Murray VCT 4 PLC

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

Annual Report
2001

Contents

Financial Calendar

Annual General Meeting 10 July 2001

Dividend Schedule

	Rate	xd date	Record date	Payment date
Interim dividend	1.0p	6 Nov 2000	10 Nov 2000	8 Dec 2000
Proposed final dividend	1.8p	13 June 2001	15 June 2001	13 July 2001
Total	**2.8p**			

Registered in England and Wales – Company Number 3908220

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 consists of 38,365,276 ordinary shares of 10p each.

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 page 28. 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

Shareholder helpline: 020 8639 2000
(calls charged at National Call Rate)

Stockbrokers

Merrill Lynch International
20 Farringdon Road
London EC1M 3NH

Solicitors

S J Berwin & Co
222 Grays Inn Road
London WC1X 8HB

Auditors

Ernst & Young
George House
50 George Square
Glasgow G2 1RR

Custodian Bankers

Chase Manhattan Bank
125 London Wall
London EC2Y 5AJ

Board Members

Chairman

Sir Gavin Laird CBE (68) was appointed a director and chairman in January 2000. He was General Secretary of the Amalgamated Engineering and Electrical Union (AEU) and is a director of Britannic Asset Management Limited and The Edinburgh Investment Trust plc.

Directors

Scott Dobbie CBE (61) was appointed a director in January 2000. He was until recently chairman of CRESTCo Ltd. He is chairman of The Securities Institute and a director of The Edinburgh Investment Trust plc, Deutsche (Scotland) Limited, Standard Life European Private Equity Trust, Financial Services National Training Organisation, BT Pension Fund Trustees Limited, Premier Oil PLC and Wood Mackenzie & Co. Limited, and a commissioner of the Jersey Financial Services Commission.

Arthur MacMillan (38) 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 (50) 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 (66) 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, Meritedge Limited, Swan Plant Services Limited, Yamato (UK) Limited and John Kennedy (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 manage over £29 billion for institutions, unit trusts, OEICs, investment trusts, venture capital trusts, private equity funds, private clients and offshore funds.

Analysis of Unlisted Portfolio

As at 28 February 2001

FTSE Actuaries Industrial Sector

	£'000	%
Support Services	1,361	18.5
Software & Computer Services	1,236	16.8
Media & Photography	1,172	15.9
Health	927	12.6
Transport	783	10.6
Distributors	641	8.7
Engineering & Machinery	641	8.7
Construction & Building Materials	600	8.2
	7,361	**100.0**

Deal Type

	No. of deals	£'000	%
Development Capital	9	5,549	75.4
Management Buy-outs	2	1,282	17.4
Management Buy-ins	1	530	7.2
	12	**7,361**	**100.0**

Aberdeen Murray Johnstone Regional Office

	No. of deals	£'000	%
Birmingham	5	3,335	45.3
Manchester	4	2,946	40.0
Leeds	2	1,080	14.7
London	1	–	–
	12	**7,361**	**100.0**

Note: The total portfolio of investments, including both listed and unlisted stocks, is valued at £36,064,000.

Chairman's Statement

This is the first Annual Report of your company, which is in the early stages of its progress towards qualification as a venture capital trust. The Board is confident that Murray VCT 4 will achieve the target of having at least 70% of its total investments in qualifying holdings, to comply with the Venture Capital Trust legislation, within the three year qualifying period which ends on 28 February 2003. At 28 February 2001 the actual level achieved was 20% and this is a satisfactory start towards the above target.

Net asset value

The net asset value per share at 28 February 2001, before payment of the final dividend, was 96.8p compared with 95p immediately after the launch. This increase in net asset value compares with significant reductions since 5 April 2000 both in the FTSE AIM index and in the FTSE techMARK 100 index, which have seen further falls since the period end.

Murray VCT 4's investments in unlisted companies are valued conservatively 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, performance which is ahead of plan and which may imply an increase in the value of the investment will not be reflected for at least 12 months; on the other hand material underperformance will be immediately reflected in a reduced valuation. All investments have been valued at cost apart from one, against which a provision has been made.

The board has amended one policy during the period; namely that of valuing AIM stocks. Although Murray VCT 4 holds no AIM stocks at present, the initial policy was to value AIM stocks at a discount to the mid-market price. The Murray VCTs had been unusual in the industry in taking such a discount and the manager believes this has led to confusion in the marketplace. In future AIM stocks will be valued at mid-market price.

Dividends

In the initial report, the board declared an interim dividend of 1.0p per share. The dividend was paid on 8 December 2000 to shareholders on the register at close of business on 10 November 2000. The board is now proposing a final dividend of 1.8p per share to be paid on 13 July 2001 to shareholders on the register at 15 June 2001. The aggregate dividend of 2.8p represents an annualised yield of 3.1% compared with the original estimate in the Company's Prospectus of 3.4%. This is a result of the mix of investments in the portfolio.

The timing of realisations and the resulting distributions of capital gains will be unpredictable and the dividend stream is likely to vary from year to year.

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.

Chairman's Statement (continued)

Co-investment

Murray VCT 4 has co-invested with other clients of the Aberdeen Asset Management Group in a number of investments and is expected to continue to do so. The advantages are that, together, the funds are able to underwrite a wider range and size of transaction than would otherwise be the case.

The presence of parallel funds ensures that when one fund becomes fully invested, adequate deal flow continues to be attracted by the others, thus ensuring availability of opportunities for future investment when holdings are realised.

Murray VCT, Murray VCT 2 and Murray VCT 3 have all passed the 70% qualifying investment level and no longer have any prior right to investment opportunities. Murray VCT 4 therefore has a prior right to investment opportunities under £750,000 until it has reached the 70% investment threshold.

Larger investment opportunities will be apportioned between the venture capital trusts *pro rata* to the capital raised after expenses, as will all investments after Murray VCT 4 has passed the 70% threshold. Participation in each case is also dependent on the availability of funds and other portfolio requirements.

These co-investment arrangements have been approved by the directors, whose approval is required to depart from the arrangements.

Outlook

The investment rate in the first period since launch of Murray VCT 4 has been encouraging. There is a good spread of investments across a range of sectors.

