



Annual Report and Accounts
31 December 2014



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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 2014 was 99.4p after a payment of 10.0p in dividends (31 December 2013: 101.0p).
- Net asset value per Planned Exit Share at 31 December 2014 was 65.0p after a payment of 7.5p in dividends (31 December 2013: 82.5p).
- Net asset value per Infrastructure Share at 31 December 2014 was 92.4p after a payment of 2.5p in dividends (31 December 2013: 91.5p).

Ordinary Shares fund

- An interim dividend for the year ended 31 December 2014 of 6.0p per Ordinary Share was paid on 13 March 2015.
- The fund realised £1.9 million from sales and loan redemptions from four portfolio companies.
- The fund provided follow-on funding totalling £1.0 million to six portfolio companies and £5.4 million for five new investments.
- A provision of £2.2 million has been made against the fund's investment in Closed Loop Recycling.

Planned Exit Shares fund

- An interim dividend for the year ended 31 December 2013 of 7.5p per Planned Exit Share was paid on 12 December 2014.
- The fund realised £0.8 million from sales and loan redemptions from two portfolio companies.
- The fund provided follow-on funding totalling £0.1 million to two portfolio companies.
- A provision of £0.7 million has been made against the fund's investment in Closed Loop Recycling.
- The Board is pleased to declare an interim dividend for the year ended 31 December 2014 of 15.0p per Planned Exit Share, to be paid on 22 May 2015.

Infrastructure Shares fund

- An interim dividend for the year ended 31 December 2013 of 2.5p per Infrastructure Share was paid on 30 September 2014.
- The fund made six new investments totalling £7.2 million and is now fully invested.
- The Manager agreed that the fund's management fee would be reduced from 1.75% to 1.0% from 1 January 2015.
- The Board is pleased to declare an interim dividend for the year ended 31 December 2014 of 2.5p per Infrastructure Share to be paid on 22 May 2015.



Dividend History

Ordinary Shares:	Dividend per share	Dividend per share (rebased)†
13 March 2015	6.0p	2.3p
14 March 2014	10.0p	3.8p
14 June 2013	5.0p	1.9p
23 March 2012	7.5p	2.9p
17 June 2011	5.0p	1.9p
29 May 2009	1.0p	0.7p
7 March 2008	5.0p	3.4p
26 May 2006	0.5p	0.5p
5 July 2004	52.0p	52.0p
22 September 2003	8.0p	8.0p
30 June 2003	0.5p	0.5p
8 May 2000	100.0p	100.0p
6 August 1999	1.0p	1.0p
29 January 1999	3.2p	3.2p
Total		182.1p
NAV per Ordinary Share based on 100.0p invested at launch †		35.7p
Total return per Ordinary Share		217.8p
Planned Exit Shares:		
12 December 2014		7.5p
25 October 2013		5.0p
31 August 2012		5.0p
17 June 2011		3.0p
Total		20.5p
NAV per Planned Exit Share		65.0p
Total return per Planned Exit Share		85.5p
Infrastructure Shares:		
30 September 2014		2.5p
20 December 2013		2.5p
Total		5.0p
NAV per Infrastructure Share		92.4p
Total return per Infrastructure Share		97.4p

† 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)†
13 March 2015	3.3p
14 March 2014	5.5p
14 June 2013	2.8p
23 March 2012	4.15p
17 June 2011	2.8p
29 May 2009	1.0p
7 March 2008	5.0p
26 January 2007	2.0p
27 May 2005	0.5p
1 August 2004	0.5p
22 September 2003	0.75p
30 June 2003	0.75p
24 March 2003	0.75p
7 June 2002	1.0p
11 March 2002	2.5p
26 July 2001	2.0p
Total	35.3p
NAV per C Share rebased*	51.8p
Total return per C Share (incorporating March 2015 dividend)	87.1p

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

Chairman's Statement

“The successful performance of the private equity investments in the Ordinary Shares portfolio, together with cash receipts from deferred consideration, the refinancing of investments and the success of recent fund-raisings, has generated significant cash balances. It is the Board's ambition that the size of the Ordinary Shares fund should be increased further in order that it can better sustain our commitment to Shareholders in relation to providing a regular flow of significant dividends, maintaining sufficient cash capacity for new investments to be made over the medium term and operating an active share buyback programme.”

John Gregory Chairman

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 £44.2 million at 31 December 2014 from £31.1 million at 31 December 2013.

Of this net increase, amounting to £13.1 million, the principal contributing factors were a total of £14.0 million raised from the issue of new shares, less issue costs of £0.6 million, investment income of £1.2 million and a net increase of £3.2 million from the investment performance of the Ordinary Shares fund portfolio, despite the value of Closed Loop Recycling falling by £2.2 million as a result of tougher trading conditions and a failed exit process. These increases were offset by payment of dividends totalling £3.5 million, management fees and other expenses of £0.9 million, and share buybacks of £0.5 million.

The successful performance of the private equity investments in the Ordinary Shares portfolio, together with cash receipts from deferred consideration, the refinancing of investments and the success of recent fund-raisings, has generated significant cash balances. It is the Board's ambition that the size of the Ordinary Shares fund should be increased further in order that it can better sustain our commitment to Shareholders in relation to providing a regular flow of significant dividends, maintaining sufficient cash capacity for new investments to be made over the medium term and operating an active share buyback programme.

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 99.4p per share at 31 December 2014 from 101.0p per Share at 31 December 2013.

The performance of the investment portfolio, in particular the private equity investments was positive, and, after adding back the dividend payment of 10.0p per Ordinary Share, represented a total return of 8.3%.

iii. Cash & Deal Flow

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

New Investments

Ordinary Shares Fund	£
Industrial Efficiency II Limited	1,365,760
Positive Response Corporation Limited	1,000,000
Cole Henry PE 2 Limited	1,000,000
Kingsclere PE 3 Limited	1,000,000
Whitchurch PE 1 Limited	1,000,000
Total	5,365,760

Follow-on funding (including capitalised interest)

Ordinary Shares Fund	£
AlwaysON Group Limited	246,934
Autologic Diagnostics Group Limited*	73,391
Biofortuna Limited	50,929
Closed Loop Recycling Limited*	427,627
Flowrite Refrigeration Holdings Limited*	7,893
Procam Television Holdings Limited	222,223
Total	1,028,997

* (including capitalised interest)

Disposal Proceeds, Deferred Consideration & Loan Repayments

Ordinary Shares Fund	£
Abacuswood Limited	49,997
Aerospace Tooling Corporation Limited	1,350,000
Alaric Systems Limited	560,191
Aquasium Technology Limited	333,333
Icore Limited	200,000
Infrared Integrated Systems Limited	84,030
Total	2,577,551

Cash Availability

The Ordinary Shares fund had cash and liquid resources of £14.0 million at 31 December 2014, which increased to £18.8 million at the time of writing. It is anticipated that these funds will be used to make several new private equity investments arising from Foresight Group's deal flow pipeline of new opportunities.

Additionally, a proportion of cash and liquidity will be for dividends to shareholders, paying annual running expenses and share buybacks.



Chairman's Statement

iv. Investment Gains & Losses

During the year the Ordinary Shares fund in aggregate realised net losses amounting to £2.6 million (of which £2.5 million had already been provided for). The most significant write downs were Nanotecture Group plc (£1.0 million), Silvigen Limited (£0.8 million), iCore Limited (£0.6 million) and Withion Power Limited (£0.5 million). Further details of these gains and losses and 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 £681,000, of which £170,000 was charged to the revenue account and £511,000 was charged to the capital account. The average ongoing charges ratio of the Ordinary Shares fund for the year to 31 December 2014, at 2.3%, compares 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. Distributions, however, will inevitably be dependent on cash being generated from portfolio investments and successful realisations.

Based on this policy an interim dividend of 6.0p was paid on 13 March 2015 based on an ex-dividend date of 26 February 2015 and a record date of 27 February 2015.

During the year ended 31 December 2014, an interim dividend of 10.0p per Ordinary Share was paid on 14 March 2014, principally generated through the sale of Alaric Systems Limited. This dividend had an ex-dividend date of 26 February 2014 and a record date of 28 February 2014.

vii. Ordinary Shares Issues & Buybacks

A prospectus offer to raise £20 million was launched on 31 October 2014. At year end the offer had raised £4.2 million through the issue of 4,329,474 Ordinary Shares based on a net asset value of 95.2p per Ordinary Share. After the year end a further £13.6 million was raised through the issue of a further 13,525,998 Ordinary Shares, allotted at prices ranging from 93.4p to 100.1p per share.

The Company had previously launched an Ordinary Share prospectus offer on 26 September 2013 and 9,746,828 Ordinary Shares were allotted during the year ended 31 December 2014, based on net asset values ranging from 91.0p to 102.2p per Ordinary Share, raising £9.8 million.

The Company allotted 127,873 Ordinary Shares under the Company's Dividend Reinvestment Scheme at 91.0p per share.

During the year, 548,168 Ordinary Shares were repurchased for cancellation at a cost of £462,000 at an average discount to NAV of 10.1%. The Board and the Manager consider share buybacks to be a

benefit to shareholders as a whole and an appropriate 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 £17.8 million has been raised under the current offer for subscription.

£1.3 million was invested into one new investment, Specac International Limited, in April 2015.

A total of £0.4 million was invested into follow-on funding for Biofortuna Limited, AtFutsal Group Limited and Procam Television Holdings Limited.

On 17 April 2015, Closed Loop Recycling filed a notice of intention to appoint an administrator. The carrying value at 31 December 2014 was £nil and we do not expect to recover any amounts through any subsequent administration process.

Outlook – Ordinary Shares Fund

The performance of the private equity part of the Ordinary Shares portfolio, including cash receipts from the refinancing of investments and deferred consideration and the success of the current fund-raising, has generated significant cash balances for the Ordinary Shares fund. This continues to underpin the Board's dividend commitment to Shareholders and provides sufficient capacity for several new investments to be made over the medium term in addition to those made this year, which we anticipate will further enhance shareholder returns.

Performance – Planned Exit Shares Fund

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

During the year, the net assets of the Planned Exit Shares fund decreased to £3,943,000 at 31 December 2014 from £5,044,000 at 31 December 2013.

The principal reason behind the fall in net assets was the aggregate performance of the investment portfolio; and one investment in particular, Closed Loop Recycling, which fell by £665,000, as a result of tougher trading conditions and a failed exit process.

Also contributing to this net decrease were the Planned Exit Shares fund dividends totalling £456,000, management fees and other expenses of £90,000 and share buybacks totalling £41,000 during the year.

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 65.0p per share at 31 December 2014 from 82.5p per Share at 31 December 2013, after payment of a 7.5p per Planned Exit Share dividend during the year.

iii. Cash & Deal Flow

There were no new investments made during the year.

During the year the Planned Exit Shares fund made the following follow-on investments:

Follow-on funding

Planned Exit Shares Fund	£
AlwaysON Group Limited	929
Closed Loop Recycling Limited*	98,712
Total	99,641

* (including capitalised interest)

Disposal Proceeds, Deferred Consideration & Loan Repayments

Planned Exit Shares Fund	£
Channel Safety Systems Group Limited	614,250
Withion Power Limited	160,824
Total	775,074

The Planned Exit Shares fund had cash and liquid resources of £299,000 at 31 December 2014, which had increased to £1.7 million at the time of writing. The Planned Exit Shares fund is considered fully invested and its investments generate a running yield, which is principally utilised for 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 management fees totalled £51,000, of which £13,000 was charged to the revenue account and £38,000 was charged to the capital account. The total expense ratio of the Planned Exit Shares fund, for the year ended 31 December 2014 was 2.2%.

vi. Planned Exit Share Dividends

An interim dividend of 7.5p per Planned Exit Share was paid on 12 December 2014. The shares were quoted ex-dividend on 27 November 2014 and the record date for payment was 28 November 2014.

An interim dividend of 15.0p per Planned Exit Share will be paid on 22 May 2015. The shares will be quoted ex-dividend on 7 May 2015 with a record date of 8 May 2015.

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. Distributions, however, 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 51,885 Planned Exit Shares were repurchased for cancellation at a cost of £41,000 at an average discount to NAV of 1.6%. 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

The investments in Industrial Efficiency Limited and Leisure Efficiency Limited were realised after the year end for combined proceeds of £998,500.

Channel Safety Systems Group Limited was also realised post year end for £519,000.

On 17 April 2015, Closed Loop Recycling filed a notice of intention to appoint an administrator. The carrying value at 31 December 2014 was £nil and we do not expect to recover any amounts through any subsequent administration process.

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 maximising the return 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 increased to £15,304,000 at 31 December 2014 from £15,229,000 at 31 December 2013.

Of this net increase, the Infrastructure Shares fund paid out dividends totalling £415,000 and management fees and other expenses of £379,000. Income for the year totalled £765,000.

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 increased to 92.4p per share at 31 December 2014 from 91.5p per Share at 31 December 2013.

iii. Cash & Deal Flow

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

Infrastructure Shares Fund	£
FS Hayford Farm Limited	2,000,000
Krk Solar Limited	2,000,000
Pula Infrastructure Limited	133,996
Rovinj Solar Limited	2,000,000
Zadar Infrastructure Limited	279,503
Zagreb Solar Limited	800,000
Total	7,213,499



Chairman's Statement

The Infrastructure Shares fund had cash and liquid resources of £249,000 at 31 December 2014, which had decreased to £28,000 at the time of writing.

iv. Investment Gains & Losses

During the year, the Infrastructure Shares fund in aggregate realised net gains amounting to £97,000. The most significant gains were Lochgilphead Healthcare Services (Holdings) Limited (£73,000) and Stobhill Healthcare Facilities (Holdings) Limited (£49,000). 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 Infrastructure Shares fund, which was 1.75% until 31 December 2014, was reduced to 1% from 1 January 2015. The Board agreed with Foresight Group to make this change following the impact of the delay in investing the original amounts raised in qualifying infrastructure investments, which has the ability to impact the fund's returns. During the year the management fees totalled £268,000, of which £67,000 was charged to the revenue account and £201,000 was charged to the capital account. The total expense ratio of the Infrastructure Shares fund, for the year ended 31 December 2014 was 2.5%, which compares favourably with its VCT peer group.

vi. Infrastructure Share Dividends

An interim dividend of 2.5p per Infrastructure Share was paid on 30 September 2014. The shares were quoted ex-dividend on 17 September 2014 and the record date for payment was 19 September 2014.

An interim dividend of 2.5p per Infrastructure Share will be paid on 22 May 2015. The shares will be quoted ex-dividend on 7 May 2015 with a record date of 8 May 2015.

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. Distributions, however, will inevitably be dependent on cash being generated from portfolio investments and successful realisations and the ability to continue generating future cashflows to satisfy an annual 5.0p per share dividend is not guaranteed.

vii. Infrastructure Shares Issues & Buybacks

There were no Infrastructure Shares issued during the year.

During the period under review 80,792 Infrastructure Shares were repurchased for cancellation at a cost of £73,000 at an average discount to NAV of 0.7%. The Board and the Manager consider share buybacks to be an effective way to help manage the share price discount to NAV at which the Infrastructure Shares trade.

viii. Summary Post Year End Update

Following the year end, HMRC clearance was received to merge York Infrastructure 3 Limited and Zagreb Solar Limited and utilise their combined cash resources to repay £1.6 million of the senior debt early at a discount to par on the Drumglass PFI project, which will be value accretive to the fund. This investment completed in April 2015.

Outlook – Infrastructure Shares Fund

The Infrastructure portfolio is now fully invested in appropriate qualifying investments, including several significant new investments in solar infrastructure.

Alternative Investment Fund Management Registration

As reported at the interim stage, following the introduction of the new EU rules governing Alternative Investment Fund Managers ('AIFM'), the Board decided that the Company should register as a 'small registered UK AIFM' directly with the Financial Conduct Authority as permitted by the rules. The Company's application was completed in June 2014 and approval was confirmed in early August 2014. 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 28 May 2015 at 12.00pm. 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

Although there is still considerable uncertainty in continental Europe as a result of the stresses within the Euro area and in the UK because of the forthcoming General Election, it is apparent that the underlying UK economy is in reasonable health and many businesses are making steady progress. Although the immediate impact of the sharp reduction in oil prices has caused market volatility, we believe that we have some well managed competitive companies in our portfolio that are well placed to make good progress.

