Downing Planned Exit VCT 4 PLC

Report & Accounts
for the year ended
30 November 2009

Downing

SHAREHOLDER INFORMATION

	Downing Protected VCT IV plc	
	30 Nov 2009	30 Nov 2008
	Pence	Pence
Net asset value per Ordinary share	87.2	95.5
Cumulative distributions per Ordinary share	6.0	3.5
Total return per Ordinary share	93.2	99.0

Dividend history

Year end	Date paid	Pence per share
Final 2006	27 April 2007	1.0
Final 2007	25 April 2008	2.5
Final 2008	30 April 2009	2.5
		6.0
Interim 2009	6 January 2010	10.0
Interim 2010	5 March 2010	40.0
		56.0

Dividends

Dividends will be paid by the Registrar on behalf of the Company. Shareholders who wish to have dividends paid directly into their bank account rather than by cheque to their registered address can complete a mandate form for this purpose. Queries relating to dividends, shareholdings and requests for mandate forms should be directed to the Company's Registrar, Capita Registrars, on 0871 664 0300 (calls cost 10p per minute plus network extras, lines open 8:30am to 5:30pm Monday to Friday), or by writing to them at Northern House, Woodsome Park, Fenay Bridge, Huddersfield, West Yorkshire HD8 0GA. Mandate forms can also be downloaded from Capita's website (see below).

Share price

The Company's share price can be found on various financial websites with the EPIC code "**DPV4**".

Latest share price (30 March 2010): **24.0p per share**

Selling shares

The Company's Shares can be bought and sold in the same way as any other company listed on the London Stock Exchange using a stockbroker. Disposing of shares may have tax implications, so Shareholders are urged to contact their independent financial adviser before making a decision.

The Company has stated that it will from time to time consider making market purchases of its own shares, however, any such purchases are likely to be undertaken at a substantial discount to NAV. Shareholders who wish to sell should contact Downing Management Services Limited, who will be able to provide up to date details. Downing Management Services Limited can be contacted on 020 7416 7780.

Financial calendar

10 May 2010	Annual General Meeting
July 2010	Announcement of half yearly financial results

Notification of change of address

Communications with Shareholders are mailed to the registered address held on the share register. In the event of a change of address or other amendment this should be notified to the Company's Registrar, Capita Registrars, under the signature of the registered holder.

Other information for Shareholders

Up to date Company information (including financial statements, share price and dividend history) may be obtained from Downing's website at www.downing.co.uk by clicking on "VCT Information and Accounts".

If you have any queries regarding your shareholding in Downing Protected VCT IV plc, please contact the Registrar on the above number or visit Capita's website at www.capitaregistrars.com and click on "Shareholders".

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COMPANY INFORMATION

Registered number	5634314
Directors	Hugh Gillespie (Chairman) Dennis Hale Chris Kay
Secretary and registered office	Grant Whitehouse Kings Scholars House 230 Vauxhall Bridge Road London SW1V 1AU Tel: 020 7416 7780
Investment and Administration Manager	Downing Protected Managers IV Limited Kings Scholars House 230 Vauxhall Bridge Road London SW1V 1AU Tel: 020 7416 7780 www.downing.co.uk
Auditors	PKF (UK) LLP Farringdon Place 20 Farringdon Road London EC1M 3AP
VCT status advisers	PricewaterhouseCoopers LLP 1 Embankment Place London WC2N 6RH
Registrars	Capita Registrars Northern House Woodsome Park Fenay Bridge Huddersfield West Yorkshire HD8 0GA Tel: 0871 664 0300 (calls cost 10p per minute plus network extras, lines open 8:30am to 4:30pm Monday to Friday) www.capitaregistrars.com
Bankers	Bank of Scotland West End Office St James's Gate 14-16 Cockspur Street London SW1Y 5BL

Unsolicited calls to Shareholders

We are aware of cases of Shareholders having received unsolicited phone calls, e-mails or correspondence concerning investment matters. Please note that it is very unlikely that either the Company, Downing Management Services Limited or the Company Registrar, Capita Registrars, would make unsolicited telephone calls or send e-mails to Shareholders and that any such calls would relate only to official documentation already in circulation to Shareholders and never in respect of investment advice. Furthermore, please be assured that your details have not been released to any third party by either the Company, Downing Management Services Limited or the Company Registrar, Capita Registrars. If you receive either an unexpected phone call or correspondence about which you have concerns, please contact Grant Whitehouse, the Company Secretary, on 020 7416 7780.

INVESTMENT OBJECTIVES

Downing Protected VCT IV plc is a venture capital trust ("VCT") established under the legislation introduced in the Finance Act 1995. The Company's principal objectives are to:

- maintain VCT status to enable Shareholders to benefit from 40% income tax relief on their investment;
- reduce the risks normally associated with VCT investments; and
- target a tax-free return to Shareholders of 10% per annum (16.7% per annum gross equivalent to a 40% taxpayer) over approximately five years (based on a net of income tax relief cost of investment of 60p per share).

The detailed investment policy adopted to achieve the investment objectives is set out in the Report of the Directors on page 13.

FINANCIAL HIGHLIGHTS

(All "pence per share")	**Year ended 30 Nov 09**	**Year ended 30 Nov 08**	**Year ended 30 Nov 07**	**Year ended 30 Nov 06**
Net asset value	87.2	95.5	97.0	95.7
Total distributions paid since inception	6.0	3.5	1.0	1.0
Total return	93.2	99.0	98.0	96.7

DIRECTORS

Hugh Gillespie (Chairman) is non-executive chairman of Pennine AIM VCT plc, a number of Downing VCTs, and a non-executive director of Burgess Group plc. He was formerly a director of Hill Samuel Bank Limited and non-executive director or chairman of a number of public companies.

Dennis Hale was, until recently, an investment director of Financial Management Bureau Limited ("FMB"), a firm of independent financial advisers based in Cumbria. He was responsible for VCT research within FMB, whose clients have invested in VCTs since 1997. Prior to founding FMB in 1987, he worked for several life assurance companies. He is an Associate of the Institute of Actuaries and holds The Investment Management Certificate. He graduated from the University of Hull with a degree in Mathematics in 1974. He is also a director of a number of Downing VCTs.

Chris Kay has approximately 20 years' experience in the venture capital industry. He spent nine years with 3i plc, where he was an investment director, and a further eight years at Elderstreet Private Equity Limited, where he headed up the VCT team. He is responsible for managing Chrysalis VCT plc, as well as being chairman of Downing Absolute Income VCT 1 plc and a director of several Downing VCTs.

All the Directors are non-executive.

CHAIRMAN'S STATEMENT

Introduction

I am pleased to update Shareholders on developments that have taken place in the year ended 30 November 2009. Although we have had to make a number of provisions against investments, we have made good progress on the planned return of funds to Shareholders.

Portfolio activity

Shareholders will be aware that the Company's objective is to seek to return funds to Shareholders within approximately five years of the close of the Company's fundraising in April 2006. With all original Shareholders now having held their investment in the Company for at least the minimum three-year period to retain the income tax relief received on the investment, the Investment Manager has been very active in working toward investment realisations, a significant number which have been achieved in the latter part of the year and since the year end.

In addition to the realisations, the Investment Manager has identified a number of low-risk, short-term investment opportunities with generous yields. A number of these opportunities were undertaken to increase the return by utilising funds from other investment realisations prior to the funds being distributed to Shareholders.

Full details of the portfolio activity are included in the Investment Manager's Report.

Investment valuations

At the year-end the Board has reviewed the investment valuations with the Investment Manager and some adjustments to the previous carrying values have been made.

The main valuations movements are summarised as follows:

The investment in Vermont Developments Limited (in administration) is based on the valuation of a plot of development land in Salford over which your Company has a charge. The economic turmoil of the last 18 months has, in some cases, had an extreme effect on the values of development land, such that the investment has now been written down to the estimated market value of its share in the land of £50,000.

Richstone Contracting Limited has been undertaking a hotel and residential development project in south Devon on land owned by Aminghurst Limited. The project has encountered difficulties in respect of the general viability of the planned development in the current market conditions. As a result, building work has been halted and the Investment Manager has negotiated the return of available funds from Richstone Contracting Limited to ensure that exposure to the investment is reduced as much as possible.

With the value of building work undertaken to date uncertain, a full provision has been made against the remaining value of the Richstone Contracting Limited investment and a provision made against the investment in Aminghurst Limited. I can report that progress is being made in modifying the planned project which may provide the opportunity of a recovery of value in due course.

Other portfolio investments have mostly performed reasonably in line with plans and have been held at the previous carrying value or cost.

Net Asset Value

The Net Asset Value per share ("NAV") at 30 November 2009 stood at 87.2p. With dividends paid to date of 6p per share Total Return (NAV plus cumulative dividends) stood at 93.2p per share.

Results

The loss on activities after taxation for the year was £1,287,000 (2008 profit: £222,000) comprising a revenue profit of £370,000 (2008: £605,000) and a capital loss of £1,657,000 (2008: loss £383,000).

Dividends

Since the year end, the Company has paid two dividends as follows:

	Pence per share
6 January 2010 (interim dividend year ended 30 November 2009)	10.0
5 March 2010 (interim dividend year ended 30 November 2010)	40.0
	50.0p

The above brings total dividends paid to Shareholders since the Company's launch to 56p per share.

A number of further investment exits are currently being progressed. The Board intends to declare further dividends as and when a reasonable level of further investment proceeds has been accumulated.

Share buybacks

In view of the fact that the Company is now in the process of unwinding its portfolio and returning proceeds to Shareholders, the Board is keen to see that all investment proceeds are distributed across the whole shareholder base and that funds utilised for share buybacks at this stage in the Company's life are minimal.

Having said that, the Board acknowledges that occasionally there are forced sellers of shares and feels that the Company should provide at least a basic level of support in those circumstances. Rather than suspend share buybacks entirely, the Board will from time to time consider making market purchases of its own shares, however, any such purchases are likely to be undertaken at a substantial discount to the NAV.

CHAIRMAN'S STATEMENT (continued)

Share buybacks (continued)

The Board envisages that all Shareholders, other than those who may consider themselves to be forced sellers, will continue to hold their shares and receive the dividends from the Company which are expected to be paid as further investment realisations are achieved as this effectively ensures that they exit from the investment at NAV rather than suffering a discount.

During the year, the Company bought 153,577 of its own shares at an average price of 68.8p per share. These purchases were generally made at a 25% discount to the latest announced NAV.

A special resolution to renew the Directors authority to buy in the Company's shares is proposed for the forthcoming AGM as Resolution 5.

Change of name

You may be aware that a number of Downing-managed VCTs have recently been renamed in order that their names better describe their key objectives and differentiate them from other Downing-managed VCTs with different strategies.

In line with this process, the Board is proposing to change the name of this Company to "**Downing Planned Exit VCT 4 plc**". Resolution 6 is proposed at the AGM to seek Shareholder approval to effect this change.

Annual General Meeting

The Company's fourth Annual General Meeting will be held at Kings Scholars House, 230 Vauxhall Bridge Road, London, SW1V 1AU at 4 p.m. on 10 May 2010.

Two items of special business are proposed at the AGM in respect of the authority to buy in shares and change the name of the Company as noted above.

Outlook

Since the year end the Company has achieved further realisations and paid out dividends as described above.

A summary of the Company's balance sheet and remaining investments as at 5 March 2010 (immediately following the payment of the 40p dividend) is as follows:

Summary Balance Sheet at 5 March 2010

	£'000
Fixed Assets	
Venture Capital Investments	
West Tower Holdings Limited	1,750
Heyford Contracting (South) Limited	1,500
Hoole Hall Spa and Leisure Club Limited	1,000
Heyford Contracting (North) Limited	990
Hoole Hall Country Club Holdings Limited	875
Aminghurst Limited	806
Future Films Production Services Limited	373
Others	521
Total investments	7,816
Net current assets	235
Long Term Liabilities	(21)
Net Assets	8,029
NAV per share	**37.4p**

Shareholders should note the above NAV does not include any provision of performance incentive that might become payable as described in note 21.