Economic indicators are all relatively positive but the recent disruption to international stock markets with the prospect of a downturn in the US may yet result in more difficult conditions in the UK. The greatest impact has been seen in the valuation of technology stocks; however this is not the main focus of Murray VCT 4 which is targeted on stocks at the lower risk end of the private equity market.

Sir Gavin Laird CBE
Chairman

31 May 2001

Investment Manager's Review

Investment Activity

During the period to 28 February 2001, 12 investments were made at a total cost of £7.6 million, representing a qualifying investment level of 20%. Since the period end, further investment has taken the total number of investments to 15 and the amount invested to £9.7 million, representing a qualifying investment level of 25%. A 70% investment level is required before 28 February 2003 to achieve VCT qualifying status.

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

Voxsurf Limited (October 2000) – £441,449
Based in London, Voxsurf develops e-mail services based upon emerging voice enabling technology. The total fundraising was approximately £3.5 million. Murray VCT 3 was a co-investor.

BiblioTech Limited (November 2000) – £250,002
Based in London, BiblioTech provides internet services to education establishments. The total fundraising was £1 million. Murray VCT, Murray VCT 2 and Murray VCT 3 were co-investors.

CCM Motorcycles Limited (November 2000) – £782,631
Based in Blackburn, CCM is a motorcycle manufacturer. The total fundraising was £2.4 million. Murray VCT 3 was a co-investor.

Jupiter II Limited (November 2000) – £600,000
Based in Wolverhampton, Jupiter is a supplier to the construction industry. The total fundraising was £4.1million. Murray VCT 3 was a co-investor.

TLC (Tender Loving Childcare) Limited (November 2000) – £831,546
Based in Rugby, TLC provides work place nursery and out of school supervision for children aged up to 11 years. The total fundraising was £3.7 million. Murray VCT 3 was a co-investor.

First Line Limited (December 2000) – £640,775
Based in Bicester, First Line is a leading supplier of engine, chassis and brake products. The total fundraising was £5 million. Murray VCT, Murray VCT 2 and Murray VCT 3 were co-investors.

Synexus Limited (February 2001) – £927,040
Based in Chorley, Synexus is a manager of clinical trials on behalf of pharmaceutical companies. The total fundraising was £4 million. Murray VCT, Murray VCT 2, Murray VCT 3 and Ventures North West were co-investors.

Link Up Mitaka Limited (February 2001) – £529,928
Based in Leeds, Link Up provides language translation services. The total fundraising was £5 million. Murray VCT, Murray VCT 2 and Murray VCT 3 were co-investors.

Visual Gold Limited (February 2001) – £622,467
Based in Telford, Visual Gold is a provider of animation services to the TV, games, film and corporate sector. The total fundraising was £2.7 million. Murray VCT, Murray VCT 2 and Murray VCT 3 were co-investors.

Clive Creaser Housewares Limited (March 2001) – £530,000
Based in Scunthorpe, Clive Creaser imports, distributes and merchandises small household items. The total fundraising was £2.5 million. Murray VCT, Murray VCT 2 and Murray VCT 3 were co-investors.

Conveco Limited (May 2001) – £1,000,000
Based in Bristol, Conveco, trading as Alldays South West, operates convenience stores concentrated in the South West of England. The total fundraising was £6.2 million. Murray VCT, Murray VCT 2, Murray VCT 3, Aberdeen Development Capital and Aberdeen City Council Superannuation Fund were co-investors.

Heathcotes Restaurants Limited (May 2001) – £525,977
Based in Preston, Heathcotes is a restaurant chain which currently operates four high class restaurants in the North West of England. The total fundraising was £1.35 million. Murray VCT 3 and Ventures North West were co-investors.

Investment Manager's Review (continued)

Portfolio developments

Most companies in the portfolio are trading satisfactorily, albeit there is as yet only a short trading history. The investments are all less than one year old and it is still too early to judge long term prospects. All investments have been valued at cost apart from one, against which a provision has been made.

Outlook

Following the merger of the private equity activities of Aberdeen Asset Managers and those of Murray Johnstone to form Aberdeen Murray Johnstone Private Equity, deal flow is strong and there are good prospects of finding attractive investment opportunities in which to invest. The manager believes that the pricing of new deals, particularly in the light of recent falls in stock market indices, is expected to remain favourable to the longer term success of the portfolio.

Murray Johnstone Limited
31 May 2001

Summary of Investment Changes

For the 59 weeks ended 28 February 2001

	Net proceeds of share issue* £'000	%	Net investment (disinvestment) £'000	Appreciation (depreciation) £'000	Valuation as at 28 February 2001 £'000	%
Unlisted investments						
Equities	–	–	2,555	(252)	2,303	6.3
Preference shares	–	–	950	–	950	2.6
Loan stock	–	–	4,108	–	4,108	11.3
	–	**–**	**7,613**	**(252)**	**7,361**	**20.2**
Listed investments						
Listed fixed income	–	–	28,028	675	28,703	78.8
Total investments	**–**	**–**	**35,641**	**423**	**36,064**	**99.0**
Other net assets	36,383	100.0	(36,015)	–	368	1.0
Equity shareholders' funds	**36,383**	**100.0**	**(374)**	**423**	**36,432**	**100.0**

*After issue expenses of £1,914,908 which were equivalent to 5% of monies raised.