The investment phase of the Infrastructure Shares fund and the transition of part of the fund from non-qualifying PFI investments into VCT qualifying Solar Infrastructure has now been completed. Both the Board and the Manager are optimistic that the portfolio will now produce a steady income flow for future dividends, as originally planned.

The effect of the improvement in the economy has been noticeable in the performance of the private equity part of the Ordinary Shares portfolio. Within the Ordinary Shares portfolio, a series of refinancings and loan repayments and the success of the current fundraising 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 2015

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 £44.5 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 2014 was 44,485,151.

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 2014 was 6,063,626.

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 2014 was 16,567,066.

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 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, 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 2.2%. Share buy-backs, have been completed at discounts ranging from 0.5% to 10.2%. 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, 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.



Strategic Report continued

	31 December 2014			31 December 2013		
	Ordinary Shares	Planned Exit Shares	Infrastructure Shares	Ordinary Shares	Planned Exit Shares	Infrastructure Shares
Net asset value per share	99.4p	65.0p	92.4p	101.0p	82.5p	91.5p
Net asset value total return	217.8p	85.5p	97.4p	214.6p	95.5p	94.0p
	Ordinary Shares	Planned Exit Shares	Infrastructure Shares	Ordinary Shares	Planned Exit Shares	Infrastructure Shares
	Ordinary Shares	Planned Exit Shares	Infrastructure Shares	Ordinary Shares	Planned Exit Shares	Infrastructure Shares
Share price	86.5p	73.0p	89.0p	93.0p	87.0p	97.5p
Share price total return	212.8p	93.5p	94.0p	206.6p	100.0p	100.0p
	Ordinary Shares	Planned Exit Shares	Infrastructure Shares	Ordinary Shares	Planned Exit Shares	Infrastructure Shares
	Ordinary Shares	Planned Exit Shares	Infrastructure Shares	Ordinary Shares	Planned Exit Shares	Infrastructure Shares
Dividends paid*	179.8p	20.5p	5.0p	176.0p	13.0p	2.5p
Dividends paid in the year	10.0p	7.5p	2.5p	5.0p	5.0p	2.5p
Dividend yield %	11.6	10.8	2.8	5.4	5.7	2.6

* From inception to 31 December 2014

Ordinary Shares fund

Discount to NAV at 31 December 2014	13.0%
Average discount on buybacks	10.1%
Shares bought back during the year under review	548,168
Increase in net asset value during year (after adding back 10.0p dividend)	8.3%
Ongoing charges ratio (based on assets at 31 December 2014)	2.0%

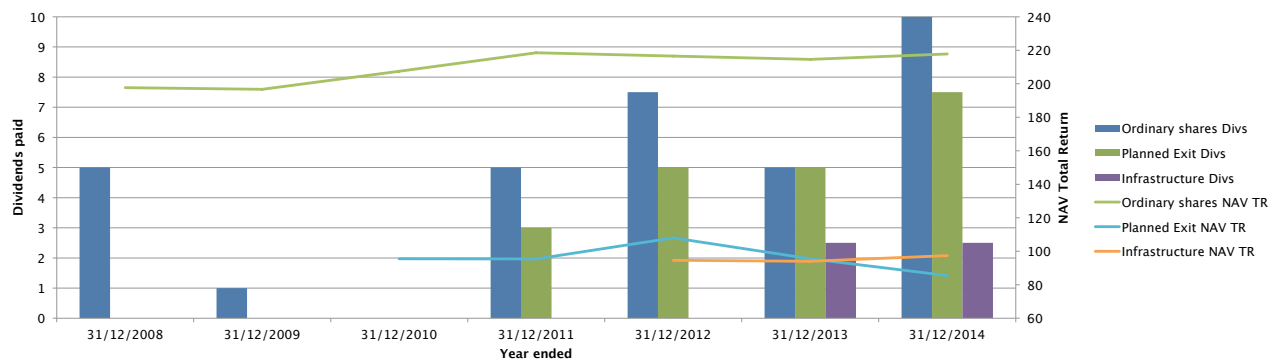
Planned Exit Shares fund

Premium to NAV at 31 December 2014	12.3%
Average discount on buybacks	1.6%
Shares bought back during the year under review	51,885
Decrease in net asset value during year (after adding back 7.5p dividend)	12.1%
Ongoing charges ratio (based on assets at 31 December 2014)	2.2%

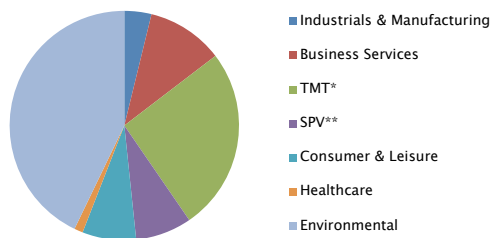
Infrastructure Shares fund

Discount to NAV at 31 December 2014	3.7%
Average discount on buybacks	0.7%
Shares bought back during the year under review	80,792
Increase in net asset value during year (after adding back 2.5p dividend)	3.7%
Ongoing charges ratio (based on assets at 31 December 2014)	2.5%

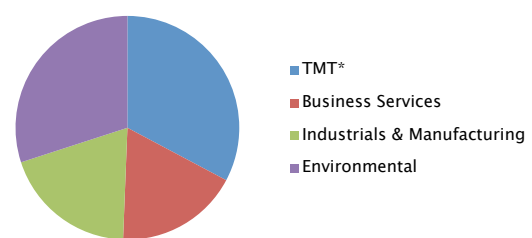
Dividends & NAV total return



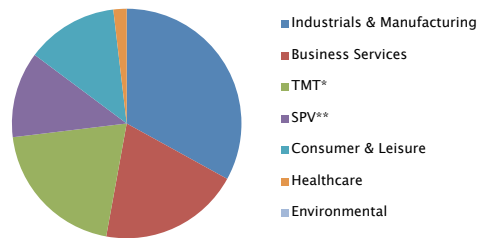
Ordinary Shares fund by Sector (Cost)



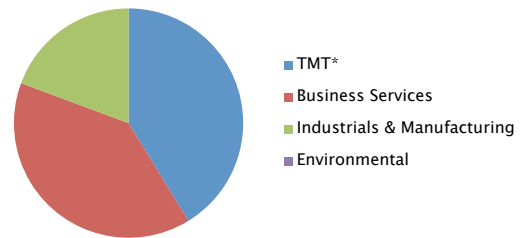
Planned Exit Shares fund by Sector (Cost)



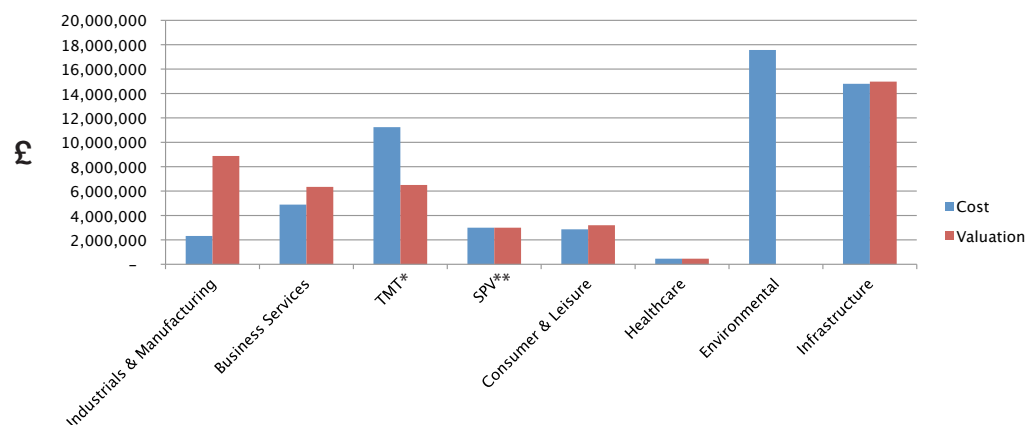
Ordinary Shares fund by Sector (Value)



Planned Exit Shares fund by Sector (Value)



Investment Areas (Company)



* Technology, Media and Telecommunications

** Special Purpose Vehicle

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 quoted 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 61 men and 40 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 63. 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 (rebased) at 31 December 2014 was 157.1p. 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 2014 was 85.5p

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 2014 was 97.4p



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 2014. 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 2013. The next complete review will be carried out for the year ended 31 December 2014. 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. As at 31 December 2014 the Company had 86.6% 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 currently 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 enhance returns to shareholders.

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 2015

Manager's Report

Manager's Commentary

I am pleased to report a strong overall performance by the Ordinary Shares fund during the year. Several of the private equity investments performed well, particularly the relatively recent investments in Aerospace Tooling Corporation, Procam Television Holdings and Thermotech Solutions Limited. In line with the continuing UK economic recovery, trading conditions have improved generally across the portfolio which is reflected in an 8.3% increase in net asset value per Ordinary Share during the year to 99.4p per Ordinary Share (after adjusting for the 10.0p dividend paid in March 2014), notwithstanding a sizeable provision against the last remaining environmental investment, Closed Loop Recycling. Having realised a significant number of investments over recent years, we are now focussing on making new investments and achieving further profitable exits to facilitate dividend payments. An interim dividend of 10.0p per Ordinary Share was paid on 14 March 2014, reflecting in particular the sale of Alaric Systems for £7.1 million (including amounts in escrow) in December 2013, over five times the original cost of investment. Another interim dividend of 6.0p per Ordinary share was paid on 13 March 2015 in respect of the current year.

During the year, the net asset value per Planned Exit Share decreased by 12.1% to 65.0p per share as at 31 December 2014 from 82.5p as at 31 December 2013, of which 7.5p (£456,000) was accounted for by the Planned Exit Share interim dividend paid in December 2014. The remaining decreases were principally due to provisions of £665,379 and £286,434 made against the value of the investments in Closed Loop Recycling and Trilogy Communications. In October 2014, Channel Technical Services, a subsidiary of Channel Safety Systems, was sold for £1.6 million, as a result of which the Planned Exit Shares fund was paid £641,647, comprising a loan repayment of £614,250 and interest of £27,397. The remaining investment was sold in April 2015 for £518,937. In January 2015, the investments in Industrial Efficiency and Leisure Efficiency were sold to another Foresight managed fund for a total of £998,500, realising a combined profit of £556,190, after including interest received.

During the year, the net asset value per Infrastructure Share increased by 3.7% to 92.4p per share as at 31 December 2014 from 91.5p as at 31 December 2013 (after adjusting for the 2.5p interim dividend paid in September 2014).

As previously indicated, to increase the VCT qualifying proportion of the Infrastructure Share fund, action was taken during the year to refinance £4.5 million of non-qualifying loans in PFI investments and reinvest the proceeds in suitably qualifying solar infrastructure companies in line with the investment policy. This action has resulted in a diversified infrastructure risk and return profile as well as yield benefits to the portfolio while reducing the portion of non-qualifying investments to 30% of the Infrastructure Shares fund.

Reflecting increased competition, higher prices than originally envisaged have had to be paid for such PFI and solar assets, resulting in correspondingly lower than expected yields. Depending on the prices obtained on the ultimate sale of these assets, this may impact overall ultimate returns to investors.

Current and recent £20 million fund raisings for the Ordinary Share Fund

Foresight Group continue to see a number of high quality private equity investment opportunities, similar to the recent investments made in Positive Response Corporation, Aerospace Tooling Corporation, Thermotech Solutions and Procam Television referred to below. On 31 October 2014, the Board launched a full prospectus to raise up to £20 million by the issue of new Ordinary Shares, the securities note for the issue and a related application form being sent to shareholders in each of the Foresight VCTs. The issue is being well received by both new and existing investors, with over £17 million raised to date.

Foresight Group 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 longer term. Foresight Group believes that attractive deals are currently available and will utilise the funds raised to take advantage of these opportunities.

Portfolio Review: Ordinary Shares Fund

1. New Investments

Following an initial investment in July 2014, a total of £1,365,760 was invested during the year in Industrial Efficiency II Limited. The company provides energy efficiency fuel switching services, enabling customers to make significant cost savings and reduce emissions in return for paying charges based on the volume of fuel and electricity consumed.

In December 2014, the Ordinary Share fund invested £1,000,000 alongside other Foresight VCTs in a £2 million round to finance a shareholder recapitalisation of Positive Response Corporation. The company monitors the safety of people and property through its 24 hour monitoring centre in Dumfries, Scotland. The flagship product, StaffSafe, provides increased staff safety and protection in customer facing environments by enabling workers, particularly 'lone workers', to call for help when required utilising high quality two way audio communication and a CCTV feed linked to the monitoring centre.

In March 2014, investments of £1,000,000 were made into each of Cole Henry PE 2 Limited, Kingsclere PE 3 Limited and Whitchurch PE 1 Limited which are acquisition vehicles preparing to trade.



Manager's Report continued

2. Follow-on funding

Ordinary Shares Fund	£
AlwaysOn Group Limited	246,934
Autologic Diagnostics Group Limited*	73,391
Biofortuna Limited	50,929
Closed Loop Recycling Limited*	427,627
Flowrite Refrigeration Holdings Limited*	7,893
Procam Television Holdings Limited	222,223
Total	1,028,997

* (including capitalised interest)

3. Realisations

- In April 2014, the investment in iCore was sold to a new holding company established by management for £300,000, of which £200,000 was paid on completion and the remaining £100,000 is to be paid in October 2015.
- In September 2014, Aerospace Tooling Corporation effected a recapitalisation and dividend distribution, returning the entire £3.5 million cost of the Foresight VCTs' investments made only 15 months previously. The Ordinary Share fund received full repayment of its loan capital of £1.35 million and a dividend of £150,000 equal to the original cost of its equity investment and still retains its original 23% equity shareholding in the company, effectively at nil cost.
- In December 2014, Aquasium Technology repaid a loan of £333,333 and paid interest of £21,717.
- £49,997 was recovered from the administrator of Abacuswood.

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

Ordinary Shares Fund	£
AlwaysOn Group Limited	566,422
AtFutsal Group Limited	92,291
Closed Loop Recycling Limited	2,163,946
Trilogy Communications Limited	416,214
Total	3,238,873

5. Performance Summary

I am pleased to report a strong overall performance by the Ordinary Shares fund during the year. The private equity investments generally performed well, particularly the relatively recent investments in Procam Television Holdings, Aerospace Tooling Corporation and Thermotech Solutions Limited, the aggregate valuations of which increased by over £5 million during the year. In line with the continuing UK economic recovery, trading conditions have improved generally across the portfolio which is reflected in an 8.3% increase in net asset value per Ordinary Share during the year to 99.4p per Ordinary Share (after adjusting for the 10.0p dividend paid in March 2014) from 101.0p per Ordinary Share as at 31 December 2013. These results are stated after making a sizeable provision of £2,163,946 against the last remaining environmental investment, Closed Loop Recycling, which experienced difficult trading conditions. Several of the portfolio companies are displaying good order books and revenue and profit growth, creating potential for further value increases.

Having realised a significant number of investments over recent years, we are now focussing on making new investments and achieving further profitable exits to facilitate dividend payments. An interim dividend of 10.0p per Ordinary Share was paid on 14 March 2014, reflecting in particular the sale of Alaric Systems for £7.1 million (including amounts in escrow) in December 2013, over five times the original cost of investment. Another interim dividend of 6.0p per Ordinary share was paid on 13 March 2015.

The M&A market continues to be active, providing opportunities for future realisations. With an encouraging economic backcloth, and proceeds from the recent fund raisings, Foresight Group is now well placed to take advantage of its current deal flow and is actively pursuing new investment opportunities.

Portfolio Review: Planned Exit Shares Fund

1. New Investments

No new investments were made during the year.

2. Follow-on funding

In March 2014, the Planned Exit Shares fund acquired a small number of shares in Data Continuity Group for £929.

3. Realisations

In October 2014, Channel Safety Systems Group repaid a loan of £614,250 and paid interest of £27,397 to the Planned Exit Shares fund following the successful sale of its subsidiary, Channel Technical Services.