There are some remaining portfolio companies where it is currently not clear how an exit will ultimately be achieved. The final outcome for Shareholders will be heavily influenced by the level of success the Manager has in achieving realisations of these investments.

The timing of future dividends will be determined by the timing of further investment exits and so it is difficult to accurately predict. However, the Board expects that the next dividend will be paid later in 2010 out of proceeds from investments where there is already a clear exit route.

Hugh Gillespie
Chairman

31 March 2010

INVESTMENT MANAGER'S REPORT

Introduction

The Company had another busy year in terms of its investment activity. As the Company's initial three-year period has passed we have focused on realising investments and returning funds to Shareholders.

A recessionary backdrop throughout 2009 made the process of exiting investments particularly challenging. Nevertheless, the Company has successfully divested approximately half of the £19.9m of investments that it held at the end of last year.

Investment activity

The Company began the year with £19.9m of investments and ended the year with £9.4m. The £10.5m reduction was driven by a £12.9m divestment programme, new investments totalling £4.1m and a £1.7m valuation reduction on existing investments.

The £12.9m divestment programme has enabled the Company to return a total of 50.0p per share to Shareholders since 30 November 2009. The Company's year-end portfolio comprises 18 companies on which it is actively seeking exit routes. Whilst the company continues to focus on securing profitable exits and returning Shareholders' funds, given the current economic climate, the Company expects that some of the investments will take longer to exit than originally expected.

The £4.1m of new investments includes £1.6m invested in Hoole Hall Country Club Holdings Limited as part of a refinance of Hoole Hall Country Club Limited, which released a net £0.75m of proceeds for the Company. Hoole Hall has been a long term investment for the Company and one that it is confident it will be able to exit in the medium term. The balance of £2.5m of funds invested in the year comprised eight non-qualifying loans with deal sizes up to £0.7m, all of which provided some useful additional income.

Portfolio valuation

Whilst the majority of the portfolio performed in line with expectations in the period, the £1.7m valuation reduction in the period was driven by two investments: Vermont Developments Limited (Vermont) and Richstone Contracting Limited ("Richstone").

Approximately half the £0.9m cost of investment in Vermont had previously been provided against when the company went into administration in 2008. A further £0.4m has been provided against in the year based upon a third party valuation of its land. The investment is now carried at £50,000.

Work was halted on the project that Richstone was contracted to build pending design changes to the proposed holiday-apartment and hotel complex in south Devon. The new plans require a new funding package, and until this is in place the residual £0.95m investment (after repaying £1.6m in 2009) has been written down to nil. This reflects a conservative site value (on the basis of realisable value today) and Richstone's second charge over the site, behind Aminghurst Limited; another of the Company's investments.

We are hopeful that Richstone's new funding package will be agreed, which will likely require some reinvestment of the funds repaid last year, and that this should enable the recovery of all funds invested in this company.

Outlook

Whilst the general economic conditions in the UK are expected to see an improvement in 2010, the continued lack of available funding from traditional sources creates challenges for exiting from the Company's remaining portfolio. We remain cautious about the prospects for a sustained recovery.

The company will continue to focus on realisations and returning cash to Shareholders and expects to be able to declare further dividends later in the year.

Downing Protected Managers IV Limited

31 March 2010

REVIEW OF INVESTMENTS

Portfolio of investments

The following investments, all of which are incorporated in England and Wales, were held at 30 November 2009:

	Cost £'000	Valuation £'000	Valuation movement in year £'000	% of portfolio
West Tower Holdings Limited	1,750	1,750	-	9.4%
Heyford Contracting (South) Limited **	1,650	1,500	(150)	8.0%
Hoole Hall Spa and Leisure Club Limited	1,000	1,000	-	5.3%
Heyford Contracting (North) Limited	1,037	990	(47)	5.3%
Hoole Hall Country Club Holdings Limited	875	875	-	4.7%
Aminghurst Limited *	993	806	(187)	4.3%
Bowman Care Homes limited *	600	600	-	3.2%
Future Films Production Services Limited	450	450	-	2.4%
East Dulwich Tavern Limited *	319	319	-	1.7%
Westow House Limited *	281	281	-	1.5%
Sanguine Hospitality Limited *	243	243	-	1.3%
Heyford Homes VCT Limited *	150	150	-	0.8%
Atlantic Dogstar Limited *	150	150	-	0.8%
Chapel Street Hotel (2008) LLP *	63	126	63	0.7%
Hoi Polloi Pub Company Limited *	100	100	-	0.5%
Vermont Developments Limited *	903	50	(449)	0.3%
Chapel Street Hotel Limited *	2	2	-	0.0%
Richstone Contracting Limited	950	-	(950)	-
	11,516	9,392	(1,720)	50.2%
Cash at bank and in hand		9,319		49.8%
Total investments		18,711		100.0%

* Non qualifying investment
** Partially non qualifying investment

The movements in the portfolio during the year and the basis of valuation for the largest investments are set out on pages 7 to 12.

REVIEW OF INVESTMENTS

Investment movements for the year ended 30 November 2009

ADDITIONS

	£'000
Hoole Hall Country Club Holdings Limited (partial disposal in the year)	1,625
Pub People Freeholds Limited*	700
Bowman Care Homes Limited*	600
East Dulwich Tavern Limited*	319
Westow House Limited*	281
Future Films Production Services Limited* (disposed of in the year)	225
Hoi Polloi Pub Company Limited* (partial disposal in the year)	164
Atlantic Dogstar Limited*	150
Chapel Street Hotel Limited*	2
	4,066

DISPOSALS

Loan stock redemptions	Cost £000	MV at 30/11/08 £000	Proceeds £000	Profit/ (loss) vs cost £000	Realised gain/(loss) £000
Cadbury House Limited	3,000	3,000	3,000	-	-
Hoole Hall Country Club Limited	1,625	1,625	1,625	-	-
Richstone Contracting Limited	1,592	1,592	1,592	-	-
Hoole Hall Hotel Limited*	1,250	1,250	1,250	-	-
The Really Fine Leisure Limited	1,100	1,100	1,149	49	49
Nu Nu plc	1,000	1,000	1,000	-	-
Hoole Hall Country Club Holdings Limited	750	750	750	-	-
Pub People Freehold Limited*	700	700	700	-	-
Future Films Production Services Limited**	600	600	615	15	15
The Thames Club Limited**	500	500	500	-	-
Liongold Contracting Limited	434	434	434	-	-
Heyford Homes VCT Limited*	150	150	150	-	-
Coastal Partnerships Limited*	75	75	75	-	-
Hoi Polloi Pub Company Limited*	64	64	64	-	-
Vermont Developments Limited*	1	1	-	(1)	(1)
	12,841	12,841	12,904	63	63

*non qualifying VCT investment
**partially non qualifying VCT investment

REVIEW OF INVESTMENTS (continued)

Further details of the ten largest investments:

VCT qualifying investments:

West Tower Holdings Limited

Cost:	£1,750,000	Valuation at 30/11/09:	£1,750,000
Date of first investment:	Feb 2008	Valuation at 30/11/08:	£1,750,000
		Valuation method:	Net Assets
Investment comprises:			
Ordinary Shares:	£550,000	Proportion of equity held:	12%
Loan Stock:	£1,200,000	Proportion of loan stock held:	12%

Summary financial information from statutory accounts:
None filed

West Tower Holdings Limited purchased West Tower Limited and The Swan Limited in 2008. West Tower was a restaurant, conference and function centre with 12 letting rooms. It is currently refocusing its business as an exclusive wedding venue. The main function room is being extended and the first floor is being converted to more bedrooms. The Swan Limited owns a nearby pub-restaurant (traded through West Tower Limited). The trading at The Swan site was disappointing in 2009. The Swan was relaunched as a Marco Pierre White franchise on 25th January 2010. Both are based near Ormskirk in Lancashire.

www.westtower.co.uk
www.theswan.org.uk

Heyford Contracting (South) Ltd

HEYFORD HOMES

Cost:	£1,650,000	Valuation at 30/11/09:	£1,500,000
Date of first investment:	April 2006	Valuation at 30/11/08:	£1,650,000
		Valuation method:	Price of investment reviewed for impairment
Investment comprises:			
Ordinary Shares:	£450,025	Proportion of equity held:	24.9%
Loan Stock:	£1,199,975	Proportion of loan stock held:	50%
Summary financial information from statutory accounts to 31 December 2008:		Turnover:	£1,741,878
		Operating loss:	(£144,141)
		Net assets:	£1,651,707

Heyford Contracting (South) Limited is a building contractor which undertook a contract to construct a commercial office scheme in Banbury and a commercial construction project in Uppingham, Rutland. The Banbury scheme has completed and two units remain unsold. Phase 1 of the Uppingham project is completed and the enabling works for phase 2 have also completed. Under the construction contracts the Company has a first legal charge over the respective properties.

www.heyfordhomes.co.uk

Hoole Hall Spa and Leisure Club Ltd

Cost:	£1,000,000	Valuation at 30/11/09:	£1,000,000
Date of first investment:	May 2008	Valuation at 30/11/08:	£1,000,000
		Valuation method:	Net Assets
Investment comprises:			
Ordinary Shares:	£700,000	Proportion of equity held:	9.70%
Loan Stock:	£300,000	Proportion of loan stock held:	28.90%
		Diluted equity:	7.00%

Summary financial information from statutory accounts:
None filed

Hoole Hall Spa and Leisure Club is developing a new-build health club spa adjacent to Hoole Hall Country Club. The company invested £1 million in May 2008.

www.hoolehall.com

REVIEW OF INVESTMENTS (continued)

Heyford Contracting (North) Ltd

Cost:	£1,037,000	Valuation at 30/11/09:	£990,000
Date of first investment:	April 2006	Valuation at 30/11/08:	£1,037,000
		Valuation method:	Price of investment reviewed for impairment
Investment comprises:			
Ordinary Shares:	£500,025	Proportion of equity held:	24.9%
Loan Stock:	£537,488	Proportion of loan stock held:	50%
Summary financial information from statutory accounts to 31 December 2008:		Turnover:	£1,278,711
		Operating profit:	£31,159
		Net assets:	£2,006,955

Heyford Contracting (North) Limited is a building contractor that is undertaking contracts to build two residential developments in Northampton. Both developments have been completed and most of the units have either been sold or reserved, which should enable the loan stock to be repaid. Under the construction contracts the Company has a first legal charge over the assets of each development.

www.heyfordhomes.co.uk

Hoole Hall Country Club Holdings Limited

Cost:	£875,000	Valuation at 30/11/09:	£875,000
Date of first investment:	December 2008	Valuation at 30/11/08:	£875,000
		Valuation method:	Net Assets
Investment comprises:			
Ordinary Shares:	£487,500	Proportion of equity held:	11.30%
Loan Stock:	£387,500	Proportion of loan stock held:	31.00%
		Diluted equity:	8.30%

Summary financial information from statutory accounts:
None filed

Hoole Hall Country Club is set on a ten acre site on the edge of Hoole, near Chester. It comprises a Victorian Mansion, a large conservatory and a modern extension. The property has undergone an extensive refurbishment to bring it up to a 4 star standard.

www.hoolehall.com

Aminghurst Limited

Cost:	£992,500	Valuation at 30/11/09:	£806,000
Date of first investment:	November 2007	Valuation at 30/11/08:	£992,500
		Valuation method:	Price of investment reviewed for impairment
Investment comprises:			
Ordinary Shares:	£-	Proportion of equity held:	0.00%
Loan Stock:	£992,500	Proportion of loan stock held:	41.35%
Summary financial information from statutory accounts at 31 December 2008:		Turnover:	£-
		Operating loss:	(£150,349)
		Net assets:	£502,574

Aminghurst Limited owns a site at Gara Rock, south Devon. The land value of £1.95m is based on an estimation of the value of the land if it were to be sold today, with a purchaser taking a view on the level of profit they would require to make building out the project worthwhile. In practice we anticipate that the land will not be sold, that further funds will be raised to develop the project and that as a result a better outcome will be achieved, although this will take approximately 18 months to realise.

www.gara.co.uk

REVIEW OF INVESTMENTS (continued)

Bowman Care Homes Limited

Cost:	£600,000	Valuation at 30/11/09:	£600,000
Date of first investment:	November 2009	Valuation at 30/11/08:	£N/A
		Valuation method:	Price of investment reviewed for impairment
Investment comprises:			
Loan Stock:	£600,000	Proportion of equity held:	0.00%
		Proportion of loan stock held:	28.00%
Summary financial information from Statutory accounts to June 2008:		Turnover:	£1,185,589
		Operating profit:	£175,818
		Net liabilities:	(£406,951)

Bowman Care Homes is an established special needs care home owner and operator based in a freehold property valued at over £2.5m. The home which trades as “The Chestnuts” in Byfleet, Surrey, is registered for 20 places and is currently enjoying 85% occupancy.

