365)	(460)	—	(460)
Return/(loss) on ordinary activities before taxation		742	(2,696)	(1,954)	282	(1,060)	(778)
Taxation	6	(113)	113	—	(21)	21	—
Return/(loss) on ordinary activities after taxation		629	(2,583)	(1,954)	261	(1,039)	(778)
Return per share:							
Ordinary Share	8	0.8p	(5.9)p	(5.1)p	0.3p	(5.4)p	(5.1)p
Planned Exit Share	8	1.2p	(13.2)p	(12.0)p	3.4p	10.0p	13.4p
Infrastructure Share	8	1.9p	(0.8)p	1.1p	(0.2)p	(1.0)p	(1.2)p

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

All revenue and capital items in the above Income Statement are derived from continuing operations. No operations were acquired or discontinued in the 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 52 to 69 form part of these financial statements.

Reconciliation of Movements in Shareholders' Funds

	Called-up share capital	Share premium account	Capital redemption reserve	Special distributable reserve	Revenue reserve	Capital reserve	Revaluation reserve	Total
Year ended 31 December 2012	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Company								
As at 1 January 2012	341	—	352	36,614	(2)	8,226	(5,201)	40,330
Share issues in the year	197	20,138	—	—	—	—	—	20,335
Expenses in relation to share issues	—	(848)	—	—	—	—	—	(848)
Repurchase of shares	(38)	—	38	(4,313)	—	—	—	(4,313)
Net realised gain on disposal of investments	—	—	—	—	—	3,372	—	3,372
Investment holding losses	—	—	—	—	—	—	(3,736)	(3,736)
Investment stamp duty	—	—	—	(12)	—	—	—	(12)
Dividends	—	—	—	—	—	(2,405)	—	(2,405)
Management fees charged to capital	—	—	—	(696)	—	—	—	(696)
Tax credited to capital	—	—	—	—	—	21	—	21
Revenue return for the year	—	—	—	—	261	—	—	261
As at 31 December 2012	500	19,290	390	31,593	259	9,214	(8,937)	52,309

	Called-up share capital	Share premium account	Capital redemption reserve	Special distributable reserve	Revenue reserve	Capital reserve	Revaluation reserve	Total
Year ended 31 December 2013	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Company								
As at 1 January 2013	500	19,290	390	31,593	259	9,214	(8,937)	52,309
Share issues in the year	42	4,355	—	—	—	—	—	4,397
Expenses in relation to share issues	—	(208)	—	(302)	—	—	—	(510)
Repurchase of shares	(7)	—	7	(698)	—	—	—	(698)
Cancellation of share premium	—	(15,777)	—	15,777	—	—	—	—
Net realised losses on disposal of investments	—	—	—	—	—	(816)	—	(816)
Investment holding losses	—	—	—	—	—	—	(1,178)	(1,178)
Dividends	—	—	—	—	—	(2,096)	—	(2,096)
Investment transaction costs	—	—	—	(44)	—	—	—	(44)
Management fees charged to capital	—	—	—	(702)	—	—	—	(702)
Tax credited to capital	—	—	—	—	—	113	—	113
Revenue return for the year	—	—	—	—	629	—	—	629
As at 31 December 2013	535	7,660	397	45,624	888	6,415	(10,115)	51,404

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



Balance Sheet

at 31 December 2013

Registered Number: 03421340

	Notes	As at 31 December 2013 £'000	As at 31 December 2012 £'000
Fixed assets			
Investments held at fair value through profit or loss	9	37,125	44,433
Current assets			
Debtors	10	2,207	2,266
Money market securities and other deposits		7,130	3,419
Cash		5,163	2,309
		14,500	7,994
Creditors			
Amounts falling due within one year	11	(221)	(118)
Net current assets		14,279	7,876
Net assets		51,404	52,309
Capital and reserves			
Called-up share capital	12	535	500
Share premium account		7,660	19,290
Capital redemption reserve		397	390
Special distributable reserve		45,624	31,593
Revenue reserve		888	259
Capital reserve		6,415	9,214
Revaluation reserve		(10,115)	(8,937)
Equity shareholders' funds		51,404	52,309
Net asset value per share:			
Ordinary Share	13	101.0p	111.3p
Planned Exit Share	13	82.5p	100.0p
Infrastructure Share	13	91.5p	94.6p

The financial statements on pages 48 to 69 were approved by the Board of Directors and authorised for issue on 28 April 2014 and were signed on its behalf by:

John Gregory
Director

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

Cash Flow Statement

for the year ended 31 December 2013

	Year ended 31 December 2013 £'000	Year ended 31 December 2012 £'000
Cash flow from operating activities		
Investment income received	1,225	1,209
Dividends received from investments	169	—
Deposit and similar interest received	8	39
Investment management fees paid	(865)	(796)
Secretarial fees paid	(96)	(114)
Other cash payments	(365)	(891)
Net cash Inflow/(outflow) from operating activities and returns on investment	76	(553)
Returns on investment and servicing of finance		
Purchase of unquoted investments and investments quoted on AiM	(12,661)	(23,605)
Net proceeds on sale of investments	17,478	6,342
Net proceeds on deferred consideration	249	197
Net capital Inflow/(outflow) from financial investment	5,066	(17,066)
Taxation	—	—
Equity dividends paid	(2,053)	(2,321)
Management of liquid resources		
Movement in money market funds	(3,711)	7,922
	(622)	(12,018)
Financing		
Proceeds of fund raising	4,365	15,857
Expenses of fund raising	(187)	(320)
Repurchase of own shares	(702)	(1,308)
	3,476	14,229
Net inflow of cash in the year	2,854	2,211
Reconciliation of net cash flow to movement in net funds		
Increase in cash for the year	2,854	2,211
Net cash at start of year	2,309	98
Net cash at end of year	5,163	2,309

Analysis of changes in net debt

	At 1 January 2013 £'000	Cash flow £'000	At 31 December 2013 £'000
Cash and cash equivalents	2,309	2,854	5,163

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



Notes to the Accounts

for the year ended 31 December 2013

1 Accounting policies

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

a) Basis of accounting

The financial statements have been prepared under the Companies Act 2006, and in accordance with United Kingdom Generally Accepted Accounting Practice (UK GAAP) 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 value investments in accordance with the International Private Equity and Venture Capital Valuation (“IPEVCV”) guidelines, as updated in December 2012. 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 cost 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 arm’s 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 discussion with the Investment Manager, will agree the values that reflect the extent to which a realised loss should be recognised. This is based upon an assessment of objective evidence of that investment’s future prospects, to determine whether there is potential for the investment to recover in value.

(iii) Premiums on loan stock investments are accrued at fair value when the Company has the right to receive the premium and expects to do so.

