CLOSE BROTHERS

PROTECTED VCT PLC

Report & Accounts
for the year ended
31 March 2002

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DIRECTORS AND ADMINISTRATION

Directors	D M Bralsford MSc, FCA, FCT, Chairman G W Pitman MA, FCA, ACMA C Holdsworth Hunt MSI J T Snook MA, ACA, MSI
Investment Manager	Close Venture Management (formerly Close VCT Management) 12 Appold Street London EC2A 2AW Tel: 020 7426 4000
Secretary and Registered Office	J M Gain 12 Appold Street London EC2A 2AW
Registrar	Capita IRG plc Balfour House 390/398 High Road Ilford Essex IG1 1NQ Tel: 020 8478 8241
Auditors	Deloitte & Touche Stonecutter Court 1 Stonecutter Street London EC4A 4TR
Safe Custodians	RBSI Custody Bank Ltd Liberte House 19-23 La Motte Street St Helier Jersey JE4 5RL Capita Trust Company Ltd Guildhall House 81-87 Gresham Street London EC2V 7QE

FINANCIAL HIGHLIGHTS

	Year ended 31 March 2002	Year ended 31 March 2001
Total return per share	(6.40) pence	(27.20) pence
Net revenue dividends per share	1.50 pence	2.25 pence
Net capital dividend per share	0.75 pence	1.00 pence
Net asset value per share	90.90 pence	99.48 pence
Net assets	£25.15 million	£27.69 million

Shareholder value since launch	**Pence per share**
Gross dividends for the year ended 31 March 1998	4.00
Gross first and second interim dividends and net final dividend for the year ended 31 March 1999	4.00
Net dividends for the year ended 31 March 2000	4.00
Net dividends for the year ended 31 March 2001	3.25
Net revenue dividends for the year ended 31 March 2002	1.50
Net capital dividends for the year ended 31 March 2002	0.75
Net asset value at 31 March 2002	90.90
Total	108.40

Notes:
i) Dividends paid before 5 April 1999 were paid to qualifying shareholders inclusive of the associated tax credit. The dividends for the year to 31 March 1999 were maximised in order to take advantage of this tax credit.
ii) The above table excludes the tax benefits investors received upon subscription for shares in the Company.

FINANCIAL CALENDAR

Ex dividend date	10 July 2002
Record date for final dividend	12 July 2002
Annual General Meeting	14 August 2002
Posting of dividend cheques in respect of the final dividend	15 August 2002
Announcement of interim results to 30 September 2002	November 2002
Payment of interim dividend	December 2002

INVESTMENT OBJECTIVES

Close Brothers Protected VCT commenced trading in April 1997 and raised a total of £27.9 million from private investors. Within the overall aim of maximising the considerable tax benefits available to shareholders in a venture capital trust, the Company's investment strategy is designed to meet the requirements of investors who seek to protect the capital value of their investment whilst still providing an attractive level of return.

The investments made by Close Brothers Protected VCT fall into three distinct categories as follows.

- Qualifying Loan Investments

  The Company invests approximately 50 per cent. of its funds by way of Qualifying Loans and has appointed The Royal Bank of Scotland plc as its agent to source these investments. As part of the arrangements, the Bank guarantees the performance of these loans by agreeing that any shortfall suffered by the Company in terms of capital and interest will be recoverable from it.

  The annual return to the Company from Qualifying Loans is at a floating interest rate of 2% below Base Rate with a minimum annual rate of 2%.

- Qualifying Equity Investments

  The Company invests up to 30 per cent. of its funds in new ordinary shares issued by companies quoted on AIM to provide a broadly based and diversified equity portfolio.

- Non-Qualifying Investments

  The remaining funds are invested in floating rate financial instruments and bank deposits, all with a minimum Moody's or equivalent credit rating of "A", and financial instruments which are intended to provide a limited hedge against adverse movements in the UK markets.

CHAIRMAN'S STATEMENT

Investment Progress

The period under review has seen a continuation in the decline in financial markets that we saw in the previous year. In the twelve months to 31 March 2002 the FTSE 100 Index declined by 6.4 per cent. while the AIM Index, which provides a more relevant comparison to the performance of your own Company fell by 28.2 per cent. It is worth noting that your Company's net asset value fell by only 8.6 per cent. which after allowing for dividends declared for the year of 2.25 pence, reduces the overall negative return to 6.4 pence per share. This underlines the important 'protected' nature of your Company.

The Company's AIM portfolio continues to outperform the AIM Index; over the five years since the Company's launch in March 1997 the AIM index fell 24.2 per cent., while net realised and unrealised gains on the Company's AIM portfolio stand at a gain of 6.3 per cent. Details of the AIM portfolio are set out on pages 8 and 9. We are continuing to see a number of eligible investment opportunities although, with the decline in the stock market in general, we have seen a corresponding decline in the number of flotations during the year. Equally, however, company valuations have also come down and we have been able to make investments in quality companies at values that are, by most conventional yardsticks, lower than they have been for many years.

During the year a total of £1.9 million was invested in eleven companies quoted on the AIM. Realisations of all or part of our holdings in nine companies gave rise to a net realised gain of £748,000 on cost of £1.9 million. As at 31 March 2002 the Company held investments in 35 companies quoted on AIM with a total value of £6.6 million, which compares to an original cost of £7.8 million. Since the year end the Company has disposed of one holding at a net profit of £135,000, and made one additional eligible investment totalling £300,000.

Investment in guaranteed qualifying loans by The Royal Bank of Scotland plc under its Agency Agreement continued to play an important role in the structure of the Company though the amount invested at 31 March 2002 reduced slightly to £11.18 million. Details of the loans made are set out on page 10. Since the end of the year a further two investments have been made at a cost of £975,000 and the investment in Glen Carron Foods returned in full.

Results and Dividend

As at 31 March 2002 the net asset value of the Company was £25.15 million, or 90.9 pence per share. As foreseen at the time of last year's report and accounts, the decline in the interest rates during the year, combined with the fact that the RBS qualifying loans only yield Base Rate less two per cent. (or two per cent. in total at current rates) led to a marked decline in income and profits. Nevertheless, your board has sought to supplement this with profits realised out of capital. Of the final dividend of 1.50 pence per share, half is payable out of profits realised on the sale of investments. When added to the interim dividend of 0.75 pence, this amounts to a total dividend for the year of 2.25 pence per share. This compares to total dividends to 31 March 2001 of 3.25 pence, of which 1 penny was paid out of capital profits. The final dividend will be paid on 15 August 2002 to shareholders registered on 12 July 2002.