The Company (along with its sister company) has the highest ranking loan instrument in this company, totalling £1.2m.

www.downingcarehomes.co.uk

Future Films Production Services Limited

Cost:	£450,000	Valuation at 30/11/09:	£450,000
Date of first investment:	July 2007	Valuation at 30/11/08:	£825,000
		Valuation method:	Discounted cash flow
Investment comprises:			
Ordinary Shares:	£247,500	Proportion of equity held:	25.00%
Loan Stock:	£202,500	Proportion of loan stock held:	16.61%
Summary financial information from Statutory accounts to April 2008:		Turnover:	£1,515,170
		Operating profit:	£113,814
		Net assets:	£1,294,444

With the current projects drawing to a close, agreement has been reached with the directors for FFPS to repay the Company’s loan notes and purchase the Company’s equity at a fixed price over the four months to 30 April 2010. This will give rise to an uplift over cost, but we do not propose to recognise this uplift until it has been realised since it is dependent on profits within the company being realised.

www.futurefilmgroup.com

East Dulwich Tavern Limited

Cost:	£318,750	Valuation at 30/11/09:	£318,750
Date of first investment:	Sept 2009	Valuation at 30/11/08:	£nil
		Valuation method:	Price of investment reviewed for impairment
Investment comprises:			
Ordinary Shares:	£-	Proportion of equity held:	0.00%
Loan Stock:	£318,750	Proportion of loan stock held:	44.25%
Summary financial information from Statutory accounts: None filed			

East Dulwich Tavern Limited owns the East Dulwich Tavern pub in London, which is managed by Antic Limited. In September 2009, the Company made a short term loan to the company against a first charge. As planned, this has been repaid in full at par together with interest at effective 8.4% p.a. subsequent to the year end.

www.antic-ltd.com/edt

REVIEW OF INVESTMENTS (continued)

Westow House Limited

Cost:	£281,250	Valuation at 30/11/09:	£281,250
Date of first investment:	Sept 2009	Valuation at 30/11/08:	£nil
		Valuation method:	Price of investment reviewed for impairment
Investment comprises:			
Ordinary Shares:	£-	Proportion of equity held:	0.00%
Loan Stock:	£281,250	Proportion of loan stock held:	44.25%

Summary financial information from
Statutory accounts:
None filed

www.antic-ltd.com/westowhouse

Westow House Limited owns the Westow House pub in Crystal Palace, London, which is managed by Antic Limited. In September 2009, the Company made a short term loan to the company against a first charge. As planned, this has been repaid in full at par together with interest at effective 8.4% p.a. subsequent to the year end.

Note: The proportion of equity held by each investment also represents the level of voting rights held by the Company in respect of the investment.

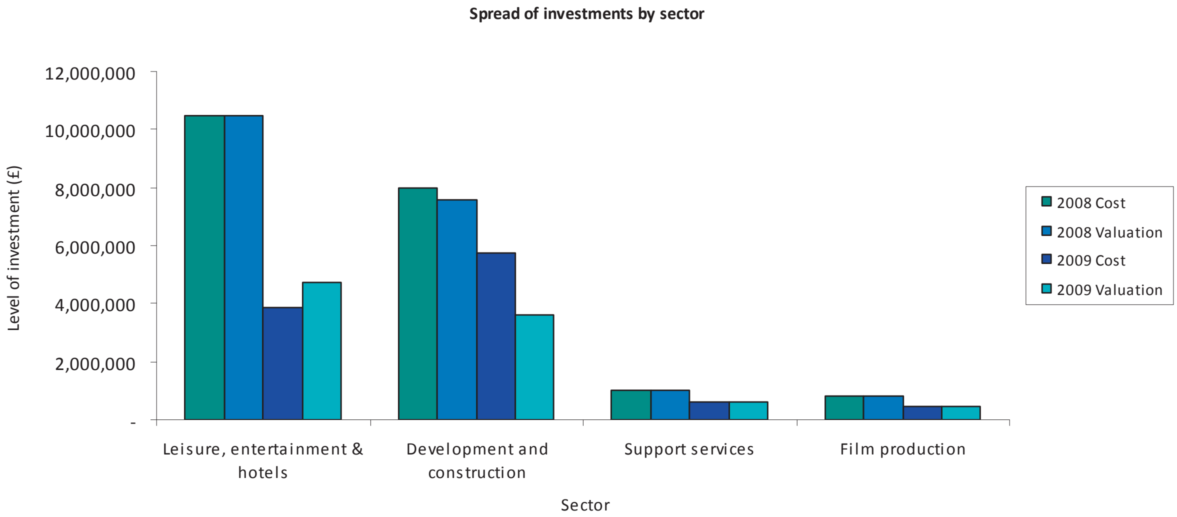
Summary of loan stock interest income

	£'000
Loan Stock interest receivable in year from ten largest investments	
West Tower Holdings Limited	66
Heyford Contracting (South) Limited	72
Heyford Contracting (North) Limited	79
Hoole Hall Spa and Leisure Club Limited	65
Aminghurst Limited	27
East Dulwich Tavern Limited	5
Westow House Limited	5
Hoole Hall Country Club Holdings Limited	92
Bowman Care Homes Limited	1
Future Films Production Services Limited	41
	453
Receivable from other investments	415
	868

REVIEW OF INVESTMENTS (continued)

Analysis of investments by commercial sector

The split of the venture capital investment portfolio by commercial sector (by cost and value at 30 November 2009) is as follows:



Analysis of investments by type

The allocation of the Company's funds compared to the intended split at 30 November 2009 is summarised as follows:

	Actual portfolio split at 30 Nov 2009	Target Portfolio split
VCT qualifying investments		
Loans to qualifying companies	37%	50%
Ordinary shares in qualifying companies	29%	25%
Total	66%	75%
Non-qualifying investments		
Loans to non qualifying companies	34%	n/a
Ordinary shares in non qualifying companies	0%	n/a
Total	34%	25%
	100%	100%

Under the valuation rules basis within the VCT regulations, the Company continues meet the requirements of the "70% test" whereby it must hold at least 70% of its funds in VCT qualifying investments.

REPORT OF THE DIRECTORS

The Directors present the Annual Report and Accounts of the Company for the year ended 30 November 2009.

Principal activity and status

The Directors initially obtained approval for the Company to act as a venture capital trust from HM Revenue & Customs and have continued to meet the standards set out by HM Revenue & Customs.

The Company revoked its status as an investment company on 16 February 2009 to give it the flexibility to consider paying capital dividends. However, the Directors consider that the Company has conducted its affairs in a manner to enable it to continue to comply with Part 6 of the Income Tax Act 2007.

The Company has no employees (other than the Directors).

Business review and developments

The Company's business review and developments during the year are reviewed in the Chairman's Statement, Investment Manager's Report and the Review of Investments.

Share capital

The Company's capital structure has one class of shares, being Ordinary shares of 1p each. At 30 November 2009, the Company had 21,450,413 such shares in issue.

During the year the company purchased 153,577 of its Ordinary shares at an average cost of 68.8p per share and representing 0.71% of the issued share capital. These shares were subsequently cancelled.

Results and dividends

	£'000	Pence per share
Return for the year	(1,287)	(6.0p)
Revenue dividend in respect of prior year (paid April 2009)	540	2.5p

Your Board paid an interim revenue dividend of 10p per share on 8 January 2010 to Shareholders on the register at 18 December 2009, and an interim dividend of 40p per share on 5 March 2010.

Performance incentive fees

Performance incentive fees, payable to the Directors and the Investment Manager, will not be triggered until the Shareholders receive proceeds of over 80p per 60p invested (£1 net of 40p income tax relief) and achieve a tax-free compound return of at least 8% per annum (after allowing for the income tax relief), both targets being achieved within six years of the last allotment of shares.

These fees will be equal to 10% of the total distributions paid by the Company to Shareholders until 5 April 2010 and the fees reduce accordingly thereafter. The performance incentive fees have been calculated in respect of the year under review and, as the targets have not been met, no fee is due to be paid for the year ended 30 November 2009. It will be recalculated for the year ended 30 November 2010, and annually thereafter, following approval of the audited accounts by Shareholders.

Directors

The Directors of the Company during the year and their beneficial interests in the issued Ordinary 1p shares of Downing Protected VCT IV plc or Downing Protected VCT V plc at 30 November 2008, 30 November 2009 and the date of this report were as follows:

	Downing Protected VCT IV plc		Downing Protected VCT V plc	
	30 Nov 2009 No. of shares	30 Nov 2008 No. of shares	30 Nov 2009 No. of shares	30 Nov 2008 No. of shares
Directors				
Hugh Gillespie	5,150	5,150		-
Dennis Hale		-	15,675	15,675
Chris Kay		-	12,390	12,390

Downing Protected VCT IV plc and Downing Protected VCT V plc were launched under one prospectus with investors being allotted shares in one Company or the other. The Directors, therefore, feel it is appropriate to present their holdings in both companies.

In line with the Articles of Association, Chris Kay retires by rotation at the forthcoming Annual General Meeting and, being eligible, offers himself for re-election. The other Directors have reviewed Chris' performance and have concluded that he continues to make a valuable contribution to the Company and remains committed to his role. They therefore recommend that Shareholders re-elect him at the forthcoming Annual General Meeting.

Each of the Directors entered into a consultancy agreement dated 13 December 2005. These agreements are for a period of three years and thereafter are terminable on three months' notice by either side. Each Director is required to devote such time to the affairs of the Company as the Board reasonably requires.

Insurance cover

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

Investment Policy

After 30 November 2008, the Company's strategy is to hold at least approximately 75% of its funds in VCT qualifying investments and to seek realisations such that funds can be returned to Shareholders within approximately five years of the close of the Company's original fundraising.

REPORT OF THE DIRECTORS (continued)

Investment Policy (continued)

Qualifying investments

Qualifying investments comprise investments in UK trading companies which own substantial assets or have contracts over which the VCT takes a charge to provide security on its investments. Qualifying investments will, where possible, be structured to include a significant element of the investment in loan stock, typically one third of the investment by value.

Non-qualifying investments

The funds not employed in qualifying investments will be invested in:

- Fixed Income Securities; and/or
- Loans secured on property or other assets.

