

CLOSE TECHNOLOGY & GENERAL VCT PLC

Report & Accounts for the year ended

31 December 2003

Company Number: 04114310



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CONTENTS

Page	
1	Directors and administration
2	Financial highlights, financial calendar and investment objectives
3	Chairman's statement
4	The Board of Directors and the Manager
5	The Technology Adviser
6	The portfolio of investments
9	Report of the Directors
12	Statement of corporate governance
14	Directors' remuneration report
16	Independent auditors' report
17	Statement of total return (incorporating the revenue account)
18	Balance sheet
19	Cash flow statement
20	Notes to the financial statements
31	Notice of meeting



DIRECTORS AND ADMINISTRATION

Directors	Dr N E Cross, Chairman Lt. Gen. Sir Edmund Burton KBE M J Hart P H Reeve
Investment Manager	Close Venture Management 4 Crown Place London, EC2A 4BT Tel: 020 7422 7830
Technology Adviser	Rebourne Technology Investment Management Limited 4 Crown Place London, EC2A 4BT
Secretary and Registered Office	Catherine Kinnear ACA 10 Crown Place London, EC2A 4FT
Registrar	Capita Registrars Limited Northern House Penistone Road Fenay Bridge Huddersfield, HD8 0LA Tel: 0870 1623 131
Custodian	Capita Trust Company Limited Guildhall House 81-87 Gresham Street London, EC2V 7QE
Independent Auditors	Deloitte & Touche LLP London
Taxation Adviser	Ernst & Young LLP 1 More London Place London SE12AF



FINANCIAL HIGHLIGHTS

	Year ended 31 December 2003
Dividends per Ordinary Share	2.00 pence
Net asset value per Ordinary Share	107.78 pence
Shareholder value per share since launch:	Pence per share (ii)
Total dividends for the year ended 31 December 2001 ⁽ⁱ⁾	2.00
Total dividends for the year ended 31 December 2002	2.00
Interim dividend for the year ended 31 December 2003	0.50
Final dividend for the year ended 31 December 2003	<u>1.50</u>
Total dividends	6.00
Net asset value at 31 December 2003	<u>107.78</u>
Total	<u>113.78</u>

Notes

- (i) Based on subscription by the first closing on 16 January 2001. Investors subscribing thereafter, up to 30 June 2001 received 0.5 pence per share.
- (ii) Excludes tax benefits upon subscription.

FINANCIAL CALENDAR

Ex dividend date	24 March 2004
Record date for final dividend	26 March 2004
Annual General Meeting	20 April 2004
Posting of dividend cheques in respect of the final dividend	22 April 2004
Announcement of interim results for the six months ended 30 June 2004	September 2004
Payment of interim dividend	October 2004

INVESTMENT OBJECTIVES

Close Technology & General VCT has raised £14.3 million from private investors since its launch in December 2000 and offers investors the opportunity to participate in a balanced portfolio of technology and non-technology businesses. Once fully invested, it is expected that the Company's investment portfolio will be split approximately as follows:

- 50% in technology companies, with:
 - 20% in quoted international technology stocks; and
 - 30% in unquoted UK technology-related companies.
- 50% in unquoted UK non-technology companies.



CHAIRMAN'S STATEMENT

I am pleased to say that the year to 31 December 2003 has seen a sharp recovery in the performance of your company with net asset value rising 44% to 107.8p. This compares with a rise of 13% in the FTSE 100 Index and a 49% increase in the Nasdaq 100 Index over the same period. In addition, with the proposed final dividend of 1.50 pence per share, your company has been able to maintain the annual total dividend of 2.00 pence per share, indicated as the target at the time of flotation three years ago.

Investment progress

The single biggest element in the rise in shareholder value has been the further revaluation of Active Hotels, the online hotel reservation system. As reported at the interim stage, Active Hotels has moved sharply into profit and its performance continues to improve to the point where it is now market leader in the UK for online reservations, as well as being a major player in the rest of Europe, and in particular in France. In addition, a general recovery in technology stocks as well as improved trading prospects have led to an increase in the value of both the AIM quoted technology businesses and the portfolio of international quoted technology stocks.