Loans totalling £160,824 were repaid by the administrator of Withion Power during the year.

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

Planned Exit Shares Fund	£
Closed Loop Recycling Limited	665,379
Industrial Engineering Plastics Limited	78,262
Trilogy Communications Limited	286,434
Total	1,030,075

5. Performance Summary

During the year, the net asset value per Planned Exit Share decreased by 21.2% to 65.0p per share as at 31 December 2014 from 82.5p as at 31 December 2013. This decrease was principally due to the above provisions of £665,379 and £286,434 made against the value of the investments in Closed Loop Recycling and Trilogy Communications.

Channel Safety Systems, Industrial Efficiency and Leisure Efficiency all performed well during the year. As referred to above, in October 2014, Channel Technical Services, a subsidiary of Channel Safety Systems, was sold for £1.6 million, as a result of which the Planned Exit Shares fund was paid £641,647. The investment in the parent company was sold in April 2015 for £518,937. In January 2015, the investments in Industrial Efficiency and Leisure Efficiency were sold

to another Foresight managed fund, based on an independent third party valuation. The investment in Industrial Efficiency was sold for £205,500, realising a profit of £85,215 and generating a total return of 1.5 times original cost of £180,000 after including interest received. The investment in Leisure Efficiency was sold for £793,000, realising a profit of £470,975 and generating a total return of 1.7 times original cost of £690,000 after including interest received.

Although Trilogy Communications has experienced difficult trading conditions over the last three years, a new strengthened management team has substantially improved the company's recent trading performance. A new Sales Director has been recruited to increase broadcast sales which has already resulted in a growing sales pipeline. Following successful completion of two important test programmes, significant defence orders are expected in 2015, materially improving profitability and cash conversion. A small number of shares were acquired in Data Continuity Group prior to its all share merger with AlwaysOn Group in April 2014. This merger created additional scale and scope for significant cost reductions for the enlarged Data Continuity Group, combined with the ability to cross-sell a broader range of services.

An interim dividend of 7.5p per Planned Exit Share was paid on 12 December 2014. An interim dividend of 15.0p per Planned Exit Share will be paid on 22 May 2015. The shares will be quoted ex-dividend on 7 May 2015 with a record date of 8 May 2015.

Foresight Group 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 Background

By the closing date of 18 July 2012, a total of £33,295,716 had been raised for the Infrastructure Share fund jointly with Foresight 2 VCT's Infrastructure Share fund (i.e. some £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, solar infrastructure, energy efficiency and onsite power generation markets.

The two funds acquired shareholdings in eight operating PFI companies, four in the education sector holding interests in 13 schools and four in the health sector, comprising 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. These investments have strong operating records and have remaining contract terms ranging from 12 to 27 years. All have project finance debt in place with interest rate hedging contracts for the duration of the concession, removing any refinancing or interest rate risks. They also benefit from having long term facilities management subcontracts which pass all operational risks through to major companies that are well established in the UK PFI market.

Good progress was made in investing the majority of the Infrastructure Share fund in secondary PFI investments within 12 months of the closing date. Secondary PFI yields fell significantly, however, reflecting increased competition and higher offer prices from new and established PFI infrastructure funds, driven by increasing investor appetite for PFI investments and a contraction in the supply of new infrastructure assets due to government policy changes and austerity measures. This yield compression has meant that assets were acquired at yields lower than originally forecast. The total return, however, depends on the prices achieved on an ultimate sale or refinancing (with suitable debt finance) of the assets and, if yield compression continues, the total return forecast originally may still be achieved through an increase in the underlying capital value of the assets. Foresight Group has agreed with the Board to reduce its management fee to 1% per annum from 1 January 2015 on the Infrastructure Share fund in order to help reduce costs and enhance investor returns.

Portfolio Developments

Although advance VCT clearances were received from HMRC in respect of four of the original PFI investments, only one is a VCT qualifying investment because the co-shareholders in the other three would not enter into a VCT qualifying structure. Accordingly, action was taken to rebalance the portfolio in order to increase the VCT qualifying proportion of the Infrastructure Share fund to 70% by July 2014 to meet the VCT qualification test. This test is applied to the Company as a whole and is currently 86.6%. This rebalancing exercise included the refinancing of £4.5 million of non-qualifying PFI assets with loans from the Foresight Inheritance Tax Service to reduce the non-qualifying holdings and then utilising the refinancing proceeds to invest in five suitably qualifying solar infrastructure companies, in line with the investment policy.

Investments in a number of infrastructure projects were reduced through the repayment of the above loans, namely the Infrastructure Share fund's loans in the Sandwell Schools (Norwich Infrastructure 4 Limited), Staffordshire Schools (Durham Infrastructure 5 Limited), Lochgilphead Hospital and Stobhill Forensic Psychiatry Unit PFI projects. This released an equal sum for reinvestment in qualifying solar infrastructure assets and reduced the portion of non-qualifying investments to 30% of the Infrastructure Share Fund.

New Investments

In July 2014, the Infrastructure Share fund invested a total of £6.8 million in four solar projects. The solar assets share many of the characteristics of PFI assets, including RPI-linked revenues, low correlation to economic conditions and low counterparty risk, although there is an element of exposure to commercial electricity prices.

The solar project details are as follows:

- £2 million invested in Rovinj Solar Limited to acquire a shareholding in the 5.5MW Ford Farm solar project, located in St Ives, Cornwall which has been generating electricity since March 2013. The investment received HMRC clearance and was completed in December 2014.
- £2 million invested in FS Hayford Farm Limited which had a conditional contract to acquire the Hayford Farm solar project



Manager's Report continued

which was completed in December 2014. Hayford Farm is a 9.8MW project which was partially financed with a co-investment from the Foresight Inheritance Tax Service and third party debt from Investec Bank. The investment received HMRC clearance in July 2014 and has been generating revenues since connection to the National Grid in September 2014.

- £2 million invested in Krk Solar Limited which completed the acquisition of the 3.3MW Tope Farm Solar Project near Blackawton in Devon on 14 October 2014. The investment has received HMRC clearance.
- £800,000 invested in Zagreb Solar Limited on a qualifying basis. A solar investment project for Zagreb completed in April 2015.

New investments were made in Zadar Infrastructure Limited (£279,503) and Pula Infrastructure Limited (£133,996) during the year which acquired interests in two hospitals.

Follow-on Investments

A further investment of £1.25 million was made into Canterbury Infrastructure 15 Limited, increasing the total investment to £2.25 million. In April 2014, the company invested £1.7 million in the Pentre solar project and will invest a further £400,000 alongside third party debt of £4.1 million from Investec Bank when the installation receives its Ofgem ROC Accreditation, which is expected shortly. Pentre is a 6MW ground mounted solar power project in Carmarthenshire, South Wales which has been connected to the National Grid and generating revenue for the Infrastructure Share fund since September 2014. This investment has received HMRC clearance. All of the six remaining follow-on investments totalling £346,400 were non-material.

Outlook

The Infrastructure Shares fund has now reduced its exposure to non-qualifying PFI investments to 30% of fund net assets and has successfully deployed the remaining funds into a combination of PFI and solar investments that have already received HMRC clearance. During the year, as detailed above, four solar investments were completed which provide an infrastructure risk, return profile, diversification and yield benefits to the portfolio.

Reflecting progress being made in generating yield from these investments, the Board paid a dividend of 2.5p per Infrastructure Share on 30 September 2014, making 5.0p in dividends per share to date. Overall, the total return increased to 97.4p (31 December 2014) per share from 94.0p (31 December 2013) per share in the year. An interim dividend of 2.5p per Infrastructure Share will be paid on 22 May 2015. The shares will be quoted ex-dividend on 7 May 2015 with a record date of 8 May 2015. We are optimistic for the prospects of the restructured portfolio over the coming years, while recognising that the total return of 130.0p per share is at the upper end of management forecasts for the portfolio.

Portfolio Company Highlights

In June 2013, the Ordinary Shares fund invested £1.5 million alongside other Foresight VCTs in a £3.5 million investment in Dundee based **Aerospace Tooling Corporation ("ATL")**, a well established specialist engineering company. ATL provides repair, refurbishment and remanufacturing services to large international companies for components in high-specification aerospace and turbine engines. With a heavy focus on quality assurance, the company enjoys strong relationships with companies serving the aerospace, military, marine and industrial markets. In the year to 30 June 2014, a number of significant orders underpinned growth, with turnover doubling and profits increasing significantly. With further progress being made in the current year, this strong trading performance supported an increase in valuation of £4.9 million in the Ordinary Shares fund during the year. Reflecting particularly strong cash generation, the company was able to effect a recapitalisation and dividend distribution in September 2014, returning the entire £3.5 million cost of the Foresight VCTs' investments made only 15 months previously. The Ordinary Shares fund received full repayment of its loan capital of £1.35 million and a dividend of £150,000 equal to the original cost of its equity investment while still retaining its original 23% equity shareholding in the company, effectively at nil cost. **Held in the Ordinary Shares fund.**

Following the all-share merger in April 2014 of the two Foresight portfolio companies, **AlwaysOn Group** and **Data Continuity Group (now known as AlwaysOn Group)**, a major reorganisation was implemented, involving significant cost reductions and the year end changed to March 2015. As part of the merger transaction, a further £500,000 was invested by way of loans by the Foresight VCTs, including £240,000 from the Company, into AlwaysOn Group to ensure that the enlarged group had sufficient financial resources. AlwaysOn Group's shareholders received a total of 30.6% of the equity of the enlarged Group. The merged business now provides data backup services, connectivity and collaboration software (Microsoft Lync) to SMEs and larger enterprises. The merger was completed successfully, with no major outages. There is an increased focus on selling through indirect channels, particularly of Microsoft Lync, where AlwaysOn is a Microsoft Gold partner. In the current year to date, revenues have lagged budget resulting in small monthly losses being incurred, mostly due to weaker product sales and data back up renewals, whilst the managed services are performing ahead of expectations. With a number of significant pipeline opportunities generated through partners, performance is expected to improve significantly once some of these convert into orders. In view of the weak trading performance, a provision of £566,422 was made against the cost of the investment in the Ordinary Share fund during the year.

In March 2014, small numbers of additional shares in Data Continuity Group were acquired from a departing shareholder for £6,934 and £929 by the Ordinary Shares fund and the Planned Exit Shares fund respectively. The original investment in Data Continuity Group held by the Planned Exit Shares fund comprises both loans and shares which are currently valued above cost. **Held in the Ordinary Shares and Planned Exit Shares funds.**

For the year to 31 December 2013, **Aquasium Technology** achieved a NPBT of £646,000 on sales of £8.6 million, reflecting continuing demand for CVE's smaller electron welding machines. This compares with a NPBT of £608,000 achieved on sales of £8 million (after adjusting for the sale of its EBTEC division for \$11 million which generated a 2.5 times return on its original cost) for the previous year. Having paid £518,345 in redemption premia and interest in 2013, the company repaid loans of £333,333 and interest of £21,717 in December 2014. Reflecting continuing strong order intake, further growth was achieved in both sales and profits in the year to 31 December 2014. The Company still holds 33% of Aquasium's equity and £333,334 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 Shares fund.**

AtFutsal Group runs government approved education programmes for students aged 16-18 years old, principally as part of a consortium made up of Football League clubs, colleges and academies and training/accreditation organisations. Funding for these programmes is sourced from the Education Funding Agency. The company's three arenas in Birmingham, Leeds and Swindon are used as part of these education programmes. AtFutsal has introduced a wider range of government approved BTech courses and is using its own online education software platform to provide a broader range of educational services. A separate English Colleges education programme has been established to provide additional futsal related courses for 16-18 year olds at sixth form colleges. For the current student year which commenced in September 2014, the company registered 1,400 students on its futsal related courses, compared with 1,200 in the previous academic year and 100 for its new English Colleges programme. AtFutsal is also improving its capacity utilisation across its three arenas with a variety of different sports being regularly played at each arena alongside futsal at both child and adult level. For the year ended 31 December 2014, a small operating profit was achieved on sales of £5.0 million, with the growing Education division generating the majority of the profit and cash flow within the Group. Management is focussed on improving profitability by increasing the number of students and range of education programmes and also the usage of its online education platform. **Held in the Ordinary Shares fund.**

Following the £48 million secondary buy-out by Living Bridge (formerly ISIS Private Equity) in January 2012, investments in equity and loan stock valued at £1.486 million were retained in **Autologic Diagnostics Group**. The company generated reduced profits for the year to December 2013, achieving an EBITDA of £5.4 million on sales of £18.8 million (an EBITDA of £5.9 million on revenues of £17.2 million in 2012). Similar trading results were achieved during 2014, with relatively stronger sales in the UK and Europe compared with the USA. As at 31 December 2014, the company had a healthy cash balance of £7.9 million. Management continues to develop a business model to generate recurring revenues and improve the quality of the company's earnings through a new service-oriented product, the launch of which has now been delayed to mid 2015. In the short term, this change in strategy towards a pure recurring revenue model may impact EBITDA

in 2015 and 2016 while helping to drive longer term shareholder value. During the year, interest of £73,391 deferred under the terms of the loan agreement with Autologic Diagnostics Group was capitalised. **Held in the Ordinary Shares fund.**

Biofortuna, an early stage 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 tests for genetic diseases and organ transplant compatibility. 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. A £1.3 million round to finance capital expenditure and working capital was completed in August 2013, in which the Ordinary Shares fund invested £99,066 in the first tranche and a further £50,929 in the second, final tranche in April 2014. For the year to March 2014, an operating loss of £1.05 million was incurred on sales of £325,000. Trading in the current year is stronger, with a lower rate of operating loss. Following successful FDA trials, Biofortuna has obtained FDA approval for its SSPGo genetic testing product range in the USA, a particularly important milestone enabling access to the USA market, the largest in the World, as well as obtaining FDA registration for its manufacturing site. Five companies have selected the company's freeze-dried kit manufacturing service to produce freeze dried versions of their products, with paid for feasibility studies and contract discussions occurring with various parties. The company is progressing in a number of areas, including broadening its product range, winning new customers, increasing its manufacturing capacity and assessing new market opportunities. To finance the development of new products, a £1.55 million round was concluded in January 2015, of which £890,000 was committed by the Foresight VCTs. The Ordinary Shares fund committed to invest £222,500, of which £128,000 was invested as the first tranche. **Held in the Ordinary Shares 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 and provide growth capital. Blackstar 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 2014, the company achieved an EBITDA of £300,000 on sales of £8.6 million (cf. an EBITDA of £394,000 on sales of £9.7 million in the previous year, reflecting channel restocking). A similar performance is expected in the current year, reflecting continuing investment in new product development, reductions in overheads and challenging conditions in some overseas markets. In the US market, the largest guitar amplifier market globally, Blackstar continues to gain market share and is now the number two guitar amplifier brand by monthly sales volumes. Management are focused on increasing sales and improving margins, including selectively replacing distributors where appropriate. The company currently has a presence in over 35 countries worldwide and its products are stocked in over 2,500 stores



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globally. The new ID: Lite range of amplifiers, which are the company's first products at the value end of the market, was launched to critical acclaim in the US and UK markets in February and March 2014. Two new ID: Core products, again at the high growth value end of the market, have been launched, the first in time for the Christmas season in 2014, sales of which have already exceeded expectations, and the second in February 2015. **Held in the Ordinary Shares fund.**

In December 2010, the Planned Exit Share fund provided £565,000 to partially fund a management buy-in of long established Petersfield based **Channel Safety Systems Group** which designs and distributes emergency lighting and fire safety systems, as well as providing associated installation and maintenance services through its subsidiary, Channel Technical Services. For the year to 31 October 2013, Channel Safety Systems Group performed well, achieving an EBITDA of £580,000 on sales of £8.58 million (£420k EBITDA on sales of £8.5 million for the previous year). In the year to 31 October 2014, the group traded well ahead of budget and the previous year and has a strong cash position. In late October 2014, Channel Technical Services was sold for £1.6 million, as a result of which the Planned Exit Share fund was paid £641,647 comprising a loan repayment of £614,250 and interest of £27,397. The investment in the parent company was sold in April 2015 for £518,937. **Held in the Planned Exit Shares fund.**

During 2013/14, **Closed Loop Recycling** successfully doubled the capacity of its Dagenham plant, which is now operating at full capacity processing approximately 1,000 tonnes per week of waste plastic bottles. In October 2014, following protracted negotiations, the shareholders entered into a confidential, conditional sale and purchase agreement with a purchaser planning to seek a public listing simultaneously with completion of the acquisition, at a price higher than the then carrying valuation. One of the conditions related to the financial performance of the company during the listing process. The company's recent and short term projected performance, however, has been impacted by adverse movements in the price of waste plastic bottles reflecting overseas demand for such bottles and weaker prices for virgin resin, indirectly reflecting the falling price of oil. The latter impacts the price customers pay for the company's competing recycled HDPE and PET pellets. To mitigate the impact of these price movements, price increases have been negotiated with key customers. Unfortunately, the conditional sale and purchase agreement was formally terminated in December 2014, following weaker than projected financial performance by the company and weaker short term profit projections. Reflecting these two factors, full provisions of £2,363,946 and £665,379 were made against the costs of the respective investments in the Ordinary and Planned Exit Shares funds, reducing these to nil.