(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 the application of a multiple to that company’s historic, current or forecast turnover (the multiple being based on data from comparable companies in the sector but with the resulting value being adjusted to reflect points of difference identified by the Investment Manager including, inter alia, a lack of marketability).

1 Accounting policies (continued)

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 an effective interest rate basis where there is reasonable certainty that the redemption premiums will be paid. Where uncertainty exists they will be recognised on realisation of investment.

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. The liability is recognised when the related distribution to shareholders is made.

e) Financial instruments

During the course of the year 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.

h) Capital reserves

The capital reserve is shown in aggregate and is made up of two elements:

(i) Realised

The following are accounted for in this reserve:

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

(ii) Revaluation reserve (unrealised capital reserve)

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

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



Notes to the Accounts

for the year ended 31 December 2013

1 Accounting policies (continued)

i) 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.

j) Cash and liquid resources

Cash, for the purposes of the cash flow statement, comprises cash in hand and deposits repayable on demand. Liquid resources are current asset investments which are disposable without curtailing or disrupting the business and are readily convertible into known amounts of cash at their carrying values. Liquid resources comprise money market funds.

2 Income

	Year ended 31 December 2013 £'000	Year ended 31 December 2012 £'000
Loan stock interest	1,164	836
Dividends	169	106
Overseas based Open Ended Investment Companies ("OEICs")	6	30
Bank desposits	2	2
	1,341	974

The Directors are of the opinion that the Company is engaged in a single segment of business and therefore no segmental reporting is provided.

3 Investment management fees

	Year ended 31 December 2013 £'000	Year ended 31 December 2012 £'000
Investment management fees charges to the revenue account	234	232
Investment management fees charges to the capital account	702	696
	936	928

Foresight Group advise the Company on investments in qualifying companies under an agreement dated 11 October 1999. The agreement was for an initial period of five years and thereafter until their appointment is terminated by not less than one year's notice in writing to expire at any time after the initial period.

Foresight Group has received an annual management fee of 2% of the net assets of the Ordinary Shares fund (adjusted to reflect quoted investments at mid-market prices), 1% of the net assets of the Planned Exit Shares fund and 1.75% of the net assets of the Infrastructure Shares fund in the year ended 31 December 2013. The annual management fees are calculated and payable quarterly in advance.

At an Extraordinary General Meeting on 15 January 2007, new incentive arrangements for Foresight Group were approved by shareholders. In summary, Foresight Group will receive an incentive equal to 15% of all distributions made to shareholders in excess of a Total Return of £1 per Ordinary Share. This hurdle became 180.4p per Ordinary Share after the reconstruction on 1 March 2011. Further details are provided in Note 14.

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

Foresight Fund Managers Limited is the Company Secretary and received annual fees for the services provided of £100,000 (2012: £100,000), excluding VAT. The annual secretarial fee is £100,000 payable quarterly in advance together with any applicable VAT.

4 Other expenses

	Year ended 31 December 2013 £'000	Year ended 31 December 2012 £'000
Accounting and secretarial services excluding VAT	100	100
Directors' remuneration including employer's National Insurance contributions	78	82
Auditor's remuneration excluding VAT		
— audit services	23	21
— taxation services	6	6
Foreign exchange	9	—
Other	149	251
	365	460

5 Directors' remuneration

	Year ended 31 December 2013 £'000	Year ended 31 December 2012 £'000
John Gregory	28	28
Peter Dicks	22	22
Gordon Humphries	22	22
	72	72
Employers' NIC and VAT on above as appropriate	6	10
	78	82

No pension scheme contributions or retirement benefit contributions were paid. There are no share option contracts held by the Directors.

Further details of Directors' interests are given on page 40.



Notes to the Accounts

for the year ended 31 December 2013

6 Tax on ordinary activities

Analysis of charge in the period:

	Year ended 31 December 2013			Year ended 31 December 2012		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Current tax						
Corporation tax	(113)	113	—	(21)	21	—
Total current tax	(113)	113	—	(21)	21	—
Deferred tax	—	—	—	—	—	—
Total tax	(113)	113	—	(21)	21	—

	Year ended 31 December 2013 £'000	Year ended 31 December 2012 £'000
Total (loss)/return on ordinary activities before taxation	(1,954)	(778)
Corporation tax at 23.25% (2012: 24.5%)	(454)	(191)
Capital realised gains not taxable	190	(826)
Capital unrealised losses not relivable	274	915
Movement in unutilised expenses	29	128
Dividends not taxable	(39)	(26)
Current tax charge for the year	—	—

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

No deferred tax asset has been recognised in the year for surplus management expenses. At present it is not envisaged that any tax will be recovered on these in the foreseeable future. The total amount of deferred tax assets unrecognised is £1,060,000 (2012: £1,034,000).

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.

7 Dividends

	Year ended 31 December 2013 £'000	Year ended 31 December 2012 £'000
Ordinary Shares		
Dividends — paid in the year	1,375	2,012
Planned Exit Shares		
Dividends — paid in the year	305	309
Infrastructure Shares		
Dividends — paid in the year	416	—

	Year ended 31 December 2013 £'000	Year ended 31 December 2012 £'000
Corporate (not fund) income available for distribution by way of dividends for the year	629	261

The Board is not recommending a final dividend for the Ordinary Shares fund for the year ended 31 December 2013 (2012: £nil). An interim dividend of of 10.0p per Ordinary Share was paid on 14 March 2014 (2013: 5.0p).

The Board is not recommending a final dividend for the Planned Exit Shares fund for the year ended 31 December 2013 (2012: £nil).

The Board is not recommending a final dividend for the Infrastructure Shares fund for the year ended 31 December 2013 (2012: £nil).

As at 31 December 2013, reserves available for dividend distribution total £43,200,000 (2012: £32,129,000) comprising the revenue, capital and distributable reserves, less the net unrealised loss on those investments whose prices are quoted in an active market and deemed readily realisable.

In accordance with S.259 of the Income Tax Act 2007, a Venture Capital Trust may not retain more than 15% of its qualifying income in any one accounting period. The payment of the interim dividends satisfies this requirement.

8 Return per share

	Year ended 31 December 2013			Year ended 31 December 2012		
	Ordinary Share £'000	Planned Exit Share £'000	Infrastructure Share £'000	Ordinary Share £'000	Planned Exit Share £'000	Infrastructure Share £'000
Total return after taxation	(1,411)	(734)	191	(1,425)	824	(177)
Total return per share (note a)	(5.1)p	(12.0)p	1.1p	(5.1)p	13.4p	(1.2)p
Revenue return from ordinary activities after taxation	232	74	323	74	210	(23)
Revenue return per share (note b)	0.8p	1.2p	1.9p	0.3p	3.4p	(0.2)p
Capital return from ordinary shares after taxation	(1,643)	(808)	(132)	(1,499)	614	(154)
Capital return per share (note c)	(5.9)p	(13.2)p	(0.8)p	(5.4)p	10.0p	(1.0)p
Weighted average number of shares in issue in the year	27,776,607	6,125,011	16,647,858	27,783,381	6,170,224	14,626,385

Notes:

a) Total return per share is total return after taxation divided by the weighted average number of shares in issue during the year.

b) Revenue return per share is revenue return after taxation divided by the weighted average number of shares in issue during the year.

c) Capital return per share is capital return after taxation divided by the weighted average number of shares in issue during the year.