Other than an investment of £350,000 in City Centres Breweries, a new company formed to purchase the Smiles Brewery in Bristol, other investments during the year have been restricted to existing companies in order to encourage further growth. These comprise £300,000 into Automotive Technik, the manufacturer of military vehicles which has seen a substantial growth in its order book, £480,000 into Careforce Group to fund further acquisitions within the fragmented domiciliary care sector, and £93,000 into Peakdale Molecular, to fund the expansion of its product portfolio. In addition, a further £133,000 was invested in The Q Garden Company, to support its operations in a difficult trading environment.

Board change

Following his appointment to OFCOM, Kip Meek decided that it would be appropriate to retire from the board of the VCT. I would like to thank him on behalf of the board and shareholders for the excellent contribution that he has made over the last 3 years. He has been replaced on the board by Patrick Reeve, managing director of Close Venture Management, the manager of Close Technology & General VCT.

Results and dividend

As at 31 December 2003, following revaluations, the net asset value of the Company was £15.4 million or 107.8 pence per share, compared to net assets at 31 December 2002 of £10.7 million or 74.8 pence per share. Net income after taxation was £273,000 (2002: £368,000) for the year enabling the board to declare a net final dividend of 1.50 pence per share, making a total dividend of 2.00 pence per share for the year (2002: 2.00 pence). The dividend will be paid on 22 April 2004 to shareholders on the register on 26 March 2004.

Outlook

Overall, we are encouraged by the progress of your Company and the prospects for the investment portfolio look promising for the year ahead.

Dr Neil Cross
Chairman

11 March 2004



THE BOARD OF DIRECTORS

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

Dr Neil Cross (58) was formerly an executive director of 3i Group plc, from 1989 to 1996, having spent 27 years in a variety of investment and managerial roles, latterly in charge of the group's international operations. He is currently a non-executive director of Alliance UniChem Plc, Taylor Nelson Sofres plc and Dawson Holdings PLC as well as a number of private companies.

Lieutenant General Sir Edmund Burton KBE (60) was Deputy Chief of Defence Staff (Systems) from 1997 to 1999, with specific responsibility for developing a balanced and affordable equipment and research programme for the United Kingdom Armed Forces. His military career prior to that included three years as Commandant of the Royal Military College of Science at Shrivenham and two years as military attaché at the British Embassy in Washington. On 31 December 2003, he completed a three year appointment as Executive Chairman of the Police Information Technology Organisation. He is visiting professor at Cranfield University.

Michael Hart (62) is currently executive chairman of AFA Systems PLC, the AIM quoted developer of treasury software for financial institutions which he founded in 1995. Prior to that, he was managing director of ACT Group PLC which he joined in 1989 after 15 years at Siemens Nixdorf. He is currently a non-executive director of London Bridge Software Group Plc.

Patrick Reeve (43) (see below)

THE MANAGER

Close Venture Management, a division of Close Brothers Investment Limited which is authorised and regulated by the Financial Services Authority, is the Manager of Close Technology & General VCT. In addition to Close Technology & General VCT it manages three further venture capital trusts: Close Brothers Venture Capital Trust PLC which raised approximately £40 million in 1996 and 1997 to invest principally in asset-based businesses; Close Brothers Protected VCT PLC which raised approximately £28 million in 1997 which now invests in qualifying loans guaranteed by the Royal Bank of Scotland, asset-based businesses and in shares issued by companies quoted on AIM; and Close Brothers Development VCT PLC which has raised £27 million to invest loan stock and equity in growing companies. Close Venture Management also manages Bamboo Investments PLC, a £10 million fund specialising in unquoted technology and growth companies; and Healthcare and Leisure Property Fund PLC, a £3.5 million Isle of Man registered OEIC.

The Manager's ultimate parent company is Close Brothers Group plc, a substantial independent merchant banking group listed on the London Stock Exchange.