Despite actively pursuing various strategic options, including raising capital from third parties, an outright sale and seeking supply chain support, no viable solution was ultimately achieved, resulting in the company filing notice of intention to appoint an administrator on 17 April 2015. **Held in the Ordinary and Planned Exit Shares funds.**

In May 2012, the Ordinary Share fund invested £492,500 in **Flowrite Refrigeration Holdings** alongside other Foresight VCTs to finance the

£3.2 million management buyout of Flowrite Services Limited. This long established, Maidstone based company provides refrigeration and air conditioning maintenance and related services nationally, principally to leisure and commercial businesses such as hotels, clubs, pubs and restaurants. In the year to 31 October 2014, the company traded well, achieving an operating profit of £740,000 on sales of £10.8 million after substantial investment in new engineers and systems (cf. an operating profit of £1.06 million on sales of £10.0 million in 2013). Management has increased sales efforts, particularly targeting more installation work, won a number of significant new contracts and customers. It is currently reviewing several potential acquisition opportunities with the aim of broadening its national coverage. In December 2013, as a result of strong trading, Flowrite repaid a loan (£282,699), rolled up interest (£31,785) and accrued interest (£47,661) totalling £362,145 to the Company, representing some 75% of original cost of investment, only 18 months after the MBO. The company has made a good start to its current financial year which is budgeted to show substantial growth. During the year, interest of £7,893 deferred under the terms of the loan agreement was capitalised. **Held in the Ordinary Shares 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 these constraints limit upside potential, the investment was sold in April 2014 to a new holding company established by management for £300,000, of which £200,000 was paid on completion with the remaining £100,000 due in October 2015. **Held in the Ordinary Shares fund.**

As part of a £360,000 funding round in April 2013, the Planned Exit Shares fund invested £180,000 in **Industrial Efficiency**, alongside £180,000 from the Foresight 2 VCT Planned Exit Shares fund. The company installs and maintains proven and robust energy switching equipment, allowing customers to reduce emissions and make significant cost savings. The company completed its first energy cost reduction project in September 2013 and continues to pursue a number of similar opportunities. Returns are based solely on the cost savings made and do not depend on government subsidies or Feed-in- Tariffs. In January 2015, the investment in Industrial Efficiency was sold for £205,500 to another Foresight managed fund, based on an independent third party valuation. The sale of Industrial Efficiency realised a profit of £85,215 and generated a total return of 1.5 times original cost. **Held in the Planned Exit Shares fund.**

In July 2014, as part of the first £1.38 million tranche of a phased funding round totalling up to £4.4 million by three Foresight managed funds, a new investment of £990,760 was made by the Ordinary Shares fund in **Industrial Efficiency II**, alongside £326,740 from Foresight 3 VCT. The company provides energy efficiency fuel switching services, enabling customers to make significant cost savings and reduce emissions. Following completion of a number of

installations for the first customer, a major corporation, the Ordinary Shares fund invested a further £375,000 in December 2014 as part of the second tranche of £500,000. A number of other such installations are currently in the course of construction and further tranches will be drawn down during 2015. The business charges this customer for the delivery of electricity and gas. Once the contracted level of power has been delivered, which is expected to be reached after five years, depending on the rate of usage, the contract will terminate and payments reduce to a nominal level. **Held in the Ordinary Shares 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 help 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 18 month period ended 31 May 2014, reflecting increased competition in its plastics distribution and industrial fabrication markets, the company achieved a reduced EBITDA of £205,000 on sales of £6.7 million (compared to an EBITDA of £646,000 on sales of £4.9 million in 2012). Notwithstanding a good start in the following year and improved market sentiment, performance deteriorated subsequently during Summer 2014. A new Chairman and experienced turnaround CEO were appointed with a view to improving trading, operational efficiency and systems and performance has already started to improve. Reflecting this performance, a provision of £78,262 was made against this investment during the year. **Held in the Planned Exit Shares fund.**

As part of a £1.38 million funding round in January 2012, the Planned Exit Shares fund invested £690,000 in **Leisure Efficiency**. The company installs and maintains energy efficiency equipment, including voltage optimisers and heat exchangers, in 34 David Lloyd Leisure ("DLL") sites across the UK. The contract with DLL has a life of seven years during which the company will generate a strong yield. In January 2015, the investment in Leisure Efficiency was sold for £793,000 to another Foresight managed fund, based on an independent third party valuation. The sale of Leisure Efficiency realised a profit of £470,975 and generated a total return of 1.7 times original cost. **Held in the Planned Exit Shares fund.**

In December 2014, the Ordinary Shares fund invested £1,000,000 alongside other Foresight VCTs in a £2 million round to finance a shareholder recapitalisation of **Positive Response Corporation**. Established in 1997, the company monitors the safety of people and property through its 24 hour monitoring centre in Dumfries, Scotland. The flagship product, StaffSafe, provides increased staff safety and protection in customer facing environments by supporting workers, particularly 'lone workers', in dealing with verbal abuse, harassment and anti-social behaviour by enabling them to call for help utilising high quality two way audio communication and a CCTV feed linked to the monitoring centre. Customers include several major restaurant and retail chains. Revenues are generated from both initial installation fees and monitoring and maintenance fees. In the first nine months

of the financial year ended 31 March 2015, an EBITDA of £454k was achieved on sales of £1.49 million. Significant growth is expected in the current financial year, reflecting a strong sales pipeline including both existing and potential new customers. The management team has been strengthened with the appointment of three experienced executives as Chairman, CEO and Finance Director respectively. A new Head of Sales is currently being recruited. **Held in the Ordinary Shares 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 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 is a preferred supplier to BSkyB and an approved supplier to the BBC and ITV. Over the last four years revenues have more than doubled, following the introduction of new camera formats and increased sales and marketing efforts. In September 2013, Hammerhead, a competitor with facilities in London, Manchester and Edinburgh and Glasgow, was acquired in order to broaden the customer base, increase national coverage and realise various synergistic benefits.

For the year to 31 December 2013, the trading subsidiary achieved an EBITDA of £1.8 million on sales of £6.4 million, well ahead of trading in 2012. In the year to 31 December 2014, significant growth in sales and profits was achieved, well ahead of the prior year, reflecting both strong organic growth and the successful integration of the Hammerhead acquisition, supporting an increase in valuation of £571,280 during the year. Continuing strong growth is expected in the current financial year which will necessitate expansion into larger premises in due course. In December 2014, the Ordinary Shares fund invested a further £222,223 alongside £277,777 from other Foresight VCTs to partially fund the acquisition of True Lens Services which repairs broadcast equipment and refurbishes and supplies camera lenses. On 30 March 2015, Procam acquired New York based camera rental company Hotcam New York, in order to provide its US client base with the same services and quality of service as its UK customers, many of which also shoot in the US. Other acquisition opportunities are under consideration. **Held in the Ordinary Shares fund.**

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 **Thermotech Solutions (formerly Fire and Air Services)**. Thermotech is 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 revenue visibility. Since investment, good progress has been made in diversifying and re-balancing the spread of revenues across the three main business lines, with an increased emphasis on service and maintenance. For the



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year to 31 March 2014, the trading subsidiary achieved an EBITDA of £717,000 on sales of £4.0 million. In the current year, reflecting a number of significant contract wins with major retailers, roll outs of existing contracts and a growing sales pipeline, revenues and profits are significantly ahead, with strong cash generation. The recently appointed new CEO has already made good progress in developing the business, including revamping the brand, website and marketing collateral, strengthening the finance, sales and marketing, health and safety and quality management functions. He has also introduced GPS tracking of engineers and electronic job sheets with the aim of enhancing business information and reporting. **Held in the Ordinary Shares fund.**

Reflecting defence contract orders from partners such as Northrop Grumman and Raytheon, **Trilogy Communications** achieved strong trading results up to 2012. Trading has since been affected by delays in long-term US defence programme orders. In the year to February 2014, despite cost reductions, the trading subsidiary incurred an EBITDA loss of £808k on sales of £3.8 million. Following further cost reductions and some recovery in defence orders, losses have since been stemmed and the company is now operating at or above EBITDA breakeven on a monthly basis. A new non-executive Chairman was appointed and the Chief Operating Officer was promoted to the position of Chief Executive Officer. A new Sales Director has been recruited to increase broadcast sales which has already resulted in a growing sales pipeline. Discussions are in progress in relation to further defence programmes and the company continues to develop its range of communication equipment and related services, including the planned launch of a software only variant. Following successful completion of two important test programmes, significant defence orders are expected in early 2015 which would largely be met from existing stock, materially improving profitability and cash conversion. Reflecting the above performance, provisions of £416,214 and £286,434 respectively were made during the year against the cost of the investments in the Ordinary Share fund and the Planned Exit Share fund. **Held in the Ordinary Shares and Planned Exit Shares funds.**

David Hughes

Chief Investment Officer
Foresight Group
28 April 2015

Investment Summary

Ordinary Shares Fund

Investment	31 December 2014		Valuation Methodology	31 December 2013	
	Amount invested £	Valuation £		Amount invested £	Valuation £
Aerospace Tooling Corporation Limited	150,000	5,891,079	* Discounted earnings multiple	1,500,000	2,347,709
Blackstar Amplification Holdings Limited	2,500,000	3,112,380	* Discounted earnings multiple	2,500,000	2,916,548
Aquasium Technology Limited	666,667	2,288,611	* Discounted earnings multiple	1,000,000	2,514,771
Autologic Diagnostics Group Limited	1,727,933	2,134,106	* Discounted earnings multiple	1,654,542	2,098,632
Thermotech Solutions Limited	1,500,000	1,991,412	* Discounted earnings multiple	1,500,000	1,500,000
Procam Television Holdings Limited	1,022,223	1,593,503	* Discounted earnings multiple	800,000	800,000
Industrial Efficiency II Limited	1,365,760	1,365,760	* Cost	—	—
alwaysON Group Limited	1,367,497	1,019,932	* Discounted revenue multiple	630,531	244,976
Cole Henry PE 2 Limited	1,000,000	1,000,000	* Cost	—	—
Kingsclere PE 3 Limited	1,000,000	1,000,000	* Cost	—	—
Positive Response Corporation Limited	1,000,000	1,000,000	Cost	—	—
Whitchurch PE 1 Limited	1,000,000	1,000,000	Cost	—	—
Flowrite Refrigeration Limited	219,031	559,094	Discounted earnings multiple	211,138	511,365
Biofortuna Limited	462,527	462,527	Price of recent funding round	411,598	411,598
Trilogy Communications Limited	1,280,880	263,974	Discounted revenue multiple	1,280,880	680,188
AtFutsal Group Limited	369,161	92,290	Cost less impairment	369,161	184,581
i-plas Group Limited	333,334	—	Nil value	516,853	—
Abacuswood Limited	627,784	—	Nil value	677,781	31,697
DSM GeoData Limited	700,000	—	Nil value	700,000	—
Aigis Blast Protection Limited	860,325	—	Nil value	860,325	—
Closed Loop Recycling Limited	2,363,946	—	Nil value	1,936,319	1,736,319
Oxonica plc	2,804,473	—	Nil value	2,804,473	—
Withion Power Limited +	5,017,546	—	Nil value	5,017,546	—
Data Continuity Group Limited	—	—	Merged into alwaysON Group Limited	490,032	1,094,444
iCore Limited	—	—	Sold	750,000	200,000
Nanotecture Group plc	—	—	Dissolved	1,000,000	—
Silvigen Limited	—	—	Dissolved	777,764	—
	29,339,087	24,774,668		27,388,943	17,272,828

* Top ten investments by value shown on pages 23 to 24.

+ 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 2014		Valuation Methodology	31 December 2013	
	Amount invested £	Valuation £		Amount invested £	Valuation £
alwaysON Group Limited	784,746	1,085,705	* Discounted revenue multiple	—	—
Leisure Efficiency Limited	575,000	793,000	* Sales proceeds	575,000	747,619
Industrial Engineering Plastics Limited	875,000	700,007	* Discounted earnings multiple	875,000	778,269
Channel Safety Systems Group Limited	75,750	427,942	* Discounted earnings multiple	690,000	836,514
Trilogy Communications Limited	693,864	407,430	* Discounted revenue multiple	693,864	693,864
Industrial Efficiency Limited	155,000	205,500	* Disposal proceeds	155,000	155,000
Closed Loop Recycling Limited	665,379	—	Nil value	566,667	566,667
Withion Power Limited	164,128	—	Nil value	324,952	101,000
i-plas Group Limited	524,030	—	Nil value	524,030	—
Data Continuity Group Limited	—	—	Merged into alwaysON Group Limited	783,817	1,120,174
	4,512,897	3,619,584		5,188,330	4,999,107

* All investments with a value are shown on pages 25 to 26.

Infrastructure Shares Fund

Investment	31 December 2014		Valuation Methodology	31 December 2013	
	Amount invested £	Valuation £		Amount invested £	Valuation £
Canterbury Infrastructure 15 Limited	2,250,000	2,250,000	* Cost	—	—
Criterion Healthcare Holdings Limited	1,709,074	2,101,276	* Discounted cash flow	1,709,074	1,709,074
FS Hayford Farm Limited	2,000,000	2,000,000	* Cost	—	—
Krk Solar Limited	2,000,000	2,000,000	* Cost	—	—
Rovinj Solar Limited	2,000,000	2,000,000	* Cost	—	—
York Infrastructure 3 Limited	1,048,358	1,141,446	* Discounted cash flow	1,000,000	1,000,000
Stirling Gateway HC Limited	1,078,875	1,021,458	* Discounted cash flow	1,078,875	1,078,875
Zagreb Solar Limited	800,000	800,000	* Cost	—	—
Wharfedale SPV (Holdings) Limited	677,947	690,773	* Discounted cash flow	677,947	677,947
Durham Infrastructure 5 Limited	683,137	390,450	* Discounted cash flow	1,000,000	1,000,000
Zadar Infrastructure Limited	279,503	279,503	Cost	—	—
Norwich Infrastructure 4 Limited	133,270	167,246	Discounted cash flow	1,000,000	1,000,000
Pula Infrastructure Limited	133,996	133,996	Cost	—	—
Lochgilphead Healthcare Holdings Limited	—	—	Sold	1,693,367	1,693,367
Stobhill Healthcare Facilities (Holdings) Limited	—	—	Sold	1,493,247	1,493,247
Limited Companies (preparing to trade)	—	—	Sold	5,200,000	5,200,000
	14,794,160	14,976,148		14,852,510	14,852,510

* Top ten investments by value are shown on pages 27 to 28.

Investment Summary

Ordinary Shares Fund

Top ten investments by value at 31 December 2014 are detailed below:

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.

30 June 2014

First investment	June 2013	Year ended	£'000
% Equity/Voting Rights	23.0%	Sales	11,409
Income received and receivable in the year	£249,863	Profit before Tax	2,711
Equity at cost	£150,000	Retained Profit	2,092
Loan stock at cost	—	Net Assets	4,442

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.