Fixed income securities will consist mainly of bonds issued by the UK Government, major companies and institutions and will have credit ratings of not less than A-/A3.

Venture Capital Trust Regulations

In continuing to maintain its VCT status, the Company complies with a number of regulations as set out in Part 6 of the Income Tax Act 2007. How the main regulations apply to the Company is summarised as follows:

1. To ensure that, by and from 1 December 2008, the Company holds at least 70% of its investments in qualifying companies (as defined by Chapter 6 of Income Tax Act 2007);
2. To ensure that, by and from 1 December 2008, at least 30% of the Company's qualifying investments (by value) are held in "eligible shares" – ("eligible shares" generally being ordinary share capital);
3. At least 10% of each investment in a qualifying company is held in eligible shares (by cost at time of investment);
4. No investment constitutes more than 15% of the Company's portfolio (by value at time of investment);
5. The Company's income for each financial year is derived wholly or mainly from shares and securities;
6. The Company distributes sufficient revenue dividends to ensure that not more than 15% of the income from shares and securities in any one year is retained; and
7. A maximum unit size of £1 million in each VCT qualifying investment (per tax year).

Borrowings

It is not the Company's intention to have any borrowings.

The Company does, however, have the ability to borrow a maximum amount equal to 50% of the aggregate amount paid on any shares issued by the Company, currently equal to £10.7 million. There are no plans to utilise this ability at the current time.

Investment and Administration Manager

Downing Protected Managers IV Limited ("DPM IV") provides investment management services to the Company. DPM IV is a wholly owned subsidiary of the Company and is paid 1% of net assets per annum based on weighted monthly average net asset value.

The Board is satisfied with DPM IV's strategy, approach and procedures in providing investment management services to the Company. The Directors have therefore concluded that the continuing appointment of DPM IV as Investment Manager remains in the best interest of Shareholders.

Additionally, DPM IV has been appointed to provide administration services to the Company for a fee of £40,000 (plus RPI) per annum.

The agreement is for a minimum term of three years with a twelve month notice period on either side at any time after two years following the commencement of the agreement.

The annual running costs of the Company, for the year, are also subject to a cap of 2.5% of net assets of the Company plus cumulative distributions. Any excess costs over this cap are met by DPM IV through a reduction in fees.

VCT status

The Company has retained PricewaterhouseCoopers LLP ("PwC") to advise it on compliance with VCT requirements, including evaluation of investment opportunities, as appropriate and regular review of the portfolio. Although PwC works closely with the Investment Manager, they report directly to the Board.

Compliance with the VCT regulations (as described in the Investment Policy) for the year under review is summarised as follows:

	Position at 30 Nov 2009/ year ended 30 Nov 2009
1. The Company holds at least 70% of its investments in qualifying companies;	89.0%
2. At least 30% of the Company's qualifying investments are held in "eligible shares";	43.7%
3. At least 10% of each investment in a qualifying company is held in eligible shares;	Complied
4. No investment constitutes more than 15% of the Company's portfolio;	Complied
5. The Company's income for each financial year is derived wholly or mainly from shares and securities;	97.8%
6. The Company distributes sufficient revenue dividends to ensure that not more than 15% of the income from shares and securities in any one year is retained; and	Complied
7. A maximum unit size of £1 million in each VCT qualifying investment (per tax year).	Complied

REPORT OF THE DIRECTORS (continued)

Creditor payment policy
The Company's payment policy is to pay creditors within thirty days of receipt of an invoice except where other terms have been agreed. The Company did not have any trade creditors at the year end.

Environmental and social policy
As a VCT with all of its executive and administrative activities delegated to third parties, the Company does not have a policy on either environmental or social and community issues.

Key performance indicators
At each Board meeting, the Directors consider a number of performance measures to assess the Company's success in meeting its objectives (as shown on page 2). The Board believes the Company's key performance indicators are Net Asset Value Total Return (NAV plus cumulative dividends paid to date) and dividends per share (see Shareholder Information page).

In addition, the Board considers the Company's performance in relation to other VCTs.

Principal risks and uncertainties
The principal financial risks faced by the Company, which include interest rate, liquidity, credit and market risks, are summarised within note 19 to the financial statements.

In addition to these risks, the Company, as a fully listed Company on the London Stock Exchange and as a Venture Capital Trust, operates in a complex regulatory environment and therefore faces a number of related risks. A breach of the VCT Regulations could result in the loss of VCT status and consequent loss of tax reliefs currently available to Shareholders and the Company being subject to capital gains tax. Serious breaches of other regulations, such as the UKLA Listing Rules and the Companies Act 1985, could lead to suspension from the Stock Exchange and damage to the Company's reputation.

The Board reviews and agrees policies for managing each of these risks. They receive quarterly compliance reports from the Managers which monitor these risks, and place reliance on the Managers to give updates in the intervening periods. These policies have remained unchanged since the beginning of the financial period.

Substantial interests
As at 30 November 2009, and the date of this report, the Company was not aware of any beneficial interest exceeding 3 per cent of the issued Ordinary share capital.

Auditors
A resolution proposing the reappointment of PKF (UK) LLP will be submitted at the AGM.

Annual General Meeting
The Annual General Meeting will be held at Kings Scholars House, 230 Vauxhall Bridge Road, London SW1V 1AU at 4.00 p.m. on 10 May 2010. The Notice of the Annual General Meeting and Form of Proxy are at the end of this document.

Statement of Directors' responsibilities
The Directors are responsible for preparing the Report of the Directors, the Directors' Remuneration Report, and the financial statements in accordance with applicable law and regulations. They are also responsible for ensuring that the Annual Report includes information required by the Listing Rules of the Financial Services Authority.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements, and the Directors' Remuneration Report, comply with the requirements of the Companies Act 2006. 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.

The Directors are responsible for the maintenance and integrity of the corporate and financial information relating to the Company included on the Manager's websites. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements and other information included in annual reports may differ from legislation in other jurisdictions.

REPORT OF THE DIRECTORS (continued)

Directors' statement pursuant to the Disclosure and Transparency Rules

Each of the Directors, whose names are listed on page 2, confirms that, to the best of each person's knowledge:

- the financial statements, prepared in accordance with United Kingdom Generally Accepted Accounting Practice, give a true and fair view of the assets, liabilities, financial position and result of the Company; and

- the management report contained within the Report of the Directors, Chairman's Statement, Investment Manager's Report and the Review of Investments includes a fair review of the development and performance of the business and the position of the company together with a description of the principal risks and uncertainties that it faces.

Electronic publication

The financial statements are published on www.downing.co.uk.

Corporate Governance

The Company's compliance with, and departures from, the Financial Reporting Council's Combined Code on Corporate Governance June 2008 (www.frc.org.uk) is shown on pages 19 to 20.

Statement as to disclosure of information to Auditors

The Directors in office at the date of the report have confirmed, as far as they are aware, that there is no relevant audit information of which the Auditors are unaware. Each of the Directors has confirmed that they have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the Auditor.

By order of the Board

G Whitehouse

Grant Whitehouse
Secretary of Downing Protected VCT IV plc

Company number: 5634314

Registered office:
Kings Scholars House
230 Vauxhall Bridge Road
London SW1V 1AU

31 March 2010

DIRECTORS' REMUNERATION REPORT

The Board has prepared this report, in accordance with the requirements of Section 420 of the Companies Act 2006. A resolution to approve this report will be put to the members at the AGM to be held on 10 May 2010.

Under the requirements of Section 497, the Company's Auditors are required to audit certain disclosures contained within the report. These disclosures have been highlighted and the audit opinion thereon is contained within the Auditors' Report on page 21.

Directors' remuneration policy

Directors' remuneration is calculated in accordance with the Company's Articles of Association as follows:

(i) The Directors shall be paid out of the funds of the Company by way of fees for their services an aggregate sum not exceeding £100,000 per annum (excluding any performance incentive fees to which the Directors may be entitled from time to time). The Directors shall also receive by way of additional fees such further sums (if any) as the Company in General Meeting may from time to time determine. Such fees and additional fees shall be divided among the Directors in such proportion and manner as they may determine and in default of the determination equally.

(ii) The Directors shall be entitled to be repaid all reasonable travelling, hotel and other expenses incurred by them respectively in or about the performance of their duties as Directors including any expenses incurred in attending meetings of the Board or of committees of the Board or General Meetings and if in the opinion of the Directors it is desirable that any of their number should make any special journeys or perform any special services on behalf of the Company or its business, such Director or Directors may be paid reasonable additional remuneration and expenses as the Directors may from time to time determine.

Agreement for services

Each of the Directors has entered into an agreement for services for a fixed term of three years from the date of their appointment and thereafter on a three month rolling notice. Each Director is required to devote such time to the affairs of the Company as the Board reasonably requires.

Performance incentive fees

Performance incentive fees, payable to the Directors and the Investment Manager, will not be triggered until the Shareholders receive proceeds of over 80p per 60p invested (£1 net of 40p income tax relief) and achieve a tax-free compound return of at least 8% per annum (after allowing for the income tax relief), both targets being achieved within six years of the last allotment of shares.

These fees will be equal to 10% of the total proceeds of the Company until 30 November 2010 and the fees reduce accordingly thereafter.

The Directors and members of the Investment Management Team of the Company are entitled to performance incentive fees in the following proportions:

	Share of incentive fee
Hugh Gillespie	2.4%
Dennis Hale	2.4%
Chris Kay	9.5%
Investment Management Team	85.7%
	100.0%

The performance incentive fees have been calculated in respect of the year under review, and, as the targets have not been met, no fee is due to be paid for the year ended 30 November 2009. It will be recalculated for the year ended 30 November 2010, and annually thereafter, following approval of the audited accounts by Shareholders.

Directors' remuneration (audited)

Directors' remuneration for the Company for the year under review was as follows:

	Current annual fee £	Year ended 30/11/09 £	Year ended 30/11/08 £
Hugh Gillespie	7,500	7,500	7,500
Dennis Hale	6,000	6,000	6,000
Chris Kay	6,000	6,000	6,000
	19,500	19,500	19,500

No other emoluments or pension contributions were paid by the Company to, or on behalf of, any Director. The Company does not have any share options in place.

DIRECTORS' REMUNERATION REPORT (continued)

Loan notes

The Directors of the Company and members of the Investment Management Team have subscribed for loan notes as part of their performance incentive arrangements. Interest is payable on these loans at a rate of 3.75% per annum as follows:

	Interest £	Proportion of loan notes held
Hugh Gillespie	19	2.4%
Dennis Hale	19	2.4%
Chris Kay	75	9.5%
Investment Management Team	679	85.7%
	792	100.0%

2009/2010 Remuneration

The remuneration levels for the forthcoming year for the Directors of Downing Protected VCT IV plc are expected to be at the current annual fee levels shown in the table on page 17.