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for the year ended 31 December 2013

9 Investments

	2013 £'000	2012 £'000
Company		
Quoted investments	—	878
Unquoted investments	37,125	43,555
	37,125	44,433

Company	Quoted £'000	Unquoted £'000	Total £'000
Book cost as at 1 January 2013	6,265	46,670	52,935
Investment holding losses	(5,387)	(3,115)	(8,502)
Valuation at 1 January 2013	878	43,555	44,433
Movements in the period:			
Purchases at cost	—	12,751	12,751
Disposal proceeds	(612)	(17,115)	(17,727)
Realised (losses)/gains	(5,653)	5,124	(529)
Investment holding gains/(losses)	5,387	(7,190)	(1,803)
Valuation at 31 December 2013	—	37,125	37,125
Book cost at 31 December 2013	—	47,430	47,430
Investment holding losses	—	(10,305)	(10,305)
Valuation at 31 December 2013	—	37,125	37,125

Ordinary Shares Fund	Quoted £'000	Unquoted £'000	Total £'000
Book cost as at 1 January 2013	6,265	28,050	34,315
Investment holding losses	(5,387)	(3,699)	(9,086)
Valuation at 1 January 2013	878	24,351	25,229
Movements in the period:			
Purchases at cost*	—	4,830	4,830
Disposal proceeds	(612)	(10,616)	(11,228)
Realised (losses)/gains†	(5,653)	5,124	(529)
Investment holding gains/(losses)**	5,387	(6,416)	(1,029)
Valuation at 31 December 2013	—	17,273	17,273
Book cost at 31 December 2013	—	27,388	27,388
Investment holding losses	—	(10,115)	(10,115)
Valuation at 31 December 2013	—	17,273	17,273

*Capitalised interest of £90,000 was recognised by the Ordinary Shares fund in the year, and is included within purchases at cost.

†Deferred consideration of £287,000 was written off by the Ordinary Shares fund in the year and is included in realised losses in the income statement.

**Deferred consideration of £950,000 was recognised by the Ordinary Shares fund in the year, and is included in debtors. In addition, £325,000 was written off in the year and is included in investment holding losses in the income statement. More details can be found in note 10.

9 Investments (continued)

	Quoted £'000	Unquoted £'000	Total £'000
Planned Exit Shares Fund			
Book cost as at 1 January 2013	—	5,032	5,032
Investment holding gains	—	584	584
Valuation at 1 January 2013	—	5,616	5,616
Movements in the period:			
Purchases at cost	—	347	347
Disposal proceeds	—	(190)	(190)
Realised gains	—	—	—
Investment holding losses	—	(774)	(774)
Valuation at 31 December 2013	—	4,999	4,999
Book cost at 31 December 2013	—	5,189	5,189
Investment holding losses	—	(190)	(190)
Valuation at 31 December 2013	—	4,999	4,999

	Quoted £'000	Unquoted £'000	Total £'000
Infrastructure Shares Fund			
Book cost as at 1 January 2013	—	13,588	13,588
Investment holding gains	—	—	—
Valuation at 1 January 2013	—	13,588	13,588
Movements in the period:			
Purchases at cost	—	7,574	7,574
Disposal proceeds	—	(6,309)	(6,309)
Realised gains	—	—	—
Investment holding gains	—	—	—
Valuation at 31 December 2013	—	14,853	14,853
Book cost at 31 December 2013	—	14,853	14,853
Investment holding gains	—	—	—
Valuation at 31 December 2013	—	14,853	14,853

As permitted by Financial Reporting Standard 9, "Associates and Joint Ventures", investments are held as part of an investment portfolio, and their value to the Company is through their marketable value as part of a portfolio of investments, rather than as a medium through which the Company carries out its business. Therefore, the investments are not considered to be associated undertakings.

Where the Company's interest in an investment is greater than 50% of the investee company's total equity, specific clauses are included in the investee company's articles of association to prevent the Company from exercising control. Therefore, these investments are not considered to be subsidiary undertakings.

10 Debtors

	2013 £'000	2012 £'000
Accrued interest	880	1,026
Prepayments	11	13
Deferred consideration	1,253	590
Other debtors	63	637
	2,207	2,266

A write down of £325,000 has been recognised on two bank overdraft guarantee facilities for the Ordinary Shares fund; Withion (£125,000) and Abacuswood (£200,000). The write down has been recognised in the income statement.



Notes to the Accounts

for the year ended 31 December 2013

11 Creditors: amounts falling due within one year

	2013 £'000	2012 £'000
Accruals and other creditors	221	118
	221	118

12 Called-up share capital

	2013 £'000	2012 £'000
Allotted, called-up and fully paid:		
30,829,144 Ordinary Shares of 1p each (2012: 27,324,155)	308	273
6,115,511 Planned Exit Shares of 1p each (2012: 6,142,813)	61	61
16,647,858 Infrastructure Shares of 1p each (2012: 16,647,858)	166	166

Other Share Issues and Share Buybacks

The Company announced a small top-up offer of Ordinary Shares on 3 December 2012. The offer was open during the year and 519,920 Ordinary Shares were issued at prices ranging from 98.0p to 111.3p per share.

The Company announced a £20 million prospectus offer on 26 September 2013. In December 2013, 3,646,287 Ordinary Shares were issued based on a net asset value of 102.2p per share.

On 17 June 2013 the Company allotted 46,334 Ordinary Shares under the Company's Dividend Reinvestment Scheme at 98.0p per share.

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

As part of the Company's active buyback programme, during the period, 707,552 Ordinary Shares were purchased for cancellation at a cost of £673,000, and 27,302 Planned Exit Shares for cancellation at a cost of £25,000.

