



Murray
VCT 4 PLC



Long term capital and income growth principally through investment
in smaller unquoted companies in the United Kingdom.

Annual Report
28 February 2002

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Financial Calendar

Annual General Meeting

16 July 2002

Dividend Schedule

	Rate	xd date	Record date	Payment date
Interim dividend	1.0p	7 November 2001	9 November 2001	7 December 2001
Proposed final dividend	1.5p	26 June 2002	28 June 2002	22 July 2002
Total	2.5p			



Murray
VCT 4 PLC

Corporate Summary

Investment Objective

Murray VCT 4's objective is to achieve long term growth in capital and income principally through investment in smaller unquoted companies in the United Kingdom.

Life of the Company

It is not intended that the Company should have a limited life, but it is considered desirable that shareholders should have the opportunity to review the future of the Company at appropriate intervals. Accordingly, the Articles of Association of the Company contain provisions requiring the Directors to put a proposal for the continuation of the Company, in its then form, to shareholders at the tenth Annual General Meeting following listing and thereafter at five year intervals

Capital Structure

The Company's share capital consisted of 38,404,939 Ordinary shares of 10p each at 31 May 2002.

Summary Management Agreement

The Manager has agreed to provide investment management services for a fee calculated on gross asset value, together with a secretarial fee, as detailed in Note 3 on pages 25 and 26. The management agreement is for an initial period of four years to 6 April 2004. It is terminable by the Company giving the Manager one year's notice, such notice not to be effective before 6 April 2004. It is terminable by the Manager giving the Company one year's notice, such notice not to be effective before 6 April 2005.

Corporate Information

Directors

Sir Gavin Laird, CBE (Chairman)
S J Dobbie, CBE
A G MacMillan
C G Stuart-Menteth
A E Whitworth

Manager & Secretary

Murray Johnstone Limited
123 St Vincent Street
Glasgow G2 5EA
Tel: 0141 306 7400

Registered Office

One Bow Churchyard
Cheapside
London EC4M 9HH
Company Registration Number: 3908220

Registrars

Capita IRG Plc
Balfour House
390/398 High Road
Ilford
Essex IG1 1NQ
Tel: 020 8639 2000

Stockbrokers

UBS Warburg

Solicitors

S J Berwin

Auditors

Ernst & Young LLP

Custodian Bankers

J P Morgan Chase Bank

Board Members

Chairman

Sir Gavin Laird CBE (69), who was appointed a Director and Chairman in January 2000, was formerly General Secretary of the Amalgamated Engineering and Electrical Union. He is a director of The Edinburgh Investment Trust plc and a former director of Britannic Asset Management Limited.

Directors

Scott Dobbie CBE (63) was appointed a Director in January 2000. He was formerly chairman of CRESTCo Ltd. He is chairman of The Securities Institute and Standard Life European Private Equity Trust, and a director of The Edinburgh Investment Trust plc, Deutsche (Scotland) Limited, and a commissioner of the Jersey Financial Services Commission.

Arthur MacMillan (39) was appointed a Director in January 2000. He is the chief executive of Clyde Marine plc, a Glasgow-based leisure marine company. Before joining Clyde Marine plc (formerly Clyde Shipping Limited) in 1995, he was a corporate financier with West Merchant Bank and Samuel Montagu & Co Limited in London. He is also a director of Gartmore SNT plc, a split capital investment trust.

Charles Stuart-Menteth (51) was appointed a Director in January 2000. He was founder and chief executive of Datavault plc, the largest independent records management company in the UK until it was sold in February 1999. Prior to this he was managing director of a venture capital company and has also worked in the engineering and banking sectors. He is now a business angel seeking to invest in and help early stage businesses.

Anthony Whitworth (67) was appointed a Director in January 2000. He has been an independent non-executive director to a wide range of private equity backed businesses for over 10 years. He is currently chairman of a number of private companies including Chilwood Holdings Limited and a director of Crompton Group Limited.

All of the Directors are members of the Management Engagement Committee, the Audit Committee and the Nomination Committee.

Manager

Murray Johnstone Limited is the Manager of the Company. It is a subsidiary of Aberdeen Asset Management PLC whose group companies, as at 30 April 2002, managed over £27 billion for institutions, unit trusts, OEICs, investment trusts, venture capital trusts, private equity funds, private clients and offshore funds. The Manager's private equity division, Aberdeen Murray Johnstone Private Equity, operates through a network of seven regional offices and as at 30 April 2002 had approximately £500 million under management.

Analysis of Unlisted Portfolio

As at 28 February 2002

FTSE Actuaries Industry Sector

	£'000	%
Health	1,441	15.6
Support Services	1,362	14.8
Media & Photography	1,208	13.2
Transport	1,027	11.1
General Retailers	1,000	10.8
Engineering & Machinery	641	6.9
Distributors	641	6.9
Construction & Building Materials	600	6.5
Household Goods & Textiles	530	5.7
Leisure, Entertainment & Hotels	394	4.3
Oil & Gas	255	2.8
Telecommunication Services	130	1.4
	9,229	100.0

Deal Type

	No. of deals	£'000	%
Development Capital	11	3,811	41.3
Management Buy-out	4	3,209	34.8
Acquisition Finance	3	1,679	18.2
Management Buy-in	1	530	5.7
		9,229	100.0

Aberdeen Murray Johnstone Regional Office

	No. of deals	£'000	%
Birmingham	6	4,372	47.3
Manchester	7	3,412	37.0
Leeds	3	1,060	11.5
Aberdeen	1	255	2.8
Glasgow	1	130	1.4
London	1	–	–
		9,229	100.0

Note: The total portfolio of investments, including both listed and unlisted stocks, is valued at £33,900,000.

Chairman's Statement

Market conditions

Conditions in the UK economy remain very difficult, particularly for manufacturing industry where import substitution from countries with a lower cost base has been an increased factor, caused by the relative exchange rates. Interest rates were cut but worries over the potential inflationary effect of the buoyancy of retail sales and, in particular, the housing market have restricted the Bank of England Monetary Policy Committee to making no further changes since November 2001. The Board has taken a prudent view of valuations in these circumstances.

Net Asset Value

At 28 February 2002 the Net Asset Value per share was 88.6p of which 23.9p was attributable to the unlisted portfolio and 64.7p attributable to gilts and other net assets.

Before payment of annual dividends, the Net Asset Value per share at 28 February 2002 was 91.1p compared with 95.0p at 28 February 2001. This decrease in Net Asset Value of 4.1% compares with the significant reductions in stock market indices generally and in particular the FTSE SmallCap index which fell by 20.9% over the year and the FTSE AIM index and the FTSE techMARK index which fell by 36.9% and 48% respectively.

Murray VCT 4's investments in unquoted companies are valued in accordance with the British Venture Capital Association guidelines. Investments are normally valued at cost or cost less a provision until they have been held for at least one year. As a result, should performance be ahead of plan, which may imply an increase in the value of the investment, this would not be reflected for at least 12 months; on the other hand material underperformance will be immediately reflected in a reduced valuation. Listed equities and AIM stocks would be valued at their mid-market price, discounted where necessary to reflect any trading restrictions. The Directors have taken a prudent view on valuations and provisions have been made in certain cases.

Dividends

An interim dividend of 1p for the year ended 28 February 2002 was paid to shareholders on 7 December 2001. The Board is now proposing a final dividend of 1.5p per share (2001 – 1.8p) to be paid on 22 July 2002 to shareholders on the register on 28 June 2002.

Dividend reinvestment

Shareholders may opt to reinvest their dividends in new Murray VCT 4 shares and enjoy the same tax reliefs as were available on their initial investment. Full details of the terms and conditions applicable to the reinvestment of dividends are available from the Manager.

Distributions to date

Since the Company's launch, most shareholders will have received 5.3p in tax free dividends. To an investor who took advantage of all available tax reliefs and deferrals, this represents a return of over 13.2% of the effective initial investment cost of 40p per share. This is equivalent to an annual dividend yield of 9.2% from a conventional listed equity for a higher rate taxpayer. This compares with the FTSE SmallCap yield of 2.7% and FTSE All-Share yield of 2.4%.

Outlook

The results reported here have been achieved during a financial year in which economic conditions have been unfavourable and, while some stability may now be evident, the immediate prospects are still uncertain. The portfolio includes a solid core of investments but it may be some time before their prospects can be demonstrated in profitable realisations.

31 May 2002

Sir Gavin Laird CBE
Chairman

Investment Manager's Review

Investment activity

New unlisted investment during the year ended 28 February 2002 totalled £3.69 million taking the unlisted portfolio to 19 companies at a total cost of £11.99 million. This represented a qualifying investment level of 32%. Since the period end, further investments have taken the total number of investments to 22 and the amount invested to £13.83 million, a qualifying investment level of 37%.

The following new investments have been made since the publication of the interim report:

Tuscan Energy Group Limited (January 2002) – £255,000. Based in Aberdeen, Tuscan has recently been awarded licenses to redevelop the Ardmore field - the UK's oldest oil producing field. The total fundraising was £10 million.

Mercury Inns Group Limited (March 2002) – £643,500. Based in Tamworth, Mercury provides consultancy services to the licensed trade and operates freehold managed public houses. The total fundraising was £11 million.