Members Resolution at the Annual General Meeting and Extraordinary General Meeting

Under the terms of your Company's articles of association, members will have the opportunity, at the time of this year's annual general meeting, and every five years thereafter, to confirm that they wish the Company to continue as a venture capital trust and members will note that an appropriate resolution is included in the business to be considered at the AGM. Given the particular nature of the Company and the tax free dividend stream it generates combined with the protection of capital, your Board anticipates that a majority of shareholders will vote for the Company to continue as a VCT as they intend to do in respect of their own shareholdings. Therefore, accompanying these accounts is a circular to shareholders with information on this issue.

If a majority of shareholders vote to support the continuation of the Company's activities your Board is proposing a Tender Offer by which the Company may purchase or procure purchasers for up to 10 per cent. of the Company's shares at a price of 86 pence per share. In addition, as outlined in the Company's report at the time of the interim results for the six months to 30 September 2001, we are also proposing that the Company's investment policy in respect of its qualifying loans, under the Agency Agreement with RBS, be replaced with higher yielding asset-based investments made in conjunction with the successful Close Brothers Venture Capital Trust. Further details of these proposals, which are subject to shareholder approval at an Extraordinary General Meeting to be held immediately after the AGM, are also included in the enclosed circular to shareholders.

D M Bralsford
Chairman 1 July 2002

THE BOARD OF DIRECTORS

The following are the Directors of the Company, all of whom operate in a non-executive capacity.

Martin Bralsford (54) MSc, FCA, FCT Chairman. After qualifying as a chartered accountant he held senior positions in a number of large listed companies including the Rank Organisation and Cadbury Schweppes. In 1986 he was a member of the management buy-out team which acquired the food and beverage division of Cadbury Schweppes and he subsequently became managing director of Premier Brands Limited. He left Premier Brands Limited in 1991 and is currently chief executive of Le Riche Group Limited, a Jersey based retailer and wholesaler of consumer goods which is quoted on the London Stock Exchange. He is a resident of Jersey where he is a non-executive director of Gartmore Capital Strategy Fund Limited , Beaumont Global Equity Fund Limited and Beaumont European Equity Fund Limited. He is also chairman of Acorn Income Fund Limited.

Giles Pitman (63) MA, FCA, ACMA, is a chartered accountant who now specialises in advising growing companies. He was managing director of Pitman plc, which he sold to Pearson plc in 1985. He was finance director of The Really Useful Group plc from 1988 to 1989 and non-executive director of MGM Assurance for 20 years until 1996.

Christopher Holdsworth Hunt (59) MSI is co-founder and managing director of KBC Peel Hunt Ltd, a stockbroker specialising in corporate broking to small and medium sized companies and a subsidiary of KBC Bank NV. He is head of Corporate Finance and has been responsible for overseeing numerous flotations and secondary fundraisings. Prior to founding Peel Hunt in 1989 he was a director of Morgan Grenfell Securities having previously been a managing partner of Pinchin Denny & Co. He is a former member and Deputy Chairman of the Stock Exchange Domestic Equities Rules Committee.

John Snook (48) MA, ACA, MSI is managing director of Close Brothers Private Equity Limited, the private equity fund management arm of Close Brothers Group. Prior to this he worked for both 3i Group plc and CinVen. Over the past 17 years he has been a non-executive director of a number of quoted and unquoted companies, many of which have raised institutional venture capital.

THE MANAGER

Close Venture Management, a division of Close Brothers Investment Limited, is the Manager of Close Brothers Protected VCT. In addition to Close Brothers Protected VCT, it is the manager of the Close Brothers Venture Capital Trust PLC which raised £39.7 million in 1996 and 1997 to invest principally in asset-based businesses, of Close Brothers Development VCT PLC, which raised £14.7 million in 1999 to provide development capital for unquoted companies and of Close Technology & General VCT, which has raised £14.4 million to invest in both ‘old economy’ and ‘new economy’ businesses.

The Manager’s ultimate parent company is Close Brothers Group plc, a substantial independent merchant banking group listed on the London Stock Exchange. Close Brothers Group has extensive experience in asset-based finance over a range of specialised lending activities.

PORTFOLIO OF INVESTMENTS

The following are the details of qualifying investments at 31 March 2002.

Top ten equity investments in companies quoted on AIM

Company	Cost £'000	Market value 31 March 2002 £'000	% of portfolio value
MacLellan Group PLC	183	449	6.81%
CRC Group PLC	200	447	6.78%
Intelligent Environments Group PLC	298	446	6.76%
Inter Link Foods PLC	159	433	6.57%
Pennant International Group PLC	499	339	5.14%

MacLellan Group PLC

MacLellan provides facilities management and specialist cleaning services. For the year ended 31 December 2001 the company made a profit before tax of £2.0 million on turnover of £124.3 million. The market capitalisation of the company is £50.2 million.

CRC Group PLC

CRC is an independent provider of repair and maintenance services for electronic equipment, computer components, mobile telecommunications equipment and peripherals on behalf of original equipment manufacturers. For the year to 31 December 2001, the company recorded sales of £98.1 million and profit before tax of £5.8 million. The market capitalisation of the company is £58.9 million.

Intelligent Environments Group PLC

Intelligent Environments is a leading provider of integrated e-finance products for the credit and wealth management market. The company made a pre tax loss of £7.0 million on sales of £3.1 million to 31 December 2001. The market capitalisation of the company is £6.2 million.

Inter Link Foods PLC

Inter Link Foods manufactures and sells own label cakes and pastry products to major retail multiples. In the year ended 30 April 2001 it made a profit before tax of £1.7 million on turnover of £18.7 million. The market capitalisation of the company is £28.8 million.

Pennant International Group PLC

Pennant International designs, manufactures and sells computer based training systems and logistical support and data management software to the defence industry. For the year to 31 December 2001 it recorded sales of £10.9 million and a loss before tax of £2.5 million. The market capitalisation of the company is £5.6 million.