	Ordinary Shares No.	Planned Exit Shares No.	Infrastructure Shares No.
At 1 January 2013	27,324,155	6,142,813	16,647,858
Dividend reinvestment	46,334	—	—
Share issues	4,166,207	—	—
Share buybacks	(707,552)	(27,302)	—
At 31 December 2013	30,829,144	6,115,511	16,647,858

13 Net asset value per share

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

	31 December 2013			31 December 2012		
	Ordinary Shares Fund	Planned Exit Shares Fund	Infrastructure Shares Fund	Ordinary Shares Fund	Planned Exit Shares Fund	Infrastructure Shares Fund
Net assets	£31,131,000	£5,044,000	£15,229,000	£30,411,000	£6,144,000	£15,754,000
No. of shares at year end	30,829,144	6,115,511	16,647,858	27,324,155	6,142,813	16,647,858
Net asset value per share	101.0p	82.5p	91.5p	111.3p	100.0p	94.6p

14 Performance-related incentive

Ordinary Share Incentive

Foresight Group is entitled to a performance incentive equal in value to 15% of all distributions made to shareholders in excess of a Total Return of £1 per Ordinary Share. For these purposes the Total Return will always be calculated as the aggregate amount of: (i) the latest NAV per Ordinary Share, plus (ii) an amount of 10.75p being the dividends paid per C Share prior to the Conversion of Ordinary and C Shares in January 2007; plus (iii) all distributions paid per Ordinary Share following the Conversion.

The £1 hurdle per Ordinary Share became 180.4p per Ordinary Share after the reconstruction on 1 March 2011 of 0.554417986 new Ordinary Shares for every existing Ordinary Share held. The 10.75p in dividends became 19.4p as a result of the share reconstruction.

At 31 December 2013 the rebased NAV was 101.0p per Ordinary Share and the rebased dividends paid (including the 19.4p noted above) were 47.7p. This makes a total return of 148.7p compared to the hurdle of 180.4p per Ordinary Share.

The performance related incentive fee will be satisfied by either a cash payment or an issue of Ordinary Shares to Foresight Group (or a combination of both) at the Board's discretion. Any Ordinary Shares to be issued to Foresight Group would be calculated by dividing the amount to be satisfied by the issue of Ordinary Shares by the latest NAV of an Ordinary Share (as reduced by an amount equal to the relevant distribution to be made). The number of Ordinary Shares to which Foresight Group would be entitled would be subscribed for at their par value of 1p each.

Planned Exit Share Incentive

Foresight Group will be entitled to a performance incentive which is conditional on distributions of a minimum of 110p per Planned Exit Share issued under the offer and remaining in issue at the date of calculation. The performance incentive is equivalent to the next 15p of Distributions above this hurdle of 110p plus 20% of any Distributions above 125p. The performance incentive may be satisfied in cash or by the issue of new Planned Exit Shares to Foresight Group, at the discretion of the Board.

Infrastructure Share Incentive

The performance incentive fee of the Infrastructure Shares is equivalent to 15% of Distributions in excess of 100p per Infrastructure Share and the Boards believe this should align the interests of investors and Foresight Group. Performance incentive fees will not be paid to Foresight Group until investors have received total Distributions of 100p per Infrastructure Share.



Notes to the Accounts

for the year ended 31 December 2013

15 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 corporation 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 in the hands of investors. The Company would also lose its exemption from corporation tax on capital gains.
- Investment and strategic — inappropriate strategy, poor asset allocation or consistently weak stock selection leading to under performance and poor returns to shareholders.
- Regulatory — the Company is required to comply with the Companies Acts 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 leading to an inability to provide accurate reporting and monitoring.
- Financial — inadequate controls might lead to misappropriation or loss 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 later in this note.
- Market risk — investment in AiM traded, ISDX Growth Market 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 small 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 ISDX Growth Markets does not guarantee that it can be realised. The spread between the buying and selling price of such shares may not reflect the price that any realisation is actually made.

The Board regularly reviews the principal risks and uncertainties facing the Company which the Board and the Manager have identified and the Board sets out delegated controls designed to manage those risks and uncertainties. Key risks within investment strategy are managed by the Board through a defined investment policy, with guidelines and restrictions, and by the process of oversight at each Board meeting. Operational disruption, accounting and legal risks are also covered at least annually and regulatory compliance is reviewed at each Board meeting. The Directors have adopted a robust framework of internal controls which is designed to monitor the principal risks and uncertainties facing the Company and provide a monitoring system to enable the Directors to mitigate these risks as far as possible. Details of the Company's internal controls are contained in the Corporate Governance and Internal Control sections.

Financial instrument risk management

The Company's financial instruments comprise:

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

Financial instrument risk management (continued)

The Company's financial instruments comprise:

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 December 2013:

	Company	
	2013	2012
	(Fair value)	(Fair value)
	£'000	£'000
Investment portfolio	37,125	44,433
Current asset investments (money market funds)	7,130	3,419
Cash at bank	5,163	2,309
	49,418	50,161
Receivables		
Prepayments and other debtors	2,207	2,266
Liabilities at amortised cost or equivalent		
Creditors	(221)	(118)
	51,404	52,309



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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 consists of unquoted investments and qualifying loan stock valued at fair value. 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 (72.2% 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 £29,386,000 at 31 December 2013 (31 December 2012: £20,284,000).

	Total portfolio		Weighted average interest rate		Weighted average time for which rate is fixed	
	31 December 2013	31 December 2012	31 December 2013	31 December 2012	31 December 2013	31 December 2012
Company Portfolio	£'000	£'000	%	%	Days	Days
Short-term fixed interest securities						
— exposed to cash flow interest rate risk	7,130	3,419	0.0	0.0	—	—
Loan stock						
— exposed to fixed interest risk	16,013	11,678	7.2	11.4	561	1,187
Loan stock						
— exposed to variable interest rate risk	1,080	2,878	3.1	1.6	—	—
Cash	5,163	2,309	—	—	—	—
Total exposed to interest rate risk	29,386	20,284				
Loan stock						
— not exposed to interest rate risk	—	133	—	—	—	—
Total	29,386	20,417				

15 Financial instrument risk management (continued)

	Total portfolio	
	31 December 2013	31 December 2012
	£'000	£'000
Maturity analysis:		
— in one year or less	16,578	10,506
— in more than one year but no more than two years	1,937	523
— in more than two years but no more than three years	1,076	1,836
— in more than three years but no more than four years	5,467	1,487
— in more than four years but no more than five years	4,328	6,065
Total	29,386	20,417

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 December 2013 (0.5% at 31 December 2012).

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 December 2013 was £31,593,000 (31 December 2012: £22,683,000) 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.

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

	Company	
	2013	2012
	£'000	£'000
Loan stocks	17,093	14,689
Current asset investments (money market funds)	7,130	3,419
Other debtors	2,207	2,266
Cash at Bank	5,163	2,309
Total	31,593	22,683

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 December 2013 is: £37,125,000 (31 December 2012: £44,433,000).



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for the year ended 31 December 2013

15 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.

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% (2012: 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 the portfolio or a combination of the two.

	2013 Return and net assets	2012 Return and net assets
If overall share prices fell by 15% (2012: 15%), with all other variables held constant — decrease (£'000)	(5,569)	(6,665)
Decrease in net asset value (in pence)	(10.39)p	(13.30)p

	2013 Return and net assets	2012 Return and net assets
If overall share prices increased by 15% (2012: 15%), with all other variables held constant — increase (£'000)	5,569	6,665
Increase in net asset value (in pence)	10.39p	13.30p

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.