Performance graph

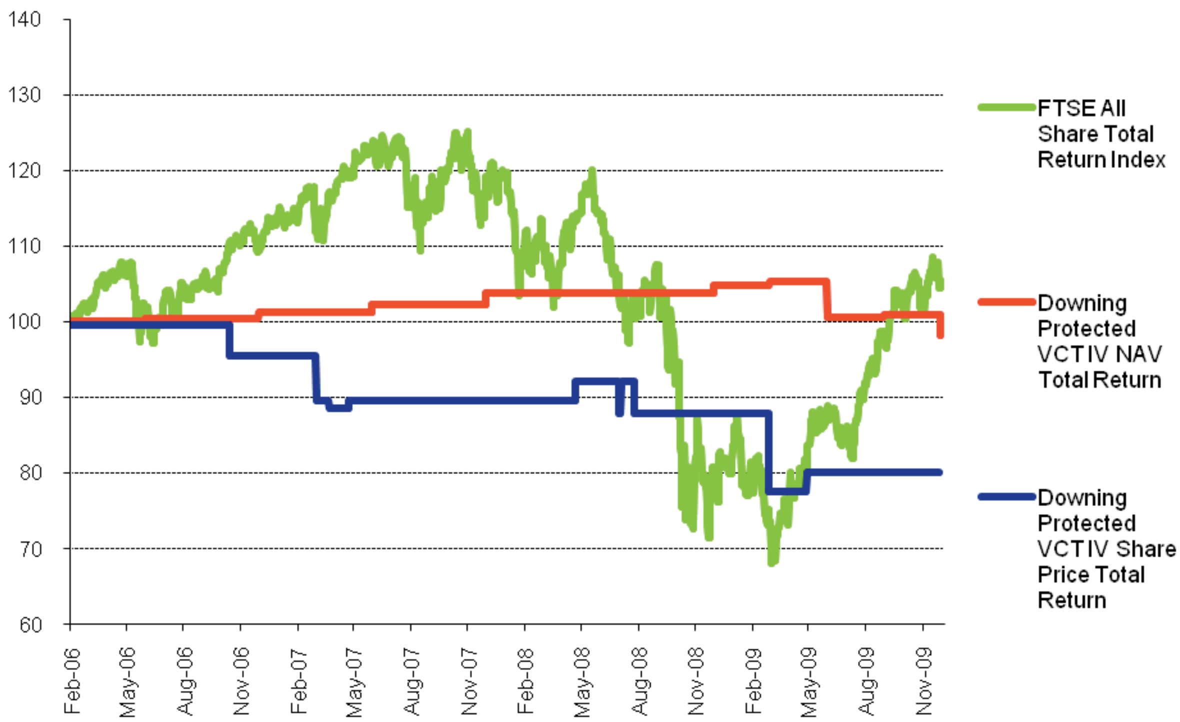
The chart below represents the Company's performance over the period since shares were first listed on the London Stock Exchange, and compares the NAV Total Return of the Company (Net Asset Value plus dividends reinvested) and Share Price Total Return of the Company (Share price plus dividends reinvested) to the FTSE All Share Total Return Index. Although the FTSE All Share Total Return Index is not a perfect benchmark for the Company, it has been chosen as a comparison as the Board considers it is the most appropriate of the major publicly available indices. All series have been rebased to 100 at January 2006, being the Company's launch date.

By order of the Board

G Whitehouse

Grant Whitehouse
Secretary
Kings Scholars House
230 Vauxhall Bridge Road
London
SW1V 1AU

31 March 2010



CORPORATE GOVERNANCE

The Directors support the relevant principles of the Combined Code issued in June 2008, being the principles of good governance and the code of best practice, as set out in Section 1 of the Combined Code annexed to the Listing Rules of the UK Listing Authority.

The Board

The Company has a Board comprising three non-executive directors. The Chairman and senior director is Hugh Gillespie. Biographical details of all Board members (including the other significant commitments of the Chairman) are shown on page 2.

Directors are subject to re-election at the first AGM after their appointment and by rotation thereafter. In accordance with the Combined Code, Chris Kay is offering himself for re-election at the next AGM.

Full Board meetings take place quarterly and additional meetings are held as required to address specific issues including considering recommendations from the Investment Manager, making all decisions concerning the acquisition or disposal of investments, and reviews, periodically, the terms of engagement of all third party advisers (including Investment Managers and administrators). The Board has a formal schedule of matters specifically reserved for its decision.

The Board has also established procedures whereby Directors wishing to do so in the furtherance of their duties may take independent professional advice at the Company's expense.

All Directors have access to the advice and services of the Company Secretary. The Company Secretary provides the Board with full information on the Company's assets and liabilities and other relevant information requested by the Chairman in advance of each Board meeting.

As the Company has a small Board of non-executive Directors, all three Directors sit on all Committees. The Chairman of each Committee is Hugh Gillespie. The Audit Committee meets twice yearly, and the Remuneration and Nomination Committees meet as required. All Committees have defined terms of reference and duties.

Audit Committee

The Audit Committee is responsible for reviewing the half yearly and annual accounts before they are presented to the Board, the terms of appointment of the Auditors, together with their remuneration, as well as a full review of the effectiveness of the Company's internal control and risk management systems.

Any non-audit services provided by the Auditors are reviewed and approved by the Committee prior to being undertaken, to ensure that Auditor objectivity and independence is safeguarded. The Committee is satisfied with the performance of the Auditors and recommends to Shareholders that they be re-appointed as Auditors for the forthcoming year.

The Audit Committee met once during the year. During the year, the Committee reviewed the internal financial controls and concluded that they remained appropriate. The Audit Committee also decided to re-appoint PKF (UK) LLP as Auditors of the Company. They also considered the need for an internal audit function and concluded that due to the size of the Company this would not be an appropriate function.

As the Company has no staff, other than the Directors, there are no procedures in place in respect of C3.4 of the Combined Code.

Board and Committee meetings

The following table sets out the directors' attendance at the Board and Committee meetings held during the year.

	Board meetings attended	**Audit committee meetings attended**	**Remuneration committee meetings attended**
	(4 held)	(1 held)	(0 held)
Hugh Gillespie	4	1	n/a
Dennis Hale	4	1	n/a
Chris Kay	4	1	n/a

Remuneration Committee

The Committee meets as and when required to review the levels of Directors' remuneration. Details of the specific levels of remuneration to each Director are set out in the Directors' Remuneration Report on page 17, and this is subject to Shareholder approval.

Nomination Committee

The Nomination Committee's primary function is to make recommendations to the Board on all new appointments and also to advise generally on issues relating to Board composition and balance. The Committee meets as and when appropriate.

Relations with Shareholders

Shareholders have the opportunity to meet the Board at the AGM. The Board is also happy to respond to any written queries made by Shareholders during the course of the year, or to meet with major Shareholders if so requested.

In addition to the formal business of the AGM, representatives of the Investment Manager and the Board are available to answer any questions a Shareholder may have. Separate resolutions are proposed at the AGM on each substantially separate issue. The Administrator collates proxy votes and the results (together with the proxy forms) are forwarded to the Company Secretary immediately prior to the AGM. In order to comply with the Combined Code, proxy votes are announced at the AGM, following each vote on a show of hands, except in the event of a poll being called. The notice of the next AGM and proxy form can be found at the end of these financial statements.

CORPORATE GOVERNANCE (continued)

Relations with Shareholders (continued)

The terms of reference of the Committees and the conditions of appointment of non-executive Directors are available to Shareholders on request.

Financial Reporting

The Directors' statement of responsibilities for preparing the accounts is set out in the Report of the Directors on page 16, and a statement by the Auditors about their reporting responsibilities is set out in the Auditors' Report on page 21.

Internal control

The Board has adopted an Internal Control Manual ("Manual") for which they are responsible, which has been compiled in order to comply with the Combined Code. The Manual is designed to provide reasonable, but not absolute, assurance against material misstatement or loss, which it achieves by detailing the perceived risks and controls to mitigate them. The Board reviews the perceived risks in line with relevant guidance on an annual basis and implements additional controls as appropriate.

The Board is responsible for ensuring that the procedures to be followed by the advisers and themselves are in place, and they review the effectiveness of the Manual, based on the report from the Audit Committee, on an annual basis to ensure that the controls remain relevant and were in operation throughout the year.

Although the Board is ultimately responsible for safeguarding the assets of the Company, the Board has delegated, through written agreements, the day-to-day operation of the Company to Downing Protected Managers IV Limited.

Going concern

The Directors confirm that they are satisfied that the Company has adequate resources to continue in business for the foreseeable future. For this reason they believe that the Company continues to be a going concern and that it is appropriate to continue to apply the going concern basis in preparing the financial statements.

Share Capital

The company has one class of share capital. The rights and obligations attaching to those shares, including the power of the company to buy back shares and details of any significant shareholdings, are set out on pages 3 and 4 and page 13 of the Chairman's Statement and Report of the Directors respectively.

Compliance statement

The Listing Rules require the Board to report on compliance with the forty-eight Combined Code provisions throughout the accounting period. With the exception of the limited items outlined below, the Company has complied throughout the accounting year ended 30 November 2009 with the provisions set out in Section 1 of the Combined Code.

a) New Directors do not receive a full, formal and tailored induction on joining the Board. Such matters are addressed on an individual basis as they arise. Also the Company has no major shareholders so Shareholders are not given the opportunity to meet any new non-executive Directors at a specific meeting other than the Annual General Meeting. (A5-1, A3-3)

b) Due to the size of the Board and the nature of the Company's business, a formal performance evaluation of the Board, its Committees, the individual Directors and the Chairman has not been undertaken. Specific performance issues are dealt with as they arise. (A6, A7-2)

c) The Company does not have any independent directors as defined by the Combined Code issued in June 2008 as a result of other directorships of companies managed by the same investment management team. The Board considers that all Directors have sufficient experience to be able to exercise proper judgement within the meaning of the Combined Code. (A3-2, A3-3). (Consequently the Board and the Remuneration, Nomination and Audit Committees do not comply with B2-1 and C3-1).

d) Non-executive Directors' contracts are on three months' rolling notice following an initial three year fixed term, whereas the recommendation is for fixed term renewable contracts. In the Directors' opinion this does not make a substantive difference to the circumstances of the Company. (B1-6).

By order of the Board

G Whitehouse

Grant Whitehouse
Secretary
Kings Scholars House
230 Vauxhall Bridge Road
London
SW1V 1AU

31 March 2010

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DOWNING PROTECTED VCT IV PLC

We have audited the financial statements of Downing Protected VCT IV plc for the year ended 30 November 2009, which comprise the Income Statement, the Reconciliation of Movements in Shareholders' Funds, the Balance Sheet, the Cash Flow Statement, and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Company's Members, as a body, in accordance with chapter 3 of part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an Auditors' Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the Company's Members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

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

Scope of the audit

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 November 2009 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006;
- the information given in the Report of the Directors' for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the information given in the Corporate Governance Statement in compliance with rules 7.2.5 and 7.2.6 in the Disclosure Rules and Transparency Rules sourcebook issued by the Financial Services Authority (information about internal control and risk management systems in relation to financial reporting processes and about share capital structures) is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

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

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

Under the Listing Rules we are required to review:

- the directors' statement, set out on page 20, in relation to going concern; and
- the part of the Corporate Governance Statement relating to the Company's compliance with the nine provisions of the June 2008 Combined Code specified for our review.

PKF (UK) LLP

Rhodri Whitlock
Senior Statutory Auditor
For and on behalf of PKF (UK) LLP
Statutory Auditors
London UK

31 March 2010

INCOME STATEMENT

For the year ended 30 November 2009

		Year ended 30 November 2009			Year ended 30 November 2008		
	Note	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Income	2	888	-	888	1,239	-	1,239
Losses on investments	9	-	(1,657)	(1,657)	-	(383)	(383)
		888	(1,657)	(769)	1,239	(383)	856
Investment management fees	3	(198)	-	(198)	(208)	-	(208)
Other expenses	4	(162)	-	(162)	(162)	-	(162)
Return/(loss) on ordinary activities before tax		528	(1,657)	(1,129)	869	(383)	486
Tax on ordinary activities	6	(158)	-	(158)	(264)	-	(264)
Return/(loss) attributable to equity Shareholders		370	(1,657)	(1,287)	605	(383)	222
Basic and diluted return per share	8	1.7p	(7.7p)	(6.0p)	2.8p	(1.8p)	1.0p

All Revenue and Capital items in the above statement derive from continuing operations. No operations were acquired or discontinued during the year. The total column within the Income Statement represents the profit and loss account of the Company.

A Statement of Total Recognised Gains and Losses has not been prepared as all gains and losses are recognised in the Income Statement as noted above.