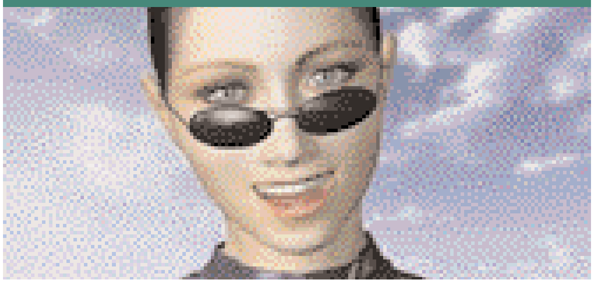
Investment Portfolio Summary

As at 28 February 2001

	Nature of business	Valuation £'000	% of Equity Shareholders' Funds
Unlisted Investments			
Synexus	Management of clinical trials	927	2.5
TLC (Tender Loving Childcare)	Operator of daycare nurseries	832	2.3
Stratumsoft	Software developer	795	2.2
CCM Motorcycles	Motorcycle manufacturer	783	2.1
ELE Advanced Technologies	Precision engineering	641	1.8
First Line	Supplier and distributor of automotive parts	641	1.8
Visual Gold	Creative design and animation services	622	1.7
Jupiter II	Supplier to the construction industry	600	1.6
Cool Beans Productions	Digital animation and design studio	550	1.5
Link Up Mitaka	Language translation services	530	1.5
Other unlisted investments valued individually at less than £500,000		440	1.2
		7,361	**20.2**
Listed Fixed Income Investments			
European Investment Bank 6% 2004		3,534	9.7
Treasury 9.75% 2002		4,636	12.7
Treasury 8% 2003		5,094	14.0
Treasury 5% 2004		9,723	26.7
Treasury 8.5% 2005		5,716	15.7
		28,703	**78.8**
Total Investments		**36,064**	**99.0**

Ten Largest Unlisted Investments

STRATUMSOFT LIMITED



Software developer

Incorporated in England and Wales

Year ended 31 August	**1999 £'000**
Turnover	778
Loss before interest and tax	(44)
Loss before tax	(48)
Loss after tax	(48)
Net assets attributable to ordinary shareholders	4
Earnings per ordinary share	(281.6p)
Dividend per ordinary share	–
Ordinary dividend cover	–

The company based in Chesire, develops interactive software for web enabled applications.

The development capital funding in July 2000 was led, structured and arranged by Murray Johnstone.

Holding details as at 28 February	**2001 £'000**
Cost of investment	795
Directors' valuation	795
Effective equity interest	5.6%
Gross income received in the year	–
Basis of valuation	Cost
Cumulative realisation proceeds	–

CCM MOTORCYCLES LIMITED

Motorcycle manufacturer

Incorporated in England and Wales

The company manufactures motorcycles at its premises in Blackburn, Lancashire.

The development capital investment in November 2000 was led, structured and arranged by Murray Johnstone.

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

Holding details as at 28 February	**2001 £'000**
Cost of investment	783
Directors' valuation	783
Effective equity interest	17.6%
Gross income received in the year	–
Basis of valuation	Cost
Cumulative realisation proceeds	–

Ten Largest Unlisted Investments

SYNEXUS LIMITED

Management of clinical trials

Incorporated in England and Wales

Synexus Limited is the UK's leading clinical trials patient recruitment organisation serving the international pharmaceutical industry. It operates from ten technical test centres throughout England. Its head office is in Chorley, Lancashire.

The management buy–out in February 2001 was led, structured and arranged 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.

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

TLC (Tender Loving Childcare) LIMITED

Operator of daycare nurseries

Incorporated in England and Wales

TLC specialises in the provision of full day nursery care for children under school age. The company bases its operations in NHS related nurseries. Its head office is located in Rugby.

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

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

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

Ten Largest Unlisted Investments

ELE ADVANCED TECHNOLOGIES LIMITED

Precision engineering

Incorporated in England and Wales

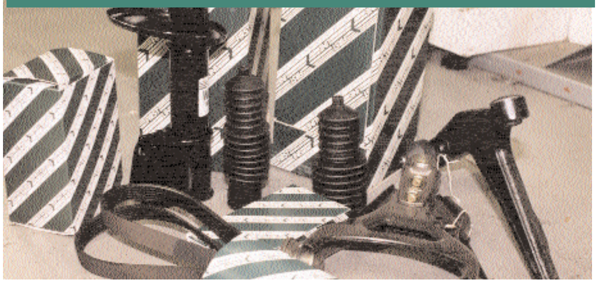
ELE Advanced Technologies manufactures precision engineered components for customers in the automotive, aerospace and power generation markets at its two sites in Lancashire.

The management buy-out in May 2000 was led, structured and arranged by Murray Johnstone.

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

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

FIRST LINE LIMITED



Supplier and distributor of automotive parts

Incorporated in England and Wales

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

The management buy-out in December 2000 was led, structured and arranged by Aberdeen Murray Johnstone Private Equity.

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

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

Ten Largest Unlisted Investments

VISUAL GOLD LIMITED

Creative design and animation services

Incorporated in England and Wales

	1999
Period ended 30 November	**£'000**
Turnover	32
Loss before interest and tax	(511)
Loss before tax	(514)
Loss after tax	(514)
Net liabilities attributable to ordinary and preference shares	(173)
Earnings per preference share	–
Earnings per ordinary share	(£102.74)
Dividend per preference share	–
Dividend per ordinary share	–
Preference dividend cover	–
Ordinary dividend cover	–

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

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

	2001
Holding details as at 28 February	**£'000**
Cost of investment	622
Directors' valuation	622
Effective equity interest	5.2%
Gross income received in the year	–
Basis of valuation	Cost
Cumulative realisation proceeds	–

JUPITER II LIMITED

Supplier to the construction industry

Incorporated in England and Wales

	2000	1999
Year ended 31 March	**£'000**	**£'000**
Turnover	7,769	5,599
Profit before interest and tax	675	507
Profit before tax	423	436
Profit after tax	323	312
Net assets attributable to ordinary and preference shareholders	507	212
Earnings per preference share	143.6p	138.7p
Earnings per ordinary share	244.5p	235.9p
Preference share dividends	28	28
Ordinary share dividends	–	69
Dividend per preference share	12.5p	12.5p
Dividend per ordinary share	–	52.2p
Preference dividend cover	11.5	11.1
Ordinary dividend cover	–	1.6

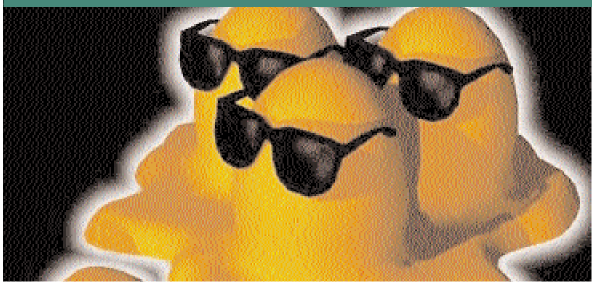
Jupiter II is the holding company for LB Structures, which designs, manufactures and erects steel clad structures for the construction industry, Colour Powder Coatings, which powder coats steel and CJ Pearce which is a civil works contractor. LB is based in Ettingshall, West Midlands, CPC in Greet, Birmingham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

