



**Downing Planned Exit VCT 4 plc
(in liquidation)**

10 Lower Grosvenor Place
London SW1W 0EN
Tel: 020 7416 7780
Fax: 020 7416 7652

31 March 2014

Dear Shareholder

**Downing Planned Exit VCT 4 plc
Report to Shareholders from the Supervisory Committee and Manager**

I present an update of developments in respect of progress that has been made in seeking realisations from the Company's remaining investments and the return of the proceeds to Shareholders.

This report is being sent to Shareholders along with the Liquidator's Progress Report, which is the formal report from the Liquidator to Shareholders covering the second year since the Company was put into Members' voluntary liquidation. Shareholders are reminded that this is a solvent liquidation which has been undertaken primarily to reduce running costs and ease the restrictions of the VCT regulations during the Company's final investment realisation stage.

As you may recall, the Company still holds two main investments:

Heyford Contracting (South) Limited

Heyford built two commercial office developments: North Gate in Banbury, Oxfordshire and Uppingham Gate in Uppingham, Rutland. The company has five unsold units across the two developments. The market for these type of properties remains very slow, although there is news that the sale of one unit is progressing and is expected to complete shortly.

In light of the current target selling prices for the units, the Board has reviewed the carrying value of the investment and has decided it is appropriate to adjust the valuation down by £290,000 to £900,000. This decrease is equivalent to 1.3p per share in terms of Net Asset Value per share ("NAV").

The current plan is to continue to market the units at the target selling prices on the basis that there are now some prospects of at least a small improvement in the market. However, in view of the uncertainty of how long it will take to achieve sales of the units at full value, the Manager is also undertaking some research into whether an exit or partial exit from the investment could be engineered if the target selling prices were reduced. If the exercise produces results which the Supervisory Committee believes may be of interest to some Shareholders, the Committee and Manager will work with the Liquidator to explore methods by which some form of offer could be made to Shareholders.

Coast Constructors Limited/Aminghurst Limited

Coast has undertaken a contract to build a residential apartment and boutique hotel complex, at Gara Rock, near Salcombe in Devon, a site owned by Aminghurst.

The original project suffered some major issues which resulted in cost overruns, significant delays and removal of the original management team and, ultimately, required further funding from third parties.

With a revised funding plan in place, all of the apartments and cottages have now been completed, and the shared facilities opened with a view to selling them during 2014. Last year a planning condition that had hampered past sales efforts was successfully lifted and marketing has now commenced ahead of the key selling season.

Despite these positive developments, it is unlikely that any funds will flow back to the VCT until most of the remaining apartments and the hotel have been sold. With the peak selling season being spring and summer the Manager is hopeful that over the next six to nine months we may be getting close to completing this task. With a significant level of debt now ranking ahead of the Company's investment, the returns that the Company ultimately receives are heavily dependent on the selling prices achieved. There is a possibility that the Company's investment may be worthless. Conversely there is the possibility of returns above the current valuation of £43,000.

Other investments

Vermont Developments Limited

This company owns development land in Salford. During the last year there have been some significant discussions with a third party developer regarding developing the site into student accommodation. Unfortunately, the developer now appears to be facing funding problems and prospects for that deal to proceed now seem unlikely. The investment is valued at the most recent third party valuation of the land, being £50,000, which is substantially below original cost.

Future Films Production Services Limited

The Company was previously holding a small remaining piece of this investment at nil. After some negotiations with the company, the Manager secured further proceeds of £5,000 to exit completely from the investment.

Balance sheet

An unaudited balance sheet as at 31 December 2013, and the previous reported balance sheet at 31 August 2013, is included in Appendix 1. As at 31 December 2013, the unaudited net asset value per share stood at 5.3p per share. Total dividends paid to date have been 77.0p per share.

Total return (net asset value plus dividends paid to date) stands at 82.3p per share, compared to the original cost, net of income tax relief, of 60p per share.

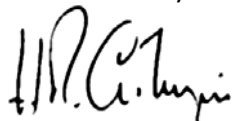
Although the realisation of these final investments is taking some time, running costs of the Company are now at a minimal level and so Shareholders' funds are not being excessively eroded by costs. Downing, the Manager, continues to provide a running cost cap to the Company at 3% of net assets. In practice this now means that the Manager takes no fees and is likely be contributing to the other costs of the Company shortly.

Outlook

The path towards the exit from the remaining investments remains slow but there are now signs of some headway being made. It remains difficult to forecast when the Company might be in a position to make a further or final distribution and what the quantum of the any distribution will be.