Company	Cost £'000	Market value 31 March 2002 £'000	% of portfolio value
Bond International Software PLC	300	321	4.87%
Bond International designs, develops and sells computer software, principally aimed at the recruitment sector. Its main product is branded under the ADAPT name. In the year ended 31 December 2001 the company recorded sales of £11.4 million and profit before tax of £1.3 million. The market capitalisation of the company is £7.9 million.			
Xpertise Group PLC	400	300	4.55%
Xpertise provides technical IT training courses for IT professionals and Government funded IT training. For the year ended 31 December 2001 Xpertise Group recorded turnover of £5.3 million and a loss before tax of £1.6 million. The market capitalisation of the company is £3.3 million.			
Fitzhardinge PLC	250	288	4.37%
Fitzhardinge is a real estate consultancy services group operating in the name of Colliers CRE and it's specialist leisure division Robert Barry & Co. It floated on AIM in August 2001 and has a market capitalisation of £39.6million. The results for the four and a half month period to 31 December 2001 show pre tax profits of £2.0 million on a turnover of £15.3 million.			
AFA Systems PLC	414	281	4.26%
AFA Systems is a provider of integrated capital markets, treasury and risk management systems to banks, building societies and other large corporations. In the year ended 31 December 2001 it made a loss before tax of £0.4 million on turnover of £8.1 million. The market capitalisation of the company is £17.2 million.			
Clipper Ventures PLC	350	273	4.14%
Clipper Ventures specialises in yacht racing and branded boating events. In the year ended 31 April 2001 it recorded sales of £2.8 million and a loss before tax of £0.4 million. The market capitalisation of the company is £4.3 million.			
Total top ten holdings	3,053	3,577	54.25%
25 other AIM holdings	4,750	3,017	45.75%
Total AIM investments at 31 March 2002	**7,803**	**6,594**	100.00%

Loan investments guaranteed by The Royal Bank of Scotland plc

Company	**Activity**	**Cost and Value 31 March 2002 £'000**
Bradshaws Direct Limited	Garden ornaments	1,150
J W Fidler & Sons Limited	Fish distribution	1,000
Richard Hudson & Sons Limited	Protective mattresses	1,000
Markbeech Products Limited	Food processing	850
Tenby Smith Limited	Refurbishment specialists	800
Window Fabrication & Fixing Suppliers Limited	Window furniture	800
Document Despatch Limited	Document delivery	700
DGP Consulting Engineers Limited	Consulting engineers	680
Glen Carron Foods Limited	Tinned foods	650
Livermore & Knight (Labels) Limited	Label manufacture	650
Appeal Blinds Limited	Blind manufacture	550
WTS Group Limited	Brand packaging design	500
Morris Vermaport Limited	Lifts	450
R Lidster Limited	Stonemasons	450
Ford & Fulford Limited	Double glazing extrusion	400
Capital Print Limited	Printing	300
Baris UK Limited	Property maintenance	250
Total invested at 31 March 2002		**11,180**

REPORT OF THE DIRECTORS

The Directors submit the Report and Accounts of the Company for the year ended 31 March 2002.

Principal activity and status

The principal activity of the Company is that of a venture capital trust. Details of the principal investments made by the Company are given on pages 8 to 10 in the review of the portfolio of investments. A review of the Company's business during the year is contained in the Chairman's Statement.

The Company is no longer an investment company as defined in Section 266 of the Companies Act 1985. The Company revoked its investment company status on 28 February 2000 to enable the Company to pay dividends from realised capital profits.

Results and dividends	**£'000**
Revenue return attributable to shareholders for the year ended 31 March 2002	435
Net interim revenue dividend of 0.75 pence per share, paid 17 December 2001	(208)
Net final revenue dividend for the year of 0.75 pence per share, payable 15 August 2002 to shareholders on the register at the close of business on 12 July 2002	(207)
Total transferred to revenue reserve	**20**
Realised capital return attributable to shareholders for the year ended 31 March 2002	561
Net final capital dividend for the year of 0.75 pence per share, payable on 15 August 2002 to shareholders on the register at the close of business on 12 July 2002	(207)
Unrealised capital loss attributable to shareholders for the year ended 31 March 2002	(2,770)
Total transferred from capital reserve	**(2,416)**
Total transferred from reserves	**(2,396)**

Purchase of own shares

The Company, in accordance with the authority granted by shareholders at the last AGM purchased for cancellation during the year the following shares with a nominal value of 50p per share.

Date	Price (pence)	Shares purchased
6 July 2001	95	10,000
19 July 2001	90	35,000
28 August 2001	84	60,000
29 November 2001	80	32,000
6 December 2001	82	30,000
		167,000
Percentage of share capital cancelled		**0.6%**

Directors

The Directors who held office throughout the year, and their interests in the shares of the Company (together with those of their immediate family) were:

	31 March 2002 Shares
D M Bralsford	10,000
G W Pitman	5,000
J T Snook	22,000
C Holdsworth Hunt	5,000

There have been no changes in the holdings of the Directors between 31 March 2002 and the date of this document.

No Director has a service contract with the Company. The Company does not have any employees.

Mr J T Snook is a Director of Close Brothers Investment Limited and is deemed to have an interest in the management contract and management performance incentive to which the Company is a party. No options over the share capital of the Company have been granted to Directors personally.

All Directors, except Mr J T Snook, are members of the Audit Committee.

Management Agreement

The Company and the Manager entered into a management agreement for an initial fixed term of a three year period to 4 February 2000 which may be terminated thereafter by either party on 12 months' notice, given at any time thereafter. Under this agreement, the Manager will also provide secretarial and administrative services to the Company. The management agreement is subject to earlier termination in the event of certain breaches or upon the insolvency of either party. The following fees are payable to the Manager by the Company under the terms of the agreement.

- Non-Qualifying Investments

  An annual fee equal to 0.25% (plus VAT) of funds invested in Non-Qualifying Loan Investments. This will include funds invested in cash deposits (other than funds intended for investment in Qualifying Equity Investments), financial instruments and fixed interest securities.

- Qualifying Loan Investments

  An annual fee equal to 0.5% (plus VAT) of funds invested in Qualifying Loan Investments arranged by The Royal Bank of Scotland plc acting as the Company's agent.

- Qualifying Equity Investments

  An annual fee equal to 2.0% (plus VAT) of funds invested or intended for investment in Qualifying Equity Investments.

- Secretarial and Administrative Services

  An annual secretarial and administrative fee of £27,865 (plus VAT).