30 April 2014

First investment	July 2012	Year ended:	£'000
% Equity/Voting Rights	28.7%	Sales	8,536
Income received and receivable in the year	£225,493	Loss before Tax	(1,693)
Equity at cost	£250,000	Retained Loss	(1,686)
Loan stock at cost	£2,250,000	Net Assets	1,787

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.

31 December 2013

First investment	October 2001	Year ended:	£'000
% Equity/Voting Rights	33.3%	Sales	8,554
Income received and receivable in the year	£74,785	Profit before Tax	646
Equity at cost	£333,333	Retained Profit	805
Loan stock at cost	£333,334	Net Assets	2,990

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. The company also provides technical support to these garages, helping its customers fix more cars, more quickly. With cars now reliant on sophisticated electronic systems, mechanics need to be able to communicate with the in-car computer running the process or system, which in turn requires a diagnostic tool. The company's 'Autologic' tool and technical support enable independent garages to fix cars made by a number of well-known brands.

31 December 2013

First investment	February 2009	Year ended:	£'000
% Equity/Voting Rights	3.7%	Sales	18,828
Income received and receivable in the year	£146,782	Loss before Tax	(3,460)
Equity at cost	£17,901	Retained Loss	(3,728)
Loan stock at cost	£1,710,032	Net Assets	911

Thermotech Solutions Limited (formerly 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.

31 March 2014

First investment	August 2013		£'000
% Equity/Voting Rights	33.3%	Sales	3,325
Income received and receivable in the year	£120,000	Loss before Tax	(44)
Equity at cost	£300,000	Retained Loss	(105)
Loan stock at cost	£1,200,000	Net Assets	584



Investment Summary continued

Ordinary Shares Fund

Procam Television Holdings Limited



is one of the UK's leading broadcast hire companies, supplying equipment and crew for location TV production. Clients include major broadcasters and production companies, including the BBC, ITV, Two Four, Objective, Monkey Kingdom and Endemol. Foresight backed an MBO of the business in 2013. For the FY 2013 the trading subsidiary reported revenues of £6.6 million, an EBITDA of £1.8 million and operating profit of £270k.

31 December 2013

First investment	April 2013		£'000
% Equity/Voting Rights	22.5%	Sales	5,151
Income received and receivable in the year	£80,466	Loss before Tax	(40)
Equity at cost	£102,223	Retained Loss	(33)
Loan stock at cost	£920,000	Net Assets	338

Industrial Efficiency II Limited



provides energy efficiency solutions to CEMEX UK. The company has installed gas pipeline and electrical connections at a number of CEMEX UK sites. The investment was completed in July 2014. Revenues are generated through the financial value of the energy savings made by the equipment.

First investment	July 2014		
% Equity/Voting Rights	18.8%	No accounts filed since the investment was made	
Income received and receivable in the year	£61,524		
Equity at cost	£141,000		
Loan stock at cost	£1,224,760		

alwaysON Group Limited



Following the merger of alwaysON and DCG, the combined business now provides two services to corporate clients: it designs, sources, implements and maintains data storage solutions (increasingly as a managed service) and provides data VPNs, VOIP and collaboration software services. The value in the company is in the managed service contracts it possesses.

30 June 2014

First investment	November 2010	Year ended:	£'000
% Equity/Voting Rights	42.2%	Sales	3,287
Income received and receivable in the year	£1,496	Loss before Tax	(801)
Equity at cost	£1,367,497	Retained Loss	(801)
Loan stock at cost	—	Net Assets	1,800

Cole Henry PE 2 Limited

Limited company preparing to trade.

First investment	March 2014	:	
% Equity/Voting Rights	64.5%	No accounts filed since the investment was made	
Income received and receivable in the year	—		
Equity at cost	£100,000		
Loan stock at cost	£900,000		

Kingsclere PE 3 Limited

Limited company preparing to trade.

First investment	March 2014	:	
% Equity/Voting Rights	50.0%	No accounts filed since the investment was made	
Income received and receivable in the year	—		
Equity at cost	£100,000		
Loan stock at cost	£900,000		

Investment Summary

Planned Exit Shares Fund

All investments with a value at 31 December 2014 are detailed below:

alwaysON Group Limited



Following the merger of alwaysON and DCG, the combined business now provides two services to corporate clients: it designs, sources, implements and maintains data storage solutions (increasingly as a managed service) and provides data VPNs, VOIP and collaboration software services. The value in the company is in the managed service contracts it possesses.

30 June 2014

First investment	November 2010	Year ended:	£'000
% Equity/Voting Rights	3.03%	Sales	3,287
Income received and receivable in the year	£11,096	Loss before Tax	(801)
Equity at cost	£109,746	Retained Loss	(801)
Loan stock at cost	£675,000	Net Assets	1,800

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. The investment was sold in January 2015.

31 December 2013

First investment	January 2012	Year ended	£'000
% Equity/Voting Rights	50%	Sales	414
Income received and receivable in the year	£75,900	Profit before Tax	7
Equity at cost	£69,000	Retained Profit	7
Loan stock at cost	£506,000	Net Liabilities	(45)

Industrial Engineering Plastics Limited



is a Liphook and Birmingham-based company, established for over 25 years, which distributes plastics to UK industry, supplying ventilation and pipe fittings, plastic welding rods, hygienic wall cladding, plastic sheets and tanks. The company also fabricates plastic materials such as sound attenuation units and plastic ducting and venting systems.

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 £1.75 million, £875k of which was invested from the Planned Exit fund.

31 May 2014

First investment	December 2011	Year ended	£'000
% Equity/Voting Rights	22.5%	Sales	6,742
Income received and receivable in the year	£72,500	Loss before Tax	(509)
Equity at cost	£150,000	Retained Loss	(502)
Loan stock at cost	£725,000	Net Liabilities	(84)

Channel Safety Systems Group Limited



was established in 1976 and is a leading manufacturer and distributor of LED emergency and LED commercial lighting, fire detection systems, door entry systems, CCTV and disability assistance products. Foresight backed an MBI of Channel Safety Systems in December 2010 with an investment of £1.1 million from the Planned Exit funds. During FY 2014 the company continued introducing new product ranges and grew EBITDA significantly. Channel Technical Services, a subsidiary of the group, was sold in October 2014. The investment in the parent company was sold in April 2015.

31 October 2014

First investment	December 2010	Year ended:	£'000
% Equity/Voting Rights	16.6%	Sales	9,038
Income received and receivable in the year	£52,100	Profit before Tax	2,067
Equity at cost	£75,750	Retained Profit	1,905
Loan stock at cost	—	Net Assets	2,349



Investment Summary continued

Planned Exit Shares Fund

Trilogy Communications Limited



is a world class supplier of secure 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 2014

First investment	November 2011	Year ended:	£'000
% Equity/Voting Rights	—	Sales	4,005
Income received and receivable in the year	—	Loss before Tax	(1,352)
Equity at cost	—	Retained Loss	(1,359)
Loan stock at cost	£693,864	Net Liabilities	(3,660)

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 has completed its first project, a fuel switch project for CEMEX UK. The investment was sold in January 2015.

31 January 2014

First investment	March 2013		£'000
% Equity/Voting Rights	50%	Sales	88
Income received and receivable in the year	£20,550	Loss before Tax	(68)
Equity at cost	£18,000	Retained Loss	(68)
Loan stock at cost	£137,000	Net Liabilities	(38)

Investment Summary

Infrastructure Shares Fund

Top ten investments by value at 31 December 2014 are detailed below:

Canterbury Infrastructure 15 Limited

On 25 April 2014, a £4.5m (£2.25m from each of F1 and F2) investment was made in the 6MW Pentre Solar Project in the village of Llannon in Carmarthenshire, South Wales. £3.4m of this was advanced to the project as a 15% coupon shareholder loan to part fund the construction with the balance to be paid to the Vendor once the project receives ROC accreditation. A further £4m of investment is required on accreditation and this was originally going to be provided from the Foresight ITS fund but will now be provided by Investec Bank so the VCT Investors can benefit from the lower cost of capital on the Investec debt. The project completed construction and connected to the grid in September 2014 and accreditation is expected shortly. HMRC have provided a VCT clearance for the investment. The project earns revenues through a combination of Renewable Obligation Certificates at a rate of 1.4 ROCs / MWh and power sales and has an expected 25 year investment life.

First investment	April 2014	
% Equity/Voting Rights	50.0%	No accounts filed since the investment was made
Income received and receivable in the year	—	
Equity at cost	£1,750,000	
Loan stock at cost	£500,000	

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 18.5 years of the concession remaining.

			30 April 2014
First investment	March 2013	Year ended:	£'000
% Equity/Voting Rights	10.0%	Sales	6,327
Income received and receivable in the year	£33,140	Profit before Tax	503
Equity at cost	£1,484,074	Retained Profit	449
Loan stock at cost	£225,000	Net Assets	1,335

FS Hayford Farm Limited

In July 2014, Foresight VCT Infrastructure and Foresight 2 VCT Infrastructure invested a combined £4m in FS Hayford Farm Limited which had a binding sale and purchase agreement already in place to acquire the 9.8MW ground mounted photovoltaic solar project, subject to certain conditions precedent which were satisfied in December 2014. The project earns revenues through a combination of Renewable Obligation Certificates at a rate of 1.4 ROCs / MWh and power sales and has an expected 25 year investment life.

First investment	July 2014	
% Equity/Voting Rights	50.0%	No accounts filed since the investment was made
Income received and receivable in the year	£25,003	
Equity at cost	£1,400,000	
Loan stock at cost	£600,000	

Krk Solar Limited

In July 2014, Foresight VCT Infrastructure and Foresight 2 VCT Infrastructure invested a combined £4m in Krk Solar Limited which in October 2014 acquired the operating 3.3MW ground mounted photovoltaic solar project near Totnes in Devon. The project earns revenues through a combination of Renewable Obligation Certificates at a rate of 1.4 ROCs / MWh and power sales and has an expected 25 year investment life.

First investment	July 2014	
% Equity/Voting Rights	50.0%	No accounts filed since the investment was made
Income received and receivable in the year	£25,003	
Equity at cost	£1,400,000	
Loan stock at cost	£600,000	

Rovinj Solar Limited

In July 2014, Foresight VCT Infrastructure and Foresight 2 VCT Infrastructure invested a combined £4m in Rovinj Solar Limited which had an agreement in place to acquire a minority interest in the operating 5.4MW Ford Farm ground mounted photovoltaic project in Cornwall. The project earns revenues through a combination of Renewable Obligation Certificates at a rate of 1.6 ROCs / MWh and power sales and has an expected 25 year investment life.

First investment	July 2014	
% Equity/Voting Rights	50%	No accounts filed since the investment was made
Income received and receivable in the year	£25,003	
Equity at cost	£1,400,000	
Loan stock at cost	£600,000	

Investment Summary continued

Infrastructure Shares Fund

Top ten investments by value at 31 December 2014 are detailed below:

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 12 years of the concession remaining.

			31 March 2014
First investment	October 2012	Year ended:	£'000
% Equity/Voting Rights	50.0%	Sales	—
Income received and receivable in the year	£69,658	Profit before Tax	87
Equity at cost	£700,000	Retained Profit	87
Loan stock at cost	£348,358	Net Assets	1,378

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 Raploch 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 25 years left on the original 30 year contract.

			31 March 2014
First investment	December 2012	Year ended:	£'000
% Equity/Voting Rights	6.3%	Sales	—
Income received and receivable in the year	£90,820	Profit before Tax	372
Equity at cost	£665,290	Retained Profit	372
Loan stock at cost	£413,585	Net Assets	50

Zagreb Solar Limited

In July 2014, Foresight VCT Infrastructure and Foresight 2 VCT Infrastructure invested a combined £1.6m in Zagreb Solar Limited. This company merged with York Infrastructure 3 Limited in April 2015 and the company's funds were used to repay senior third party debt in the Drumglass PFI project.

	July 2014	
First investment	July 2014	
% Equity/Voting Rights	50%	No accounts filed since the investment was made
Income received and receivable in the year	£10,001	
Equity at cost	£560,000	
Loan stock at cost	£240,000	

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 18.5 years of the concession remaining.

			31 December 2013
First investment	March 2013	Year ended:	£'000
% Equity/Voting Rights	12.5%	Sales	—
Income received and receivable in the year	£44,923	Profit before Tax	310
Equity at cost	£485,015	Retained Profit	310
Loan stock at cost	£192,932	Net Assets	17

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 14 years of the concession remaining.

			31 March 2014
First investment	January 2013	Year ended:	£'000
% Equity/Voting Rights	50.0%	Sales	—
Income received and receivable in the year	£46,233	Loss before Tax	(59)
Equity at cost	£461,353	Retained Loss	(59)
Loan stock at cost	£221,784	Net Assets	794

Investment Summary

at 31 December 2014

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 Solar EIS5, Foresight Inheritance Tax Solutions, UK Waste Resources and Energy Investments LP, Foresight Sustainable UK Investment Fund ('Foresight Sustainable'), Foresight AD EIS, Recycling and Waste LP and The Waste Asset LP. 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 Inheritance Tax Solutions £	Total Equity managed by Foresight %
Aerospace Tooling Holdings Limited	150,000	—	50,000	150,000	—	56.0%
alwaysON Group Limited	2,152,243	2,509,819	—	680,240	—	70.2%
AtFutsal Group Limited	369,161	2,166,693	738,323	738,323	—	44.1%
Autologic Diagnostics Holdings Limited	1,727,933	2,305,969	2,305,748	2,304,691	—	18.4%
Biofortuna Limited	462,527	—	462,498	925,053	—	25.6%
Blackstar Amplification Holdings Limited	2,500,000	—	—	1,000,000	—	36.0%
Canterbury Infrastructure 15 Limited	2,250,000	2,250,000	—	—	—	100.0%
Channel Safety Systems Group Limited	75,750	75,750	—	—	—	33.3%
Cole Henry PE 2 Limited - SPV	1,000,000	—	550,000	—	—	100.0%
Criterion Healthcare Holdings Limited	1,709,074	1,709,074	—	—	—	20.0%
Durham Infrastructure 5 Limited	683,137	683,137	—	—	—	100.0%
Fire and Air Services Limited	1,500,000	—	—	1,000,000	—	30.8%
Flowrite Refrigeration Limited	219,031	—	88,947	307,978	—	35.0%
FS Hayford Farm Limited	2,000,000	2,000,000	—	—	—	100.0%
Industrial Efficiency Limited	155,000	155,000	—	—	—	100.0%
Industrial Efficiency II Limited	1,365,760	—	451,740	—	—	100.0%
Industrial Engineering Plastics Limited	875,000	875,000	—	—	—	80.0%
Kingsclere PE 3 Limited - SPV	1,000,000	—	1,000,000	—	—	100.0%
Krk Solar Limited	2,000,000	2,000,000	—	—	—	100.0%
Leisure Efficiency Limited	575,000	575,000	—	—	—	100.0%
Norwich Infrastructure 4 Limited	133,270	133,270	—	—	—	100.0%
Positive Response Communications Limited	1,000,000	—	500,000	500,000	—	60.8%
Procam Television Holdings Limited	1,022,223	127,778	319,444	830,555	—	47.5%
Pula Infrastructure Limited	133,996	133,996	—	—	3,050,000	100.0%
Rovinj Solar Limited	2,000,000	2,000,000	—	—	—	100.0%
Stirling Gateway HC Limited	1,078,875	1,078,875	—	—	—	12.5%
Trilogy Communications Limited	1,974,744	2,355,734	—	776,383	—	48.7%
Wharfedale SPV (Holdings) Limited	677,947	677,947	—	—	—	25.0%
Whitchurch PE 1 Limited - SPV	1,000,000	—	1,000,000	—	—	100.0%
York Infrastructure 3 Limited	1,048,358	1,048,358	—	—	—	100.0%
Zadar Infrastructure Limited	279,503	279,503	—	—	3,050,000	100.0%
Zagreb Solar Limited	800,000	800,000	—	—	—	100.0%

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

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



Investment Summary – Realisation Summary

The tables below give details of realisations during the year:

	Cost of investment disposed of £	Sales proceeds £	Realised loss £	Valuation at 31 December 2013 £
Ordinary Shares Fund				
Abacuswood Limited	49,997	49,997	—	31,697
Aerospace Tooling Holdings Limited	1,350,000	1,350,000	—	1,350,000
Aquasium Technology Limited	333,333	333,333	—	333,333
iCore Limited	750,000	200,000	(550,000)	200,000
i-plas Group Limited	183,519	—	(183,519)	—
Nanotecture Group plc	1,000,000	—	(1,000,000)	—
Silvigen Limited	777,764	—	(777,764)	—
	4,444,613	1,933,330	(2,511,283)	1,915,030

	Cost of investment disposed of £	Sales proceeds £	Realised gain/(loss) £	Valuation at 31 December 2013 £
Planned Exit Shares Fund				
Channel Safety Systems Group Limited	614,250	614,250	—	614,250
Withion Power Limited	160,824	160,824	—	101,000
	775,074	775,074	—	715,250

	Cost of investment disposed of £	Sales proceeds £	Realised gain/(loss) £	Valuation at 31 December 2013 £
Infrastructure Shares Fund				
Durham Infrastructure 5 Limited	538,647	538,647	—	538,647
Lochgilphead Healthcare Holdings Limited	1,706,356	1,779,503	73,147	1,693,367
Norwich Infrastructure 4 Limited	930,000	930,000	—	930,000
Stobhill Healthcare Facilities (Holdings) Limited	1,584,938	1,633,996	49,058	1,493,247
Limited Companies (preparing to trade)	39,000	14,978	(24,022)	39,000
	4,798,941	4,897,124	98,183	4,694,261

Board of Directors

John Gregory (66)

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 (53)

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 (72)

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 and director of a number of other companies.