If the work on Heyford Contracting (South) yields results which suggests a prompt exit could be achieved at a reduced valuation, the Manager will investigate means by which this could be offered to Shareholders that might wish to take that route. Naturally, full details will be sent to all Shareholders if any such scheme comes to fruition.

Yours faithfully



Hugh Gillespie
Chairman

Appendix 1

Unaudited Balance Sheet

	Original Cost £'000	31 Dec 2013 £'000	31 August 2012 £'000
Fixed assets - venture capital investments			
Heyford Contracting (South) Limited	1,650	900	1,190
Vermont Developments Limited	903	50	50
Aminghurst Limited	992	-	-
Coast Contractors Limited	2,252	43	43
	<u>5,797</u>	<u>993</u>	<u>1,283</u>
Current assets			
Debtors		71	73
Bank		139	834
		<u>210</u>	<u>907</u>
Current liabilities – Creditors falling due within one year		<u>(40)</u>	<u>(66)</u>
Net current assets		170	841
Long term liabilities		(21)	(21)
Net assets		<u>1,142</u>	<u>2,103</u>
		Pence per share	Pence per share
Net asset value per share		5.3	9.8
Dividends paid to date		77.0	74.0
Total return		82.3	83.8

DOWNING PLANNED EXIT VCT 4 PLC - IN LIQUIDATION
LIQUIDATOR'S PROGRESS REPORT

ANTONY BATTY & COMPANY LLP
3 FIELD COURT
GRAYS INN
LONDON
WC1R 5EF

DOWNING PLANNED EXIT VCT 4 PLC - IN LIQUIDATION

This report is prepared in accordance to the provisions of the Insolvency Act 1986, which require the Liquidator to provide members with an update of the progress of the liquidation. The report has been prepared for the purpose of advising members. The report is private and confidential and may not be relied upon, referred to, copied or quoted from, in whole or in part, by members for any purpose other than advising them, or by any other person for any purpose whatsoever.

W A Batty was appointed as Liquidator of Downing Planned Exit VCT 4 Plc on 16/02/2012.

WA Batty, SJ Evans & HF Jesseman are licensed as Insolvency Practitioners in the UK by The Institute of Chartered Accountants in England & Wales under S. 390 (2) of the Insolvency Act 1986.

Abbreviations used in this report:

- Downing Planned Exit VCT 4 Plc - ("Downing Planned Exit VCT 4 Plc" or "the Company")
- W A Batty - ("the Liquidator")
- HM Revenue & Customs - ("HMRC")

DOWNING PLANNED EXIT VCT 4 PLC - IN LIQUIDATION

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DOWNING PLANNED EXIT VCT 4 PLC - IN LIQUIDATION

1. INTRODUCTION

1.1 Purpose of Report

This report is prepared pursuant to the provisions of the Insolvency Act 1986, which require me as Liquidator to provide members with an update on the progress of the Liquidation.

This report covers the period from 16 February 2013 to 15 February 2014.

This report should be read in conjunction with my previous report.

The following information is included in this report:

- Details of asset realisations
- Details of creditors' claims and payment of those claims
- Details of any distributions made to members and likely further distributions
- Details of the Liquidator's receipts and payments including details of assets realised and any costs paid.
- Information regarding fees and expenses.
- Other information for members.

1.2 Progress of the Liquidation

The Company is still seeking to exit from its remaining investments

2. ASSET REALISATIONS

I have made the following realisations during the period of this report:

2.1 Investment Realisations

As stated in my previous report, I received the sum of £218,942 from West Tower Liverpool and £44,031 from Hoole Hall Country Club Holdings Limited. ~~It is anticipated that no further sums will be received in this matter.~~

2.2 Remaining Investments

The latest position with regards to the Company's investments is detailed in the accompanied circular.

2.3 Cash at Bank

I received £583,355, being the balance in the Company's accounts on the date of my appointment.

2.4 Bank Interest

I have received bank interest of £1,203 on the balance of the funds in the account.

3. LIABILITIES

There are a number of different classes of creditors in insolvency matters. These include:

Secured Creditors are creditors who hold fixed and or floating charge debenture security; they are paid in priority to other creditors, subject to preferential creditors and unsecured creditors under the prescribed part.

Preferential creditors comprise employees' claims for holiday pay and some arrears of wages. Preferential creditors are paid in priority to the prescribed part, floating chargeholders and unsecured creditors.

Unsecured creditors rank behind secured and preferential creditors. Unsecured creditors receive the surplus from net realisations after secured and preferential creditors and any payment which is made under the prescribed part.

3.1 Secured Creditors

I am not aware of any secured creditor

3.2 Preferential creditors

I am not aware of any preferential creditors in this matter.