Other than revaluation movements arising on investments held at fair value through the Income Statement, there were no differences between the return/deficit as stated above and at historical cost.

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Note	Year ended 30 November 2009 £'000	Year ended 30 November 2008 £'000
Opening Shareholders' funds		20,643	20,965
Purchase of own shares	13	(106)	(4)
Total recognised gain/(loss) for the year		(1,287)	222
Dividends paid	7	(540)	(540)
Closing Shareholders' funds		18,710	20,643

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

BALANCE SHEET
as at 30 November 2009

	Note		2009		2008
		£'000	£'000	£'000	£'000
Fixed assets					
Investments	9		9,392		19,887
Current assets					
Debtors	10	205		165	
Cash at bank and in hand	17	9,319		879	
		9,524		1,044	
Creditors: amounts falling due within one year	11	(185)		(267)	
Net current assets			9,339		777
Net assets less current liabilities			18,731		20,664
Creditors: amounts falling due after more than one year	12		(21)		(21)
Net assets			18,710		20,643
Capital and reserves					
Called up share capital	13		215		216
Capital redemption reserve	14		2		1
Special reserve	14		20,099		20,205
Capital reserve - realised	14		3		(60)
Investment holding losses	14		(2,124)		(404)
Revenue reserve	14		515		685
Total equity Shareholders' funds			18,710		20,643
Basic and diluted net asset value per Ordinary Share	15		87.2p		95.5p

The financial statements on pages 22 to 33 were approved and authorised for issue by the Board of Directors on 31 March 2010 and were signed on its behalf by

Hugh Gillespie
Chairman

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

CASH FLOW STATEMENT
for the year ended 30 November 2009

	Note	Year ended 30 Nov2009 £'000	Year ended 30 Nov 2008 £'000
Net cash inflow from operating activities	16	483	999
Taxation			
Corporation tax paid		(235)	(399)
Capital expenditure			
Purchase of investments	9	(4,066)	(7,771)
Sale of investments	9	12,904	8,006
Net cash inflow from capital expenditure		8,838	235
Equity dividends paid	7	(540)	(540)
Net cash inflow before financing		8,546	295
Financing			
Purchase of own shares	13	(106)	(4)
Net cash outflow from financing		(106)	(4)
Increase in cash	17	8,440	291

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

NOTES TO THE ACCOUNTS
for the year ended 30 November 2009

1. Accounting policies

Basis of accounting
The Company has prepared its financial statements under UK Generally Accepted Accounting Practice ("UK GAAP") and in accordance with the Statement of Recommended Practice "Financial Statements of Investment Trust Companies and Venture Capital Trusts" revised January 2009 ("SORP").

The financial statements are prepared under the historical cost convention except for the certain financial instruments measured at fair value and on the basis that it is not necessary to prepare consolidated accounts as explained in note 9.

The Company implements new Financial Reporting Standards ("FRS") issued by the Accounting Standards Board when required. No new standards were issued for implementation for the year under review. The Association of Investment Companies issued a new SORP in January 2009 which has been adopted for these financial statements. No comparative restatements have been required as a result of the implementation of the new SORP.

Presentation of Income Statement
In order to better reflect the activities of a venture capital trust and in accordance with the SORP, supplementary information which analyses the Income Statement between items of a revenue and capital nature has been presented alongside the Income Statement. The net revenue is the measure the directors believe appropriate in assessing the Company's compliance with certain requirements set out in Part 6 of the Income Tax Act 2007.

Investments
Venture capital investments are designated as "fair value through profit or loss" assets due to investments being managed and performance evaluated on a fair value basis. A financial asset is designated within this category if it is both acquired and managed on a fair value basis, with a view to selling after a period of time, in accordance with the Company's documented investment policy. The fair value of an investment upon acquisition is deemed to be cost. Thereafter investments are measured at fair value in accordance with the International Private Equity and Venture Capital Valuation Guidelines ("IPEV") together with FRS26.

For unquoted investments, fair value is established using the IPEV guidelines. The valuation methodologies for unquoted entities used by the IPEV to ascertain the fair value of an investment are as follows:

- Price of recent investment;
- multiples;
- Net assets;
- Discounted cash flows or earnings (of underlying business);
- Discounted cash flows (from the investment); and
- Industry valuation benchmarks.

The methodology applied takes account of the nature, facts and circumstances of the individual investment and uses reasonable data, market inputs, assumptions and estimates in order to ascertain fair value.

Gains and losses arising from changes in fair value are included in the Income Statement for the year as a capital item and transaction costs on acquisition or disposal of the investment are expensed.

It is not the Company's policy to exercise significant influence over investee companies. Therefore the results of these companies are not incorporated into the Income Statement except to the extent of any income accrued. This is in accordance with the SORP that does not require portfolio investments to be accounted for using the equity method of accounting.

Income
Dividend income from investments is recognised when the Shareholders' rights to receive payment has been established, normally the ex-dividend date.

Interest income is accrued on a time apportionment basis, by reference to the principal sum outstanding and at the effective rate applicable and only where there is reasonable certainty of collection.

NOTES TO THE ACCOUNTS (continued)
for the year ended 30 November 2009

Expenses
All expenses are accounted for on an accruals basis. In respect of the analysis between revenue and capital items presented within the Income Statement, all expenses have been presented as revenue items except as follows:

- Expenses which are incidental to the disposal of an investment are deducted from the disposal proceeds of the investment.
- Expenses are split and presented partly as capital items where a connection with the maintenance or enhancement of the value of the investments held can be demonstrated. The Company has adopted the policy of allocating Investment Manager's fees 100% as revenue.

Taxation
The tax effects on different items in the Income Statement are allocated between capital and revenue on the same basis as the particular item to which they relate using the Company's effective rate of tax for the accounting period.

Due to the Company's status as a Venture Capital Trust and the continued intention to meet the conditions required to comply with Part 6 of the Income Tax Act 2007, no provision for taxation is required in respect of any realised or unrealised appreciation of the Company's investments which arise.

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the accounts.

Other debtors, other creditors and loan notes
Other debtors (including accrued income), other creditors and loan notes are included within the accounts at amortised cost, equivalent to the fair value of the expected balance receivable/payable by the Company.

2. Income

	2009 £'000	2008 £'000
Income from investments		
Loan stock interest	868	1,140
Listed fixed income securities	-	46
	868	1,186
Other income		
Bank interest	20	39
Arrangement fees	-	14
	888	1,239

3. Investment management fees

The Company's subsidiary undertaking, Downing Protected Managers IV Limited ("DPM IV"), provides management services in respect of the portfolio of venture capital investments. The management fee, which is charged to the Company, is based on an annual amount of 1.0% of weighted average monthly net asset value. The Manager also provides administration services for a fee of £40,000 (plus RPI) per annum. Fees in relation to these services are shown within note 4.

	2009 £'000	2008 £'000
Investment management fees	198	208

NOTES TO THE ACCOUNTS (continued)
for the year ended 30 November 2009

4. Other expenses

	2009 £'000	2008 £'000
Administration services	45	43
Trail commission	47	52
Directors' remuneration	19	19
Social security costs	1	1
Auditors' remuneration for audit	13	10
Auditors' remuneration for tax compliance services	1	1
Other expenses	36	36
	162	162

The annual running costs of the Company, for the year, are also subject to a cap of 2.5% of net assets of the Company.

5. Directors' remuneration

Details of remuneration (excluding employer's NIC) are given in the Directors' Remuneration Report on pages 17 and 18.

The Company had no employees (other than Directors) during the year. Costs in respect of these are referred to in note 4 above.

No other emoluments or pension contributions were paid by the Company to, or on behalf of, any Director.

6. Tax on ordinary activities

		2009 £'000	2008 £'000
(a)	**Tax charge for year**		
	UK corporation tax	158	264
	Charge for the year	158	264
(b)	**Factors affecting tax charge for the year**		
	Revenue return on ordinary activities before taxation	528	869
	Tax charge calculated on revenue return on ordinary activities before taxation at the applicable rate of 27.5% (2008: 28.7%)	145	249
	Effects of:		
	Expenses disallowed for tax purposes	13	15
		158	264

7. Dividends

	Year ended 30 November 2009			Year ended 30 November 2008		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Paid in year						
2008 Final – 2.5p	540	-	540	-	-	-
2007 Final – 2.5p	-	-	-	540	-	540
	540	-	540	540	-	540

NOTES TO THE ACCOUNTS (continued)
for the year ended 30 November 2009

8. Basic and diluted return per share

	Weighted average number of shares in issue	Revenue return/ (loss)	Capital gain/ (loss)
Return per share is calculated on the following:		£'000	£'000
Year ended 30 November 2009	21,545,083	370	(1,657)
Year ended 30 November 2008	21,606,474	605	(383)

As the Company has not issued any convertible securities or share options, there is no dilutive effect on return per Ordinary share. The return per share disclosed therefore represents both the basic and diluted return per Ordinary share.

9. Investments
"Fair value through profit or loss" assets

	Venture capital investments £'000
Opening cost at 30 November 2008	20,291
Losses at 30 November 2008	(404)
Opening fair value at 1 December 2008	19,887
Movement in the year:	
Purchased at cost	4,066
Sale - proceeds	(12,904)
- realised gains on sales	63
Unrealised losses in the Income Statement	(1,720)
Closing fair value at 30 November 2009	9,392
Closing cost at 30 November 2009	11,516
Losses at 30 November 2009	(2,124)
	9,392

An analysis of venture capital investments between equity and non-equity elements is set out on page 12 within the Review of Investments.

No costs incidental to the acquisitions of investments were incurred during the year.

The Company also owns 100% of the issued Ordinary share capital of Downing Protected Managers IV Limited ("DPM IV") with an attributable cost of £1. Results of the subsidiary undertaking for the year ended 30 November 2009 were as follows:

	Country of registration	Nature of Business	Turnover £'000	Profit before tax £'000	Net assets £'000
Downing Protected Managers IV Limited	England and Wales	Investment management and administration services	243	0.8	5

This subsidiary undertaking has not been consolidated as its exclusion does not materially alter the group's accounts. The financial statements therefore present information about the Company as an individual undertaking and not about its group.

Downing Corporate Finance Limited, a company in which Nicholas Lewis and Tony McGing (directors of DPM IV) are directors and shareholders, has been granted an option to acquire the entire share capital of DPM IV at any time after 1 February 2010 for an amount equal to the net asset value of DPM IV at the time of exercise.

NOTES TO THE ACCOUNTS (continued)
for the year ended 30 November 2009

10. Debtors

	2009 £'000	2008 £'000
Prepayments and accrued income	205	165
	205	165

11. Creditors: amounts falling due within one year

	2009 £'000	2008 £'000
Amounts due to subsidiary undertaking	59	61
Corporation tax	54	131
Other taxes and social security	2	2
Accruals and deferred income	70	73
	185	267

12. Creditors: amounts falling due after more than one year

	2009 £'000	2008 £'000
Loan notes	21	21

The loan notes entitle the holders to interest at a rate of 3.75% per annum payable on 30 November in each year (the "Initial Interest"). In addition to the Initial Interest the loan notes entitle the holders to be paid additional interest which will depend upon the performance of the Company and will not be triggered until the performance incentive fee conditions are met.

13. Called up share capital

	2009 £'000	2008 £'000
Authorised:		
40,000,000 Ordinary shares of 1p each	400	400
Issued, Allotted, called up and fully-paid:		
21,450,413 (2008: 21,603,990) Ordinary shares of 1p each	215	216

During the year the Company repurchased 153,577 Ordinary shares of 1p each for an aggregate consideration of £105,707, being an average price of 68.8p per share and which represented 0.71% of the Company's issued share capital. These shares were subsequently cancelled.