Management Performance Incentive

In order to provide the Manager with an incentive to optimise the return to investors, the Manager is entitled to a one-off incentive fee linked to the investment performance of the Company. This fee will be equal to 10% (plus VAT) of the amount by which the net assets per Share after five years plus dividends already paid (inclusive of the tax credit) exceeds 125p per Share. The target level rises thereafter in line with RPI up to 31 March 2005.

Auditors

Deloitte & Touche were appointed auditors during the year. They have expressed their willingness to continue in office as auditors and a resolution for their re-appointment will be proposed at the Annual General Meeting.

Substantial Interests

As at 25 June 2002 the Company was not aware of any beneficial interest exceeding 3% of the issued ordinary share capital.

Statement of Directors' Responsibilities

United Kingdom Company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company as at the end of the financial year 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 all applicable accounting standards have been followed; 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and which enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for the system of internal control, 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 confirm that applicable accounting standards have been followed in the financial statements accompanying this report.

Annual General Meeting

The Annual General Meeting will be held at 12 Appold Street, London EC2A 2AW at 11 am on 14 August 2002. The notice of the Annual General Meeting is at the end of this document. Two resolutions will be proposed as special business at the Annual General Meeting for the following purpose:

Continuation of the Company as a Venture Capital Trust

An Ordinary resolution concerning special business, number 5, in the notice of meeting, is tabled in respect of the proposed continuation of the Company as a venture capital trust.

When the Company was originally launched in the Spring of 1997, it was considered appropriate that Shareholders should have the opportunity to review the future of the Company at appropriate intervals. Accordingly, the Articles of Association of the Company contain a provision requiring the Directors to propose an ordinary resolution at the Company's Annual General Meeting in 2002 to seek confirmation from members that it should continue as a venture capital trust. If passed, such resolution will again be proposed at five year intervals thereafter.

If the resolution to continue is not passed, the Directors are required within the following four months to convene an extraordinary general meeting at which proposals for the reorganisation, reconstruction or voluntary winding up of the Company will be submitted to members, as is deemed appropriate at that time.

Purchase of Own Shares

A special resolution, number 4 in the notice of meeting, will authorise the purchase in the market and the cancellation of up to 2,762,283 of the Company's issued shares (equivalent to 10% of the share capital currently in issue). This is in addition to the special resolution contained in the notice of EGM in the enclosed circular to Shareholders, approving a Tender Offer to purchase or procure purchasers for 10% of the Company's share capital.

Purchases of shares will be made within guidelines established from time to time by the Board, but only if it is considered that such purchases would be to the advantage of the Company and its shareholders taken as a whole. Purchases will only be made in the market for cash at prices below the prevailing net asset value per ordinary share. Under the rules of the London Stock Exchange the maximum price which can be paid by the Company is 5 per cent. above the average of the relevant market value of the shares for the five consecutive business days preceding the purchase. Shares which are purchased will be cancelled. In making purchases the Company will deal only with member firms of the London Stock Exchange. Purchases of shares will be funded from distributable reserves.

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

Change to investment management agreement

If resolution number 2 to be proposed at the Extraordinary General Meeting (which will be held immediately after the AGM) is passed, the Investment Management Agreement will be amended to recognise the additional services to be provided by the Manager under the proposed new investment policy. This comprises identification, review and execution of new qualifying investments into that part of the Company's portfolio which is currently sub-contracted to RBS under the Agency Agreement. It is proposed that the Manager's fee in relation to that element of the Company's portfolio with an asset-based investment policy be 1.8 per cent. per annum, the same rate as applies to Close Brothers Venture Capital Trust. This would replace the current fee of 0.5 per cent. per annum for the Manager's role in monitoring the investments made by RBS under the Agency Agreement.

As a result of the interest of Close Venture Management in the Investment Management Agreement, the amendments proposed to it, described above, constitute a related party transaction for the purposes of the Listing Rules of the UK Listing Authority, but due to the transaction's small size relative to the Company, Shareholder approval is not required.

Suppliers payment policy

The Company's policy is to pay all supplier invoices within 30 days of the invoice date, or as otherwise agreed. There were no overdue trade creditors at 31 March 2002.

By order of the Board,

J M Gain
Secretary
12 Appold Street
London EC2A 2AW

1 July 2002

STATEMENT OF CORPORATE GOVERNANCE

Background

The Financial Services Authority requires all listed companies to disclose how they have applied the principles and complied with the provisions of the Combined Code ("the Code").

Application of the Principles of the Code

The Board attaches importance to matters set out in the Code and applies its principles. However, as a venture capital trust company, most of the Company's day to day responsibilities are delegated to third parties and the Directors are all non-executive. Thus, not all the provisions of the Code are directly applicable to the Company.

Board of Directors

The Board consists solely of non-executive Directors. Mr Bralsford is the Chairman and senior independent Director. Mr Snook, who is a director of the manager, is deemed to be a non-independent Director. All Directors are able to take independent professional advice in furtherance of their duties if necessary.

The Board has a formal schedule of matters reserved to it and meets quarterly or as may be neccessary. The management agreement between the Company and its Manager sets out the matters over which the Manager has authority and the limits beyond which Board approval must be sought. These include the management of the investment portfolio, the organisation of custodial services, accounting, secretarial and administrative services. All other matters are reserved for the approval of the Board of Directors.

The Articles of Association require that all Directors are subject to re-election procedures by rotation at the Annual General Meeting. All Directors in accordance with the code, will submit themselves for re-election at least once every three years.

Directors' Remuneration

Since the Company has no executive Directors, the detailed Directors' Remuneration disclosure requirements set out in Listing Rules 12.43A(a), 12.43A(b) and 12.43A(c) as they relate to Combined Code Provisions B.1 to B.3, B1.1 to B1.10, B2.1 to B2.6 and B3.1 to B3.5 are not relevant.

Audit Committee

The Audit Committee consists of all Directors, excluding Mr. Snook. Written terms of reference have been constituted for the Audit Committee. It meets as required throughout the period. The Committee overviews the Company's accounting policies and financial reporting and provides a forum through which the Company's external auditors report to the Board. The Audit Committee also undertakes the duties of the Engagement Committee, and therefore also reviews all matters arising under the management agreement.

Nomination Committee

A Nomination Committee has not been formed as the size of the Board does not warrant its formulation.