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

	2001
Holding details as at 28 February	**£'000**
Cost of investment	600
Directors' valuation	600
Effective equity interest	1.7%
Gross income received in the year	6
Basis of valuation	Cost
Cumulative realisation proceeds	–

Ten Largest Unlisted Investments

COOL BEANS PRODUCTIONS LIMITED



Digital animation and design studio
Incorporated in England and Wales

Year ended 31 July	2000 £'000	1999 £'000
Turnover	246	–
Loss before interest and tax	(58)	(84)
Loss before tax	(89)	(85)
Loss after tax	(89)	(85)
Net assets attributable to ordinary and preference shareholders	405	69
Earnings per ordinary share	(420p)	(714p)
Dividend per ordinary share	–	–
Ordinary dividend cover	–	–

Cool Beans was established in 1998 as a creative digital animation studio. Its two main activities are the production of commissioned animation for third parties, and the design, creation and exploitation of its own intellectual property rights centred around a digital animation capacity. The company is based in Sheffield.

Murray VCT 4 participated in the development capital funding in June 2000. The funding was led, structured and arranged by Murray Johnstone.

Holding details as at 28 February	2001 £'000
Cost of investment	550
Directors' valuation	550
Effective equity interest	5.5%
Gross income received in the year	–
Basis of valuation	Cost
Cumulative realisation proceeds	–

LINK UP MITAKA LIMITED

Language translation services
Incorporated in England and Wales

Year ended 31 May	2000 £'000	1999 £'000
Turnover	4,006	2,733
Profit before interest and tax	157	89
Profit before tax	142	82
Profit after tax	96	46
Ordinary share dividends	–	–
Net assets attributable to ordinary shareholders	413*	217
Earnings per ordinary share	£84	£460
Dividend per ordinary share	–	–
Ordinary dividend cover	–	–

**including £100,000 increase in share capital*

Link Up Mitaka is one of the UK's largest private language translation businesses, fulfilling the traditional language translation and cultural localisation requirements of a mainly corporate client base. The business is based in Leeds with offices in London and Leamington Spa. The company currently employs 90 staff.

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

Holding details as at 28 February	2001 £'000
Cost of investment	530
Directors' valuation	530
Effective equity interest	8.0%
Gross income received in the year	–
Basis of valuation	Cost
Cumulative realisation proceeds	–

Directors' Report

The directors submit their annual report together with the accounts of the company for the fifty nine week period ended 28 February 2001.

Results and dividends

The revenue attributable to equity shareholders amounted to £1,084,000. An interim dividend of 1.0p per share was paid on 8 December 2000 to shareholders on the register at close of business on 10 November 2000. The directors now recommend a final dividend for the year of 1.8p per ordinary share payable on 13 July 2001 to ordinary shareholders on the register at close of business on 15 June 2001 and a resolution to this effect will be proposed at the annual general meeting. The sum of £11,000 has been added to the company's reserves.

The net asset value per ordinary share at 28 February 2001 was 95.0p. The net asset value per ordinary share has been calculated using the number of shares in issue at 28 February 2001 of 38,365,276.

Review of the business

The company was incorporated as a public limited company on 12 January 2000.

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 pages 5 to 6 and in the investment manager's review on pages 7 to 8.

On 5 and 6 April 2000 respectively, 32,260,603 and 6,037,555 ordinary shares were allotted for cash of £1 per share raising £38,298,158. Dealings in the shares commenced on 11 April 2000.

Investment during the period took the unlisted portfolio to 12 investments at a cost of £7,611,000. This represented a qualifying investment level of 20 per cent compared to the 70 per cent required before 28 February 2003 to achieve venture capital trust qualifying status.

Purchase of ordinary shares

A special resolution, numbered 10 in the notice of annual general meeting, will be put to shareholders for their approval to renew the authority to purchase in the market an aggregate of 10% of ordinary shares in issue (3,836,527 ordinary shares) at 31 May 2001. 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

Subsequent to the initial allotment of shares, a further 67,118 ordinary shares of 10p each were issued on 27 December 2000, at a price of 97.8p, under the dividend reinvestment scheme for a total consideration of £65,641.

Resolution numbered 11 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 £383,652 (equivalent to 3,836,527 ordinary shares or 10% of the total issued share capital at 31 May 2001). 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. 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 12 will, if passed, also give the directors power to allot for cash, ordinary shares up to an aggregate nominal amount of £383,652 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 11. 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 2001 amounted to 38,365,276 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 19 on page 34.

This being the first annual general meeting of the Company since its incorporation, all the directors of the Company, whose biographies are shown on page 3, retire 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 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 page 28.

Corporate governance

The statement of corporate governance is shown on pages 18 to 21.

Directors' Report

Principal activity and status

The company is an investment company within the meaning of Section 266 of the Companies Act 1985. Its affairs have been 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 company will continue to liaise with the Inland Revenue to ensure that Section 842AA of the Income and Corporation Taxes Act 1988 continues to be complied with each year. However, under Corporation Tax Self Assessment, which applies to accounting periods ended after 30 June 1999, the Inland Revenue will no longer be obliged to give written approval. Instead the Inland Revenue has twelve months after the return filing date in which to give notice that they intend to enquire into the return, but if no such notice is given, then approval may be assumed to have been obtained.

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 10 July 2001, is contained on pages 41 to 42.

Auditors

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

Ernst & Young has stated that it is intending to transfer its business to a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000, to be called Ernst & Young LLP, on 28 June 2001. The Directors have consented to treating the appointment of Ernst & Young as extending to Ernst & Young LLP with effect from 28 June 2001. 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

15 June 2001

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 period to 28 February 2001 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 period. Save the limited exceptions outlined below, the company has complied throughout the period ended 28 February 2001 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.
- compliance with "the Turnbull guidance" on internal controls was not in place for the period. It has been in place since 30 September 2000.