15 Financial instrument risk management (continued)

Interest rate sensitivity

Although the Company holds investments in loan stocks that pay interest, the Board does not believe that the value of these instruments is interest rate sensitive. This is because 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.

	2013 Return and net assets	2012 Return and net assets
If interest rates were 1% lower, with all other variables held constant — decrease (£'000)	(11)	(29)
Decrease in earnings, and net asset value, per Share (in pence)	(0.02)p	(0.06)p
If interest rates were 1% higher, with all other variables held constant — increase (£'000)	11	29
Increase in earnings, and net asset value, per Share (in pence)	0.02p	0.06p

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).

Company

As at 31 December 2013

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Quoted investments	—	—	—	—
Unquoted investments	—	—	37,125	37,125
Current asset investments (money market funds)	7,130	—	—	7,130
Financial assets	7,130	—	37,125	44,255

As at 31 December 2012

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Quoted investments	878	—	—	878
Unquoted investments	—	—	43,555	43,555
Current asset investments (money market funds)	3,419	—	—	3,419
Financial assets	4,297	—	43,555	47,852



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15 Financial instrument risk management (continued)

The Company primarily invests in private equity via unquoted equity and loan securities. The Company'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.

Year ended 31 December 2013

	Company Level 3 £'000
Valuation brought forward at 1 January 2013	43,555
Purchases	12,751
Disposal proceeds	(17,115)
Realised gains	5,124
Investment holding losses	(7,190)
Valuation carried forward at 31 December 2013	37,125

Transfers

During the year 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 £5.6 million.

16 Capital commitments and contingent liabilities

The Company had no capital commitments at 31 December 2013 (2012: £nil).

The maximum consideration which could have been paid by the Company for the acquisition of the assets of Keydata Income VCT 1 plc and Keydata Income VCT 2 plc was £6.4 million. On 28 February 2011, being the date of the acquisitions, £3.6 million was paid with a maximum of an additional £2.8 million being payable through the issue of Ordinary Shares to the original Keydata shareholders. The balance was based on certain milestones having been met as at 31 December 2013 but these value based milestones were not achieved and no further payment will be made. There were no contingent liabilities as at 31 December 2013 (2012: £nil).

17 Management of capital

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

In accordance with VCT requirements within three years of capital being subscribed, the Company must invest at least 70% of that capital in qualifying investment (as measured under the tax legislation), and must thereafter maintain that percentage level investment, in the relatively high risk asset class of small UK companies. 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 on changing the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets if so required to maintain a level of liquidity to remain a going concern.

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

18 Post-balance sheet event

In accordance with the terms of the offer for subscription dated 26 September 2013 Foresight VCT plc made the following issues of Ordinary Shares post year-end:

Foresight VCT issued 7,470,467 Ordinary Shares of 1p each, in accordance with the terms of the offer for subscriptions dated 26 September 2013.

Date	Ordinary Shares	NAV to calculate issue price
15 January 2014	865,736	102.2p
14 February 2014	1,783,875	102.2p
27 February 2014	1,866,268	102.2p
18 March 2014	486,401	91.0p
31 March 2014	1,285,422	91.0p
4 April 2014	1,182,765	91.0p
	7,470,467	

A total of 127,873 Ordinary Shares were issued under the Dividend Reinvestment Scheme.

Date	Ordinary Shares	NAV to calculate issue price
18 March 2014	127,873	91.0p
	127,873	

19 Related party transactions

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

20 Transactions with the manager

Foresight Group which acts as investment manager to the Company in respect of its venture capital and other investments earned fees of £936,000 during the year (2012: £928,000). Foresight Fund Managers Limited, Company Secretary, received fees excluding VAT of £100,000 (2012: £100,000) during the year.

At the balance sheet date, there was £127,000 (2012: £nil) due to Foresight Group and £nil (2012: £nil) due to Foresight Fund Managers Limited. No amounts have been written off in the year in respect of debts due to or from the related parties.



Shareholder Information

Dividends

Shareholders who wish to have dividends paid directly into their bank account rather than by cheque to their registered address can complete a mandate form for this purpose. Mandates can be obtained by telephoning the Company's registrar, Computershare Investor Services plc (see back cover for details).

Share price

The Company's Ordinary Shares, Planned Exit Shares and Infrastructure Shares are listed on the London Stock Exchange. The mid-price of the Company's Ordinary Shares and Infrastructure Shares are 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. Due to the fact that Planned Exit Shares are bought back at net asset value, and in order to keep costs down, it has been decided not to list the Planned Exit Shares in the Financial Times.

Investor Centre

Investors are able to manage their shareholding online using Computershare's secure website — www.investorcentre.co.uk — to undertake the following:

- **Holding Enquiry** — view balances, values, history, payments and reinvestments.
- **Payments Enquiry** — view your dividends and other payment types.
- **Address Change** — change your registered address (communications with shareholders are mailed to the registered address held on the share register).
- **Bank Details Update** — choose to receive your dividend payments directly into your bank account instead of by cheque.
- **Outstanding Payments** — reissue payments using our online replacement service.
- **Downloadable Forms** — including dividend mandates, stock transfer, dividend reinvestment and change of address forms.

Shareholders just require their Shareholder Reference Number (SRN) to access any of these features. The SRN can be found on communications previously received from Computershare.

Trading shares

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

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.

Foresight Group has been made aware that some of its shareholders have received unsolicited phone calls or correspondence concerning investment matters. These are typically from overseas based 'brokers' who target UK shareholders, offering to purchase their VCTs shares at an inflated price. These 'brokers' can be very persistent and extremely persuasive and shareholders are advised to be wary of any unsolicited approaches. Details of any share dealing facilities that are endorsed by Foresight Group as authentic are included on this page.

Indicative financial calendar

August 2014	Announcement of Interim Results for the six months ending 30 June 2014
April 2015	Announcement of annual results for the year ended 31 December 2014
April 2015	Posting of the Annual Report for the year ended 31 December 2014
May 2015	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

Please contact Foresight Group for any queries regarding Foresight VCT plc:

Telephone: 01732 471800 (from 12 May 2014 Telephone: 020 3667 8100)

Fax: 01732 471810

e-mail: info@foresightgroup.eu

website: www.foresightgroup.eu

Foresight VCT plc is managed by Foresight Group CI Limited, which is licensed by the Guernsey Financial Services Commission. Past performance is not necessarily a guide to future performance. Stock markets and currency movements may cause the value of the 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 VCT plc ("the Company") will be held on 29 May 2014 at 12:00pm at the offices of Foresight Group LLP, The Shard, 32 London Bridge Street, London, SE1 9SG for the purpose of considering and, if thought fit, passing the following resolutions, of which resolutions 1 to 8 will be proposed as ordinary resolutions and resolutions 9 and 10 will be proposed as special resolutions.