Internal Control

The Board has established an ongoing process for identifying, evaluating and managing the significant risks faced by the Company. This process is subject to regular review by the Board and accords with the Internal Control Guidance for Directors on the Combined Code published in September 1999 ("the Turnbull guidance"). The process is now fully in place. The Board is responsible for the Company's system of internal control and for reviewing its effectiveness. However, such a system is designed to manage rather than eliminate the risks of failure to achieve the Company's business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board, assisted by the Manager, undertook a full review of the Company's business risks. The Board receives each year from the Manager a formal report which details the steps taken to monitor the areas of risk, including those that are not directly the responsibility of the Manager, and which reports the details of any known internal control failures. Steps will continue to be taken to embed the system of internal control and risk management into the operations and culture of the Company and its key suppliers, and to deal with areas of improvement which come to management's and the Board's attention.

The Company does not have an internal audit function but it does have access to the internal audit department of Close Brothers Group which reports on the Manager's activities. The Board will continue to monitor its system of internal control in order to provide assurance that it operates as intended.

Going Concern

After making reasonable enquiries the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, the Directors have adopted the going concern basis in preparing the accounts.

Statement of Compliance

The Directors consider that the Company has complied throughout the year ended 31 March 2002 with all the relevant provisions set out in Section 1 of the Combined Code on Corporate Governance issued by the Financial Services Authority. The Company continues to comply with the Code as at the date of this report.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF CLOSE BROTHERS PROTECTED VCT PLC

We have audited the financial statements of Close Brothers Protected VCT for the year ended 31 March 2002 which comprise the statement of total return, the balance sheet, the cash flow statement, and the related notes 1 to 22. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of Directors and auditors
As described in the statement of Directors' responsibilities, the Company's Directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements, auditing standards, and the Listing Rules of the Financial Services Authority.

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

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

We read the Directors' report and the other information contained in the annual report for the above year as described in the contents section and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

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

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

Opinion
In our opinion the financial statements give a true and fair view of the state of affairs of the Company as at 31 March 2002 and of the total return of the Company for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

1 July 2002

Deloitte & Touche
Chartered Accountants
and Registered Auditors

Stonecutter Court
1 Stonecutter Street
London EC4A 4TR

Close Brothers Protected VCT PLC
Statement of Total Return (incorporating the revenue account)
for the year ended 31 March 2002

	Note	31 March 2002 Revenue £'000	31 March 2002 Capital £'000	31 March 2002 Total £'000	31 March 2001 Revenue £'000	31 March 2001 Capital £'000	31 March 2001 Total £'000
Losses on investments	2	–	(2,022)	(2,022)	–	(7,996)	(7,996)
Investment income	3	692	–	692	921	–	921
Investment management fees	4	(88)	(173)	(261)	(68)	(205)	(273)
Other expenses	5	(94)	(46)	(140)	(91)	(46)	(137)
Return on ordinary activities before tax		510	(2,241)	(1,731)	762	(8,247)	(7,485)
Tax on ordinary activities	7	(75)	32	(43)	(163)	54	(109)
Return attributable to shareholders		435	(2,209)	(1,774)	599	(8,193)	(7,594)
Dividends	8	(415)	(207)	(622)	(626)	(278)	(904)
Transfer to/(from) reserves	14	20	(2,416)	(2,396)	(27)	(8,471)	(8,498)
Return per share (pence)	9	1.6p	(8.0)p	(6.4)p	2.2p	(29.4)p	(27.2)p

All revenue and capital items in the above statement derive from continuing operations.

No operations were acquired or discontinued in the year.

The accompanying notes are an integral part of this statement.

Close Brothers Protected VCT PLC
Balance Sheet at 31 March 2002

	Note	31 March 2002 £'000	31 March 2001 £'000
Fixed asset investments			
Qualifying investments		17,774	21,816
Non-qualifying investments		4,007	4,010
Total fixed asset investments	10	21,781	25,826
Current assets			
Debtors	11	267	678
Cash at bank and in hand		3,624	1,865
		3,891	2,543
Creditors: amounts falling due within one year	12	(527)	(685)
Net current assets		3,364	1,858
Total assets less current liabilities		25,145	27,684
Capital and reserves			
Called up share capital	13	13,832	13,915
Special reserve	14	12,365	12,508
Capital redemption reserve	14	106	23
Realised capital reserve	14	12	(342)
Unrealised capital reserve	14	(1,206)	1,564
Revenue reserve	14	36	16
Total shareholders' funds	16	25,145	27,684
Net asset value per ordinary share (pence)	15	90.9p	99.5p

The financial statements on pages 19 to 31 were approved by the Board of Directors on 1 July 2002 and were signed on its behalf by

Martin Bralsford
Chairman

Close Brothers Protected VCT PLC
Cash Flow Statement
for the year ended 31 March 2002

	Note	Year ended 31 March 2002 £'000	Year ended 31 March 2001 £'000
Operating activities			
Investment income received		481	675
Deposit interest received		75	109
Other income received		1	2
Investment management fees paid		(278)	(443)
Other cash payments		(141)	(154)
Net cash inflow from operating activities	18	138	189
Taxation			
UK corporation tax repaid		232	–
Capital expenditure and financial investment			
Purchase of investments		(1,910)	(3,106)
Disposals of investments		4,206	2,784
Net cash inflow/(outflow) from investing activities		2,296	(322)
Equity dividends paid			
Dividends paid on ordinary shares		(764)	(1,182)
Net cash inflow/(outflow) before financing		1,902	(1,315)
Financing			
Purchase of own shares		(143)	(3)
Net cash outflow from financing		(143)	(3)
Increase/(decrease) in cash and cash equivalents	17	1,759	(1,318)

The accompanying notes are an integral part of these statements.

Close Brothers Protected VCT PLC
Notes to the financial statements
for the year ended 31 March 2002

1. ACCOUNTING POLICIES

Accounting convention

The financial statements are prepared under the historic cost convention, modified by the revaluation of certain investments.

True and fair override

The Company is no longer an investment company within the meaning of s266, Companies Act 1985. However, it conducts its affairs as a venture capital trust for taxation purposes under s842AA of the Income and Corporation Taxes Act 1988.