3.3 Unsecured Creditors

There are no unsecured creditors in this matter.

4. DISTRIBUTIONS TO MEMBERS

The total distributions to members are as follows:

	<u>Total</u> £	<u>Amount per share</u> p in £
Cash distributions	643,512	3

4.1 Cash Distributions

I made one distribution to members totalling £643,512 on 7 December 2012, representing a dividend of 3p in respect of each share.

Individual distributions to members, which remain unbanked after six months, will be transferred to the Insolvency Services unclaimed dividend account.

4.5 Further Anticipated Distributions

I anticipate that further dividends will be paid to members once the remaining investments have been realised. Unfortunately, I am not in the position to advise the timing of the next dividend.

5. LIQUIDATORS' RECEIPTS AND PAYMENTS

A summary of my receipts and payments relating to the Company for the period from 16 February 2013 to 15 February 2014 is enclosed at Appendix III. I confirm that no account was held with the Secretary of State; therefore the account has not been reconciled with the Insolvency Services Account. Please note that receipts and payments in the account are shown net of VAT.

During the period of this report, I have made the following significant payments not detailed elsewhere in this report:

HM Revenue & Customs have been paid £1,686 in respect of Corporation tax due in the period.

Colourset Litho has been paid £654 in respect of postage of the reports to shareholders.

Capita Registrars have been paid £176 in respect of the distribution of dividends

I paid C J Coleman £148 for insuring the Company's assets.

I have paid £4,387 to the three directors in respect of their wages.

HM Revenue & Customs have been paid £2,925 in respect of PAYE/NIC due on wages paid to the directors during this period.

The choice of professionals was based on the Liquidator's perception of their experience and ability to perform this type of work, the complexity and nature of the assignment and the basis of the agreed fee arrangement with them. The fees charged have been reviewed and the Liquidator is satisfied that they are reasonable in the circumstances of this case.

I have previously made the following significant payments:

1. Specific Bond: £1,800
2. Accountant's Fees: £300
3. Legal Fees: £3,750
4. Corporation tax: £35,586
5. Printing & Postage: £3,349
6. Registrar Service: £1,615
7. Insurance of Assets: £148
8. Wages & Salaries: £11,336
9. PAYE/NIC: £7,783

Details of the significant receipts are shown in the Asset section of this report.

6. LIQUIDATOR'S REMUNERATION & EXPENSES

6.1 Approval of Basis of Remuneration & Expenses

My fees as Liquidator have been approved on a time cost basis, by reference to time properly given by me and my staff in attending to matters arising in the Liquidation, together with category 2 expenses, by the members at the members' meeting held on 16 February 2012.

Category 1 expenses are payable without approval from members.

6.2 Liquidator's Time Costs

For the period of this report, time costs amount to £7,849, representing over 27 hours' work, at an average charge out rate of £283. The total time costs for the liquidation amount to £14,927.60 representing over 57 hours' work, at an average charge out rate of £258.

During the period of this report and throughout the duration of the Liquidation, I have drawn £7,078 plus VAT in respect of my remuneration.

Appendix IV contains further information about time spent on the Liquidation and has been categorised into the following headings:

- Administration and Planning: includes case planning, administrative set-up, appointment notification, statutory reporting, compliance, cashiering, accounting and administrative functions.
- Realisation of Assets: includes identifying, securing, insuring assets, retention of title issues, debt collection, property, business and asset sales.
- Investigations: includes reporting on the conduct of directors, investigating antecedent transactions and any other investigations that may be deemed appropriate.
- Trading: includes planning, strategy, trading accounting, managing operations on site, corresponding with suppliers and customers, and on-going employee matters.

- Creditors: includes creditor set up, communication and meetings, reviewing and agreeing preferential and unsecured claims, corresponding with secured creditors, reviewing and obtaining advice in relation to security granted by the Company.

For the period of this report the time spent on this matter has predominantly been spent on statutory tasks of the Liquidation, corresponding with members, preparing reports and distributing dividends.

Due to the complexities raised when dealing with VCT companies, work such as preparing the necessary reports to the creditors and case management on this assignment has predominantly been carried out by a manager with the suitable level of experience and authority necessary to progress the Liquidation. Less complex areas of work such as administrative functions have been carried out by junior grades of staff.

A Guide to Liquidators' fees may be found at <http://www.antonybatty.com/resource>. I would also be pleased to send you a copy by e-mail or post on request. Details of current charge out rates are given at Appendix VI.

6.3 Liquidator's Expenses

A summary of my expenses for the period of this report is given at Appendix V. Details of the disbursements policy are given at Appendix VI.