Directors' Report

The Directors present their report and the audited accounts of the Company for the year ended 31 December 2014.

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 2013 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 return attributable to equity shareholders for the period amounted to £3,600,000 (2013: loss of £1,954,000). The Board paid an interim dividend of 10.0p per Ordinary Share on 14 March 2014. An interim dividend of 7.5p per Planned Exit Share was paid on 12 December 2014. An interim dividend of 2.5p per Infrastructure Share was paid on 30 September 2014.

Net asset value total return

During the year ended 31 December 2014 the Company's principal indicator of performance, net asset value total return since launch (including dividends paid since launch), increased 1.5% from 214.6p per Ordinary Share at 31 December 2013 to 217.8p per Ordinary Share at 31 December 2014.

The net asset value total return (including dividends paid since launch) per Planned Exit Share has decreased 10.5% to 85.5p per share at 31 December 2014 from 95.5p per share at 31 December 2013.

The net asset value total return per Infrastructure Share has increased 3.6% to 97.4p per share at 31 December 2014 from 94.0p per share at 31 December 2013.

Share issues

The Company allotted 127,873 Ordinary Shares under the Company's Dividend Reinvestment Scheme at 91.0p per share.

Under an offer for subscription dated 26 September 2013, 9,746,828 Ordinary Shares were issued during the year, based on net asset values ranging from 91.0p to 102.2p per share.

The company announced a £20 million prospectus offer on 31 October 2014. In December 2014, 4,329,474 Ordinary Shares were issued based on a net asset value of 95.2p per share.

At 31 December 2014 the Company had 44,485,151 Ordinary Shares, 6,063,626 Planned Exit Shares and 16,567,066 Infrastructure Shares in issue. There are no restrictions on the transfer of any class of share.

Share buybacks

During the year, the Company repurchased 548,168 Ordinary Shares, 51,885 Planned Exit shares and 80,792 Infrastructure shares for cancellation at costs of £462,000, £41,000 and £73,000 respectively. No shares bought back by the Company are held in treasury. Share buy-backs have been completed at discounts ranging from 10.1% to 10.2% for Ordinary Shares, 0.8% to 2.9% for Planned Exit Shares and 0.5% to 1.1% for Infrastructure Shares.

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 63.

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 17 March 2015. 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 £1,000,000 (2013: £936,000) during the year. Foresight Fund Managers Limited received £100,000 excluding VAT (2013: £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 £79,000 (2013: £352,000).

VCF Partners, an associate of Foresight Group, received from investee companies, Directors' fees of £148,000 (2013: £184,000).

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 13 days (2013: 5 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 qualified as an AIFM and so was required to comply, although additional cost and administration requirements are not expected to be material. The Company's application was completed in June 2014 and approval was confirmed in August 2014. 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.

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 27 April 2015 was 58,117,436 Ordinary Shares, 6,063,626 Planned Exit Shares and 16,567,066 Infrastructure Shares.

The Ordinary Shares represent 72.0% of the total share capital, the Planned Exit Shares represent 7.5% of the total share capital and the Infrastructure Shares represent 20.5% 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 74.

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 Directors have decided to propose the re-appointment of KPMG LLP as auditor and a resolution concerning this will be proposed at the Annual General Meeting.

Companies Act 2006 Disclosures

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

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



Directors' Report continued

- 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.

Annual General Meeting

A formal notice convening the Annual General Meeting on 28 May 2015 can be found on pages 71 to 74. 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 (i) £180,000 in respect of Ordinary Shares (representing 40.5% of the current issued Ordinary Share capital of the Company), (ii) £12,000 in respect of Planned Exit Shares (representing 19.8% of the current Planned Exit Share capital of the Company) and (iii) £33,000 in respect of Infrastructure Shares (representing 20.0% of the issued Infrastructure Share capital of the Company), which in aggregate represents 33.5% of the issued share capital of the Company. This authority 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 and is in addition to all other existing authorities.

Resolution 9

Resolution 9 will sanction, in a limited manner, the disapplication of pre-emption rights in respect of the allotment of equity securities (i) with an aggregate nominal 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 dividend investment schemes at a subscription price per Ordinary Share that is less than the net asset value per Ordinary Share, (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 2016, or, if earlier on the date falling 15 months after the passing of the resolution, save that the Company shall be entitled to make offers or agreements before the expiry of such authority which would or might require equity

securities to be allotted after such expiry and Directors shall be entitled to allot equity securities pursuant to any such offers or agreements as if the authority conferred hereby had not expired. The authority is in addition to all other existing authorities.

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 6,668,324 Ordinary Shares, 908,937 Planned Exit Shares and 2,483,403 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 2016, 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. The authority is in addition to all other existing authorities.

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 28 May 2015, can be found on pages 75 to 80. 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 2015



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 September 2012, 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 2014. The Annual General Meeting was convened on at least 24 days' notice but not 20 business days' notice as recommended in the UK Corporate Governance Code.

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

The Board

The Company 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. The Board has not appointed a Senior Independent Director.

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, 8 further meetings were held in relation to the publication of corporate documents and in relation to investments.

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.

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 recommend the accounts to the Board for approval;
- Review the Company's internal control and risk management systems;
- Make recommendations to the Board in relation to the appointment of the external 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 re-appoint KPMG LLP as auditor 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



Corporate Governance continued

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 2015

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 LLP has carried out its duties as auditor in a diligent and professional manner. During the year, the Audit Committee assessed the effectiveness of the current external audit process by assessing and discussing specific audit documentation presented to it in accordance with guidance issued by the Auditing Practices Board. The audit director is rotated every five years ensuring that objectivity and independence is not impaired. The current audit director assumed responsibility for the audit during the current year. KPMG LLP 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 LLP 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 2015



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

Annual Statement from the Chairman of the Remuneration Committee.

The Board which is profiled on page 31 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 2014 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 28 May 2015 and will continue for the financial year ended 31 December 2015 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 95.1% 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 2015
P Dicks, G Humphries, J Gregory	AGM 2016
P Dicks, G Humphries, J Gregory	AGM 2017

Shareprice total return

The graph on the following page charts the total shareholder return to 31 December 2014, 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 42. 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

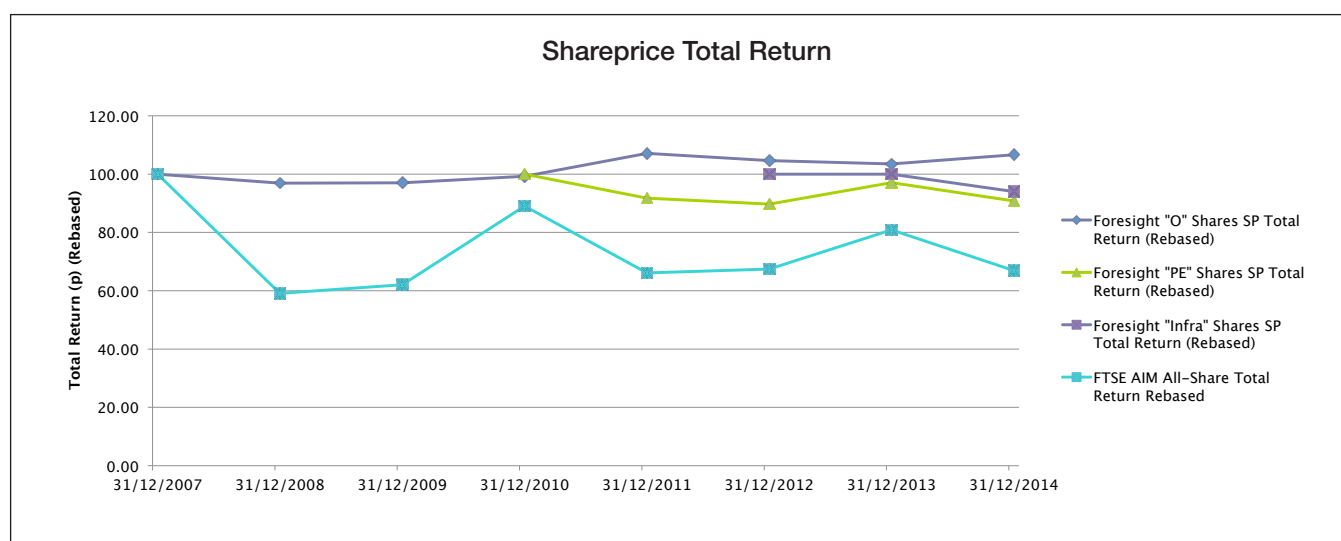
The Directors who held office during the year and their interests in the issued Ordinary Shares, Planned Exit Shares and Infrastructure Shares of 1p each of the Company were as follows:

	31 December 2014 Ordinary Shares	31 December 2014 Planned Exit Shares	31 December 2014 Infrastructure Shares	31 December 2013 Ordinary Shares	31 December 2013 Planned Exit Shares	31 December 2013 Infrastructure Shares
John Gregory (Chairman)	11,424	—	—	—	—	—
Peter Dicks	59,579	—	—	49,579	—	—
Gordon Humphries	6,182	—	—	6,182	—	—

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

Post year end, Peter Dicks and Gordon Humphries purchased 9,990 and 2,876 Ordinary Shares respectively, based on an issue price of 100.1p.

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 31. 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 2015. See the Independent Auditors' Report on page 47.

	Unaudited Anticipated Directors' fees year ending 31 December 2015 (£)	Audited Directors' fees year ended 31 December 2014 (£)	Audited Directors' fees year ended 31 December 2013 (£)
John Gregory (Chairman)	28,250	28,250	27,500
Peter Dicks	21,000	21,000	22,000
Gordon Humphries	23,000	23,000	22,000
Total	72,250	72,250	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 2013

Shares & Percentage of votes cast	Shares & Percentage of votes cast	Number of votes withheld
For	Against	
95.1%	4.9%	
5,796,682 votes	295,830 votes	189,639

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 2014	Year ended 31 December 2013
Dividends	£4,406,000	£2,096,000
Share buybacks	£576,000	£698,000
Total Shareholder distributions	£4,982,000	£2,794,000
Directors fees	£72,250	£71,500
Directors fees % of Shareholder distributions	1.5%	2.6%

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 27 April 2015 and is signed on its behalf by Gordon Humphries (Director).

On behalf of the Board

Gordon Humphries

Director

28 April 2015



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 2015

Unaudited Non-Statutory Analysis of the Share Classes

Income Statements

for the year ended 31 December 2014

	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)/gains on investments	—	(2,557)	(2,557)	—	—	—	—	97	97
Investment holding gains/(losses)	—	5,741	5,741	—	(704)	(704)	—	182	182
Income	1,199	—	1,199	251	—	251	765	—	765
Investment management fees	(170)	(511)	(681)	(13)	(38)	(51)	(67)	(201)	(268)
Other expenses	(224)	—	(224)	(39)	—	(39)	(111)	—	(111)
Return/(loss) on ordinary activities before taxation	805	2,673	3,478	199	(742)	(543)	587	78	665
Taxation	(92)	165	73	(41)	8	(33)	(117)	77	(40)
Return/(loss) on ordinary activities after taxation	713	2,838	3,551	158	(734)	(576)	470	155	625
Return/(loss) per share	1.9p	7.4p	9.3p	2.6p	(12.0)p	(9.4)p	2.8p	1.0p	3.8p

Balance Sheets

at 31 December 2014

	Ordinary Shares Fund	Planned Exit Shares Fund	Infrastructure Shares Fund
	£'000	£'000	£'000
Fixed assets			
Investments held at fair value through profit or loss	24,774	3,620	14,976
Current assets			
Debtors	5,727	73	179
Money market securities and other deposits	7,081	75	—
Cash	6,879	224	249
	19,687	372	428
Creditors			
Amounts falling due within one year	(253)	(49)	(100)
Net current assets	19,434	323	328
Net assets	44,208	3,943	15,304
Capital and reserves			
Called-up share capital	445	61	165
Share premium account	21,032	—	—
Capital redemption reserve	401	1	1
Distributable reserve	17,118	4,909	15,268
Capital reserve	9,396	(134)	(312)
Revaluation reserve	(4,184)	(894)	182
Equity shareholders' funds	44,208	3,943	15,304
Number of shares in issue	44,485,151	6,063,626	16,567,066
Net asset value per share	99.4p	65.0p	92.4p

At 31 December 2014 there was an inter-share debtor/creditor of £130,000 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 2014

	Called-up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Distributable reserve £'000	Capital reserve £'000	Revaluation reserve £'000	Total £'000
Ordinary Shares Fund							
As at 1 January 2014	308	7,660	396	25,196	7,496	(9,925)	31,131
Share issues in the year	142	13,964	—	—	—	—	14,106
Expenses in relation to share issues	—	(592)	—	—	—	—	(592)
Repurchase of shares	(5)	—	5	(462)	—	—	(462)
Net realised losses on disposal of investments	—	—	—	—	(2,557)	—	(2,557)
Investment holding gains	—	—	—	—	—	5,741	5,741
Dividends	—	—	—	(3,535)	—	—	(3,535)
Reallocation of dividends	—	—	—	(7,216)	7,216	—	—
Investment transaction costs	—	—	—	9	—	—	9
Management fees charged to capital	—	—	—	—	(511)	—	(511)
Reallocation of management fees charged to capital	—	—	—	2,413	(2,413)	—	—
Tax credited to capital	—	—	—	—	165	—	165
Revenue return for the year	—	—	—	713	—	—	713
As at 31 December 2014	445	21,032	401	17,118	9,396	(4,184)	44,208

	Called-up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Distributable reserve £'000	Capital reserve £'000	Revaluation reserve £'000	Total £'000
Planned Exit Shares Fund							
As at 1 January 2014	61	—	1	5,915	(743)	(190)	5,044
Expenses in relation to share issues	—	—	—	(28)	—	—	(28)
Repurchase of shares	—	—	—	(41)	—	—	(41)
Investment holding losses	—	—	—	—	—	(704)	(704)
Dividends	—	—	—	(456)	—	—	(456)
Reallocation of dividends	—	—	—	(800)	800	—	—
Management fees charged to capital	—	—	—	—	(38)	—	(38)
Reallocation of management fees charged to capital	—	—	—	161	(161)	—	—
Tax credited to capital	—	—	—	—	8	—	8
Revenue return for the year	—	—	—	158	—	—	158
As at 31 December 2014	61	—	1	4,909	(134)	(894)	3,943

	Called-up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Distributable reserve £'000	Capital reserve £'000	Revaluation reserve £'000	Total £'000
Infrastructure Shares Fund							
As at 1 January 2014	166	—	—	15,401	(338)	—	15,229
Expenses in relation to share issues	—	—	—	(73)	—	—	(73)
Repurchase of shares	(1)	—	1	(73)	—	—	(73)
Net realised gains on disposal of investments	—	—	—	—	97	—	97
Investment holding gains	—	—	—	—	—	182	182
Dividends	—	—	—	(415)	—	—	(415)
Reallocation of dividends	—	—	—	(416)	416	—	—
Investment transaction costs	—	—	—	11	—	—	11
Management fees charged to capital	—	—	—	—	(201)	—	(201)
Reallocation of management fees charged to capital	—	—	—	363	(363)	—	—
Tax credited to capital	—	—	—	—	77	—	77
Revenue return for the year	—	—	—	470	—	—	470
As at 31 December 2014	165	—	1	15,268	(312)	182	15,304

Independent Auditor's Report to the members of Foresight VCT plc only

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 2014 set out on pages 49 to 69.