Black Teknigas Limited (March 2002) – £500,062. Based in Huntingdon, Black is a manufacturer of controls for use in the combustion gas and the industrial compressed gases market. The total fundraising was £2.75 million.

Astraeus Limited (April 2002) – £550,000. Based in Crawley, Astraeus is a charter airline and provider of aircrew training and airline management services. The total fundraising was £3 million.

Portfolio developments

There are few positive signs of improved economic conditions and further reductions in valuations have been necessary. Murray VCT 4 is still building its portfolio as it proceeds towards qualifying as a VCT. Trade sales are not therefore being pursued and are only likely to occur when market conditions improve, although a limited number of sales on an opportunistic basis may occur where attractive exits become available.

Outlook

Murray VCT 4 is still in the process of building a balanced portfolio. New investments and, in some cases, further investment in existing portfolio companies in support of acquisitions will continue to be made. The regional network of Aberdeen Murray Johnstone Private Equity offices continues to see a strong flow of investment opportunities. In addition, the Manager believes that pricing in the market is becoming more attractive. The Manager will continue to work with the portfolio of investee companies in an effort to improve performance and to maximise proceeds from eventual exits.

31 May 2002

Murray Johnstone Limited
Manager

Summary of Investment Changes

For the year ended 28 February 2002

	Valuation as at 28 February 2001		Net investment (disinvestment) £'000	Appreciation (depreciation) £'000	Valuation as at 28 February 2002	
	£'000	%			£'000	%
Unlisted investments						
Equities	2,303	6.3	1,686	(941)	3,048	8.9
Preference shares	950	2.6	4	(505)	449	1.3
Loan stock	4,108	11.3	2,689	(1,065)	5,732	16.8
	7,361	20.2	4,379	(2,511)	9,229	27.0
Listed investments						
Listed fixed income	28,703	78.8	(4,083)	51	24,671	72.2
Total investments	36,064	99.0	296	(2,460)	33,900	99.2
Other net assets	368	1.0	(98)	–	270	0.8
Total assets*	36,432	100.0	198	(2,460)	34,170	100.0

*Total assets represents equity shareholders' funds

Investment Portfolio Summary

As at 28 February 2002

Unlisted investments	Nature of business	Valuation	% of
		£'000	total assets
CCM Motorcycles	Manufacturer of motorcycles	1,027	3.0
Conveco	Operator of convenience stores	1,000	2.9
Synexus	Management of clinical trials	927	2.7
TLC (Tender Loving Childcare)	Operator of day care nurseries	832	2.4
Visual Gold	Creative design and animation services	659	1.9
ELE Advanced Technologies	Precision engineering	641	1.9
First Line	Distributor of automotive parts	641	1.9
Jupiter II	Supplier to the construction industry	600	1.8
Unique Communications	Communications and media consultancy	549	1.6
Interak	Import and distribution of small household items	530	1.6
Other investments valued individually at less than £530,000		1,823	5.3
		9,229	27.0
Listed fixed income investments			
Treasury 5% 7/6/2004		7,760	22.7
Treasury 8.5% 7/12/2005		5,256	15.4
Treasury 9.75% 27/8/2002		4,344	12.7
Treasury 8% 10/6/2003		3,734	10.9
European Investment Bank 6% 26/11/2004		3,577	10.5
		24,671	72.2
Total investments		33,900	99.2

Ten Largest Unlisted Investments

CCM MOTORCYCLES LIMITED



Manufacturer of motorcycles

Incorporated in England and Wales

	2002 £'000	2001 £'000
Holding details as at 28 February		
Cost of investment	1,370	783
Directors' valuation	1,027	783
Voting rights	28.6%	17.6%
Gross income received in the year	–	–
Basis of valuation	Provision	Cost
Cumulative realisation proceeds	–	–

The company manufactures both on and off-road motorcycles at its premises in Blackburn, Lancashire.

The development capital investment in November 2000 was led by Murray Johnstone. A further investment of £1.5 million by Aberdeen Murray Johnstone Private Equity clients was made in tranches between October 2001 and February 2002.

	2001 £'000
Period ended 30 September	
Turnover	1,706
Loss before interest and tax	(972)
Loss before tax	(1,008)
Loss after tax	(1,008)
Preference share dividends	–
Ordinary share dividends	–
Net assets attributable to ordinary and preference shareholders	2,005
Dividend per preference share	–
Earnings per ordinary share	–
Dividend per ordinary share	–
Preference dividend cover	–
Ordinary dividend cover	–

CONVECO LIMITED



Operator of convenience stores

Incorporated in England and Wales

	2002 £'000
Holding details as at 28 February	
Cost of investment	1,000
Directors' valuation	1,000
Voting rights	7.4%
Gross income received in the year	–
Basis of valuation	Cost
Cumulative realisation proceeds	–

Conveco, trading as Local Plus, operates convenience stores in the South West of England.

Murray VCT 4 participated in the management buy-out in May 2001. The transaction was led by Aberdeen Murray Johnstone Private Equity.

As this transaction was completed in May 2001, audited accounts for the first period of trading have not yet been produced.

Ten Largest Unlisted Investments

SYNEXUS LIMITED



Management of clinical trials

Incorporated in England and Wales

	2002 £'000	2001 £'000
Holding details as at 28 February		
Cost of investment	927	927
Directors' valuation	927	927
Voting rights	9.3%	9.3%
Gross income received in the year	–	–
Basis of valuation	Cost	Cost
Cumulative realisation proceeds	–	–

Synexus Limited is one of the UK's leading clinical trials patient recruitment organisations serving the international pharmaceutical industry. It operates from nine clinical research centres throughout the UK, with its head office in Chorley, Lancashire.

The management buy-out in February 2001 was led by Aberdeen Murray Johnstone Private Equity.

As this transaction was completed in February 2001, audited accounts for the first period of trading have not yet been produced.

TLC (TENDER LOVING CHILDCARE) LIMITED



Operator of day care nurseries

Incorporated in England and Wales

	2002 £'000	2001 £'000
Holding details as at 28 February		
Cost of investment	832	832
Directors' valuation	832	832
Voting rights	24.2%	24.2%
Gross income received in the year	57	–
Basis of valuation	Cost	Cost
Cumulative realisation proceeds	–	–

TLC specialises in the provision of full day nursery care and out of school care for children 0-11 years. The company bases its operations primarily in NHS related nurseries. The business is based in Rugby.

Murray VCT 4 participated in the development capital funding in November 2000. The transaction was led by Murray Johnstone.

	2000 £'000
Period ended 31 December	
Turnover	126
Loss before interest and tax	(160)
Loss before tax	(307)
Loss after tax	(307)
Ordinary share dividends	–
Net assets attributable to ordinary shareholders	182
Earnings per ordinary share	–
Dividend per ordinary share	–
Ordinary dividend cover	–

Ten Largest Unlisted Investments



Creative design and animation services

Incorporated in England and Wales

	2002 £'000	2001 £'000
Holding details as at 28 February		
Cost of investment	659	622
Directors' valuation	659	622
Voting rights	5.2%	5.2%
Gross income received in the year	–	–
Basis of valuation	Cost	Cost
Cumulative realisation proceeds	–	–

Visual Gold Limited provides 2D and 3D creative design and animation services to clients in the television and film markets. The business is based in Telford.

Murray VCT 4 participated in the development capital funding in February 2001. The transaction was led by Aberdeen Murray Johnstone Private Equity.

	2000 £'000	1999 £'000
Period ended 30 November		
Turnover	158	32
Loss before interest and tax	(825)	(512)
Loss before tax	(835)	(514)
Loss after tax	(835)	(514)
Preference share dividends	–	–
Ordinary share dividends	–	–
Net assets attributable to ordinary and preference shareholders	(1,000)	(173)
Dividend per preference share	–	–
Earnings per ordinary share	(£167)	(£223)
Dividend per ordinary share	–	–
Preference dividend cover	–	–
Ordinary dividend cover	–	–



Precision engineering

Incorporated in England and Wales

	2002 £'000	2001 £'000
Holding details as at 28 February		
Cost of investment	641	641
Directors' valuation	641	641
Voting rights	12.2%	12.2%
Gross income received in the year	–	–
Basis of valuation	Cost	Cost
Cumulative realisation proceeds	–	–

ELE Advanced Technologies Limited manufactures precision engineered components for customers in the aerospace, power generation and automotive markets at its two sites in Lancashire.

The management buy-out in May 2000 was led by Murray Johnstone.

	2001 £'000
Period ended 30 April (13 months)	
Turnover	11,021
Profit before interest and tax	657
Profit before tax	129
Loss after tax	(12)
Ordinary share dividends	–
Net assets attributable to ordinary shareholders	713
Earnings per ordinary share	(12p)
Dividend per ordinary share	–
Ordinary dividend cover	–

Ten Largest Unlisted Investments

FIRST LINE LIMITED



Distributor of automotive parts

Incorporated in England and Wales

	2002 £'000	2001 £'000
Holding details as at 28 February		
Cost of investment	641	641
Directors' valuation	641	641
Voting rights	11.8%	11.8%
Gross income received in the year	50	–
Basis of valuation	Cost	Cost
Cumulative realisation proceeds	–	–

First Line is a supplier of automotive parts to the after-market. Its prime focus is in the distribution of engine, chassis and braking products which are typically replaced during routine servicing and MOT testing. The business is based in Bicester, Oxfordshire.