- | | |
|--------------|--|
| Resolution 1 | To receive the Report and Accounts for the year ended 31 December 2013. |
| Resolution 2 | To approve the Directors' Remuneration Report. |
| Resolution 3 | To approve the Directors' Remuneration Policy. |
| Resolution 4 | To re-elect Peter Dicks as a director. |
| Resolution 5 | To re-elect John Gregory as a director. |
| Resolution 6 | To re-elect Gordon Humphries as a director. |
| Resolution 7 | To appoint KPMG LLP (replacing KPMG Audit Plc) as auditors and to authorise the directors to fix the auditor's remuneration. |
| Resolution 8 | That, in substitution for all other 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 £250,000 provided that this authority shall expire (unless renewed, varied or revoked by the Company in a general meeting) on the fifth anniversary of the date of passing of this resolution, save that the Company shall be entitled to make offers or agreements before the expiry of such authority which would or might require shares to be allotted or Rights to be granted after such expiry and the directors shall be entitled to allot shares and grant Rights pursuant to any such offers or agreements as if this authority had not expired. |
| Resolution 9 | <p>That, in substitution for all other 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 8 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:</p> <ul style="list-style-type: none"> (a) the allotment of equity securities with an aggregate nominal amount of up to but not exceeding £200,000 by way of an issue of ordinary shares of 1p each in the capital of the Company ("Ordinary Shares") and/or £100,000 by way of an issue of planned exit shares of 1p each in the capital of the company ("Planned Exit Shares") and/or £100,000 by way of an issue of infrastructure shares of 1p each in the capital of the Company ("Infrastructure Shares"), in each case pursuant to offer(s) for subscription; (b) the allotment of equity securities with an aggregate nominal amount of up to but not exceeding an amount equal to 10% of the issued Ordinary Share capital of the Company from time to time pursuant to the dividend investment scheme operated by the Company; (c) the allotment of equity securities with an aggregate nominal amount of up to but not exceeding £100,000 by way of an issue of Ordinary Shares and/or £100,000 by way of an issue of Planned Exit Shares and/or £100,000 by way of an issue of Infrastructure Shares, in each case pursuant to performance incentive arrangements with Foresight Group, such shares to be issued at nominal value; and (d) the allotment (otherwise than pursuant to sub-paragraphs (a) to (c) of this resolution) to any person or persons of equity securities with an aggregate nominal amount of up to but not exceeding 10% of the issued Ordinary Share capital from time to time and/or 10% of the issued Planned Exit Share capital from time to time and/or 10% of the issued Infrastructure 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 2015, or, if earlier,



on the date falling 15 months after the passing of this resolution save that the Company shall be entitled to make offers or agreements before the expiry of such 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 authority conferred by this resolution had not expired.

Resolution 10

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

- (i) the aggregate number of shares to be purchased shall not exceed 5,760,280 Ordinary Shares and/or 916,716 Planned Exit Shares and/or 2,495,514 Infrastructure Shares or, if lower, such number of Ordinary Shares and/or Planned Exit Shares and/or Infrastructure Shares (in each case rounded down to the nearest whole share) as shall equal 14.99% of the Ordinary Shares and/or Planned Exit Shares and/or Infrastructure Shares (as the case may be) in issue at the date of passing this resolution;
- (ii) the minimum price which may be paid for a share is 1 pence (in each case the nominal value thereof);
- (iii) the maximum price which may be paid for an Ordinary Share, Planned Exit Share or Infrastructure Share is the higher of (1) an amount equal to 105% of the average of the middle market quotation for an Ordinary Share, Planned Exit Share or Infrastructure Share (as the case may be) taken from the London Stock Exchange daily official list for the five business days immediately preceding the day on which the Ordinary Shares, Planned Exit Shares or Infrastructure Shares (as the case may be) 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 (unless renewed, varied or revoked by the Company in a general meeting) on the conclusion of the annual general meeting of the Company to be held in the year 2015 or, if earlier, on the date falling 15 months after the passing of this resolution; and
- (v) the Company may make a contract to purchase Ordinary Shares, Planned Exit Shares or Infrastructure Shares (as the case may be) 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 Ordinary Shares, Planned Exit Shares or Infrastructure Shares (as the case may be) pursuant to such contract.

By order of the Board

ECA Court
24–26 South Park
Sevenoaks
Kent
TN13 1DU

Foresight Fund Managers Limited

Company Secretary
28 April 2014

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. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, entitlement to attend and vote at the meeting and the number of votes which may be cast thereat will be determined by reference to the Register of Members of the Company at close of business on the day which is two days (excluding non-working days) before the day of the meeting or adjourned meeting. Changes to the Register of Members after that time shall be disregarded in determining the rights of any person to attend and vote at the meeting.
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 6388. Please indicate in the box next to the proxy holder's name the number of shares in relation to which they are authorised to act as your proxy. Please also indicate by ticking the box provided if the proxy instruction is one of multiple instructions being given. All forms must be signed and returned together in the same envelope.
5. As at 25 April 2014 (being the last business day prior to the publication of this notice), the Company's issued share capital was 61,190,853 shares, comprising 38,427,484 Ordinary Shares, 6,115,511 Planned Exit Shares and 16,647,858 Infrastructure Shares carrying one vote each. Therefore, the total voting rights in the Company as at 25 April 2014 was 61,190,853.
6. Any person to whom this notice is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a 'Nominated Person') may, under an agreement between him/her and the member by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.
7. The statement of the rights of members in relation to the appointment of proxies in paragraphs 3 to 4 above does not apply to Nominated Persons. The rights described in those paragraphs can only be exercised by members of the Company.
8. Appointment of a proxy will not preclude a member from subsequently attending and voting at the meeting should he or she subsequently decide to do so. You can only appoint a proxy using the procedures set out in these notes and the notes to the form of proxy.
9. The Register of Directors' Interests will be available for inspection at the meeting.
10. Information regarding the meeting, including the information required by section 311A of the Companies Act 2006, is available from www.foresightgroup.eu.
11. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If you either select the "Discretionary" option or if no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the Meeting.
12. A form of proxy and reply paid envelope is enclosed. To be valid, it should be lodged with the Company's Registrar, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZZ or the proxy must be registered electronically at **www.investorcentre.co.uk/eproxy**, in each case, so as to be received no later than 48 hours before time appointed for holding the meeting or any adjourned meeting. To vote electronically, you will be asked to provide your Control Number, Shareholder Reference Number and PIN which are detailed on your proxy form. This is the only acceptable means by which proxy instructions may be submitted electronically.
13. Under section 319A of the Companies Act 2006, the Company must answer any question you ask relating to the business being dealt with at the meeting unless answering the question would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information or the answer has already been given on a website in the form of an answer to a question or it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.
14. Pursuant to Chapter 5 of Part 16 of the Companies Act 2006 (sections 527 to 531), where requested by a member or members meeting the qualification criteria the Company must publish on its website, a statement setting out any matter that such members propose to raise at the Meeting relating to the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the Meeting. Where the Company is required to publish such a statement on its website it may not require the members making the request to pay any expenses incurred by the Company in complying with the request, it must forward the statement to the Company's auditors no later than the time the statement is made available on the Company's website and the statement may be dealt with as part of the business of the meeting.