The financial statements are prepared in accordance with applicable Accounting Standards and with the Statement of Recommended Practice "Financial Statements of Investment Trust Companies" (SORP). Ordinarily, the absence of Section 266 status would require the Company to adopt a different presentation of the accounts than that recommended by the Association of Investment Trust Companies. However, the Directors consider it appropriate to continue to present the accounts in accordance with the SORP. Under the SORP, the financial performance of the trust is presented in a statement of total return in which the revenue column is the profit and loss account of the Company. The revenue column excludes certain capital items, which since the Company is no longer an investment company, the Companies Act 1985, would ordinarily require to be included in the profit and loss account: net profits on disposal of investments, calculated by reference to their previous carrying amount, permanent diminution in value of investments, management expenses charged to capital less tax relief thereon and the distribution of capital profits.

In the opinion of the directors the presentation adopted enabled the Company to report in a manner consistent with the sector within which it operates. The Directors therefore consider that these departures from the specific provisions of Schedule 4 of the Companies Act relating to the form and content of accounts for companies other than investment companies and these departures from accounting standards are necessary to give a true and fair view. The departures have no effect on the total return or balance sheet. The particular accounting policies adopted are described below.

Capital reserves

Realised reserves

The following are accounted for in this reserve:

– gains and losses on the realisation of investments;
– expenses and finance costs, together with the related taxation effect; and
– realised gains and losses on transactions undertaken to hedge an exposure of a capital nature.

Unrealised reserve

The following are accounted for in this reserve:

– increases and decreases in the valuation of investments held at the year end; and
– unrealised gains and losses on transactions undertaken to hedge an exposure of a capital nature.

Special reserve

This reserve is distributable and is primarily used for the cancellation of the Company's share capital.

Investments

Listed investments and companies quoted on AIM are stated at market value based upon middle market prices at the end of the accounting period. Unquoted investments are stated at a valuation less any provision for impairment determined by the directors. The unrealised depreciation or appreciation on the valuation of investments are dealt with in the unrealised capital reserve, whilst gains and losses arising on the disposal of investments are dealt with in the realised capital reserve.

It is not the Company's policy to exercise controlling or significant influences over investee companies. Therefore the results of these companies are not incorporated into the revenue account except to the extent of any income accrued.

Close Brothers Protected VCT PLC
Notes to the financial statements (continued)

Income and expenses

All income and expenses are treated on the accruals basis and dividend income (other than on non-equity shares) is included in revenue when the investment is quoted ex-dividend. The fixed returns on non-equity shares and on debt securities are recognised on a time apportionment basis. Income received is treated in accordance with Financial Reporting Standard No. 16.

Management expenses

All the management fees relating to investments quoted on AIM and one third of all other expenses (other than management fees), representing the proportion of the investment management fee and other expenses attributable to the enhancement of the value of the investments of the company, have been charged to capital reserves, net of corporation tax. All of the non AIM investment management fees and the balance of other expenses are charged to the revenue account.

Taxation

Taxation is applied on a current basis in accordance with Financial Reporting Standard No.16. Taxation associated to capital expenses is applied in accordance with the SORP. Financial Reporting Standard 19 "Deferred Tax" has been adopted in these financial statements. Provision is made for taxation at current rates on the excess of taxable income over expenses. Where applicable, a provision is made on all material timing differences between the recognition of income in the financial statements and their recognition in the Company's annual tax returns. Deferred tax is recognised to the extent that it is probable that an actual liability will crystallise or an asset be recoverable.

2. Losses on investments

	31 March 2002 £'000	31 March 2001 £'000
Realised gains on disposal	998	375
Permanent impairment	(250)	(381)
Decrease in unrealised appreciation	(2,770)	(7,990)
Total	(2,022)	(7,996)

Close Brothers Protected VCT PLC
Notes to the financial statements (continued)

3. Investment income

	31 March 2002 £'000	31 March 2001 £'000
Income from investments		
UK franked investment income	76	76
UK unfranked investment income	507	744
	583	820
Other income		
Deposit income	108	99
Other Income	1	2
Total income	692	921
Total income comprises:		
Dividends	76	76
Interest	615	843
Other	1	2
	692	921
Income from investments:		
Listed	192	326
Unlisted	391	494
	583	820

4. Investment management fees

	31 March 2002			31 March 2001		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Performance incentive fee release	–	–	–	(9)	(111)	(120)
Investment management fees	88	173	261	77	316	393
	88	173	261	68	205	273

Further details of the Management Agreement under which the investment management fees are paid are given in the Report of the Directors, along with details of the management performance incentive fee. The fees are attributable to the net asset value of the Company as follows:

	AIM Investments £'000	Loan investments £'000	Other investments £'000	Total £'000
31 March 2002	175	69	17	261
31 March 2001	304	73	16	393

5. Other expenses

	31 March 2002 £'000	31 March 2001 £'000
Secretarial and administrative fee	33	30
Directors' fees	59	58
Auditors' remuneration – audit fees	13	13
Other	35	36
Total	140	137

Close Brothers Protected VCT PLC
Notes to the financial statements (continued)

6. Directors' fees

The remuneration for the Chairman, which was equal to that received individually by two of the other Directors, was £12,700, excluding statutory deductions or VAT (2001: £12,700). Mr J T Snook, who is a director of Close Brothers Investment Limited, received no fee personally. However Close Brothers Private Equity Limited, on his behalf, received £12,700, (2001: £12,700).

7. Tax on ordinary activities

	31 March 2002			31 March 2001		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
UK corporation tax at 20%	43	–	43	109	–	109
Tax attributable to capital expenses	32	(32)	–	54	(54)	–
	75	(32)	43	163	(54)	109

	31 March 2002		
	Revenue £'000	Capital £'000	Total £'000
Return on ordinary activities before taxation	510	(2,241)	(1,713)
Tax charge/(credit) calculated on return on ordinary activities before taxation at the applicable rate of corporation tax of 20%	102	(448)	(346)
Effects of:			
Non taxable gains on investments	–	404	404
Movement in excess management expenses	(12)	12	–
Non taxable income	(15)	–	(15)
UK Corporation tax charge/(credit) for the year	75	(32)	43

Notes
(i) Venture Capital Trusts are not subject to corporation tax on capital gains.
(ii) Tax relief on expenses charged to capital has been determined by allocating tax relief to all expenses proportionately by reference to the applicable corporation tax rate of 20 per cent. and allocating the relief in the same ratio as expenses between revenue and capital.
(iii) No deferred tax asset or liability has arisen in the year.
(iv) Tax is provided at the current rate of 20 per cent.