Murray VCT 4 participated in the management buy-out in December 2000. The transaction was led by Aberdeen Murray Johnstone Private Equity.

As this transaction was completed in December 2000, audited accounts for the first period of trading have not yet been produced.

JUPITER II LIMITED



Supplier to the construction industry

Incorporated in England and Wales

	2002 £'000	2001 £'000
Holding details as at 28 February		
Cost of investment	600	600
Directors' valuation	600	600
Voting rights	1.7%	1.7%
Gross income received in the year	35	6
Basis of valuation	Cost	Cost
Cumulative realisation proceeds	–	–

Jupiter II is the holding company for LB Structures, which designs, manufactures and erects steel clad structures for the construction industry, Colour Powder Coatings, which powder coats aluminium and CJ Pearce which is a civil works contractor. LB is based in Ettingshall, West Midlands, CPC in Greet, Birmingham and CJ Pearce in Telford.

The original management buy-in was completed in September 1997 and was led by Murray Johnstone. Further acquisition finance was provided in September 1999 and November 2000.

	2001 £'000	2000 £'000
Year ended 31 March		
Turnover	17,315	7,769
Profit before interest and tax	668	675
Profit before tax	151	423
Profit after tax	68	323
Preference share dividends	28	28
Ordinary share dividends	200	–
Net assets attributable to ordinary and preference shareholders	752	507
Dividend per preference share	12.5p	12.5p
Earnings per ordinary share	29.4p	244.5p
Dividend per ordinary share	145.7p	–
Preference dividend cover	2.4	11.5
Ordinary dividend cover	0.2	–

Ten Largest Unlisted Investments

UNIQUE COMMUNICATIONS GROUP LIMITED



Communications and media consultancy

Incorporated in England and Wales

Holding details as at 28 February	2002 £'000
Cost of investment	732
Directors' valuation	549
Voting rights	3.6%
Gross income received in the year	31
Basis of valuation	Provision
Cumulative realisation proceeds	–

The company provides a broad offering of media and communications services to the television production and the corporate sector from its offices in Manchester and London.

Murray VCT 4 participated in the merger of Precise Communications Limited and Unique Television Limited to form Unique Communications Group Limited in June 2001. The transaction was led by Aberdeen Murray Johnstone Private Equity.

As this transaction was completed in June 2001, audited accounts for the first period of trading have not yet been produced.

INTERAK LIMITED



Import and distribution of small household items

Incorporated in England and Wales

Holding details as at 28 February	2002 £'000
Cost of investment	530
Directors' valuation	530
Voting rights	9.7%
Gross income received in the year	27
Basis of valuation	Cost
Cumulative realisation proceeds	–

Interak imports, distributes and merchandises small household items for major UK retail companies. The business is based in Scunthorpe.

Murray VCT 4 participated in the management buy-in in March 2001. The transaction was led by Aberdeen Murray Johnstone Private Equity.

As this transaction was completed in March 2001, audited accounts for the first period of trading have not yet been produced.

Directors' Report

The Directors submit their Annual Report together with the financial statements of the Company for the year ended 28 February 2002.

Results and dividends

The profit for the year on ordinary activities after taxation amounted to £681,000. An interim dividend of 1.0p per share was paid on 7 December 2001 to shareholders on the register at close of business on 9 November 2001. The Directors now recommend a final dividend for the year of 1.5p per Ordinary share payable on 22 July 2002 to Ordinary shareholders on the register at close of business on 28 June 2002 and a resolution to this effect will be proposed at the Annual General Meeting. The sum of £282,000 has been transferred from the Company's reserves. The Net Asset Value per Ordinary share at 28 February 2002 was 88.6p. The Net Asset Value per Ordinary share has been calculated using the number of shares in issue at 28 February 2002 of 38,554,939.

Review of the business

The objective of the Company is to achieve long term capital and income growth principally through investment in smaller unquoted companies in the United Kingdom.

A review of the Company's operations is given in the Chairman's Statement on page 5 and in the Investment Manager's Review on page 6.

New investment during the year took the unlisted portfolio to 19 investments at a total cost of £11.99 million. This represented a qualifying investment level of 32 per cent compared to the 70 per cent required before 28 February 2003 to achieve venture capital trust qualifying status.

Share repurchases

At the Annual General Meeting of the Company on 10 July 2001, shareholders authorised the repurchase in the market of a maximum of 10 per cent of the Ordinary shares in issue. On 3 October 2001, and in order to permit the repurchase of shares and the distribution of any future realised capital gains, Court approval was granted for the reduction of the share premium account and the subsequent creation of a distributable reserve. During the year ended 28 February 2002, no shares were repurchased. However, subsequent to the year end, 150,000 Ordinary shares have been repurchased at 69.5p per share.

A special resolution, numbered 7 in the notice of Annual General Meeting, will ask shareholders for their approval to renew the authority to purchase in the market a maximum of 10 per cent of Ordinary shares in issue (3,840,493 Ordinary shares) at 31 May 2002. Such authority will expire on the date of the next Annual General Meeting or after a period of 15 months from the date of passing of the resolution, whichever is the earlier. This means in effect that the authority will have to be renewed at the next Annual General Meeting of the Company.

Purchases of Ordinary shares will be made within guidelines established from time to time by the Board, but only if it is considered that such purchases would be to the advantage of the Company and its shareholders taken as a whole. Purchases will be made in the market for cash only at prices below the prevailing Net Asset Value per Ordinary share. Under the Listing Rules of the UK Listing Authority, the maximum price that may be paid on the exercise of this authority must not exceed 105 per cent of the average of the middle market quotations for the shares over the five business days immediately preceding the date of purchase. The minimum price that may be paid is 10p per share. In making purchases, the Company will only deal with member firms of the London Stock Exchange. Shares which are purchased will be cancelled. Purchases of Ordinary shares by the Company will be made from reserves and the purchase price will normally be paid out of cash balances held by the Company from time to time.

The purchase of Ordinary shares by the Company is intended to reduce any discount at which Ordinary shares trade in the market because the Company will be a new source of demand for Ordinary shares. Since it is anticipated that any purchases will be made at a discount to Net Asset Value at the time of purchase, the Net Asset Value of the remaining Ordinary shares in issue should increase.

Shares will not be purchased by the Company in the period of 2 months immediately preceding the notification of the Company's interim results and the 2 months immediately preceding the preliminary announcement of the annual results or, if shorter, the period from the end of the Company's relevant financial period up to and including the time of the relevant announcement.

Directors' Report

Issue of new Ordinary shares

During the year ended 28 February 2002, a further 123,812 and 65,851 Ordinary shares of 10p each were issued on 13 July 2001 at 95.25p per share and on 7 December 2001 at 91.6p per share respectively, under the dividend reinvestment scheme for a total consideration of £178,250.

Resolution numbered 8 in the notice of meeting will be put to shareholders at the Annual General Meeting for their approval to issue up to an aggregate nominal amount of £384,049 (equivalent to 3,840,493 Ordinary shares or 10 per cent of the total issued share capital at 31 May 2002). If further issues of new Ordinary shares are made they will be made only at a premium to Net Asset Value per share, thus ensuring existing investors will not be disadvantaged by such issues. The proceeds of any issue may be used to purchase the Company's Ordinary shares in the market or to fund further investments in accordance with the Company's investment policy. This authority shall expire either at the conclusion of the next Annual General Meeting of the Company or on the expiry of 15 months from the passing of the relevant resolution, whichever is the first one to occur.

When shares are to be allotted for cash, Section 89(1) of the Companies Act 1985 provides that existing shareholders have pre-emption rights and that the new shares are offered first to such shareholders in proportion to their existing shareholdings. However shareholders can, by special resolution, authorise the Directors to allot shares otherwise than by a *pro rata* issue to existing shareholders. Resolution 9 will, if passed, also give the Directors power to allot for cash, Ordinary shares up to an aggregate nominal amount of £384,049 (equivalent to 3,840,493 Ordinary shares or 10 per cent of the total issued share capital at 31 May 2002 as if Section 89(1) does not apply. This is the same amount of share capital that the Directors are seeking the authority to allot pursuant to resolution 8. The authority will also expire either at the conclusion of the next Annual General Meeting of the Company or on the expiry of 15 months from the passing of the relevant resolution, whichever is the first one to occur. The Company will not use this authority in connection with a rights issue.

Share capital

Following the initial allotments and the further issue of Ordinary shares by means of the dividend reinvestment scheme, the issued Ordinary share capital at 28 February 2002 amounted to 38,554,939 Ordinary shares of 10p each. On 14 May 2002, 150,000 Ordinary shares were repurchased for cancellation at 69.5p per share. Following this purchase the issued Ordinary share capital at 31 May 2002 amounted to 38,404,939 Ordinary shares of 10p each.

Directors

The Directors who held office during the period under review and their interests in shares of the Company are shown in note 20 on page 33.

Sir Gavin Laird and Mr S J Dobbie, whose biographies are shown on page 3, retire by rotation at this time and seek re-election. Resolutions to this effect will be proposed at the Annual General Meeting.

No contract or arrangement significant to the Company's business and in which any of the Directors is interested has subsisted during the year.

Directors' and Officers' insurance

The Company purchases and maintains liability insurance covering the Directors and Officers of the Company.