Notice of Separate Meeting of Ordinary Shareholders

Notice is hereby given that a separate meeting of the holders of ordinary shares of 1p each in the capital of Foresight VCT plc ("the Company") will be held on 29 May 2014 at 12.10 pm at the offices of Foresight Group LLP, The Shard, 32 London Bridge Street, London, SE1 9SG (or as soon thereafter as the annual general meeting of the Company convened for 12.00 pm on that day has been concluded or adjourned) for the purpose of considering and, if thought fit, passing the following resolution which will be proposed as a special resolution.

The holders of the ordinary shares of 1p each in the capital of the Company ("Ordinary Shares") hereby sanction, approve and consent to:

a) the passing and carrying into effect of resolutions 8 and 10 (as ordinary and special resolutions of the Company, as applicable) set out in the notice of annual general meeting of the Company convened for 12.00 pm on 29 May 2014 (a copy of which is produced to the meeting and signed by the Chairman for the purposes of identification); and

b) any effect on, variation, abrogation, dealing with and/or deemed variation or abrogation of the rights and privileges attached to the Ordinary Shares which will, or may, result from the passing and carrying into effect of the said resolutions and notwithstanding that the passing and carrying into effect of such resolutions may affect the rights and privileges attached to such Ordinary Shares.

By order of the Board

ECA Court
24–26 South Park
Sevenoaks
Kent
TN13 1DU

Foresight Fund Managers Limited

Company Secretary

28 April 2014

Notes:

1. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, entitlement to attend and vote at the meeting and the number of votes which may be cast thereat will be determined by reference to the Register of Members of the Company at close of business on the day which is two days (excluding non-working days) before the day of the meeting or adjourned meeting. Changes to the Register of Members after that time shall be disregarded in determining the rights of any person to attend and vote at the meeting.
2. 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.
3. 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 6388. Please indicate in the box next to the proxy holder's name the number of shares in relation to which they are authorised to act as your proxy. Please also indicate by ticking the box provided if the proxy instruction is one of multiple instructions being given. All forms must be signed and returned together in the same envelope.
4. A reply-paid form of proxy for your use is enclosed (Form of Proxy — Separate Meeting of Ordinary Shareholders). To be valid it should be completed, signed and sent, together with a power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power or authority, to the Company's Registrars, Computershare Investor Services plc, The Pavilions, Bridgwater Road, Bristol BS99 6ZZ or the proxy must be registered electronically at www.investorcentre.co.uk/eproxy, in each case, so as to be received not later than 48 hours before the time appointed for holding the meeting or any adjourned meeting or (in the case of a poll taken subsequently to the date of the meeting or adjourned meeting) so as to be received no later than 24 hours before the time appointed for taking the poll. 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.
5. As at 25 April 2014 (being the last business day prior to the publication of this notice), the issued share capital of the Ordinary Shares fund was 38,427,484 shares, carrying one vote each. Therefore, the total voting rights in the Ordinary Shares fund as at 25 April 2014 was 38,427,484 Ordinary Shares.

Notice of Separate Meeting of Ordinary Shareholders

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 2 to 4 above does not apply to Nominated Persons. The rights described in those paragraphs can only be exercised by members of the Company.
8. Appointment of a proxy will not preclude a member from subsequently attending and voting at the meeting should he or she subsequently decide to do so. You can only appoint a proxy using the procedures set out in these notes and the notes to the form of proxy.
9. Notice is hereby further given that the necessary quorum for the above meeting shall be holders of Ordinary Shares present in person or by proxy holding not less than one-third of the paid up Ordinary Share capital and that if within half an hour from the time appointed for the above meeting a quorum is not present it shall be adjourned to 30 May 2014 at 9.00 am at the offices of Foresight Group LLP, The Shard, 32 London Bridge Street, London, SE1 9SG or as soon thereafter as may be arranged and at such adjourned meeting the holders of Ordinary Shares present in person or by proxy shall be a quorum regardless of the number of Ordinary Shares held.



Notice of Separate Meeting of Planned Exit Shareholders

Notice is hereby given that a separate meeting of the holders of planned exit shares of 1p each in the capital of Foresight VCT plc ("the Company") will be held on 29 May 2014 at 12.15 pm at the offices of Foresight Group LLP, The Shard, 32 London Bridge Street, London, SE1 9SG (or as soon thereafter as the separate meeting of the holders of ordinary shares of 1p each in the capital of the Company convened for 12.10 pm on that day has been concluded or adjourned) for the purpose of considering and, if thought fit, passing the following resolution which will be proposed as a special resolution.

The holders of the planned exit shares of 1p each in the capital of the Company ("Planned Exit Shares") hereby sanction, approve and consent to:

a) the passing and carrying into effect of resolutions 8 and 10 (as ordinary and special resolutions of the Company, as applicable) set out in the notice of annual general meeting of the Company convened for 12.00 pm on 29 May 2014 (a copy of which is produced to the meeting and signed by the Chairman for the purposes of identification); and

b) any effect on, variation, abrogation, dealing with and/or deemed variation or abrogation of the rights and privileges attached to the Planned Exit Shares which will, or may, result from the passing and carrying into effect of the said resolutions and notwithstanding that the passing and carrying into effect of such resolutions may affect the rights and privileges attached to such Planned Exit Shares.

By order of the Board

ECA Court
24–26 South Park
Sevenoaks
Kent
TN13 1DU

Foresight Fund Managers Limited
Company Secretary
28 April 2014

Notes:

1. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, entitlement to attend and vote at the meeting and the number of votes which may be cast thereat will be determined by reference to the Register of Members of the Company at close of business on the day which is two days (excluding non-working days) before the day of the meeting or adjourned meeting. Changes to the Register of Members after that time shall be disregarded in determining the rights of any person to attend and vote at the meeting.
2. 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.
3. 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 6388. Please indicate in the box next to the proxy holder's name the number of shares in relation to which they are authorised to act as your proxy. Please also indicate by ticking the box provided if the proxy instruction is one of multiple instructions being given. All forms must be signed and returned together in the same envelope.
4. A reply paid form of proxy for your use is enclosed (Form of Proxy — Separate Meeting of Planned Exit Shareholders). To be valid it should be completed, signed and sent, together with a power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power or authority, to the Company's Registrars, Computershare Investor Services plc, The Pavilions, Bridgwater Road, Bristol BS99 6ZZ or the proxy must be registered electronically at www.investorcentre.co.uk/eproxy, in each case, so as to be received not later than 48 hours before the time appointed for holding the meeting or any adjourned meeting or (in the case of a poll taken subsequently to the date of the meeting or adjourned meeting) so as to be received no later than 24 hours before the time appointed for taking a poll. 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.
5. As at 25 April 2014 (being the last business day prior to the publication of this notice), the issued share capital of the Planned Exit Shares fund was 6,115,511 shares, carrying one vote each. Therefore, the total voting rights in the Planned Exit Shares fund as at 25 April 2014 was 6,115,511 Planned Exit Shares.