6.4 Member's Request for Further Information about Remuneration & Expenses

Under insolvency legislation, members have the right to request in writing further information regarding the remuneration or expenses set out in this report. The request can be made by either a member with at least 5% of the total voting rights of all members at a general meeting of the Company or any member with the permission of the Court.

The request must be made in writing within 21 days of receipt of this report.

6.5 Member's Claim that Remuneration and/or Expenses are Excessive

Under insolvency legislation, members have the right to challenge the Liquidator's remuneration and expenses by making an application to court. The application can be made by either a member with at least 10% of the total voting rights of all members at a general meeting of the Company or any member with the permission of the Court.

The application may be made on the grounds that the Liquidator's remuneration is, in all the circumstances, excessive; the basis of fixing the remuneration is inappropriate; or the Liquidator's expenses are, in all the circumstances, excessive.

Any such application must be made within 8 weeks of receipt of this report.

If the court considers the application well founded, it may order that the remuneration be reduced, the basis be changed, or the expenses be disallowed or repaid. Unless the court orders otherwise, the costs of the application must be paid by the applicant and not out of the assets.

7. FURTHER INFORMATION FOR MEMBERS

7.1 EC Regulation on Insolvency Proceedings

I consider that the EC Regulation on Insolvency Proceedings apply to the Liquidation of the Company. I also consider that they are "main" proceedings since the Company's registered office and trading address are in the United Kingdom.

8. CONCLUSION OF THE LIQUIDATION

Once the Company has exited from its remaining investments and a final distribution has been made to shareholders, I shall finalise my administration and close the case accordingly.

Should you require any further information please contact Bukky Sanya

A handwritten signature in black ink, appearing to be 'W A Batty', written in a cursive style.

W A Batty
Liquidator

Dated: 20 March 2014

DOWNING PLANNED EXIT VCT 4 PLC - IN LIQUIDATION

STATUTORY INFORMATION

Company Number: 5634314
 Date of Incorporation: 24 November 2005
 Trading Name: N/A
 Previous Registered Names: Downing Protected VCT IV Plc
 Registered Office: 3 Field Court, London, WC1R 5EF
 Formerly: 10 Lower Grosvenor Place, London, SW1W 0EN
 Trading Address: 10 Lower Grosvenor Place, London, SW1W 0EN
 Principle business activity: VCT investment

Directors

<u>Name</u>	<u>Appointed</u>	<u>Resigned</u>
Hugh R Gillespie	07/12/2005	-
Dennis Hale	07/12/2005	-
Christopher P Kay	07/12/2005	-

Company Secretary

<u>Name</u>	<u>Appointed</u>	<u>Resigned</u>
Grant L Whitehouse	07/12/2005	

Issued Share Capital 21,450,413 ordinary shares of £1 each

Shareholders

<u>Name</u>	<u>Ordinary Shares</u>	<u>Percentage</u>
List of shareholders is available on request		

Chargeholders

<u>Name</u>	<u>Type of Charge</u>	<u>Date of Charge</u>
N/A		

DOWNING PLANNED EXIT VCT 4 PLC - IN LIQUIDATION

DETAILS OF APPOINTMENT OF THE LIQUIDATOR

Name and address of Liquidator:	W A Batty of 3 Field Court, Grays Inn, London, WC1R 5EF
Date of Appointment:	16/02/2012
By Whom Appointed	Members

**Downing Planned Exit VCT 4 Plc
(In Liquidation)
Liquidator's Abstract of Receipts & Payments**

Declaration of Solvency		From 16/02/2013 To 15/02/2014	From 16/02/2012 To 15/02/2014
	ASSET REALISATIONS		
364,436.00	Book Debts	NIL	262,973.97
490,117.00	Cash at Bank	NIL	583,355.04
1,714,970.00	Venture Capital Investments	NIL	5,000.00
	Bank Interest Gross	1,203.29	9,637.15
		<u>1,203.29</u>	<u>860,966.16</u>
	COST OF REALISATIONS		
	Specific Bond	NIL	1,800.00
	Office Holders Fees	7,078.20	7,078.20
	Office Holders Expenses	1,018.21	1,018.21
	Accountants Fees	NIL	300.00
	Legal Fees (1)	NIL	3,750.00
	Corporation Tax	1,686.77	35,586.93
	VAT Unrecoverable	2,080.96	3,334.06
	Stationery & Postage	654.28	3,349.65
	Registrar Services	176.58	1,615.29
	Insurance of Assets	148.59	148.59
	Wages & Salaries	4,387.50	11,336.54
	PAYE & NI	2,925.00	7,783.31
		<u>(20,156.09)</u>	<u>(77,100.78)</u>
	DISTRIBUTIONS		
	Ordinary Shareholders	NIL	643,512.39
		NIL	<u>(643,512.39)</u>
<u>2,569,523.00</u>		<u>(18,952.80)</u>	<u>140,352.99</u>
	REPRESENTED BY		
	Bank 1 Current		140,352.99
			<u>140,352.99</u>

Note:

Dividend information:

906 ordinary shareholders paid at £3p per share.