Manager and Company Secretary

Murray Johnstone Limited, a wholly owned subsidiary of Aberdeen Asset Management PLC, provides investment management, accounting, secretarial and administrative services, to the Company. The details of the management and secretarial fees are shown in note 3 on pages 25 and 26.

Directors' Report

Corporate governance

The Statement of Corporate Governance is shown on pages 16 to 18.

Principal activity and status

The Company is no longer an investment company within the meaning of Section 266 of the Companies Act 1985, having revoked such status with effect from 23 October 2001. However, its affairs have been conducted, and will continue to be conducted, in a manner to satisfy the conditions to enable it to obtain approval as a venture capital trust under section 842AA of the Income and Corporation Taxes Act 1988. The Inland Revenue will grant Section 842AA status, if requested, provided that the Company's affairs have been conducted in such a manner as to satisfy the conditions of that section.

Going concern

The Directors believe that it is appropriate to continue to adopt the going concern basis in preparing the accounts, as the Company has adequate financial resources to enable it to continue in operational existence for the foreseeable future.

Creditor payment policy

The Company's creditor payment policy is to agree terms of payment before business is transacted, to ensure suppliers are aware of these terms and to settle bills in accordance with them. The Company did not have any trade creditors at the year end.

Annual general meeting

The notice of Annual General Meeting, which will be held on 16 July 2002, is contained on pages 38 and 39.

Auditors

The Auditors, Ernst & Young LLP, have expressed their willingness to continue in office.

A resolution to re-appoint Ernst & Young LLP as the Company's Auditor will be put to the forthcoming Annual General Meeting, along with a further resolution to authorise the Directors to fix their remuneration.

By order of the Board

Murray Johnstone Limited

Secretary

P M Barnes

Authorised Signatory

123 St Vincent Street

Glasgow G2 5EA

14 June 2002

Statement of Corporate Governance

The Company is committed to a high standard of corporate governance. The Board has put in place a framework for corporate governance, which it believes is appropriate for a venture capital trust and which enables it to comply with the Principles of Good Governance and Code of Best Practice (“the Combined Code”) prepared by the Committee on Corporate Governance and published in June 1998.

The Board is accountable to the Company’s shareholders for good governance and this Statement describes how the principles identified in the Combined Code have been applied by the Company throughout the year to 28 February 2002 except where disclosed below.

The Listing Rules of the UK Listing Authority require the Board to report on compliance with the forty-five Combined Code provisions throughout the year. Save the limited exceptions outlined below, the Company has complied throughout the year ended 28 February 2002 with the provisions set out in Section 1 of the Combined Code.

The exceptions to compliance with the Combined Code, which are explained more fully under the headings of ‘The Board’ and ‘Directors’ remuneration’, were as follows:

- a senior non-executive Director has not been appointed.
- as the Company is a venture capital trust and all Directors are non-executive, the Company is not required to comply with the principles of the Code in respect of executive Directors’ remuneration.

The Board

The Board consists of five Directors, all of whom are considered to be independent of the investment manager (“Murray Johnstone Limited” or the “Manager”) and free of any relationship which could materially interfere with the exercise of their independent judgement.

The biographies of the Directors appear on page 3 of this report and indicate their high level and range of investment, industrial, commercial and professional experience.

The Board meets at least four times a year and between these meetings maintains contact with the Manager. It has formally adopted a schedule of matters which 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. These matters include:

- the maintenance of clear investment objectives and risk management policies.
- the monitoring of the business activities of the Company ranging from comparable investment performance through to annual budgeting and quarterly forecasting and variance analysis.

There is an agreed procedure for Directors to take independent professional advice, if necessary, at the Company’s expense. The Directors have access to the advice and services of the Corporate Company Secretary through its appointed representatives who are responsible to the Board for ensuring that Board procedures are followed and that applicable rules and regulations are complied with.

When a Director is appointed, the manager arranges an induction meeting. Directors are provided, on a regular basis, with key information on the Company’s policies, regulatory and statutory requirements and internal financial controls. Changes affecting Directors’ responsibilities are advised to the Board as they arise.

The Chairman of the Company is a non-executive Director. A senior non-executive Director has not been appointed as all the Directors are non-executive and the Board considers that each of the Directors has different qualities and areas of expertise on which they may lead.

To enable the Board to function effectively and allow Directors to discharge their responsibilities, full and timely access is given to all relevant information. In the case of Board meetings, this consists of a comprehensive set of papers, including the Manager’s review and discussion documents regarding specific matters.

Statement of Corporate Governance

External agencies

The Board has contractually delegated to external agencies certain services, including to the Manager: the management of the investment portfolio, the custodial services (which include the safeguarding of the assets), the registration services and the day to day accounting and company secretarial requirements. Each of these contracts was entered into after full and proper consideration by the Board of the quality and cost of services offered including the financial control systems in operation in so far as they relate to the affairs of the Company. The Board receives and considers reports from the Manager on a regular basis. In addition ad hoc reports and information are supplied to the Board as requested.

Committees

Nomination Committee

The Nomination Committee makes recommendations and considers the appointment of new Directors and comprises the full Board.

Audit Committee

An Audit Committee has been established with written terms of reference and comprising the full Board. This committee reviews the effectiveness of the internal control environment of the Company and receives reports from the internal and external auditors on a regular basis.

The Committee is responsible for review of the annual accounts and interim report, terms of appointment of the auditors together with their remuneration as well as the non-audit services provided by the Auditors, reviewing the scope and the results of the audit and the objectivity of the Auditors. It also meets with representatives of the Manager.

Management Engagement Committee

The full Board comprises the Management Engagement Committee and annually reviews matters concerning the management contract, which exists with Murray Johnstone Limited.

Directors' terms of appointment

All non-executive Directors are appointed for an initial term of three years, subject to re-election and Companies Act provisions and, in accordance with the existing Articles of Association, stand for election at the first Annual General Meeting following their appointment. The Articles of Association state that Directors must offer themselves for re-election at least once every three years.

Directors' remuneration

Under the UK Listing Authority Listing Rule 26.9 (d) where a venture capital trust has only non-executive Directors the code principles relating to Directors' remuneration do not apply.

The remuneration of the Directors has been set in order to attract individuals of a calibre appropriate to the future development of the Company. The remuneration of each Director is detailed in note 5 on page 26.

Relations with shareholders

The Company places a great deal of importance on communication with its shareholders. The Company has adopted a nominee code, which ensures that, where notification has been received in advance, nominee operators will be provided with copies of shareholder communications for distribution to their customers. Nominee investors may attend general meetings and speak at meetings when invited by the Chairman. The report and accounts are widely distributed to other parties who have an interest in the Company's performance. Shareholders and investors may obtain up to date information on the Company through the Manager, and the Company responds to letters from shareholders on a wide range of issues.

Statement of Corporate Governance

The annual report is posted to shareholders at least twenty business days before the Annual General Meeting as required under Code Provision C2.4.

The notice of Annual General Meeting sets out the business of the meeting and the resolutions are explained more fully in the Directors' Report on pages 13 to 15. Separate resolutions are proposed for each substantive issue.

All shareholders have the opportunity to put questions at the Company's Annual General Meeting.

Accountability and audit

The Directors' Statement of Responsibilities in Respect of the Financial Statements is on page 19 and a statement of going concern on page 15.

The Independent Auditors' Report is on page 20.

Internal control

The Board is ultimately responsible for the Company's system of internal control and for reviewing its effectiveness. However such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

Following publication, in September 1999, of guidance for Directors on internal control "Internal Control: Guidance for Directors on the Combined Code" ("the Turnbull guidance") the Directors confirm that there is an ongoing process for identifying, evaluating and managing the significant risks faced by the Company, that has been in place for the full year and up to the date of approval of the financial statements, and that this process is regularly reviewed by the Board and accords with the Turnbull guidance.

The Directors have delegated the investment management of the Company to Murray Johnstone Limited, a wholly owned subsidiary of Aberdeen Asset Management PLC, and this embraces implementation of the system of internal control, including financial, operational and compliance controls and risk management. Internal control systems are monitored and supported by an internal audit function, which undertakes periodic examination of business processes, including compliance with the terms of the management agreement, and ensures that recommendations to improve controls are implemented.

Risks are identified through an annual risk assessment model that prioritises activities for review by assessing risk under five separate headings of financial, regulatory, market, operational and reputational risk. An overall risk assessment is attributed to each activity and a systems approach is taken in monitoring activities performed on behalf of the Company, with priority given to higher risk activities. Any errors or weaknesses identified are reported to the Company and timetables are agreed for implementing improvements to systems. The implementation of any remedial action required is monitored and feedback provided to the Company.

In addition, the Manager ensures that clearly documented contractual arrangements exist in respect of any activities that have been delegated to external professional organisations.

The internal audit function of the Manager reports six monthly to the audit committee of the Company and has direct access to the Directors at any time.

The Board has reviewed the effectiveness of the system of internal control, and, in particular, it has reviewed the process for identifying and evaluating the significant risks affecting the Company and the policies and procedures by which these risks are managed. The Company's Audit Committee agenda includes an item for the consideration of risk and control and receives reports thereon from the Audit Committee of the Manager.