8. Dividends

	31 March 2002 £'000	31 March 2001 £'000
Net interim revenue dividend paid of 0.75 pence per share (2001:1.25 pence)	208	348
Net final proposed revenue dividend of 0.75 pence per share (2001:1.00 pence)	207	278
Net final proposed capital dividend of 0.75 pence per share (2001:1.00 pence)	207	278
	622	904

Close Brothers Protected VCT PLC
Notes to the financial statements (continued)

9. Return per share

	31 March 2002 Revenue	31 March 2002 Capital	31 March 2002 Total	31 March 2001 Revenue	31 March 2001 Capital	31 March 2001 Total
Equity shares	1.6p	(8.0)p	(6.4)p	2.2p	(29.4)p	(27.2)p

Revenue return per share is based on the net revenue on ordinary activities after taxation but before deduction of dividends of £435,000 (2001: £599,000) in respect of 27,743,313 shares (2001: 27,830,838 shares), being the weighted average number of shares in issue during the year.

Capital return per share is based on net capital loss for the financial year of £2.2 million (2001: loss of £8.2 million) in respect of 27,743,313 shares (2001: 27,830,838 shares), being the weighted average number of shares in issue during the year.

10. Fixed asset investments

	31 March 2002 £'000	31 March 2001 £'000
Qualifying AIM investments	6,594	9,386
Qualifying unlisted investments	11,180	12,430
Non-qualifying listed investments	4,001	3,996
Non-qualifying AIM investments	6	14
Total	21,781	25,826

	Qualifying AIM £'000	Qualifying unlisted £'000	Non-qualifying listed £'000	Non-qualifying AIM £'000	Total £'000
Valuation basis					
Opening valuation	9,386	12,430	3,996	14	25,826
Purchases at cost	1,910	–	–	–	1,910
Sales					
– proceeds	(2,675)	(1,250)	–	(8)	(3,933)
– realised losses on disposal	995	–	–	3	998
Realisation of revaluation gains from previous years	1,751	–	–	3	1,754
Permanent impairment	(250)	–	–	–	(250)
(Decrease)/increase in unrealised appreciation	(4,523)	–	5	(6)	(4,524)
Closing valuation	6,594	11,180	4,001	6	21,781
Opening book cost	7,824	12,430	3,995	13	24,262
Purchases	1,910	–	–	–	1,910
Permanent impairment	(250)	–	–	–	(250)
Disposals at cost	(1,681)	(1,250)	–	(4)	(2,935)
Closing book cost	7,803	11,180	3,995	9	22,987
Opening unrealised appreciation	1,563	–	1	–	1,564
(Decrease)/increase in unrealised appreciation	(2,772)	–	5	(3)	(2,770)
Closing unrealised appreciation	(1,209)	–	6	(3)	(1,206)

Close Brothers Protected VCT PLC
Notes to the financial statements (continued)

11. Debtors

	31 March 2002 £'000	31 March 2001 £'000
Other debtors	217	380
UK tax recoverable	–	233
Prepayments and accrued income	50	65
	267	678

12. Creditors: amounts falling due within one year

	31 March 2002 £'000	31 March 2001 £'000
Proposed dividend	414	556
Other creditors	113	129
	527	685

13. Called up share capital

	31 March 2002 £'000	31 March 2001 £'000
Authorised:		
50,000,000 ordinary shares of 50p each (2001: 50,000,000)	25,000	25,000
Allotted, called up and fully paid:		
27,663,838 ordinary shares of 50p each (2001: 27,830,838)	13,832	13,915

Details of the shares purchased by the Company for cancellation can be found on page 12.

14. Reserves

	Special reserve £'000	Unrealised capital reserve £'000	Realised capital reserve £'000	Capital redemption reserve £'000	Revenue reserve £'000	Total £'000
Beginning of year	12,508	1,564	(342)	23	16	13,769
Cancellation of own shares	(143)	–	–	83	–	(60)
Profit on realisation of investments	–	–	998	–	–	998
Permanent impairment	–	–	(250)	–	–	(250)
Unrealised depreciation	–	(2,770)	–	–	–	(2,770)
Capital dividend	–	–	(207)	–	–	(207)
Costs charged to capital net of tax	–	–	(187)	–	–	(187)
Retained net revenue for the year	–	–	–	–	20	20
End of year	12,365	(1,206)	12	106	36	11,313

Close Brothers Protected VCT PLC
Notes to the financial statements (continued)

15. Net asset value per share

The net asset value per share and the net asset values at the year end calculated in accordance with the Articles of Association were as follows:

	31 March 2002	31 March 2001
Net asset value per share	90.9p	99.5p

	31 March 2002 £'000	31 March 2001 £'000
Total net assets at beginning of year	27,684	36,185
Restructuring costs	–	(3)
Purchase of own shares	(143)	–
Total return for the period	(1,774)	(7,594)
Dividends appropriated in the year	(622)	(904)
Total net assets at end of year	25,145	27,684

Net asset value per ordinary share is based on net assets at the year end, and on 27,663,838 ordinary shares, (2001: 27,830,838) being the number of ordinary shares in issue at the year end.

16. Reconciliation of movements in shareholders' funds

	31 March 2002 £'000	31 March 2001 £'000
Opening shareholders' funds	27,684	36,185
Restructuring costs	–	(3)
Purchase of own shares	(143)	–
Total return to shareholders before dividends	(1,774)	(7,594)
Dividends	(622)	(904)
Closing shareholders' funds	25,145	27,684

17. Analysis of changes in cash during the period

	31 March 2002 £'000	31 March 2001 £'000
Beginning of year	1,865	3,183
Increase/(decrease) in cash in the year	1,759	(1,318)
End of year	3,624	1,865

Close Brothers Protected VCT PLC
Notes to the financial statements (continued)

18. Reconciliation of net revenue before finance costs and taxation to net cash inflow from operating activities

	31 March 2002 £'000	31 March 2001 £'000
Net revenue before finance costs and taxation	510	762
Investment management fee charged to capital	(173)	(205)
Other expenses charged to capital	(46)	(46)
(Increase)/decrease in debtors	(83)	1
Decrease in creditors	(16)	(175)
Tax on investment income	(54)	(148)
Net cash inflow from operating activities	138	189

19. Financial Instruments and risk management

The Company's financial instruments, other than derivatives, comprise equity holdings, floating rate notes, cash and liquid resources. The main purpose of these financial instruments is to generate revenue and capital appreciation for the Company's operations.