The board

The board consists of five directors, all of who 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.

Statement of Corporate Governance

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.

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. As this is the first annual general meeting of the company, all the directors will retire and seek re-election.

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 29.

Statement of Corporate Governance

Communication 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's freephone information service and the company responds to letters from shareholders on a wide range of issues.

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 15 to 17. 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 accounts is on page 22 and a statement of going concern on page 17.

The report of the auditors is on page 23.

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 since 30 September 2000, and that this process is regularly reviewed by the board and accords with the Turnbull guidance. The directors are unable to state that the process has been in place for the first seven months of the period as this period was needed to put in place the procedures which the board agreed should be established.

The directors have delegated the investment management of the company to Murray Johnstone Limited 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

Statement of Corporate Governance

activities that have been delegated to external professional organisations.

The internal audit committee 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 Accounts

Company law requires the directors to prepare accounts 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 accounts 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.

Report of the Auditors to the Shareholders of Murray VCT 4 PLC

We have audited the financial statements on pages 24 to 35 which have been prepared under the the historical cost convention as modified by the revaluation of fixed asset investments and the accounting policies set out on page 27.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the annual report. As described on page 22, this includes responsibility for preparing the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board, the Listing Rules of the Financial Services Authority and by our profession's ethical guidance.

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 corporate governance statement on pages 18 to 21 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 either the company's corporate governance procedures or its risk and control procedures.

We read the other information contained in the annual report, including the corporate governance statement, and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of audit opinion

We conducted our audit in accordance with 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 2001 and of its net revenue for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young
Registered Auditor
Glasgow

15 June 2001

Statement of Total Return

(Incorporating the Revenue Account*)

For the 59 weeks ending 28 February 2001

	Notes	Revenue £'000	Capital £'000	Total £'000
Gains on investments	9	–	423	423
Income from investments	2	1,919	–	1,919
Other income	2	34	–	34
Investment management fees	3	(237)	(355)	(592)
Other expenses	4	(177)	–	(177)
Net return on ordinary activities before taxation		1,539	68	1,607
Tax on ordinary activities	6	(455)	(96)	(551)
Return attributable to equity shareholders		1,084	(28)	1,056
Ordinary dividends on equity shares	7	(1,073)	–	(1,073)
Transfer to (from) reserves (after aggregate dividends paid and proposed of £1,073,000)		**11**	**(28)**	**(17)**
Returns per ordinary share	8	**2.83p**	**(0.07)p**	**2.76p**

**The revenue column of this statement is the profit and loss account of the company.*
The accompanying notes are an integral part of the financial statements.

Balance Sheet

As at 28 February 2001

	Notes	£'000	£'000
Fixed assets			
Investments	9		36,064
Current assets			
Debtors	11	1,058	
Cash and overnight deposits		798	
		1,856	
Creditors			
Amounts falling due within one year	12	1,488	
Net current assets			368
			36,432
Capital and reserves			
Called up share capital	13		3,837
Share premium	14		32,612
Realised capital losses	14		(180)
Unrealised capital gains	14		152
Revenue reserve	14		11
Equity shareholders' funds			**36,432**
Net asset value per ordinary share	15		**95.0p**

The financial statements on pages 24 to 35 were approved by the board of directors on 19 April 2001 and were signed on its behalf by:

15 June 2001 **Sir Gavin Laird CBE**, Director

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

Cash Flow Statement

For the 59 weeks ending 28 February 2001

	Notes	£'000	£'000
Operating activities			
Investment income received		1,848	
Deposit interest received		32	
Investment management fees paid		(426)	
Secretarial fees paid		(39)	
Cash paid to and on behalf of directors		(26)	
Other cash payments		(31)	
Net cash inflow from operating activities	17		1,358
Financial investment			
Purchase of investments		(50,886)	
Sale of investments		14,260	
Net cash outflow from financial investment			(36,626)
Equity dividends paid			(383)
Net cash outflow before financing			(35,651)
Financing			
Issue of ordinary shares		38,364	
Expenses of share issue		(1,915)	
Net cash inflow from financing			36,449
Increase in cash	18		**798**

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

Notes to the Financial Statements

1. Accounting Policies

(a) Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and with the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies'. The accounts are prepared under the historical cost convention, modified to include the revaluation of fixed asset investments.

(b) Income

Dividends receivable on equity shares are treated as revenue for the period on an ex-dividend basis. Where no ex-dividend date is available dividends receivable on or before the period end are treated as revenue for the period. 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 period.

(c) Expenses

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

- expenses which are incidental to the acquisition of an investment are included within the cost of the investment.
- expenses which are incidental to the disposal of an investment are deducted from the disposal proceeds of the investment.
- expenses are charged to realised capital reserves where a connection with the maintenance or enhancement of the value of the investments can be demonstrated. In this respect the investment management fee has been allocated 40% to revenue and 60% to realised capital reserves to reflect the company's investment policy and prospective income and capital growth.

(d) Taxation

Deferred taxation is provided for by the liability method on timing differences, except where there is a reasonable probability that such liability will not arise in the foreseeable future. The provision is calculated at the rate at which it is estimated that the tax will be payable. The tax effect of different items of income/gain and expenditure/loss is allocated between capital reserves and revenue account on the same basis as the particular item to which it relates using the company's effective rate of tax for the period.

(e) Investments

Listed investments, including shares quoted on the Alternative Investment Market (AIM), are valued in the accounts at middle market prices and unlisted investments at a valuation determined by the directors. In determining the valuation of unlisted investments the directors 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 to 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.

Notes to the Financial Statements

		59 weeks ended 28 February 2001 £'000
2.	**Income**	
	Income from investments:	
	UK listed unfranked investment income	1,781
	Income from unlisted participating interests	112
	Income from unlisted significant interests	26
		1,919
	Other income:	
	Deposit interest	34
	Total income	**1,953**
	Total income comprises:	
	Dividends	22
	Gilts and loan stock interest	1,897
	Other income	34
		1,953

		59 weeks ended 28 February 2001		
		Revenue £'000	Capital £'000	Total £'000
3.	**Investment management fees**			
	Investment management fees	202	302	504
	Irrecoverable VAT	35	53	88
		237	**355**	**592**

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

(a) an investment management fee of 1.5% per annum of the gross assets of the company which is chargeable 40% to revenue and 60% against realised capital reserves. The investment management fee rises to 2% per annum for the year ending 28 February 2002 and 2.5% thereafter.