Exercise of voting powers

The Company has approved a corporate governance voting policy which, in summary, is based on the governance recommendations of the Combined Code with the intention of voting in accordance with best practice whilst maintaining a primary focus on financial returns.

Statement of Directors' Responsibilities in Respect of the Financial Statements

Company law requires the Directors to prepare financial statements for each financial year which 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 those financial statements the Directors are required to:

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

The Directors are also responsible for keeping proper accounting records which 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 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent Auditors' Report to the Members of Murray VCT 4 PLC

We have audited the Company's financial statements for the year ended 28 February 2002 which comprise the Profit and Loss Account, Statement of Total Recognised Gains and Losses, Note of Historical Cost Profits and Losses, Balance Sheet, Cash Flow Statement, and the related notes 1 to 21. These financial statements have been prepared on the basis of the accounting policies set out therein.

Respective responsibilities of Directors and Auditors

The Directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and statutory requirements, United Kingdom Auditing Standards and the Listing Rules of the Financial Services Authority.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law or the Listing Rules regarding Directors' remuneration and transactions with the Company is not disclosed.

We review whether the Statement of Corporate Governance reflects the Company's compliance with the seven provisions of the Combined Code specified for our review by the Listing Rules, and we report if it does not. We are not required to consider whether the Board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the Company's corporate governance procedures or its risk and control procedures.

We read other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. This other information comprises the Corporate Summary, Corporate Information, Board Members, Analysis of Unlisted Portfolio, Chairman's Statement, Investment Manager's Review, Summary of Investment Changes, Investment Portfolio Summary, Ten Largest Unlisted Investments, Directors' Report, Statement of Corporate Governance, Statement of Directors' Responsibilities in Respect of the Financial Statements, Venture Capital Trusts, Tax Position of Individual Investors and Notice of Meeting. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the Company as at 28 February 2002 and of its net profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

14 June 2002

Ernst & Young LLP
Registered Auditor
Glasgow

Profit and Loss Account

For the year ended 28 February 2002

	Notes	Year ended 28 February 2002 £'000	59 weeks ended 28 February 2001 restated £'000
Investment income and deposit interest	2	2,064	1,953
Investment management fees	3	(854)	(592)
Other expenses		(224)	(177)
Operating profit	4	986	1,184
Profit on realisation of investments	9	3	99
Profit on ordinary activities before taxation		989	1,283
Tax on ordinary activities	6	(308)	(379)
Profit on ordinary activities after taxation		681	904
Dividends	7	(963)	(1,073)
Balance transferred from reserves		(282)	(169)
Earnings per share (pence)	8	1.8	2.4

Statement of Total Recognised Gains and Losses

For the year ended 28 February 2002

	Notes	Year ended 28 February 2002 £'000	59 weeks ended 28 February 2001 restated £'000
Profit on ordinary activities after taxation		681	904
Unrealised (loss)/gain on revaluation of investments	9	(2,463)	324
Current tax attributable to unrealised losses (gains) on loan relationships		305	(172)
Total recognised gains and losses relating to the year	16	(1,477)	1,056

Note of Historical Cost Profits and Losses

For the year ended 28 February 2002

	Notes	Year ended 28 February 2002 £'000	59 weeks ended 28 February 2001 restated £'000
Profit on ordinary activities before taxation		989	1,283
Realisation of revaluation gains of previous years	9	85	–
Historical cost profit on ordinary activities before taxation		1,074	1,283
Historical cost loss for the year retained after taxation and dividends		(223)	(169)

All items in the above statements are derived from continuing operations. The Company has only one class of business and derives its income from investments made in shares, securities and bank deposits.

The accompanying notes are an integral part of the financial statements.

Balance Sheet

As at 28 February 2002

	Notes	28 February 2002		28 February 2001 (restated)	
		£'000	£'000	£'000	£'000
Fixed assets					
Investments	9		33,900		36,064
Current assets					
Debtors	11	805		1,058	
Cash and overnight deposits		343		798	
		1,148		1,856	
Creditors					
Amounts falling due within one year	12	878		1,488	
Net current assets			270		368
			34,170		36,432
Capital and reserves					
Called up share capital	13		3,856		3,837
Share premium account	14		17,021		32,612
Revaluation reserve	14		(2,065)		152
Profit and loss account	14		15,358		(169)
Equity shareholders' funds			34,170		36,432
Net Asset Value per Ordinary share (pence)	15		88.6		95.0

The financial statements were approved by the Board of Directors on 23 April 2002 and were signed on its behalf by:

14 June 2002

Sir Gavin Laird, Director

The accompanying notes are an integral part of the financial statements.

Cash Flow Statement

For the year ended 28 February 2002

	Notes	Year ended 28 February 2002		59 weeks ended 28 February 2001	
		£'000	£'000	£'000	£'000
Operating activities					
Investment income received		2,028		1,848	
Deposit interest received		19		32	
Investment management fees paid		(807)		(426)	
Secretarial fees paid		(60)		(39)	
Cash paid to and on behalf of Directors		(56)		(26)	
Other cash payments		(114)		(31)	
Net cash inflow from operating activities	17		1,010		1,358
Taxation			(544)		–
Financial investment					
Purchase of investments		(4,444)		(50,886)	
Sale of investments		4,420		14,260	
Net cash outflow from financial investment			(24)		(36,626)
Equity dividends paid			(1,075)		(383)
Net cash outflow before financing			(633)		(35,651)
Financing					
Issue of Ordinary shares		178		38,364	
Expenses of share issue		–		(1,915)	
Net cash inflow from financing			178		36,449
(Decrease) increase in cash	18		(455)		798

The accompanying notes are an integral part of the financial statements.

Notes to the Financial Statements

I. Accounting policies

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost convention, modified to include the revaluation of fixed asset investments.

Changes in the presentation of financial statements

The Company is not an investment company within the meaning of Section 266 of the Companies Act 1985, as investment company status was revoked on 23 October 2001 in order to permit the distribution of any future realised capital gains. As a result the financial statements are no longer being presented in accordance with the Statement of Recommended Practice "Financial Statements of Investment Trust Companies" (the "SORP") and have now been drawn up to include a statutory profit and loss account and a statement of total recognised gains and losses in accordance with Schedule 4 of the Companies Act 1985 and Financial Reporting Standard 3 (Reporting Financial Performance). These statements differ from the Statement of Total Return presented in prior periods as follows:

- (a) profit/loss on realisation of investments and permanent diminutions in value of investments are now included in the profit and loss account,
- (b) unrealised gains and losses on investments and consequent taxation arising on loan relationship gains and losses are included in the statement of total recognised gains and losses: and
- (c) all investment management fees other expenses and taxation are charged to the profit and loss account.

The effect of the restatement has been to reduce the profit on ordinary activities after taxation, equivalent to the revenue return on ordinary activities after taxation under the previous presentation, by £308,000 in respect of the year ended 28 February 2002 and £180,000 in respect of the comparative period ended 28 February 2001 reflecting the net profit on realisation of investments, investment management fees and other expenses charged to the profit and loss account.

In the balance sheet, the revenue reserve, distributable reserve and realised capital losses presented in prior periods have been combined into the profit and loss account. The revaluation reserve records revaluation amounts previously included in the unrealised capital reserve, except for any permanent diminutions in value which have been passed through the profit and loss account.

Income

Dividends receivable on equity shares are treated as revenue for the year on an ex-dividend basis. Where no ex-dividend date is available dividends receivable on or before the year end are treated as revenue for the year. Provision is made for any dividends not expected to be received.

The fixed returns on debt securities and non-equity shares are recognised on a time apportionment basis so as to reflect the effective yield on the debt securities and shares. Provision is made for any fixed income not expected to be received.

Interest receivable from cash and short term deposits and interest payable are accrued to the end of the year.

Expenses

All expenses are accounted for on an accruals basis. Expenses are charged through the profit and loss account except as follows:

- expenses which are incidental to the acquisition of an investment are included within the cost of the investment; and
- expenses which are incidental to the disposal of an investment are deducted from the disposal proceeds of the investment.

Notes to the Financial Statements

Taxation

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or right to pay less tax in the future have occurred at the balance sheet date. This is subject to deferred tax assets only being recognised if it is considered more likely than not that there will be suitable profits from which the future reversal of the underlying timing differences can be deducted. Timing differences are differences arising between the Company's taxable profits and its results as stated in the financial statements which are capable of reversal in one or more subsequent periods. Deferred tax is measured on a non-discounted basis at the tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Investments

Listed investments and shares quoted on the Alternative Investment Market (AIM) are valued in the financial statements at middle market prices and unlisted investments at a valuation determined by the Directors. In determining the valuation of unlisted investments the Directors, in accordance with the British Venture Capital Association guidelines, adopt the middle market price where a dealing facility exists and apply a discount if considered appropriate. Where no dealing facility exists the factors which the Directors have regard include, inter alia, the earnings record and growth prospects of the security, the rating of comparable listed companies, the yield of the security, where appropriate, and any recent transactions.