14. Reserves

	Capital redemption reserve £'000	Special reserve £'000	Capital reserve – realised £'000	Investment holding (losses) £'000	Revenue reserve £'000	Total £'000
At 1 December 2008	1	20,205	(60)	(404)	685	20,427
Repurchase of shares	1	(106)	-	-	-	(105)
Gains/(losses) on investments	-	-	63	(1,720)	-	(1,657)
Retained net revenue for the year	-	-	-	-	370	370
Dividend paid	-	-	-	-	(540)	(540)
At 30 November 2009	2	20,099	3	(2,124)	515	18,495

Distributable reserves comprise the special reserve, capital reserve – realised, revenue reserve, and investment holding losses of £2,037,604 (2008: £404,477)

NOTES TO THE ACCOUNTS (continued)
for the year ended 30 November 2009

15. Basic and diluted net asset value per Ordinary Share

	Shares in issue		2009 Net Asset Value		2008 Net Asset Value	
	2009	2008	Pence per share	£'000	Pence per share	£'000
Ordinary Shares	21,450,413	21,603,990	87.2	18,710	95.5	20,643

As the Company has not issued any convertible shares or share options, there is no dilutive net asset value per Ordinary Share. The Net Asset Value per share disclosed therefore represents both the basic and diluted net asset value per Ordinary Share.

16. Reconciliation of return on ordinary activities before taxation to net cash flow from operating activities

	2009 £'000	2008 £'000
Return on ordinary activities before taxation	(1,129)	486
Losses on investments	1,657	383
(Increase)/decrease in debtors	(40)	160
(Decrease)/increase in creditors	(3)	(29)
Decrease in amounts due to subsidiary undertaking	(2)	(1)
Net cash (outflow)/ inflow from operating activities	483	999

17. Analysis of changes in cash at bank during the year

	2009 £'000	2008 £'000
Beginning of year	879	588
Net cash inflow/(outflow)	8,440	291
End of year	9,319	879

18. Financial instruments and derivatives

The Company's financial instruments comprise investments in unquoted companies, cash loans & receivables (including cash at bank and debtors) and other financial liabilities. Investments are designated as "fair value through profit and loss". The main purpose of these investments is to generate revenue and capital appreciation for the Company's members.

The fair value of investments is determined using the detailed accounting policy as shown in note 1.

Loans and receivables and other financial liabilities are stated at amortised cost which the Directors consider is equivalent to fair value.

The Company has not entered into any derivative transactions.

Interest rate risk profile of financial assets and financial liabilities
There are four levels of interest which are attributable to the financial instruments as follows:
- "Fixed rate" assets represent investments with predetermined yield targets and comprise loan note investments;
- "Floating rate" assets predominantly bear interest at rates linked to Bank of England base rate and comprise cash at bank and loan note investments;
- "Variable rate" assets represent investments with interest rate linked, by formula, to utilisation of funds by investee companies and comprise loan note investments;
- "No interest rate" assets do not attract interest and comprise equity investments, loans and receivables (excluding Cash at Bank) and other financial liabilities.

NOTES TO THE ACCOUNTS (continued)
for the year ended 30 November 2009

18. Financial instruments and derivatives (continued)

	Weighted average interest rate	Weighted average period until maturity	2009 £'000	2008 £'000
Fixed rate	8.1%	1,250 days	6,073	9,780
Variable rate	5.7%	past maturity	806	1,949
Floating rate	2.7%	1,092 days	9,338	4,022
No interest rate			2,493	4,892
			18,710	20,643

Financial liabilities
The Company has no financial liabilities or guarantees other than as stated in the Balance Sheet.

Currency exposure
As at 30 November 2009, the Company had no foreign currency exposures.

Borrowing facilities
The Company had no committed borrowing facilities as at 30 November 2009.

19. Principal financial risks

As a VCT, the majority of the Company's assets are represented by financial instruments which are held as part of the investment portfolio. In order to ensure continued compliance with relevant VCT regulation and to be in a position to deliver the long term capital growth, which is part of the Company's investment objective, the Board is very much aware of the need to manage and mitigate the risks associated with these financial instruments.

The management of these risks starts with the application of a clear investment policy which has been developed by the Board who are experienced investment professionals. Furthermore, the Board has appointed an experienced Investment Manager to whom they have communicated the Company's investment objectives and whose remuneration is linked to the achievement of those objectives. The Investment Manager reports regularly to the Board on performance, and to facilitate the direct Board involvement with key decisions, on whether or not to invest, disinvest and the nature, terms and the security of investments being made.

Further information about the VCT's investment policy is set out in the Report of the Directors on page 13 to 14.

In assessing the risk profile of its investment portfolio, the Board has identified two principal classes of financial instrument which are analysed within note 9. All investments are "fair value through the profit and loss account".

In addition to its investment portfolio, the VCT maintains a cash position. Cash is mainly held by Bank of Scotland plc and Royal Bank of Scotland plc. The Directors consider that the risk profile associated with cash deposits is low and thus the carrying value in the financial statements is a close approximation of the fair value.

The Board has reviewed the Company's financial risk profile. Despite the fact that there has been a clear deterioration in the economic climate, the Board has concluded that, as a result of the manner in which the Company structures its investments so as to try to reduce downside risk, the Company's exposure to financial risk has not changed significantly since the previous year.

The main risks arising from the Company's financial instruments are interest rate, market risk and credit risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below. These policies have remained unchanged since the beginning of the financial year. A review of the specific financial risks faced by the Company is presented below.

Market risk
Market risk arises from uncertainty about fair values or future cash flows of financial instruments because of changes in market prices. This is a fundamental aspect of investing in unquoted companies and one which is regularly assessed by the board and the investment manager.

NOTES TO THE ACCOUNTS (continued)
for the year ended 30 November 2009

19. Principal financial risks (continued)

Market price risk
The Company has no holdings in any listed or quoted equities at the year end. As such it has no direct exposure to substantial movements experienced by stock markets. The Company generally structures its investments such that the majority of any losses are initially borne by its investment partners. Therefore the Company has reduced its exposure to a fall in the value of the businesses in which it invests and any underlying assets held by those businesses, such that it has a charge over substantial assets of the underlying business.

Interest rate risk
The Company's investment portfolio is comprised of variable rate, floating rate and fixed rate financial instruments, the fair values of which are influenced by differing degrees to changes in market price. Generally, unless the risk profile attaching to the loan note changes, the fair value of variable and floating rate investments is unlikely to alter materiality. The fair value of fixed rate investments would, theoretically, increase as base rates fall. However, as a result of the structuring of the Company's investments, the fixed rate investments (loan notes) have strict redemption and transferability conditions and, therefore, any theoretical uplift in fair value would not be a fair reflection of the realisable value of this class of investment.

The Company's future cash flows can be influenced by changes in interest rates resulting in an increase or decrease in income from investments linked to the base rate, and by the credit worthiness of the borrowers of the funds. The maximum exposure to this risk amounts to the value of variable and floating rate assets of £10.0 million (2008: £6.0 million). Sensitivity has been tested by the impact on the NAV over a one year period of a fall in the base rate to nil, being the largest possible fall. The estimated impact on performance and NAV is not deemed significant. The impact is summarised below.

Base rate falls to nil	**Risk exposure at 30 Nov 2009**	**Impact on NAV**	**Impact on NAV per share**
	£'000	**£'000**	**Pence**
Variable rate investments	806	3	0.01p
Floating rate investments	9,338	23	0.11p
	10,144	26	0.12p

Credit risk
Credit risk is the risk that the counterparty to a financial instrument is unable to discharge a commitment to the Company made under that instrument. The Company's financial assets that are exposed to credit risk are summarised as follows:

	2009	**2008**
	£'000	**£'000**
Investments in loan stocks	8,206	15,399
Cash and cash equivalents	9,319	879
Interest, dividends and other receivables	179	158
	17,704	16,436

Credit risk in respect of investments in liquidity funds is minimised by investing in AA-, or better, rated funds.

Investments in loan stocks comprise a fundamental part of the Company's venture capital investments and are managed within the main investment management procedures. The Company's policy is to invest in businesses with substantial assets, with security being taken over the assets of the business.

Cash is mainly held by Bank of Scotland plc. Consequently, the Directors consider that the risk profile associated with cash deposits is low.

Interest, dividends and other receivables are predominantly covered within the investment management procedures.

NOTES TO THE ACCOUNTS (continued)
for the year ended 30 November 2009

19. Principal financial risks (continued)

Liquidity risk
Liquidity risk is the risk that the Company encounters difficulties in meeting obligations associated with its financial liabilities. As the Company only ever has a very low level of creditors being £185,000 (2008: £267,000), holds significant cash balances and no borrowings (other than the £21,000 of loan notes issued to the management team in respect of the performance incentive fee), the Board believes that the Company's exposure to liquidity risk is low.

20. Management of capital

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern in order to continue to provide returns for Shareholders.

The requirements of the VCT Regulations and the fact that the Company, with the exception of the loan notes of £21,000, has a policy of not having any borrowings mean that there is limited scope to manage the Company's capital structure. However, to the extent it is possible, the Company can maintain or adjust its capital structure by adjusting the amount of dividends paid to Shareholders, purchasing its own shares or issuing new shares.

As the Company has a low level of liabilities, the Board considers the Company's net assets to be its capital.

The Company does not have any externally imposed capital requirements.

There has been no change in the objectives, policies or processes for managing capital from the previous year.

21. Contingencies, guarantees and financial commitments

Contingent liability re. performance incentive fees
As explained in the Report of the Directors on page 13, the Company may be liable to pay performance incentive fees by way of additional interest on the loan notes issued to the Management Team and Directors. The amount of additional interest, if any, is dependent on the level of distributions made to Shareholders before 5 April 2012. The maximum amount payable under these arrangements is 10% of the net proceeds paid to Shareholders.

If the Company's assets and liabilities were realised at the current carrying values and other targets met, the maximum level of performance fees payable would be £1.9 million (equivalent to 8.8p per share). However, in view of the significant uncertainties as to what extent the targets will actually be met, the Directors are unable to make a reliable estimate of the performance fees (if any) that will ultimately be payable.

Other than as described above, at 30 November 2009, the Company had no contingencies, guarantees or financial commitments.

22. Related party transactions

Downing Protected Managers IV Limited ("DPM IV"), a wholly owned subsidiary, is the Company's Investment Manager. Details of the agreement with DPM IV are included in note 3. During the year ended 30 November 2009, £198,000 (2008: £208,000) was payable to DPM IV. Additionally, DPM IV provides accounting, secretarial and administrative services for an annual fee of £40,000 (plus RPI) per annum. During the year ended 30 November 2009, £45,000 (2008: £43,000) was due in respect of administration fees. At the year end a balance of £59,000 (2008: £61,000) was due to DPM IV.

Each Director holds loan notes issued by the Company as part of the performance incentive arrangements. These are described in the Directors' Remuneration Report on page 17 and referred to in note 21 in respect of the contingent liability relating to these loan notes.

23. Controlling party

In the opinion of the Directors there is no immediate or ultimate controlling party.

downing protected VCT IV

NOTICE OF THE FOURTH ANNUAL GENERAL MEETING OF DOWNING PROTECTED VCT IV PLC

NOTICE IS HEREBY GIVEN that the fourth Annual General Meeting of Downing Protected VCT IV plc will be held at Kings Scholars House, 230 Vauxhall Bridge Road, London, SW1V 1AU at 4:00 p.m. on 10 May 2010 for the transaction of the following business:

As **Ordinary Business**, to consider and, if thought fit, pass the following resolutions which will be proposed as Ordinary Resolutions:

1. To receive and adopt the Report of the Directors and Accounts of the Company for the year ended 30 November 2009 together with the report of the Auditors thereon.
2. To approve the Directors' Remuneration Report.
3. To re-appoint PKF (UK) LLP as Auditors of the Company to hold office until the conclusion of the next Annual General Meeting at which accounts of the Company are presented and to authorise the Directors to determine their remuneration.
4. To re-elect, as Director, Chris Kay who retires and, being eligible, offers himself for re-election.