In our opinion, the financial statements:

- give a true and fair view of the Company's affairs as at 31 December 2014, and of its results for the year then ended;
- have been properly in accordance with UK Accounting Standards; and
- have been properly 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: £43.4m

Refer to page 39 (Audit Committee Report), page 53 (accounting policy) and pages 59 to 60 and 63 to 68 (financial statements).

The risk: 68% 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, discounted cash flow measurements, 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:

- Documenting and assessing the design and implementation of the investment valuation processes and controls in place.
- Assessing the investment realisations in the period, comparing actual sales proceeds to prior year end valuations to understand the reasons for significant variances and determining 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 challenged 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, 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 Note 15 in respect of unquoted investments and the effect of changing one or more inputs to reasonable possible alternative valuation assumptions.

We continue to perform audit procedures over VCT qualifying status. However, based on the Company's increased level of qualifying holdings in excess of the minimum requirement, we have not assessed this as one of the risks that had the greatest effect on our audit and, therefore, it is not separately identified in our report this year.

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 £1.27 million. This was determined using a benchmark of Total Assets (of which it represents 2%).

We report to the Audit Committee any corrected and uncorrected identified misstatements exceeding £64,000 in addition to other audit misstatements that warrant reporting on qualitative grounds.

Our audit of the Company was undertaken to the materiality level specified above and was performed at the Manager, Foresight Group, The Shard, 32 London Bridge Street, London SE1 9SG.

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



Independent Auditor's Report continued

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 Audit Committee Report 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:

- proper accounting records have not been kept by the Company; or
- the financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records;
- 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 34, in relation to going concern; and
- The part of the Corporate Governance Statement on page 36 relating to the company's compliance with the ten provisions of the 2012 UK Corporate Governance Code specified for our review.

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

Scope and responsibilities

As explained more fully in the Directors' Responsibilities Statement set out on page 44, 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/auditscopeukco2014, 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.

Philip Merchant (Senior Statutory Auditor) for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants
15 Canada Square
London
E14 5GL
28 April 2015

Income Statement

for the year ended 31 December 2014

	Notes	Year ended 31 December 2014			Year ended 31 December 2013		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Realised losses on investments		—	(2,460)	(2,460)	—	(816)	(816)
Investment holding gains/(losses)		—	5,219	5,219	—	(1,178)	(1,178)
Income	2	2,215	—	2,215	1,341	—	1,341
Investment management fees	3	(250)	(750)	(1,000)	(234)	(702)	(936)
Other expenses	4	(374)	—	(374)	(365)	—	(365)
Return/(loss) on ordinary activities before taxation		1,591	2,009	3,600	742	(2,696)	(1,954)
Taxation	6	(250)	250	—	(113)	113	—
Return/(loss) on ordinary activities after taxation		1,341	2,259	3,600	629	(2,583)	(1,954)
Return/(loss) per share:							
Ordinary Share	8	1.9p	7.4p	9.3p	0.8p	(5.9)p	(5.1)p
Planned Exit Share	8	2.6p	(12.0)p	(9.4)p	1.2p	(13.2)p	(12.0)p
Infrastructure Share	8	2.8p	1.0p	3.8p	1.9p	(0.8)p	1.1p

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 53 to 69 form part of these financial statements.



Reconciliation of Movements in Shareholders' Funds

	Called-up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Distributable reserve £'000	Capital reserve £'000	Revaluation reserve £'000	Total £'000
Year ended 31 December 2014							
Company							
As at 1 January 2014	535	7,660	397	46,512	6,415	(10,115)	51,404
Share issues in the year	142	13,964	—	—	—	—	14,106
Expenses in relation to share issues	—	(592)	—	(101)	—	—	(693)
Repurchase of shares	(6)	—	6	(576)	—	—	(576)
Net realised losses on disposal of investments	—	—	—	—	(2,460)	—	(2,460)
Investment holding gains	—	—	—	—	—	5,219	5,219
Dividends	—	—	—	(4,406)	—	—	(4,406)
Reallocation of dividends*	—	—	—	(8,432)	8,432	—	—
Investment transaction costs	—	—	—	20	—	—	20
Management fees charged to capital	—	—	—	—	(750)	—	(750)
Reallocation of management fees charged to capital**	—	—	—	2,937	(2,937)	—	—
Tax credited to capital	—	—	—	—	250	—	250
Revenue return for the year	—	—	—	1,341	—	—	1,341
As at 31 December 2014	671	21,032	403	37,295	8,950	(4,896)	63,455

	Called-up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Distributable reserve £'000	Capital reserve £'000	Revaluation reserve £'000	Total £'000
Year ended 31 December 2013							
Company							
As at 1 January 2013	500	19,290	390	31,852	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	46,512	6,415	(10,115)	51,404

* Dividends have been reallocated to the Distributable reserve during the year, which the Directors feel is more appropriate treatment.

** Management fees charged to capital have been reallocated to the Capital reserve during the year, which the Directors feel is more appropriate.

The notes on pages 53 to 69 form part of these financial statements.

Balance Sheet

at 31 December 2014

Registered Number: 03421340

	Notes	As at 31 December 2014 £'000	As at 31 December 2013 £'000
Fixed assets			
Investments held at fair value through profit or loss	9	43,370	37,125
Current assets			
Debtors	10	5,849	2,207
Money market securities and other deposits		7,156	7,130
Cash		7,352	5,163
		20,357	14,500
Creditors			
Amounts falling due within one year	11	(272)	(221)
Net current assets		20,085	14,279
Net assets		63,455	51,404
Capital and reserves			
Called-up share capital	12	671	535
Share premium account		21,032	7,660
Capital redemption reserve		403	397
Distributable reserve		37,295	46,512
Capital reserve		8,950	6,415
Revaluation reserve		(4,896)	(10,115)
Equity shareholders' funds		63,455	51,404
Net asset value per share:			
Ordinary Share	13	99.4p	101.0p
Planned Exit Share	13	65.0p	82.5p
Infrastructure Share	13	92.4p	91.5p

The financial statements on pages 49 to 69 were approved by the Board of Directors and authorised for issue on 28 April 2015 and were signed on its behalf by:

John Gregory
Director

The notes on pages 53 to 69 form part of these financial statements.



Cash Flow Statement

for the year ended 31 December 2014

	Year ended 31 December 2014 £'000	Year ended 31 December 2013 £'000
Cash flow from operating activities		
Investment income received	1,168	1,225
Dividends received from investments	315	169
Deposit and similar interest received	32	8
Investment management fees paid	(980)	(865)
Secretarial fees paid	(100)	(96)
Other cash payments	(118)	(365)
Net cash inflow from operating activities and returns on investment	317	76
Returns on investment and servicing of finance		
Purchase of unquoted investments and investments quoted on AiM	(10,652)	(12,661)
Net proceeds on sale of investments	7,615	17,478
Net proceeds on deferred consideration	644	249
Net capital (outflow)/inflow from financial investment	(2,393)	5,066
Taxation	—	—
Equity dividends paid	(4,290)	(2,053)
Management of liquid resources		
Movement in money market funds	(26)	(3,711)
	(6,392)	(622)
Financing		
Proceeds of fund raising	9,613	4,365
Expenses of fund raising	(453)	(187)
Repurchase of own shares	(579)	(702)
	8,581	3,476
Net inflow of cash in the year	2,189	2,854
Reconciliation of net cash flow to movement in net funds		
Increase in cash for the year	2,189	2,854
Net cash at start of year	5,163	2,309
Net cash at end of year	7,352	5,163

Analysis of changes in net debt

	At 1 January 2014 £'000	Cash flow £'000	At 31 December 2014 £'000
Cash and cash equivalents	5,163	2,189	7,352

The notes on pages 53 to 69 form part of these financial statements.

Notes to the Accounts

for the year ended 31 December 2014

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).



Notes to the Accounts

for the year ended 31 December 2014

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. 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.

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 2014 £'000	Year ended 31 December 2013 £'000
Loan stock interest	1,869	1,164
Dividends	314	169
Overseas based Open Ended Investment Companies ("OEICs")	32	6
Bank deposits	—	2
	2,215	1,341

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 2014 £'000	Year ended 31 December 2013 £'000
Investment management fees charges to the revenue account	250	234
Investment management fees charges to the capital account	750	702
	1,000	936

Foresight Group advises 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 2014. From 1 January 2015 the management fee for the Infrastructure Shares fund will be charged at 1% of net assets. 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 retains 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 (2013: £100,000), excluding VAT. The annual secretarial fee is £100,000 payable quarterly in advance together with any applicable VAT.



Notes to the Accounts

for the year ended 31 December 2014

4 Other expenses

	Year ended 31 December 2014 £'000	Year ended 31 December 2013 £'000
Accounting and secretarial services excluding VAT	100	100
Directors' remuneration including employer's National Insurance contributions	76	78
Auditor's remuneration excluding VAT		
— audit services	24	23
— taxation services	6	6
Other	168	158
	374	365

5 Directors' remuneration

	Year ended 31 December 2014 £'000	Year ended 31 December 2013 £'000
John Gregory	28	28
Peter Dicks	21	22
Gordon Humphries	23	22
	72	72
Employers' NIC and VAT on above as appropriate	4	6
	76	78

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 42.

6 Tax on ordinary activities

Analysis of charge in the period:

	Year ended 31 December 2014			Year ended 31 December 2013		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Current tax						
Corporation tax	(250)	250	—	(113)	113	—
Total current tax	(250)	250	—	(113)	113	—
Deferred tax	—	—	—	—	—	—
Total tax	(250)	250	—	(113)	113	—

	Year ended 31 December 2014 £'000	Year ended 31 December 2013 £'000
Total return/(loss) on ordinary activities before taxation	3,600	(1,954)
Corporation tax at 21.5% (2013: 23.25%)	774	(454)
Capital realised losses not relieviable	529	190
Capital unrealised (gains)/losses not taxable	(1,122)	274
Movement in unutilised expenses	(113)	29
Dividends not taxable	(68)	(39)
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.

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.

Notes to the Accounts

for the year ended 31 December 2014

7 Dividends

	Year ended 31 December 2014 £'000	Year ended 31 December 2013 £'000
Ordinary Shares		
Dividends — paid in the year	3,535	1,375
Planned Exit Shares		
Dividends — paid in the year	456	305
Infrastructure Shares		
Dividends — paid in the year	415	416

The Board is not recommending a final dividend for the Ordinary Shares fund for the year ended 31 December 2014 (2013: £nil). An interim dividend of 6.0p per Ordinary Share was paid on 13 March 2015 (2013: 10.0p).

The Board is not recommending a final dividend for the Planned Exit Shares fund for the year ended 31 December 2014 (2013: £nil).

The Board is not recommending a final dividend for the Infrastructure Shares fund for the year ended 31 December 2014 (2013: £nil).

As at 31 December 2014, reserves available for dividend distribution total £41,752,000 (2013: £43,209,000) 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 2014			Year ended 31 December 2013		
	Ordinary Share £'000	Planned Exit Share £'000	Infrastructure Share £'000	Ordinary Share £'000	Planned Exit Share £'000	Infrastructure Share £'000
Total return after taxation	3,551	(576)	625	(1,411)	(734)	191
Total return per share (note a)	9.3p	(9.4)p	3.8p	(5.1)p	(12.0)p	1.1p
Revenue return from ordinary activities after taxation	713	158	470	232	74	323
Revenue return per share (note b)	1.9p	2.6p	2.8p	0.8p	1.2p	1.9p
Capital return from ordinary shares after taxation	2,838	(734)	155	(1,643)	(808)	(132)
Capital return per share (note c)	7.4p	(12.0)p	1.0p	(5.9)p	(13.2)p	(0.8)p
Weighted average number of shares in issue in the year	38,040,734	6,095,558	16,613,023	27,776,607	6,125,011	16,647,858

Notes:

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

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

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

9 Investments

Company	2014 £'000	2013 £'000
Quoted investments	—	—
Unquoted investments	43,370	37,125
	43,370	37,125

Company	Quoted £'000	Unquoted £'000	Total £'000
Book cost as at 1 January 2014		47,430	47,430
Investment holding losses	—	(10,305)	(10,305)
Valuation at 1 January 2014	—	37,125	37,125
Movements in the period:			
Purchases at cost*	—	11,236	11,236
Disposal proceeds	—	(7,605)	(7,605)
Realised losses**	—	(2,414)	(2,414)
Investment holding gains	—	5,028	5,028
Valuation at 31 December 2014	—	43,370	43,370
Book cost at 31 December 2014	—	48,647	48,647
Investment holding losses	—	(5,277)	(5,277)
Valuation at 31 December 2014	—	43,370	43,370

Ordinary Shares Fund	Quoted £'000	Unquoted £'000	Total £'000
Book cost as at 1 January 2014		27,388	27,388
Investment holding losses	—	(10,115)	(10,115)
Valuation at 1 January 2014	—	17,273	17,273
Movements in the period:			
Purchases at cost*	—	6,395	6,395
Disposal proceeds	—	(1,933)	(1,933)
Realised losses**	—	(2,511)	(2,511)
Investment holding gains	—	5,550	5,550
Valuation at 31 December 2014	—	24,774	24,774
Book cost at 31 December 2014	—	29,339	29,339
Investment holding losses	—	(4,565)	(4,565)
Valuation at 31 December 2014	—	24,774	24,774

*Capitalised interest of £379,000 was recognised by the Ordinary Shares fund in the year, and is included within purchases at cost.

**Realised losses include a transfer of £700,000 relating to a bank overdraft guarantee facility provided by the Ordinary Shares fund from investment holding gains. During the year, £10,000 was received from the bank overdraft guarantee and is included within realised losses.

Deferred consideration of £644,000 was received by the Ordinary Shares fund in the year and is included within realised losses in the income statement. This was offset by a decrease in the deferred consideration debtor of £509,000 which is included within investment holding gains in the income statement.



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9 Investments (continued)

	Quoted £'000	Unquoted £'000	Total £'000
Planned Exit Shares Fund			
Book cost as at 1 January 2014	—	5,189	5,189
Investment holding losses	—	(190)	(190)
Valuation at 1 January 2014	—	4,999	4,999
Movements in the period:			
Purchases at cost	—	100	100
Disposal proceeds	—	(775)	(775)
Investment holding losses	—	(704)	(704)
Valuation at 31 December 2014	—	3,620	3,620
Book cost at 31 December 2014	—	4,514	4,514
Investment holding losses	—	(894)	(894)
Valuation at 31 December 2014	—	3,620	3,620

	Quoted £'000	Unquoted £'000	Total £'000
Infrastructure Shares Fund			
Book cost as at 1 January 2014	—	14,853	14,853
Investment holding gains	—	—	—
Valuation at 1 January 2014	—	14,853	14,853
Movements in the period:			
Purchases at cost	—	4,741	4,741
Disposal proceeds	—	(4,897)	(4,897)
Realised gains	—	97	97
Investment holding gains	—	182	182
Valuation at 31 December 2014	—	14,976	14,976
Book cost at 31 December 2014	—	14,794	14,794
Investment holding gains	—	182	182
Valuation at 31 December 2014	—	14,976	14,976

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

	2014 £'000	2013 £'000
Allotment debtor*	4,143	—
Accrued interest	945	880
Deferred consideration	744	1,253
Prepayments	17	11
Other debtors	—	63
	5,849	2,207

* Amounts owed from the Company's receiving agent for the allotment dated 22 December 2014. This was received in February 2015.