	Year ended 28 February 2002 £'000	59 weeks ended 28 February 2001 £'000
2. Investment income and deposit interest		
Income from investments:		
UK unfranked investment income	1,735	1,781
Income from participating interests	49	112
Income from significant interests	263	26
	2,047	1,919
Interest receivable and similar income:		
deposit interest	17	34
Total income	2,064	1,953

	Year ended 28 February 2002 £'000	59 weeks ended 28 February 2001 £'000
3. Investment management fees		
Investment management fees	727	504
Irrecoverable VAT	127	88
	854	592

Notes to the Financial Statements

The management and secretarial fees payable to Murray Johnstone Limited have been calculated and charged on the following basis:

- (a) an investment management fee of 2.0% (2001 - 1.5%) per annum of the gross assets of the Company. The investment management fee rises to 2.5% per annum for the year ended 28 February 2003.
- (b) a secretarial fee of £60,000 (2001 - £54,370) per annum which is subject to an annual adjustment to reflect movement in the retail prices index.

The agreement is for an initial period of four years to 6 April 2004. It is terminable by the Company giving the Manager one year's notice, such notice not to be effective before 6 April 2004. It is terminable by the Manager giving the Company one year's notice, such notice not to be effective before 6 April 2005.

	Year ended 28 February 2002 £'000	59 weeks ended 28 February 2001 £'000
4. Operating profit is stated after charging:		
Directors' remuneration (note 5)	48	43
Audit fees	11	11

	Year ended 28 February 2002 £'000	59 weeks ended 28 February 2001 £'000
5. Directors' remuneration		
Sir Gavin Laird CBE (Chairman)	12	11
S J Dobbie CBE	9	8
A G MacMillan	9	8
C G Stuart-Menteth	9	8
A E Whitworth	9	8
	48	43

6. Tax on ordinary activities

The tax charge for the period is reduced (2001 – increased) by the tax consequences of unrealised losses (2001 – gains) on loan relationships reflected in the Statement of Total Recognised Gains and Losses.

Reflected in:

	Profit and loss account £'000	Statement of total recognised gains and losses £'000	Total £'000
2002 corporation tax	308	(305)	3
2001 corporation tax	379	172	551

Notes to the Financial Statements

The tax charged for the year in the Profit and Loss Account is higher than the standard rate of corporation tax (30%). The differences are explained below.

	Year ended 28 February 2002 £'000	59 weeks ended 28 February 2001 (restated) £'000
Profit on ordinary activities before tax	989	1,283
Profit on ordinary activities multiplied by standard rate of corporation tax	297	385
Effect of disallowed expenditure	5	–
Effect of income not subject to taxation	6	(6)
Current corporation tax	308	379

7. Dividends

Interim dividend of 1.0p (2001 – 1.0p)
Proposed final dividend of 1.5p (2001 – 1.8p)

	Year ended 28 February 2002 £'000	59 weeks ended 28 February 2001 £'000
Interim dividend of 1.0p (2001 – 1.0p)	385	383
Proposed final dividend of 1.5p (2001 – 1.8p)	578	690
	963	1,073

8. Earnings per share

The earnings per share have been based on the following figures:
weighted average number of Ordinary shares
profit on ordinary activities after taxation

	Year ended 28 February 2002	59 weeks ended 28 February 2001 (restated)
weighted average number of Ordinary shares	38,458,269	38,292,659
profit on ordinary activities after taxation	£681,000	£904,000

9. Investments

Valuation at 1 March 2001
Purchases
Sales
Amortisation of book cost
Net increase (decrease) in value of investments
Valuation at 28 February 2002

	Year ended 28 February 2002		
	Listed £'000	Unlisted and AIM £'000	Total £'000
Valuation at 1 March 2001	28,703	7,361	36,064
Purchases	595	4,379	4,974
Sales	(4,417)	–	(4,417)
Amortisation of book cost	(258)	–	(258)
Net increase (decrease) in value of investments	48	(2,511)	(2,463)
Valuation at 28 February 2002	24,671	9,229	33,900

Notes to the Financial Statements

	Shares in participating interests £'000	Loans to participating interests £'000	Other investments £'000
Constituted:			
Listed Investments	–	–	24,671
Unlisted investments			
Valuation at 1 March 2001	1,033	582	5,746
Purchases	–	587	3,792
Net decrease in value of investments	(343)	–	(2,168)
	690	1,169	7,370
Valuation at 28 February 2002	690	1,169	32,041

On a historical cost basis the movement in investments is as follows:

	Year ended 28 February 2002 £'000	59 weeks ended 28 February 2001 £'000
Cost at beginning of year	35,740	–
Purchases	4,974	50,356
Sales	(4,420)	(14,260)
Transfer of unrealised gains realised during the year	85	–
Profit on realisation of investments	3	99
	642	36,195
Amortisation of book cost	(258)	(455)
Cost at end of year	36,124	35,740
Unrealised (loss) gain	(2,224)	324
Valuation at 28 February 2002	33,900	36,064

The cost of unlisted investments at 28 February 2002 was £11,989,749 (2001 – £7,611,245).

The unrealised loss on the unlisted investments at 28 February 2002 was £2,761,086 and was all comprised of losses (2001 – net unrealised loss of £250,000 all comprised of losses).

10 Participating and significant interests

The principal activity of the Company is to select and hold a portfolio of investments in unlisted securities. Although the Company will, in some cases, be represented on the board of the investee company, it will not take a controlling interest or become involved in the management. The size and structure of the companies with unlisted securities may result in certain holdings in the portfolio representing a participating interest without there being any partnership, joint venture or management consortium agreement.

Notes to the Financial Statements

At 28 February 2002 the Company held shares amounting to 20% or more of the nominal value of the equity capital of the following unquoted undertakings:

Investment	28 February 2002			Carrying Value £'000	Income from investment £'000	Latest accounts period end	Aggregate	
	% of class held	% of equity held	Total cost £'000				capital and reserves £'000	Loss after tax for period £'000
CCM Motorcycles Limited								
12,074 A ordinary shares	39.1	28.6	235	–	–	30/9/01	2,005	(1,008)
547,842 A preference shares	39.1		548	440	–			
£587,000 loan stock 2006	39.1		587	587	–			
TLC (Tender Loving Childcare) Limited								
46,469 B ordinary shares	49.0	24.2	250	250	–	31/12/00	182	(307)
£582,082 loan notes	49.0		582	582	70			

The results of the above companies have not been incorporated in the profit and loss account except to the extent of any income accrued. Other funds managed by members of the Aberdeen Asset Management group have also invested in the above companies.

In addition, at 28 February 2002 the Company held shares amounting to 20% or more of the nominal value of any class of capital of the following unquoted undertakings

Investment	28 February 2002		
	% of class held	Total cost £'000	Carrying value £'000
ELE Advanced Technologies Limited			
12,175 B ordinary shares	25.6	192	192
£448,532 loan notes 2007	25.6	449	449
First Line Limited			
75,134 B ordinary shares	25.6	192	192
2,563 preference shares	25.6	3	3
£445,979 loan stock 2007	25.6	446	446
Heathcotes Restaurants Limited			
292,217 B ordinary shares	39.0	292	161
390 preference shares	39.0	–	–
£233,721 loan stock 2008	39.0	234	234
Interak Limited			
17,699 A ordinary shares	21.6	160	160
£370,000 loan stock	21.6	370	370
Link Up Mitaka Limited			
1,298,000 B ordinary shares	26.5	398	398
£132,500 loan stock 2007	26.5	132	132
Stratumsoft Limited			
41,556 A ordinary shares	22.7	239	–
£624,383 loan stock 2007	22.7	624	–

Notes to the Financial Statements

		28 February 2002		
		% of	Total	Carrying
		class	cost	value
		held	£'000	£'000
Investment				
Synexus Limited	1,156,483 B ordinary shares	23.2	278	278
	232 preference shares	23.2	1	1
	£648,696 loan stock 2008	23.2	648	648
Tuscan Energy Group Limited	89,250 C ordinary shares	42.5	89	89
	£165,750 loan stock 2006	8.5	166	166
Visual Gold Limited	335 B ordinary shares	23.0	187	187
	2,305 preference shares	23.0	2	2
	£433,421 loan stock 2001	23.0	433	433
	£36,321 loan stock 2003	6.4	37	37
Voxsurf Limited	57,829 A ordinary shares	49.5	44	–
	520,462 C preference shares	49.5	397	–

Other funds managed by members of the Aberdeen Asset Management group have also invested in these companies.

11. Debtors	Year ended	59 weeks ended
	28 February	28 February
	2002	2001
	£'000	£'000
Current taxation	55	43
Prepayments and accrued income	750	485
Other debtors	–	530
	805	1,058

12. Creditors	Year ended	59 weeks ended
	28 February	28 February
	2002	2001
	£'000	£'000
Amounts falling due within one year:		
Corporation tax	3	551
Proposed final dividend	578	690
Accruals	66	62
Management and secretarial fees due to Manager	231	185
	878	1,488

Notes to the Financial Statements

13. Share capital	28 February 2002		28 February 2001	
	Number	£'000	Number	£'000
The authorised share capital comprised:				
allotted, issued and fully paid:				
Ordinary shares of 10p each				
Balance brought forward	38,365,276	3,837	–	–
Issued during year	189,663	19	38,365,276	3,837
Balance carried forward	38,554,939	3,856	38,365,276	3,837
Unissued unclassified shares of 10p each	21,445,061	2,144	21,634,724	2,163
	60,000,000	6,000	60,000,000	6,000

During the year, a total of 189,663 Ordinary shares of 10p each were issued under the dividend re-investment scheme for a total consideration of £178,250.