Nominal amount per share - £1



William Antony Batty
Liquidator

DOWNING4 Downing Planned Exit VCT 4 Plc

20. March 2014

SIP 9 - Time & Cost Summary

Period: 16/02/13..15/02/14

Time Summary

Classification of work function	Hours					Total Hours	Time Cost (£)	Average hourly rate (£)
	Partner	Manager	Other Senior Professionals	Assistants & Support Staff				
Administration & planning	0.00	21.70	0.50	1.10	23.30	6,657.00	285.71	
Investigations	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Realisations of assets	0.60	0.30	0.00	0.00	0.90	327.90	364.33	
Trading	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Creditors	0.00	2.30	0.20	1.00	3.50	864.50	247.00	
Case specific matters	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Pre Jan 2003 Time	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Total Hours	0.60	24.30	0.70	2.10	27.70	7,849.40	283.37	
Total Fees Claimed						7,078.20		

DOWNING4 Downing Planned Exit VCT 4 Plc

20. March 2014

SIP 9 - Time & Cost Summary

Period: 16/02/12..15/02/14

Time Summary

Classification of work function	Hours					Total Hours	Time Cost (£)	Average hourly rate (£)
	Partner	Manager	Other Senior Professionals	Assistants & Support Staff				
Administration & planning	0.80	37.20	2.10	2.90	43.10	12,065.70	279.95	
Investigations	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Realisations of assets	2.00	0.60	0.00	0.00	2.60	974.50	374.81	
Trading	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Creditors	1.10	3.90	0.50	1.30	11.70	1,887.40	161.32	
Case specific matters	0.00	0.00	0.00	0.00	0.30	0.00	0.00	
Pre Jan 2003 Time	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Total Hours	3.90	41.70	2.60	4.20	57.70	14,927.60	258.71	
Total Fees Claimed						7,078.20		

DOWNING PLANNED EXIT VCT 4 PLC - IN LIQUIDATION

SUMMARY OF LIQUIDATOR'S EXPENSES

	Category 1	Category 2
Photocopying		£285
Postage		£352
Faxes		£1
Companies House search		£20
Advertising	£360	
	<u>£360</u>	<u>£658</u>
Drawn	<u>£360</u>	<u>£658</u>
Outstanding	<u>£Nil</u>	<u>£Nil</u>

Antony Batty & Company LLP

Time Costs – Charge out rates per hour and disbursements policy.

1 April 2013 – 31 March 2014

Hourly charge out rates

	2013\14
Office Holder (e.g. Liquidator)	£399
Senior Manager	£335
Case Manager	£295
Senior Administrator	£235
Administrator	£145
Junior Administrator	£80
	2012\13
Office Holder (e.g. Liquidator)	£399
Senior Manager	£325
Case Manager	£295
Senior Administrator	£225
Administrator	£135
Junior Administrator	£80

Please note that these rates may be increased from time to time. Creditors will be notified of changes in the annual report.

Time is recorded in units of six minutes; the minimum unit of time is therefore 6 minutes.

Members of staff with the appropriate level of experience and authority have been and will be used for the various aspects of work necessary in this assignment.

Disbursement Policy

Please note that the liquidator's disbursements are charged out at the following rates:-

Category 1 - represent recovery of necessarily incurred disbursements at the cost incurred.

Sundry disbursements, such as advertising, where incurred appropriately, are recharged at 100% of the cost incurred.

Insurance and bonding is recharged at 100% of the relevant charge to the office holder.

Travel costs, excluding mileage are recharged at 100% of the cost incurred.

VAT is charged as appropriate.

Category 2

Photocopying	15p per sheet.
Postage	Royal Mail postage rates (Non franked mail)
Faxes UK	£1 per sheet.
International	£2 per sheet
Internal meeting room hire -	£100 per hour, (minimum 1 hour)
Storage	£35 per box per annum
File set up, stationery & record retention	£50 per folder
Companies House search	£20 per case.
Travel: where Antony Batty & Company LLP staff use their own vehicles in the course of their duties in this matter, the mileage is recharged at 45p per mile.	
VAT is charged as appropriate.	