As **Special Business**, to consider and, if thought fit, pass the following resolutions:

Special Resolutions

5. That, the Company be and is hereby generally and unconditionally authorised to make market purchases (within the meaning of Section 693(4) of the Companies Act 2006) of Ordinary Shares of 50p each in the capital of the Company ("Ordinary Shares") provided that:

   (i) the maximum number of Ordinary Shares hereby authorised to be purchased is such number thereof being 14.9% of the issued capital of the Company from time to time;

   (ii) the minimum price which may be paid for an Ordinary Share is 1p, exclusive of all expenses;

   (iii) the maximum price which may be paid for an Ordinary Share is an amount, exclusive of all expenses, equal to 105% of the average of the middle market quotations of the Ordinary Shares as derived from the Daily Official List of the London Stock Exchange, for each of the five business days immediately preceding the day on which the Ordinary Share is contracted to be purchased; and

   (iv) the Company may validly make a contract to purchase Ordinary Shares under the authority hereby conferred prior to the expiry of such authority which will or may be executed wholly or partly after the expiry of such authority, and may validly make a purchase of Ordinary Shares in pursuance of any such contract;

   and this power, unless previously varied, revoked or renewed, shall come to an end at the conclusion of the Annual General Meeting of the Company next following the passing of this resolution or on the expiry of 15 months from the passing of the resolution, whichever is the earlier.

6. To change the name to Downing Planned Exit VCT 4 plc.

By order of the Board

Grant Whitehouse
Secretary

Registered Office
Kings Scholars House
230 Vauxhall Bridge Road
London SW1V 1AU

31 March 2010

NOTICE OF THE FOURTH ANNUAL GENERAL MEETING (continued)

Notes

(a) Any member of the Company entitled to attend and vote at the Annual General Meeting is also entitled to appoint one or more proxies to attend, speak and vote instead of that member. A member may appoint more than one proxy in relation to the Annual General Meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that member. A proxy may demand, or join in demanding, a poll. A proxy need not be a member of the Company but must attend the Annual General Meeting in order to represent his appointor. A member entitled to attend and vote at the Annual General Meeting may appoint the Chairman or another person as his proxy although the Chairman will not speak for the member. A member who wishes his proxy to speak for him should appoint his own choice of proxy (not the Chairman) and give instructions directly to that person. If you are not a member of the Company but you have been nominated by a member of the Company to enjoy information rights, you do not have a right to appoint any proxies under the procedures set out in these Notes. Please read Note (h) below. Under section 319A of the Act, the Company must answer any question a member asks relating to the business being dealt with at the Annual General Meeting unless:
- answering the question would interfere unduly with the preparation for the Annual General Meeting or involve the disclosure of confidential information;
- the answer has already been given on a website in the form of an answer to a question; or
- it is undesirable in the interests of the Company or the good order of the Annual General Meeting that the question be answered.

(b) To be valid, a Form of Proxy and the power of attorney or other written authority, if any, under which it is signed or an office or notarially certified copy or a copy certified in accordance with the Powers of Attorney Act 1971 of such power and written authority, must be delivered to Downing Management Services Limited, Kings Scholars House, 230 Vauxhall Bridge Road, London SW1V 1AU or electronically at proxy@downing.co.uk, in each case not less than 48 hours (excluding weekends and public holidays) before the time appointed for holding the Annual General Meeting or adjourned meeting at which the person named in the Form of Proxy proposes to vote. In the case of a poll taken more than 48 hours (excluding weekends and public holidays) after it is demanded, the document(s) must be delivered as aforesaid not less than 24 hours (excluding weekends and public holidays) before the time appointed for taking the poll, or where the poll is taken not more than 48 hours (excluding weekends and public holidays) after it was demanded, be delivered at the meeting at which the demand is made.

(c) In order to revoke a proxy instruction a member will need to inform the Company using one of the following methods:
- by sending a signed hard copy notice clearly stating the intention to revoke the proxy appointment to Downing Management Services Limited, Kings Scholars House, 230 Vauxhall Bridge Road, London SW1V 1AU. In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice.
- by sending an e-mail to proxy@downing.co.uk.

In either case, the revocation notice must be received by Downing Management Services Limited before the Annual General Meeting or the holding of a poll subsequently thereto. If a member attempts to revoke his or her proxy appointment but the revocation is received after the time specified then, subject to Note (d) directly below, the proxy appointment will remain valid.

(d) Completion and return of a Form of Proxy will not preclude a member of the Company from attending and voting in person. If a member appoints a proxy and that member attends the Annual General Meeting in person, the proxy appointment will automatically be terminated.

(e) Copies of the Directors' Letters of Appointment and the Register of Directors' interests in the Ordinary Shares of the Company, will be available for inspection at the registered office of the Company during usual business hours on any weekday (Saturday and Public Holidays excluded) from the date of this notice, until the end of the Annual General Meeting for at least 15 minutes prior to and during the meeting.

(f) Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company has specified that only those holders of the Company's shares registered on the Register of Members of the Company as at 4.00 p.m. on 6 May 2010 or, in the event that the Annual General Meeting is adjourned, on the Register of Members 48 hours before the time of any adjourned meeting, shall be entitled to attend and vote at the said Annual General Meeting in respect of such shares registered in their name at the relevant time. Changes to entries on the Register of Members after 4.00 p.m. on 6 May 2010 or, in the event that the Annual General Meeting is adjourned, on the Register of Members less than 48 hours before the time of any adjourned meeting, shall be disregarded in determining the right of any person to attend and vote at the Annual General Meeting.

(g) As at 9 a.m. on 31 March 2010, the Company's issued share capital comprised 21,450,413 Ordinary Shares and the total number of voting rights in the Company were 21,450,413. The website referred to above will include information on the number of shares and voting rights.

(h) If you are a person who has been nominated under section 146 of the Act to enjoy information rights ("Nominated Person"):
- You may have a right under an agreement between you and the member of the Company who has nominated you to have information rights ("Relevant Member") to be appointed or to have someone else appointed as a proxy for the Annual General Meeting;
- If you either do not have such a right or if you have such a right but do not wish to exercise it, you may have a right under an agreement between you and the Relevant Member to give instructions to the Relevant Member as to the exercise of voting rights;
- Your main point of contact in terms of your investment in the Company remains the Relevant Member (or, perhaps your custodian or broker) and you should continue to contact them (and not the Company) regarding any changes or queries relating to your personal details and your interest in the Company (including any administrative matters). The only exception to this is where the Company expressly requests a response from you.

(i) A corporation which is a member can appoint one or more corporate representatives who may exercise, on its behalf, all its powers as a member provided that no more than one corporate representative exercises powers over the same share.

(j) A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, the proxy will vote or abstain from voting at his or her discretion. The proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the Annual General Meeting.

(k) Except as provided above, members who have general queries about the Annual General Meeting should write to the Chairman at the registered office set out above.

(l) Members may not use any electronic address provided either in this notice of Annual General Meeting, or any related documents (including the Chairman's letter and Form of Proxy), to communicate with the Company for any purposes other than those expressly stated.

FORM OF PROXY

DOWNING PROTECTED VCT IV PLC

For use at the Annual General Meeting of the above-named Company to be held on 10 May 2010, at Kings Scholars House, 230 Vauxhall Bridge Road, London, SW1V 1AU at 4:00 p.m.

I/We* ……

(in BLOCK CAPITALS please)

of ……

being the holder(s)* of Ordinary shares of 1p each in the capital of the above-named Company, hereby appoint the Chairman of the Meeting (see note 1)

or ……

of ……

as my/our* proxy to attend for me/us* on my/our* behalf at the Annual General Meeting of the Company to be held at Kings Scholars House, 230 Vauxhall Bridge Road, London, SW1V 1AU on 10 May 2010 or at any adjournment thereof.

I/We* desire to vote on the resolutions as indicated in the appropriate column below. Please indicate with an "X" how you wish your vote to be cast.

Details of the resolutions are set out in the Notice of the Annual General Meeting.

ORDINARY BUSINESS	FOR	AGAINST	WITHHELD
1. To receive and adopt the Directors' report and accounts.	☐	☐	☐
2. To approve the Directors' Remuneration Report.	☐	☐	☐
3. To re-appoint the Auditors and authorise the Directors to determine their remuneration.	☐	☐	☐
4. To re-elect Chris Kay as a Director.	☐	☐	☐
SPECIAL BUSINESS			
5. To authorise the Directors to make market purchases of its shares.	☐	☐	☐
6. To change the name to Downing Planned Exit VCT 4 plc.	☐	☐	☐

Dated this ……………………… day of ………………………………………………………………… 2010

Signature(s)……………………………………………………………………/……………………………………………………………………

If you are unable to attend the AGM and wish to put any comments to the Board, please use the box below.

* Delete as appropriate

NOTES AND INSTRUCTIONS:

1. Any member of the Company entitled to attend and vote at the Meeting is also entitled to appoint one or more proxies to attend, speak and vote instead of that member. A member may appoint more than one proxy in relation to the General Meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that member. A proxy may demand, or join in demanding, a poll. A proxy need not be a member of the Company but must attend the Meeting in order to represent his appointor. A member entitled to attend and vote at the meeting may appoint the Chairman or another person as his proxy although the Chairman will not speak for the member. A member who wishes his proxy to speak for him should appoint his own choice of proxy (not the Chairman) and give instructions directly to that person.
2. Delete "the Chairman of the meeting" if it is desired to appoint any other person and insert his or her name and address. If no name is inserted, the proxy will be deemed to have been given in favour of the Chairman of the meeting. If this Form of Proxy is returned without stating how the proxy shall vote on any particular matter the proxy will exercise his discretion as to whether, and if so how, he votes.
3. Any alterations to the Form of Proxy should be initialled.
4. To be valid, this Form of Proxy and the power of attorney or other written authority, if any, under which it is signed or an office or notarially certified copy or a copy certified in accordance with the Powers of Attorney Act 1971 of such power and written authority, must be delivered to Downing Management Services Limited, Kings Scholar House, 230 Vauxhall Bridge Road, London SW1V 1AU not less than 48 hours (excluding weekends and public holidays) before the time appointed for holding the Meeting or adjourned meeting at which the person named in this Form of Proxy proposes to vote. In the case of a poll taken more than 48 hours (excluding weekends and public holidays) after it is demanded, the document(s) must be delivered as aforesaid not less than 24 hours (excluding weekends and public holidays) before the time appointed for taking the poll, or where the poll is taken not more than 48 hours (excluding weekends and public holidays) after it was demanded, and be delivered at the meeting at which the demand is made.
5. In the case of a corporation, this form must be under its common seal or under the hand of some officer or attorney duly authorised on that behalf.
6. In the case of joint holders, the vote of the senior holder tendering a vote will be accepted to the exclusion of the votes of the other joint holders. Seniority depends on the order in which the names stand in the register of members.
7. The completion and return of this Form of Proxy will not preclude you from attending and voting at the General Meeting should you subsequently decide to do so. If a member appoints a proxy and that member attends the General Meeting in person, the proxy appointment will automatically be terminated.
8. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, the proxy will vote or abstain from voting at his or her discretion. The proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the General Meeting.

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Business Reply
Licence Number
RRJU-YLYH-CTJK

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Downing Protected VCT IV plc
c/o Downing Management Services Limited
Kings Scholars House
230 Vauxhall Bridge Road
London
SW1V 1AU

Second Fold

First fold