(b) a secretarial fee of £60,000 per annum which is chargeable 100% to revenue. The secretarial fee (shown in note 4) is subject to an annual adjustment to reflect movement in the retail prices index.

The agreement is for a 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.

Notes to the Financial Statements

4. Other expenses	59 weeks ended 28 February 2001 Revenue £'000	 Capital £'000	 Total £'000
Secretarial fees (note 3)	55	–	55
Shareholder services*	9	–	9
Directors' remuneration (note 5)	43	–	43
Audit fees	11	–	11
Irrecoverable VAT	17	–	17
Miscellaneous expenses	42	–	42
	177	**–**	**177**

*includes registration and promotion expenses

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

6. Tax on ordinary activities	59 weeks ended 28 February 2001 Revenue £'000	 Capital £'000	 Total £'000
Corporation tax	**455**	**96**	**551**

7. Ordinary dividends on equity shares	59 weeks ended 28 February 2001 £'000
Interim dividend of 1.0p	383
Proposed final of 1.8p	690
	1,073

8. Returns per ordinary share	59 weeks ended 28 February 2001
The returns per share have been based on the following figures:	
weighted average number of ordinary shares	38,292,659
revenue return	£1,084,000
capital return	(£28,000)

Notes to the Financial Statements

		59 weeks ended 28 February 2001		
		Listed	Unlisted	Total
9.	**Investments**	**£'000**	**£'000**	**£'000**
	Movements during the period:			
	Purchases	42,745	7,611	50,356
	Sales	(14,260)	–	(14,260)
	Realised gains	99	–	99
	Amortisation of book cost	(455)	–	(455)
	Cost at 28 February 2001	28,129	7,611	35,740
	Unrealised gain	574	(250)	324
	Valuation at 28 February 2001	**28,703**	**7,361**	**36,064**

		Shares in participating interests	Loans to participating interests	Other investments
Constituted:		**£'000**	**£'000**	**£'000**
Movements during the period:				
Purchases	– listed	–	–	42,745
	– unlisted	2,964	3,247	1,400
Sales	– all listed	–	–	(14,260)
Realised gains	– all listed	–	–	99
Amortisation of book cost		–	–	(455)
Cost at 28 February 2001		2,964	3,247	29,529
Unrealised gain		–	–	324
Valuation at 28 February 2001		**2,964**	**3,247**	**29,853**

All amounts shown under shares in participating interests and loans to participating interests relate to unlisted stocks.

The portfolio valuation	**£'000**
Listed on stock exchange at market valuation:	
Fixed income	28,703
Unlisted at directors' valuation:	
Equities	2,303
Fixed income	5,058
Total	**36,064**

Gains on investments	
Realised gains on sales	99
Increase in unrealised appreciation	324
Gains on investments	**423**

Notes to the Financial Statements

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 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.

At 28 February 2001 the company held shares amounting to 20% or more of the nominal value of any class of share of the following undertakings.

Investment	% of class held	28 February 2001 Total cost £'000	28 February 2001 Carrying Value £'000	Income from investment £'000	Latest accounts period end	Aggregate capital and reserves £'000	Profit (loss) after tax for period £'000
CCM Motorcycles Limited							
Principal Activity: Motorcycle manufacturer							
12,074 A ordinary shares	39.1	235	235	–	N/A	N/A	N/A
547,842 A preference shares	39.1	548	548	21			
ELE Advanced Technologies Limited							
Principal Activity: Precision engineering							
12,175 B ordinary shares	25.6	192	192	–	N/A	N/A	N/A
£448,532 loan notes 2007	25.6	449	449	52			
First Line Limited							
Principal Activity: Supplier of automotive parts and distributor							
75,134 B ordinary shares	25.6	192	192	–	N/A	N/A	N/A
2,563 preference shares	25.6	3	3	–			
£445,979 loan stock 2007	25.6	446	446	11			
Link Up Mitaka Limited							
Principal Activity: Language translation services							
1,298 B ordinary shares	26.5	398	398	–	31/5/00	413	96
£132,500 loan stock 2007	26.5	132	132	–			
Stratumsoft Limited							
Principal Activity: Software developer							
41,556 A ordinary shares	22.7	239	239	–	31/8/99	4	(48)
£556,283 loan stock 2007	22.7	556	556	25			
Synexus Limited							
Principal Activity: Management of clinical trials							
1,156,483 B ordinary shares	23.2	278	278	–	N/A	N/A	N/A
232 preference shares	23.2	1	1	–			
£648,696 loan stock 2008	23.2	648	648	3			
TLC (Tender Loving Childcare) Limited							
Principal Activity: Operator of daycare nurseries							
46,469 B ordinary shares	49.0	250	250	–	N/A	N/A	N/A
£582,082 loan notes	49.0	582	582				
Visual Gold Limited							
Principal Activity: Creative design and animation services							
335 B ordinary shares	23.0	187	187	–	30/11/99	(173)	(514)
2,305 preference shares	23.0	2	2	–			
£433,421 loan stock 2001	23.0	433	433	–			
Voxsurf Limited							
Principal Activity: Software developer							
57,829 A ordinary shares	49.5	44	44	–	N/A	N/A	N/A
520,462 C preference shares	49.5	397	397	–			

The companies marked N/A have not produced accounts. 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 Murray Johnstone Limited have also invested in all of the companies listed above.

Notes to the Financial Statements

10. Participating and significant interests (continued)

Significant Interests

At 28 February 2001 the company held shares amounting to 3% or more of any class of capital of the following unquoted undertakings.

	% of class held
Cool Beans Productions Limited	
1,165 A ordinary shares	12.6
£440,000 loan stock 2005	11.0
Jupiter II Limited	
2,302 B ordinary shares	3.4
£420,000 loan stock 2007	44.5

Other funds managed by Murray Johnstone Limited have also invested in the above companies.