11 Creditors: amounts falling due within one year

	2014 £'000	2013 £'000
Accruals and other creditors	272	221
	272	221

12 Called-up share capital

	2014 £'000	2013 £'000
Allotted, called-up and fully paid:		
44,485,151 Ordinary Shares of 1p each (2013: 30,829,144)	445	308
6,063,626 Planned Exit Shares of 1p each (2013: 6,115,511)	61	61
16,567,066 Infrastructure Shares of 1p each (2013: 16,647,858)	165	166

Other Share Issues and Share Buybacks

Under an offer for subscription dated 26 September 2013, 9,746,828 Ordinary Shares were issued during the year, based on net values ranging from 91.0p to 102.2p per share.

The Company announced a £20 million prospectus offer on 31 October 2014. In December 2014, 4,329,474 Ordinary Shares were issued based on a net asset value of 95.2p per share.

On 18 March 2014 the Company allotted 127,873 Ordinary Shares under the Company's Dividend Reinvestment Scheme at 91.0p 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, 548,168 Ordinary Shares were purchased for cancellation at a cost of £462,000, 51,885 Planned Exit Shares for cancellation at a cost of £41,000, and 80,792 Infrastructure Shares for a cancellation at a cost of £73,000.

	Ordinary Shares No.	Planned Exit Shares No.	Infrastructure Shares No.
At 1 January 2014	30,829,144	6,115,511	16,647,858
Dividend reinvestment	127,873	—	—
Share issues	14,076,302	—	—
Share buybacks	(548,168)	(51,885)	(80,792)
At 31 December 2014	44,485,151	6,063,626	16,567,066



Notes to the Accounts

for the year ended 31 December 2014

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 2014			31 December 2013		
	Ordinary Shares Fund	Planned Exit Shares Fund	Infrastructure Shares Fund	Ordinary Shares Fund	Planned Exit Shares Fund	Infrastructure Shares Fund
Net assets	£44,208,000	£3,943,000	£15,304,000	£31,131,000	£5,044,000	£15,229,000
No. of shares at year end	44,485,151	6,063,626	16,567,066	30,829,144	6,115,511	16,647,858
Net asset value per share	99.4p	65.0p	92.4p	101.0p	82.5p	91.5p

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 2014 the rebased NAV was 99.4p per Ordinary Share and the rebased dividends paid (including the 19.4p noted above) were 57.7p. This makes a total return of 157.1p 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. No performance fees have been paid or were accrued as due during the year.

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. No performance fees have been paid or were accrued as due during the year.

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. No performance fees have been paid or were accrued as due during the year.

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.



Notes to the Accounts

for the year ended 31 December 2014

15 Principal risks, risk management and regulatory environment (continued)

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 2014:

	Company	
	2014	2013
	(Fair value)	(Fair value)
	£'000	£'000
Investment portfolio	43,370	37,125
Current asset investments (money market funds)	7,156	7,130
Cash at bank	7,352	5,163
	57,878	49,418

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 (68.3% 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 £26,048,000 at 31 December 2014 (31 December 2013: £24,223,000).

15 Principal risks, risk management and regulatory environment (continued)

Financial instrument risk management (continued)

	Total portfolio		Weighted average interest rate		Weighted average time for which rate is fixed	
	31 December 2014	31 December 2013	31 December 2014	31 December 2013	31 December 2014	31 December 2013
Company Portfolio	£'000	£'000	%	%	Days	Days
Short-term fixed interest securities						
— exposed to cash flow interest rate risk	7,156	7,130	0.4	0.3	—	—
Loan stock						
— exposed to fixed interest risk	18,628	16,013	10.6	7.2	1,031	973
Loan stock						
— exposed to variable interest rate risk	264	1,080	4.5	3.1	—	—
Total exposed to interest rate risk	26,048	24,223				
Loan stock						
— not exposed to interest rate risk	—	—	—	—	—	—
Cash	7,352	5,163	—	—	—	—
Total	33,400	29,386				

	Total portfolio	
	31 December 2014	31 December 2013
Maturity analysis:	£'000	£'000
— in one year or less	18,595	16,578
— in more than one year but no more than two years	1,076	1,937
— in more than two years but no more than three years	5,380	1,076
— in more than three years but no more than four years	1,344	5,467
— in more than four years but no more than five years	7,005	4,328
Total	33,400	29,386

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 2014 (0.5% at 31 December 2013).

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 2014 was £39,249,000 (31 December 2013: £31,593,000) 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.



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for the year ended 31 December 2014

15 Principal risks, risk management and regulatory environment (continued)

Financial instrument risk management (continued)

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

	Company	
	2014	2013
	£'000	£'000
Loan stocks	18,892	17,093
Current asset investments (money market funds)	7,156	7,130
Other debtors	5,849	2,207
Cash at bank	7,352	5,163
Total	39,249	31,593

Valuation 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 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. Investments are valued in accordance with IPEVC valuation guidelines, cost and various fair valuation methodologies and thus are susceptible to changes in the inputs and assumptions in the valuation models. The potential maximum exposure to market price risk, being the value of the investment portfolio as at 31 December 2014 is: £43,370,000 (31 December 2013: £37,125,000).

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% (2013: 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.

15 Principal risks, risk management and regulatory environment (continued)

Financial instrument risk management (continued)

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.

	2014 Return and net assets	2013 Return and net assets
If overall prices fell by 15% (2013: 15%), with all other variables held constant — decrease (£'000)	(6,506)	(5,569)
Decrease in net asset value (in pence)	(9.69)p	(10.39)p

	2014 Return and net assets	2013 Return and net assets
If overall prices Increased by 15% (2013: 15%), with all other variables held constant — increase (£'000)	6,506	5,569
Increase in net asset value (in pence)	9.69p	10.39p

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

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

For each class of fair valued instruments, if changing one or more of the inputs or reasonably possible alternative assumptions would change the fair value significantly, FRS29 requires an entity to state the fact and disclose the effect of those charges.

Due to the large portfolio of investments held, and the varying methods of valuation used, Foresight has not disclosed the effect of changes on individual inputs and assumptions as it is not considered that changing individual inputs would have a significant impact on the portfolio valuation.

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.

	2014 Return and net assets	2013 Return and net assets
If variable interest rates were 1% lower, with all other variables held constant — decrease (£'000)	(3)	(11)
Decrease in earnings, and net asset value, per Share (in pence)	(0.00)p	(0.02)p
If variable interest rates were 1% higher, with all other variables held constant — increase (£'000)	3	11
Increase in earnings, and net asset value, per Share (in pence)	0.00p	0.02p

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.



Notes to the Accounts

for the year ended 31 December 2014

15 Principal risks, risk management and regulatory environment (continued)

Financial instrument risk management (continued)

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 2014	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Quoted investments	—	—	—	—
Unquoted investments	—	—	43,370	43,370
Current asset investments (money market funds)	7,156	—	—	7,156
Financial assets	7,156	—	43,370	50,526

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

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 2014

	Company Level 3 £'000
Valuation brought forward at 1 January 2014	37,125
Purchases	11,236
Disposal proceeds	(7,605)
Realised losses	(2,414)
Investment holding gains	5,028
Valuation carried forward at 31 December 2014	43,370

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 £6.5 million.

16 Capital commitments and contingent liabilities

The Company had no capital commitments at 31 December 2014 (2013: £nil).

There were no contingent liabilities as at 31 December 2014 (2013: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 investments (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 31 October 2014 Foresight VCT plc made the following issues of Ordinary Shares of 1p each post year-end:

Date	Ordinary Shares	NAV to calculate issue price
26 February 2015	5,927,843	100.1p
1 April 2015	5,160,700	93.4p
2 April 2015	1,291,898	93.4p
24 April 2015	1,145,557	93.4p
	13,525,998	

A total of 106,287 Ordinary Shares were issued under the Dividend Reinvestment Scheme.

Date	Ordinary Shares	NAV to calculate issue price
23 March 2015	106,287	99.4p
	106,287	

On 17 April 2015, Closed Loop Recycling filed a notice of intention to appoint an administrator. The carrying value at 31 December 2014 was £nil and we do not expect to recover any amounts through any subsequent administration process.

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 £1,000,000 during the year (2013: £936,000). Foresight Fund Managers Limited, Company Secretary, received fees excluding VAT of £100,000 (2013: £100,000) during the year.

At the balance sheet date, there was £159,000 (2013: £127,000) due to Foresight Group and £nil (2013: £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. Share price information can also be obtained from many other financial websites.

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 maker 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 2015	Announcement of Interim Results for the six months ending 30 June 2015
April 2016	Announcement of annual results for the year ended 31 December 2015
April 2016	Posting of the Annual Report for the year ended 31 December 2015
May 2016	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: 020 3667 8100
 Fax: 020 3031 1383
 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 28 May 2015 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 2014.

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 re-appoint KPMG LLP as auditors and to authorise the directors to fix the auditor's remuneration.

Resolution 8 That, in addition to 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"):

- (i) in respect of the ordinary shares of 1p each in the capital of the Company ("Ordinary Shares"), up to an aggregate nominal amount of £180,000;
- (ii) in respect of the planned exit shares of 1p each in the capital of the Company ("Planned Exit Shares"), up to an aggregate nominal amount of £12,000; and
- (iii) in respect of the infrastructure shares of 1p each in the capital of the Company ("Infrastructure Shares"), up to an aggregate nominal amount of £33,000;

in each case 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 That, in addition to 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:

- (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 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 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 dividend investment schemes operated by the Company at a subscription price per Ordinary Share which is less than the net asset value per Ordinary Share;



Notice of Annual General Meeting

- (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, and shall expire (unless renewed, varied or revoked by the Company in a general meeting) on the conclusion of the annual general meeting of the Company to be held in the year 2016, or, if earlier, on the date falling 15 months after the passing of this resolution save that the Company shall be entitled to make offers or agreements before the expiry of such authority which would or might require equity securities to be allotted after such expiry and the directors shall be entitled to allot equity securities pursuant to any such offers or agreements as if the authority conferred hereby had not expired.

Resolution 10

That, in addition to 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 Ordinary Shares to be purchased shall not exceed 6,668,324 Ordinary Shares or, if lower, such number of Ordinary Shares (rounded down to the nearest whole share) as shall equal 14.99% of the Ordinary Shares in issue at the date of passing this resolution;
- (ii) the aggregate number of Planned Exit Shares to be purchased shall not exceed 908,937 Planned Exit Shares or, if lower, such number of Planned Exit Shares (rounded down to the nearest whole Planned Exit Share) as shall equal 14.99% of the Planned Exit Shares in issue at the date of passing of this resolution;
- (iii) the aggregate number of Infrastructure Shares to be purchased shall not exceed 2,483,403 Infrastructure Shares or, if lower, such number of Infrastructure Shares (rounded down to the nearest whole Infrastructure Share) as shall equal 14.99% of the Infrastructure Shares in issue at the date of passing of this resolution;
- (iv) the minimum price which may be paid for an Ordinary Share, Planned Exit Share or Infrastructure Share (as the case may be) is 1 pence (in each case the nominal value thereof);
- (v) the maximum price which may be paid for an Ordinary Share is the higher of (1) an amount equal to 105% of the average of the middle market quotation for an Ordinary Share taken from the London Stock Exchange daily list for the five working days immediately preceding the day on which the Ordinary Shares are purchased, and (2) the amount stipulated by Article 5(1) of the BuyBack and Stabilisation Regulation 2003;
- (vi) the maximum price which may be paid for a Planned Exit Share is the higher of (1) an amount equal to 105% of the average of the middle market quotation for a Planned Exit Share, taken from the London Stock Exchange daily official list for the five business days immediately preceding the day on which the Planned Exit Shares are purchased, and (2) the amount stipulated by Article 5(1) of the BuyBack and Stabilisation Regulation 2003;
- (vii) the maximum price which may be paid for an Infrastructure Share is the higher of (1) an amount equal to 105% of the average of the middle market quotation for an Infrastructure Share taken from the London Stock Exchange daily official list for the five business days immediately preceding the day on which the Infrastructure Shares are purchased, and (2) the amount stipulated by Article 5(1) of the BuyBack and Stabilisation Regulation 2003;
- (viii) 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 2016 or, if earlier, on the date falling 15 months after the passing of this resolution; and

- (ix) the Company may make a contract to purchase Ordinary Shares under the authority conferred by this resolution prior to the expiry of such authority which will or may be executed wholly or partly after the expiration of such authority and may make a purchase of Ordinary Shares pursuant to such contract;
- (x) the Company may make a contract to purchase Planned Exit Shares under the authority conferred by this resolution prior to the expiry of such authority which will or may be executed wholly or partly after the expiration of such authority and may make a purchase of Planned Exit Shares pursuant to such contract; and
- (xi) the Company may make a contract to purchase Infrastructure Shares under the authority conferred by this resolution prior to the expiry of such authority which will or may be executed wholly or partly such after the expiration of such authority and may make a purchase of Infrastructure Shares pursuant to such contract.

By order of the Board

Foresight Fund Managers Limited
Company Secretary
28 April 2015

The Shard
32 London Bridge Street
London
SE1 9SG



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 27 April 2015 (being the last business day prior to the publication of this notice), the Company's issued share capital was 80,748,128 shares, comprising 58,117,436 Ordinary Shares, 6,063,626 Planned Exit Shares and 16,567,066 Infrastructure Shares carrying one vote each. Therefore, the total voting rights in the Company as at 27 April 2015 was 80,748,128.
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 28 May 2015 at 12.10 pm (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) 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 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 28 May 2015 (a copy of which is produced to the meeting and signed by the Chairman for the purposes of identification) to the extent that such ordinary and special resolutions relate to Ordinary Shares; 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

The Shard
32 London Bridge Street
London
SE1 9SG

Foresight Fund Managers Limited
Company Secretary

28 April 2015

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 27 April 2015 (being the last business day prior to the publication of this notice), the issued share capital of the Ordinary Shares fund was 58,117,436 shares, carrying one vote each. Therefore, the total voting rights in the Ordinary Shares fund as at 27 April 2015 was 58,117,436 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 29 May 2015 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 28 May 2015 at 12.15 pm (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) 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 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 28 May 2015 (a copy of which is produced to the meeting and signed by the Chairman for the purposes of identification) to the extent that such ordinary and special resolutions relate to Planned Exit Shares; 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

The Shard
32 London Bridge Street
London
SE1 9SG

Foresight Fund Managers Limited
Company Secretary
28 April 2015

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 27 April 2015 (being the last business day prior to the publication of this notice), the issued share capital of the Planned Exit Shares fund was 6,063,626 shares, carrying one vote each. Therefore, the total voting rights in the Planned Exit Shares fund as at 27 April 2015 was 6,063,626 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 29 May 2015 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 28 May 2015 at 12.20 pm (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) 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 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 28 May 2015 (a copy of which is produced to the meeting and signed by the Chairman for the purposes of identification) to the extent that such ordinary and special resolutions relate to Infrastructure Shares; 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

The Shard
32 London Bridge Street
London
SE1 9SG

Foresight Fund Managers Limited
Company Secretary
28 April 2015

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 27 April 2015 (being the last business day prior to the publication of this notice), the issued share capital of the Infrastructure Shares fund was 16,567,066 shares, carrying one vote each. Therefore, the total voting rights in the Infrastructure Shares fund as at 27 April 2015 was 16,567,066 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 29 May 2015 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
The Shard
32 London Bridge Street
London
SE1 9SG

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 LLP
15 Canada Square
London
E14 5GL

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

Market Maker

Panmure Gordon & Co
One New Change
London
EC4M 9AF

Registered Number

03421340

Contact Numbers

Registrar's Shareholder Helpline
— Computershare (0870 703 6388)
General and Portfolio Queries
— Foresight Group (0203 667 8100)



Foresight VCT plc

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32 London Bridge Street
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