In 1997 the Company entered into certain derivative transactions (comprising a FT-SE option and an interest rate swaption). The purpose of such transactions was to manage market and interest rate risk. These derivatives expired on 12 June 2002 and 15 May 2002 respectively with a nil value and the Company does not expect to enter into any future such transactions.

The principal risks arising from the Company's operations are:

- interest rate risk;
- market risk.

The main risks arising from the Company's financial instruments are interest rate risk and fluctuations in equity values. 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.

Interest rate risk

The Company's policy is to accept a degree of interest rate risk. On the basis of the Company's analysis, it is estimated that a fall of one percentage point in all interest rates would have reduced 31 March 2002 profits before tax by approximately 15 per cent. (2001: 22 per cent.) before taking into account any increase from the Company's equity investments.

Market price risk

The Company's exposure to market price risk comprises the equity value of its AIM investments. As a venture capital trust, it is the company's specific nature to evaluate and control the investment risk of its portfolio, the results of which are detailed in the portfolio review. The Board monitors these exposures on a regular basis.

Close Brothers Protected VCT PLC
Notes to the financial statements (continued)

19. Financial Instruments and risk management (continued)

Financial assets

The Company's interest rate risk on its financial assets are as follows;

Currency

	31 March 2002				31 March 2001			
	Fixed Rate £'000	Floating Rate £'000	No Interest £'000	Total £'000	Fixed Rate £'000	Floating Rate £'000	No Interest £'000	Total £'000
Sterling	–	18,804	7,811	26,615	–	18,295	7,824	26,119

The floating rate financial assets comprise:

- Qualifying loan assets – bear interest 2 per cent. below base.
- Non-qualifying – floating rate notes bear interest at rates based predominantly on quarterly LIBOR, and bank deposits at current rates.
- Equity investments bear no interest.

There are no fixed rate financial assets.

Financial liabilities

The Company has no financial liabilities other than short-term creditors.

Currency exposure

As at 31 March 2002, the Company has no foreign currency exposures (2001: £nil).

Borrowing facilities

The Company has no committed borrowing facilities as at 31 March 2002 (2001: £nil).

Fair values of financial assets and financial liabilities

All the Company's financial assets and liabilities as at 31 March 2002 are stated at fair value.

Close Brothers Protected VCT PLC
Notes to the financial statements (continued)

20. Contingencies, guarantees and financial commitments

There are no contingencies or guarantees made by the Company at the year end.

The Company had committed to purchase 3,529,411 shares in Advanced Medical Solutions at 8.5 pence per share. The transaction was completed on 26 April 2002.

21. Post balance sheet events

In accordance with Stock Exchange rules the Company purchased for cancellation the following shares;

	Price (pence)	Shares purchased
12 April 2002	85	6,000
19 April 2002	85	5,000
15 April 2002	85	10,000
17 April 2002	83	20,000
		41,000

This represents approximately 0.1% of the capital in issue at 31 March 2002.

The Company also disposed of 51,000 shares in Dobbies Garden Centres on 30 April 2002 for 515 pence per share and following restructuring on 31 May 2002 the loan stock invested in Glen Carron Foods was repaid in full.

The Company also invested in loan stock of £475,000 in Artel Rubber Ltd on 29 May 2002 and £500,000 in Mentor Ltd on 19 April 2002.

In addition the Company, on a monthly basis announces to the London Stock Exchange its net value (NAV). As at 31 May 2002, the Company's NAV was approximately 91p per share, after taking account of the final dividend.

22. Related party transaction

Under the terms of an agreement dated 5 February 1997, the Company has appointed Close Brothers Investment Limited, a subsidiary of Close Brothers Group plc, to provide investment management, accounting, secretarial and administrative services. Details of the arrangements are given in the Report of the Directors.

Mr J Snook is a director of Close Brothers Investment Limited and is deemed to have an interest in the management agreement between the Company and Close Brothers Investment Limited.

NOTICE OF MEETING

Notice is hereby given that the Annual General Meeting of Close Brothers Protected VCT PLC will be held at 11 a.m. at 12 Appold Street, London EC2A 2AW on 14 August 2002 for the purpose of dealing with the following business of which items 4 and 5 are special business.

Ordinary Business

1 To receive and adopt the accounts and the reports of the Directors and Auditors for the year ended 31 March 2002.

2 To reappoint Deloitte & Touche as Auditors for the ensuing year and to authorise the Directors to fix their remuneration.

3 To declare a final revenue dividend of 0.75 pence net per Ordinary Share of 50p and special capital dividend of 0.75 pence per Ordinary Share of 50p each for the year ended 31 March 2002 payable to Shareholders on the register at the close of business on 12 July 2002.

Special Business

To consider and, if thought fit, pass the following resolutions of which the first will be proposed as a Special Resolution and the second as an Ordinary Resolution:

4 That the Company be generally and unconditionally authorised to make one or more market purchases (within the meaning of Section 163(3) of the Companies Act 1985) of ordinary shares of 50p each in the capital of the Company ("shares") provided that:

(a) the maximum aggregate number of shares authorised to be purchased is 2,762,283 (representing 10 per cent. of the issued share capital);

(b) the minimum price which may be paid for a share is 50p;

(c) the maximum price which may be paid for a Share is an amount equal to 5 per cent. above the average of the middle market quotations for a share in the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which that Share is purchased;

(d) this authority expires at the conclusion of the next Annual General Meeting of the Company or eighteen months from the date of the passing of this resolution whichever is earlier; and

(e) the Company may make a contract or contracts to purchase Shares under this authority before the expiry of the authority which will or may be executed wholly or partly after the expiry of the authority, and may make a purchase of Shares in pursuance of any such contract or contracts.

5 That the Company should continue as a venture capital trust until the Annual General Meeting of the Company in 2007 at which a further resolution regarding the continuation of the Company shall be proposed.

BY ORDER OF THE BOARD

J M GAIN
Secretary
Registered Office
12 Appold Street,
London EC2A 2AW

1 July 2002

NOTES

1. A shareholder entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and, on a poll, to vote in his stead. Such proxy need not be a member of the Company.
2. A form of proxy is enclosed and to be valid must be lodged with the Registrars of the Company not less than forty-eight hours before the time fixed for the meeting.
3. The register of interests of Directors kept by the Company in accordance with Section 325 of the Companies Act 1985 will be open for inspection at the meeting.
4. No Director has a contract of service with the Company.

Close Brothers Protected VCT PLC