11. Debtors

	28 February 2001 £'000
Prepayments and accrued income	485
Current taxation	43
Sundry debtors	530
	1,058

12. Creditors

	28 February 2001 £'000
Amount falling due within one year:	
Proposed final dividend	690
Corporation tax	551
Accruals	62
Management and secretarial fees due to manager	185
	1,488

13. Share capital

	28 February 2001 Number	£'000
At 28 February 2001 the authorised share capital comprised:		
Allotted, issued and fully paid:		
Ordinary shares of 10p each	38,365,276	3,837
Unissued unclassified shares of 10p each	21,634,724	2,163
	60,000,000	**6,000**

On 5 April and 6 April 2000 respectively 32,260,603 and 6,037,555 ordinary shares of 10p each were issued for cash of £1 per share, raising £38,298,158 to finance the commencement of the company's activities.

On 27 December 2000 67,118 ordinary shares of 10p each were issued under the dividend re-investment scheme for a total consideration of £65,641.

Notes to the Financial Statements

	59 weeks ended 28 February 2001			
	Share premium account	Realised capital losses	Unrealised capital gains	Revenue reserve
14. Reserves	**£'000**	**£'000**	**£'000**	**£'000**
Issue of shares	34,527	–	–	–
Expenses of share issue	(1,915)	–	–	–
Gains on sales of investments	–	99	–	–
Increase in unrealised appreciation	–	–	324	–
Investment management fees	–	(355)	–	–
Tax effect of capital items	–	76	(172)*	–
Retained net revenue for period	–	–	–	11
At 28 February 2001	**32,612**	**(180)**	**152**	**11**

*The tax effect of capital items includes provision for tax payable in respect of that element within the total unrealised investment gain which relates to loan relationships.

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 period end calculated in accordance with the Articles of Association were as follows:

	Net asset value per share p	Net asset value attributable £'000
Ordinary shares	**95.0**	**36,432**

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

The movements during the period of the assets attributable to the ordinary shares are shown in note 16.

	59 weeks ended 28 February 2001
16. Reconciliation of movements in shareholders' funds	**£'000**
Movements during the period:	
Total recognised gains for period	1,056
Net proceeds of issue of shares	36,449
Dividends appropriated	(1,073)
Closing shareholders' funds	**36,432**

Notes to the Financial Statements

		59 weeks ended 28 February 2001 £'000
17.	**Reconciliation of revenue return before taxation to net cash inflow from operating activities**	
	Revenue return before taxation	1,539
	Investment management fees charged to capital	(355)
	Increase in debtors	(485)
	Tax on unfranked income	(43)
	Increase in accruals	247
	Amortisation of fixed income investment book cost	455
	Net cash inflow from operating activities	**1,358**

		Cash flows £'000	At 28 February 2001 £'000
18.	**Analysis of changes in net funds**		
	Cash and overnight deposits	**798**	**798**

19. 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:

	At 28 February 2001 ordinary shares	At 19 January 2000 (date of appointment) ordinary shares
Sir Gavin Laird CBE	10,102	–
S J Dobbie CBE	25,255	–
A G MacMillan	9,000	–
C G Stuart-Menteth	100,000	–
A E Whitworth	10,000	–

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

20. Derivatives and other financial instruments

The company's financial instruments comprise securities and other investments, cash balances, overnight deposits 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 period.

The purpose of these financial instruments is efficient portfolio management. Due to their nature, unlisted investments may not be readily realisable and so a portfolio of listed assets is held to offset this liquidity risk.

The main risks the company faces from its financial instruments are (i) 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, and (ii) interest rate risk.

Notes to the Financial Statements

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

(i) 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 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 pages 7 and 8.

(ii) Interest rate risk

The interest rate risk profile of financial assets at the balance sheet date was as follows:

	Fixed Interest £'000	Floating Rate £'000	Non Interest Bearing £'000
Listed			
Sterling	28,703	–	–
Unlisted and AIM			
Sterling	5,058	–	2,303
Cash	–	798	–

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

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.

1. 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 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.

Murray Investment Trusts Information

There are six investment trusts and one Guernsey registered investment company managed by Murray Johnstone, a leading investment group based in Glasgow. On 30 November 2000, Murray Johnstone Limited was acquired by Aberdeen Asset Management PLC to form a group with over £29 billion under management.

As a shareholder in an investment trust managed by Murray Johnstone you obtain for your savings the benefit of full-time professional fund management and a broader spread of risk than an individual investor can normally achieve.

In general the aim of our investment trust managers is to maximise the total return to shareholders. Particular trusts may be invested to secure mainly capital or income growth, while others aim at a balance.

Fund managers can draw on a wealth of up-to-date information about markets and specific companies to help them make their investment decisions. All investment activity takes place under tight control systems approved and monitored by the board of directors of each trust and Murray Johnstone itself is regulated by IMRO.

The Murray Investment Trusts provide a further measure of protection for your savings. They have to comply with the Companies Act in the same way as any other company. As listed companies they must also follow the rules and regulations of the UK Listing Authority and the Principles of Good Governance and Code of Best Practice.

From time to time it is not uncommon for the share prices of investment trusts to stand at a discount to their net asset values ("NAV"). In effect this means the underlying assets of the trusts can be bought at below their stated values.

At other times, though less frequently, the share price may be higher than the NAV. In such circumstances it probably reflects the market's view of the future performance of the trust.

It follows that variations in the difference between the share price and the NAV can affect the benefit shareholders enjoy from any increase in the value of the portfolio. This can be a positive or negative influence depending on circumstances.

So that shareholders can monitor the progress of their investments, the Murray Investment Trust share prices are published daily in the *Financial Times, The Daily Telegraph, The Times, The Herald, The Scotsman* and the *London Evening Standard.*

Investors should remember that the price of shares and the income from them can go down as well as up. Past performance is not necessarily a guide to what will be achieved in the future and in the event of share prices falling investors may not recover all of their original investment. Additionally, changes in the rate of exchange between currencies may result in fluctuations in the sterling value of investments.

Murray Investment Trusts Information

Two investment schemes enable investors to enjoy the benefits of long-term savings through Murray Investment Trusts.