14. Movement in reserves	Year ended 28 February 2002		
	Share	Revaluation	Profit
	premium	reserve	and loss
	account	reserve	account
	£'000	£'000	£'000
At 1 March 2001	32,612	152	(169)
Transfer to distributable reserves	(15,750)	–	15,750
Issue of shares	159	–	–
Transfer of realised profits to profit and loss account	–	(85)	85
Tax effect of transfer of profits to profit and loss account	–	26	(26)
Taxation attributable to unrealised loss on investments	–	305	–
Net decrease in value of investments	–	(2,463)	–
Retained loss for year	–	–	(282)
At 28 February 2002	17,021	(2,065)	15,358

Court approval was granted on 3 October 2001 for the reduction of the share premium account and subsequent creation of a distributable reserve.

	59 weeks ended 28 February 2001 (restated)		
	Share	Revaluation	Profit
	premium	reserve	and loss
	account	reserve	account
	£'000	£'000	£'000
At 1 March 2000	–	–	–
Issue of shares	34,527	–	–
Expenses of share issue	(1,915)	–	–
Taxation attributable to unrealised gains on investments	–	(172)	–
Net increase in value of investments	–	324	–
Retained loss for period	–	–	(169)
At 28 February 2001	32,612	152	(169)

Notes to the Financial Statements

15. Net Asset Value per Ordinary share

The Net Asset Value per share and the Net Asset Value attributable to the Ordinary shares at the year end calculated in accordance with the articles of association were as follows:

The number of shares used in this calculation is set out in note 13.

	28 February 2002		59 weeks ended 28 February 2001	
	Net Asset Value per share p	Net Asset Value attributable £'000	Net Asset Value per share p	Net Asset Value attributable £'000
Ordinary shares	88.6	34,170	95.0	36,432

16. Reconciliation of movements in shareholders' funds

	Year ended 28 February 2002 £'000	59 weeks ended 28 February 2001 £'000
Opening shareholders' funds	36,432	–
Total recognised gains for year	(1,477)	1,056
Net proceeds of issue of shares	178	36,449
Dividends appropriated	(963)	(1,073)
Closing shareholders' funds	34,170	36,432

17. Reconciliation of operating profit to net cash inflow from operating activities

	Year ended 28 February 2002 £'000	59 weeks ended 28 February 2001 £'000
Operating profit	986	1,184
Increase in debtors	(265)	(485)
Increase in accruals	49	247
Amortisation of fixed income investment book cost	258	455
Tax on unfranked income	(18)	(43)
Net cash inflow from operating activities	1,010	1,358

18. Analysis of changes in net funds

	Year ended 28 February 2002			59 weeks ended 28 February 2001		
	Brought forward £'000	Cash flows £'000	Carried forward £'000	Brought forward £'000	Cash flows £'000	Carried forward £'000
Cash and overnight deposits	798	(455)	343	–	798	798

Notes to the Financial Statements

	28 February 2002 £'000	28 February 2001 £'000
19. Capital commitments		
Unlisted investment commitments	607	–

20. Directors' share interests

The interests of the Directors in the shares of the Company under the terms of the Companies Act 1985 are as follows:

	28 February 2002 Ordinary shares	28 February 2001 Ordinary shares
Sir Gavin Laird CBE	10,405	10,102
S J Dobbie CBE	26,013	25,255
A G MacMillan	9,000	9,000
C G Stuart-Menteth	100,000	100,000
A E Whitworth	10,000	10,000

There have been no changes in the above share interests since the end of the financial year. All the interests shown are beneficial.

21 Derivatives and other financial instruments

The Company's financial instruments comprise securities and other investments, cash balances and debtors and creditors that arise directly from its operations, for example, in respect of sales and purchases awaiting settlement, and debtors for accrued income. The Company may not enter into derivative transactions in the form of forward foreign currency contracts, futures and options without the written permission of the Directors. No derivative transactions were entered into during the year.

The purpose of these financial instruments is efficient portfolio management.

The main risks the Company faces from its financial instruments are (a) market price risk, being the risk that the value of investment holdings will fluctuate as a result of changes in market prices caused by factors other than interest rate or currency movement, (b) interest rate risk. In line with the Company's investment objective, the portfolio comprises UK securities and therefore has no exposure to foreign currency risk, and (c) liquidity risk.

The Manager's policies for managing these risks are summarised below and have been applied throughout the year. The numerical disclosures over exclude short-term debtors and creditors.

a) Market price risk

The Company's investment portfolio is exposed to market price fluctuations, which are monitored by the Manager in pursuance of the investment objective as set out on page 1. Adherence to investment guidelines and to investment and borrowing powers set out in the Management Agreement mitigates the risk of excessive exposure to any particular type of security or issuer. These powers and guidelines include the requirement to invest in a number of companies across a wide range of industrial and service sectors at varying stages of development but with the emphasis on well established businesses. Further information on the investment portfolio is set out in the Investment Manager's Review on page 6.

Notes to the Financial Statements

b) Interest rate risk

The interest rate risk profile of financial assets are as follows:

	Fixed interest	Floating rate	Non-interest
	£'000	£'000	bearing
28 February 2002	£'000	£'000	£'000
Sterling			
Listed	24,671	–	–
Unlisted and AIM	6,181	–	3,048
Cash	–	343	–
	Fixed interest	Floating rate	Non-interest
	£'000	£'000	bearing
28 February 2001	£'000	£'000	£'000
Sterling			
Listed	28,703	–	–
Unlisted and AIM	5,058	–	2,303
Cash	–	798	–

The listed fixed interest assets have a weighted average life of 2.2 years (2001 – 3.2 years) and weighted average interest rate of 7.1% (2001 – 7.0%) per annum. These assets are held to provide liquidity for unlisted investments. The floating rate assets consist of cash deposits on call. These assets are earning interest at prevailing money market rates. The unlisted assets have a weighted average life of 5.3 years (2001 – 5.4 years) and a weighted average interest rate of 11.7% (2001 – 11.9%). The non-interest bearing assets represent the equity element of the portfolio. All assets and liabilities of the Company are included in the balance sheet at fair value.

c) Liquidity risk

Due to their nature, unlisted investments may not be readily realisable and a portfolio of listed assets is held to offset the liquidity risk.

Venture Capital Trusts

Venture Capital Trusts (VCTs) are companies broadly similar to investment trusts and need to have been approved by the Inland Revenue. The conditions for approval are:

- A VCT's income must be derived wholly or mainly from shares or securities.
- No holding in any company can represent more than 15% by value of a VCT's investments.
- The shares making up a VCT's ordinary share capital must be quoted on the London Stock Exchange.
- A VCT must retain not more than 15% of its income derived from shares or securities.

Within the accounting period beginning not more than three years after application, the following requirements must be met:

- At least 70% by value of a VCT's investments must be in shares, or loans of at least five years, in "qualifying holdings".
- At least 30% by value of a VCT's qualifying holdings must be in ordinary shares.

Qualifying holdings

Qualifying holdings are defined as holdings of shares or securities (including loans of terms of at least five years duration) in unquoted companies (including companies whose shares are traded on the Alternative Investment Market (AIM)) which exist wholly for the purpose of carrying on one or more qualifying trades wholly or mainly in the United Kingdom. The holding must consist of shares or securities which were first issued to and have been ever since continuously held by the VCT.

A qualifying trade is any other than:

- dealing in land, commodities, futures, shares or other financial instruments;
- dealing in goods other than in the course of an ordinary trade of wholesale or retail distribution;
- banking, insurance or other financial activities;
- leasing or receiving royalties or licence fees;
- providing legal or accountancy services; and
- providing ancillary services to any of the above by a related party.

Since 17 March 1998 any new investment in the following activities is also excluded from being a qualifying trade:

- property development;
- farming or market gardening;
- holding, managing or occupying woodlands, any other forestry activities or timber production;
- operating or managing hotels or comparable establishments, or managing property used as an hotel or comparable establishment; and
- operating or managing nursing homes or residential care homes, or managing property used as a nursing home or residential care home.

VCTs may count an investment of up to £1 million in total in a qualifying trading company in any one year towards the 70% qualifying trading company requirement, provided that the gross assets of the company do not exceed £15 million prior to the investment or £16 million following the investment (these qualifying limits were increased from £10 million and £11 million respectively for investments made after 5 April 1998).

Investments in qualifying companies held by VCTs at a time when such companies become quoted on the London Stock Exchange may be treated as investments in qualifying trading companies for up to a further five years.

Tax Position of Individual Investors

This section highlights the tax reliefs available to individual investors and the methods for claiming such tax reliefs.

I. Tax reliefs for individual investors resident in the UK

Investors must be individuals aged 18 or over to qualify for the tax reliefs below. Tax reliefs will only be given to the extent that an individual's total investments in venture capital trusts in any tax year do not exceed £100,000.

Relief from income tax

An investor subscribing for new ordinary shares in a venture capital trust, for any tax year, will be entitled to claim income tax relief on amounts subscribed up to a maximum of £100,000 at the lower rate of income tax, which is currently 20%. For shares purchased on or after 6 April 2000, this relief must be repaid should the shares be sold or otherwise disposed of within three years. For shares purchased on or before 5 April 2000, the retention period is five years. Relief is limited to the amount which reduces the investor's income tax liability to nil.