Notice of Separate Meeting of Planned Exit Shareholders

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 2 to 4 above does not apply to Nominated Persons. The rights described in those paragraphs can only be exercised by members of the Company.
8. Appointment of a proxy will not preclude a member from subsequently attending and voting at the meeting should he or she subsequently decide to do so. You can only appoint a proxy using the procedures set out in these notes and the notes to the form of proxy.
9. Notice is hereby further given that the necessary quorum for the above meeting shall be holders of Planned Exit Shares present in person or by proxy holding not less than one-third of the paid up Planned Exit Share capital and that if within half an hour from the time appointed for the above meeting a quorum is not present it shall be adjourned to 30 May 2014 at 9.05 am at the offices of Foresight Group LLP, The Shard, 32 London Bridge Street, London, SE1 9SG or as soon thereafter as may be arranged and at such adjourned meeting the holders of Planned Exit Shares present in person or by proxy shall be a quorum regardless of the number of Planned Exit Shares held.



Notice of Separate Meeting of Infrastructure Shareholders

Notice is hereby given that a separate meeting of the holders of Infrastructure shares of 1p each in the capital of Foresight VCT plc ("the Company") will be held on 29 May 2014 at 12.20 pm at the offices of Foresight Group LLP, The Shard, 32 London Bridge Street, London, SE1 9SG. (or as soon thereafter as the separate meeting of the holders of planned exit shares of 1p each in the capital of the Company convened for 12.15 pm on that day has been concluded or adjourned) for the purpose of considering and, if thought fit, passing the following resolution which will be proposed as a special resolution.

The holders of the infrastructure shares of 1p each in the capital of the Company ("Infrastructure Shares") hereby sanction, approve and consent to:

a) the passing and carrying into effect of resolutions 8 and 10 (as ordinary and special resolutions of the Company, as applicable, set out in the notice of annual general meeting of the Company convened for 12.00 pm on 29 May 2014 (a copy of which is produced to the meeting and signed by the Chairman for the purposes of identification); and

b) any effect on, variation, abrogation, dealing with and/or deemed variation or abrogation of the rights and privileges attached to the Infrastructure Shares which will, or may, result from the passing and carrying into effect of the said Resolutions and notwithstanding that the passing and carrying into effect of such resolutions may affect the rights and privileges attached to such Infrastructure Shares.

By order of the Board

ECA Court
24–26 South Park
Sevenoaks
Kent
TN13 1DU

Foresight Fund Managers Limited
Company Secretary
28 April 2014

Notes:

1. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, entitlement to attend and vote at the meeting and the number of votes which may be cast thereat will be determined by reference to the Register of Members of the Company at close of business on the day which is two days (excluding non-working days) before the day of the meeting or adjourned meeting. Changes to the Register of Members after that time shall be disregarded in determining the rights of any person to attend and vote at the meeting.
2. 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.
3. 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 6388. Please indicate in the box next to the proxy holder's name the number of shares in relation to which they are authorised to act as your proxy. Please also indicate by ticking the box provided if the proxy instruction is one of multiple instructions being given. All forms must be signed and returned together in the same envelope.
4. A reply paid form of proxy for your use is enclosed (Form of Proxy — Separate Meeting of Infrastructure Shareholders). To be valid it should be completed, signed and sent, together with a power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power or authority, to the Company's Registrars, Computershare Investor Services plc, The Pavilions, Bridgwater Road, Bristol BS99 6ZZ or the proxy must be registered electronically at www.investorcentre.co.uk/eproxy, in each case, so as to be received not later than 48 hours before the time appointed for holding the meeting or any adjourned meeting or (in the case of a poll taken subsequently to the date of the meeting or adjourned meeting) so as to be received no later than 24 hours before the time appointed for taking a poll. 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.
5. As at 25 April 2014 (being the last business day prior to the publication of this notice), the issued share capital of the Infrastructure Shares fund was 16,647,858 shares, carrying one vote each. Therefore, the total voting rights in the Infrastructure Shares fund as at 25 April 2014 was 16,647,858 Infrastructure Shares.

Notice of Separate Meeting of Infrastructure Shareholders

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 2 to 4 above does not apply to Nominated Persons. The rights described in those paragraphs can only be exercised by members of the Company.
8. Appointment of a proxy will not preclude a member from subsequently attending and voting at the meeting should he or she subsequently decide to do so. You can only appoint a proxy using the procedures set out in these notes and the notes to the form of proxy.
9. Notice is hereby further given that the necessary quorum for the above meeting shall be holders of Infrastructure Shares present in person or by proxy holding not less than one-third of the paid up Infrastructure Share capital and that if within half an hour from the time appointed for the above meeting a quorum is not present it shall be adjourned to 30 May 2014 at 9.10 am at the offices of Foresight Group LLP, The Shard, 32 London Bridge Street, London, SE1 9SG or as soon thereafter as may be arranged and at such adjourned meeting the holders of Infrastructure Shares present in person or by proxy shall be a quorum regardless of the number of Infrastructure Shares held.



Corporate Information

Directors

John Gregory (Chairman)
Peter Dicks
Gordon Humphries

Company Secretary

Foresight Fund Managers Limited
ECA Court
24-26 South Park
Sevenoaks
Kent
TN13 1DU

Investment Manager

Foresight Group CI Limited
PO Box 156
Frances House
Sir William Place
St Peter Port
Guernsey
GY1 4EU

Auditors and Tax Advisers

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

Solicitors and VCT Status Advisers

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

Registrar

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

Registered Number

03421340

Contact Numbers

Registrar's Shareholder Helpline
— Computershare (0870 703 6388)
General and Portfolio Queries
— Foresight Group (01732 471800)

From 12 May 2014 the addresses of Foresight VCT plc and Foresight Fund Managers will be changing to:
The Shard
32 London Bridge Street
London
SE1 9SG



Foresight VCT plc

ECA Court
24-26 South Park
Sevenoaks
Kent
TN13 1DU