Murray Investment Trust Savings Scheme
The Murray Investment Trust Savings Scheme is low-cost and highly flexible. Savers can choose any combination of the seven investment trusts and companies listed below. It is designed to allow small monthly investments and small lump sums invested on an occasional basis.

Murray Investment Trust ISA
This combines the full tax benefits of an ISA with a choice of investments from the full range of Murray Investment Trusts. No new PEPs can be opened since 5 April 1999 but existing PEPs will continue to enjoy tax advantages and it is possible to transfer your existing General PEP into a Murray Investment Trust PEP.

Enquiries
Aberdeen Asset Management has a dedicated and friendly Client Relations team to answer all your queries. This team can provide full details of the investment schemes available and send you application forms and interim reports of any of the trusts.

To talk to Aberdeen's Client Relations Department phone free on 0800 289 978 or visit our website at www.aberdeen-asset.com

Murray Extra Return Investment Trust PLC
To achieve both capital appreciation and a high and growing income, principally from a portfolio of UK equities.

Murray Global Return Trust PLC
To achieve both capital and income growth from a portfolio comprised principally of listed UK and international equities and fixed interest securities.

Murray Income Trust PLC
To achieve a high and growing income combined with capital growth through investment in a portfolio of UK equities.

Murray Emerging Growth and Income Trust PLC
To achieve capital appreciation and a high income with the prospect of growth over the life of the company primarily through investment in quoted equities in global emerging markets and in a diversified portfolio of quoted higher yielding securities.

Murray International Trust PLC
To achieve a total return greater than its benchmark by investing predominantly in international equities, while maintaining an above average yield.

Murray Japan Growth & Income Limited*
To achieve a high total return over the long term through investment in Japanese equities and a diversified portfolio of higher yielding securities. *(Domiciled in Guernsey and traded on the London Stock Exchange.)*

Murray tmt PLC
To achieve capital growth by investing primarily in quoted technology, media, telecommunications and technology-related companies drawn from a global investment universe.

All trusts are available within the Murray Investment Trust Saving Scheme and within the Murray Investment Trust ISA and all are fully ISA qualifying. All trusts are fully PEP qualifying except where indicated.*

Notice of Meeting

Notice is hereby given that the first annual general meeting of Murray VCT 4 PLC will be held on Tuesday 10 July 2001 at 3.30 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 59 weeks ended 28 February 2001.
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-elect Mr A G MacMillan as a director
6. To re-elect Mr C G Stuart-Menteth as a director
7. To re-elect Mr A E Whitworth as a director
8. To re-appoint Ernst & Young LLP as auditors.
9. To authorise the directors to fix the remuneration of the auditors.

Special Business

10. 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 3,836,527 representing 10% of the company's issued ordinary share capital as at 31 May 2001;

(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.

11. 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 £383,652 (representing 10% of the total ordinary share capital in issue on 31 May 2001) during the period expiring 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.

Notice of Meeting

12. To consider and if thought fit pass the following resolution as a special resolution:
THAT, subject to passing of resolution number 11 set out above, the directors be and are hereby 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 11 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 £383,652 (representing 10% of the total ordinary share capital in issue on 31 May 2001).

By order of the Board
Murray Johnstone Limited
Secretary

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

15 June 2001

No director has any contract of service with the company.

The company, pursuant to Regulation 34 of the Uncertified Securities Regulations 1995, has specified that only those shareholders on the register of members of the company as at 3.30 p.m. on 8 July 2001 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 3.30 p.m. on 8 July 2001 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 12 are shown in the Directors' Report as follows:

Resolution 2	Page 15	Dividends
Resolutions 3 to 7	Page 16	Directors
Resolutions 8 and 9	Page 17	Auditors
Resolution 10	Page 15	Purchase of ordinary shares
Resolutions 11 and 12	Page 16	Issue of new ordinary shares

Registered in England and Wales – Company Number 3908220

Proxy

(For the use of shareholders holding shares in their own name)

Please complete in block capitals

I/we† ....

of ....

being (a) member(s) of Murray VCT 4 PLC hereby appoint (Note 3) the chairman of the meeting/

....

as my/our proxy to vote for me/us on my/our behalf at the annual general meeting of the Company to be held on 10 July 2001 and at any adjournment thereof.

I/we direct my/our proxy to vote on the resolutions as set out in the notice convening the annual general meeting as follows:

Resolution	**For**	**Against**
1. To receive the directors' report and accounts		
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-elect Mr A G MacMillan* as a director		
6. To re-elect Mr C G Stuart-Menteth* as a director		
7. To re-elect Mr A E Whitworth* as a director		
8. To re-appoint Ernst & Young LLP as auditors		
9. To authorise the directors to fix the auditors' remuneration		
10. To renew the company's authority to purchase its own shares		
11. To renew the company's authority to allot shares		
12. To authorise the directors to disapply pre-emption rights		

Please indicate how you wish your proxy to vote by placing a tick in the appropriate space. Unless otherwise indicated the proxy will vote, or abstain from voting, as thought fit.

Signed .... this .... day of 2001

* The biographies of the directors are detailed on page 3 of the annual report.

Notes

1. To be valid this form of proxy must reach the registrar, Capita IRG Plc, Balfour House, 390/398 High Road, Ilford, Essex IG1 1NQ, not later than 48 hours before the time of the meeting.
2. Where this form of proxy is executed by a corporation it must be either under its seal or under the hand of an officer or attorney duly authorised.
3. If any other proxy be desired strike out the words "the chairman of the meeting" and insert the name or names preferred. Any alteration must be initialled. Appointment of a proxy will not preclude a member from attending the meeting and voting in person. A proxy need not be a member of the company.
4. In the case of joint holders, the signature of any one holder will be sufficient but the names of all the joint holders should be stated.

Third Fold and Tuck In

BUSINESS REPLY SERVICE
Licence No. ANG 1468

1

First Fold

Capita IRG Plc
Balfour House
390/398 High Road
Ilford
Essex
IG1 1BR

Second Fold

Murray Johnstone Limited
123 St Vincent Street, Glasgow, G2 5EA
Telephone: 0141 306 7400 Fax: 0141 306 7401