An investor who subscribes for or acquires up to a maximum of £100,000 of ordinary shares in any given tax year will not be liable to UK income tax on dividends paid by a venture capital trust, which may include realised capital gains by the venture capital trust.

Relief from capital gains tax

An investor who is resident and ordinarily resident in the UK who subscribes for new ordinary shares in a venture capital trust in respect of which he obtains any income tax relief may make a claim so as to postpone any liability to pay capital gains tax on a chargeable gain made within the period beginning 12 months before his subscription and ending 12 months after his subscription. The amount of the chargeable gain which can be deferred is limited to the amount subscribed for ordinary shares up to £100,000 for any tax year. A deferred chargeable gain becomes liable to capital gains tax on the disposal of the ordinary shares. Investors should note that the prior gain is only postponed and a subsequent disposal of the ordinary shares in a venture capital trust at a loss will nevertheless result in the earlier gain being taxed in full. Any loss realised on shares in a venture capital trust, provided such shares were not originally acquired in excess of the £100,000 maximum, will not be allowed against any other chargeable realised gains of the investor.

A disposal by an investor of ordinary shares (whether acquired by subscription for new shares or subsequent acquisition) in a venture capital trust will give rise to neither a chargeable gain nor an allowable loss for the purposes of UK capital gains tax. This relief is limited to disposals of ordinary shares acquired within the limit of £100,000 for any tax year.

On the death of an investor or a spouse who has acquired venture capital trust shares within marriage, no deferred capital gains tax or income tax will become payable by either the investor, their spouse or anyone inheriting the venture capital trust shares.

Shares acquired other than by subscription (i.e. existing shares)

An investor who acquires up to the permitted maximum of ordinary shares in a venture capital trust in any year will be exempt from income tax on dividends from the venture capital trust, which may include realised capital gains from investments made by the venture capital trust and capital gains on disposal of the venture capital trust shares. The permitted maximum of £100,000 is the total of venture capital trust shares subscribed for (new shares) and acquired (existing shares) in the tax year.

A loss on disposal of shares within the permitted maximum is not an allowable loss.

Tax Position of Individual Investors

2. Obtaining tax reliefs

Claims for income tax relief on amounts subscribed for new ordinary shares

A venture capital trust will give each investor a certificate which the investor uses to claim income tax relief, either immediately by obtaining an adjustment to his tax coding from the Inland Revenue or by waiting until the end of the tax year and using his tax return to claim relief.

Capital gains tax deferral

The investor defers the capital gains tax by notifying a claim to the Inland Revenue, which in most cases should be by his tax return for the tax year of subscription but could be at the same time as he adjusts his tax coding for income tax. In the case of gains which accrue up to 12 months from subscription and in the tax year following the year of subscription, the investor will use that tax year's tax return to notify the Inland Revenue.

3. Investors who are not resident in the UK

Such investors should seek their own professional advice as to the consequences of making an investment in a venture capital trust as they may be subject to tax in other jurisdictions as well as in the UK.

This is a summary only of the law concerning the tax position of individual investors in venture capital trusts. Any potential investor in doubt as to the taxation consequences of investment in a venture capital trust should consult a professional adviser.

Risk warnings

Past performance is not necessarily a guide to future performance. You should be aware that share values and income from them may go down as well as up and that you may not get back the amount you originally invested. Existing tax levels and reliefs may change and the value of reliefs depends on personal circumstances; in particular reliefs may be lost on ceasing to be a UK resident. An investment in a Venture Capital Trust (VCT) carries a higher risk than other forms of investment. A VCT's shares, although listed, are likely to be illiquid. Prospective investors should regard an investment in a VCT as a long term investment, particularly as regards a VCT's investment objective and policy and the five year period for which shareholders must hold their shares in order to retain their income tax reliefs. The investments made by VCTs will normally be in companies whose securities are not publicly traded or freely marketable and may, therefore, be difficult to realise and investments in such companies are substantially riskier than those in larger companies.

The tax reliefs are dependent on the VCT obtaining unconditional approval from the Inland Revenue. Reliefs will be given during a period when provisional approval only is in force, but if provisional approval is withdrawn all tax reliefs will be cancelled with retrospective effect. If unconditional approval is withdrawn, any tax reliefs are no longer available and substantial tax liabilities can be expected to be incurred by shareholders and the VCT.

Potential investors are strongly urged to seek independent professional advice when considering investment in a VCT.

Notice of Meeting

Notice is hereby given that the second Annual General Meeting of Murray VCT 4 PLC will be held on Tuesday 16 July 2002 at 2.15 p.m. at 123 St Vincent Street, Glasgow G2 5EA, to transact the following business.

Ordinary Business

1. To receive the Directors' Report and audited statement of accounts for the year ended 28 February 2002.
2. To declare a final dividend.
3. To re-elect Sir Gavin Laird as a Director.
4. To re-elect Mr S J Dobbie as a Director.
5. To re-appoint Ernst & Young LLP as Auditors.
6. To authorise the Directors to fix the remuneration of the Auditors.

Special Business

7. To consider and if thought fit pass the following resolution as a special resolution:
THAT the Company be and is hereby generally and unconditionally authorised in accordance with Section 166 of the Companies Act 1985 ("the Act") to make one or more market purchases (within the meaning of Section 163(3) of the Act) of Ordinary shares of 10p each in the capital of the Company provided that:
 - (a) the maximum number of Ordinary shares hereby authorised to be purchased is 3,840,493 representing 10 per cent of the Company's issued Ordinary share capital as at 31 May 2002;
 - (b) the minimum price which may be paid for an Ordinary share shall be 10p per share;
 - (c) the maximum price (exclusive of expenses) which may be paid for an Ordinary share shall be not more than the lower of (i) Net Asset Value per share and (ii) 105 per cent of the average of the middle market quotations for an Ordinary share taken from, and calculated by reference to, the Daily Official List of the London Stock Exchange for the five business days immediately preceding the date on which the Ordinary shares are purchased; and
 - (d) unless previously renewed, varied or revoked, the authority hereby conferred shall expire at the conclusion of the next Annual General Meeting of the Company or, if earlier, on the expiry of 15 months from the passing of this resolution, save that the Company may before such expiry enter into a contract to purchase Ordinary shares which will or may be completed wholly or partly after such expiry.
8. To consider and if thought fit pass the following resolution as an ordinary resolution:
THAT the Directors be and are hereby generally and unconditionally authorised pursuant to Section 80 of the Companies Act 1985 to exercise all the powers of the Company to allot relevant securities (as defined in that section) up to an aggregate nominal amount of £384,049 (representing 10 per cent of the total Ordinary share capital in issue on 31 May 2002) during the period expiring (unless previously revoked, varied or extended by the Company in general meeting) on the date of the next Annual General Meeting or on the expiry of 15 months from the passing of this resolution, whichever is the first to occur, save that the Company may make offers or agreements before such expiry which would or might require relevant securities to be allotted after such expiry.
9. To consider and if thought fit pass the following resolution as a special resolution:
THAT, subject to passing of resolution number 8 set out above, the Directors be and are hereby

Notice of Meeting

empowered, pursuant to Section 95 of the Companies Act 1985 (“the Act”), to allot equity shares (as defined in Section 94 of the Act) pursuant to the authority given in accordance with Section 80 of the Act by the said resolution number 8 as if Section 89(1) of the Act did not apply to such allotment, provided that this power shall be limited to the allotment of equity securities;

- (a) during the period expiring on the earlier of the date of the Company’s next Annual General Meeting or on the expiry of 15 months from the passing of this resolution, whichever is the first to occur, but so that this power shall enable the Company to make offers or agreements which would or might require equity securities to be allotted after the expiry of this power; and
- b) up to an aggregate nominal amount of £384,049 (representing 10 per cent of the total Ordinary share capital in issue on 31 May 2002).

By order of the Board

Murray Johnstone Limited

Secretary

P M Barnes
Authorised Signatory
123 St Vincent Street
Glasgow G2 5EA
14 June 2002

No Director has any contract of service with the Company.

The Company, pursuant to Regulation 41 of the Uncertified Securities Regulations 2001, has specified that only those shareholders on the register of members of the Company as at 2.15 p.m. on 14 July 2002 shall be entitled to attend or vote at the aforesaid general meeting in respect of the number of shares registered in their name at that time. Changes to entries on the relevant register of members after 2.15 p.m. on 14 July 2002 shall be disregarded when determining the rights of any person to attend or vote at the meeting.

A member entitled to attend and vote is entitled to appoint a proxy or proxies to attend and, on a poll, to vote instead of him/her.

A proxy need not be a member. Appointment of a proxy need not preclude a member from attending and voting at the meeting should he/she subsequently decide to do so.

A reply-paid form of proxy for your use is enclosed.

Details of resolutions 2 to 9 are shown in the Directors’ Report as follows:

Resolution 2	Page 13	Dividends
Resolutions 3 and 4	Page 14	Directors
Resolutions 5 and 6	Page 15	Auditors
Resolution 7	Page 13	Purchase of Ordinary shares
Resolutions 8 and 9	Page 14	Issue of shares

Registered in England and Wales – Company Number 3908220

Murray Johnstone Limited
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*Regulated by the FSA
Member of the Aberdeen Asset Management Group of Companies*