The following are specifically responsible for the management and administration of the VCTs managed by Close Venture Management:

Patrick Reeve, (43), MA, ACA. He qualified as a chartered accountant with Deloitte Haskins & Sells before joining Cazenove & Co where he spent three years in the corporate finance department. He joined the Close Brothers Group in 1989, initially in the development capital subsidiary, where he was a director specialising in the financing of smaller unquoted companies. He joined the corporate finance division in 1991, where he was also a director. He established Close Venture Management with the launch of Close Brothers Venture Capital Trust PLC in the spring of 1996. He is also a Director of Close Brothers Protected VCT PLC.

Ole Bettum, (40), BSc, MBA. After three years as a research economist for the Saudi Government, he graduated from Columbia Business School with an MBA. He worked in the corporate finance department of Price Waterhouse from 1994 and joined Close Venture Management in 1996 to help establish its operations.

Henry Stanford, (38), MA, ACA. He qualified as a chartered accountant with Arthur Andersen before joining the corporate finance division of the Close Brothers Group in 1992 where he advised smaller quoted and private companies. He became an assistant director in 1996 and transferred to Close Venture Management in 1998 to concentrate on venture capital investment.

Will Fraser-Allen (33), BA (Hons), ACA qualified as an chartered accountant with Cooper Lancaster Brewers in 1996 before specialising in corporate finance and investigation. He joined Close Venture Management in 2001.

Emil Gigov, (33), BA (Hons), ACA qualified as a chartered accountant with KPMG in 1997 and subsequently worked in KPMG's corporate finance division working on the media, marketing and leisure sectors. He joined Close Venture Management in 2000.



TECHNOLOGY ADVISER

The Manager has appointed Rebourne Technology Investment Management Limited (which is regulated by the FSA), with its specialist team, as its Technology Adviser. Rebourne advises the Manager on the technology aspects of the unquoted technology-orientated portfolio, as well as advising the Manager regarding the selection and management of the portfolio of international technology stocks.

Rebourne is investment adviser to Finsbury Technology Trust PLC, Technology and Universal Life Sciences sub-funds which form part of Close Finsbury Global Investment Funds PLC, the Consulta Technology Fund and the Pulsar Technology Fund. In addition Rebourne advises Finsbury Life Sciences Investment Trust PLC, the Close Finsbury EuroTech Trust and the First Close Technology Fund.

The Rebourne team is led by **Michael Bourne (45) BA, ACA**, who founded Rebourne in 1995. He was formerly a director of Henderson Investment Management, a division of Henderson Administration Group plc, where his responsibilities included the joint fund management of two top performing funds, HTR Global Technology Unit Trust and TR Technology Plc. Previously (from 1988 to 1992) he was the fund manager of Prolific Technology Unit Trust which won Micropal awards in 1991 and 1992.



THE PORTFOLIO OF INVESTMENTS

Qualifying investments	At 31 December 2003					
	Percentage of equity held	Invested at cost	Unrealised appreciation/ (depreciation)	Total value	Total value at 31 December 2002	Movement in value
		£'000	£'000	£'000	£'000	£'000
<u>Technology</u>						
Active Hotels Limited	6.2% ⁽ⁱ⁾	500	3,747	4,247	500	3,747
Intelligent Environments Plc*	6.0%	297	447	744	297	447
Cassium Technologies Limited	15.4%	500	19	519	250	269
Advanced Medical Solutions Group Plc*	2.4%	300	88	388	318	70
AIT Group Plc*	1.1%	310	25	335	96	239
Deltex Medical Group Plc*	2.4%	219	90	309	65	244
Pilat Media Global Plc*	1.7%	150	98	248	124	124
Tepnel Life Sciences Plc*	1.2%	328	(136)	192	135	57
Peakdale Molecular Limited	7.7%	360	(180)	180	225	(45)
sparesFinder Limited	5.2%	500	(375)	125	125	-
Warthog pic*	0.4%	90	(76)	14	31	(17)
OneclickHR Plc*	0.2%	<u>58</u>	<u>(48)</u>	<u>10</u>	<u>9</u>	<u>1</u>
Total		3,612	3,699	7,311	2,175	5,136
<u>Non-technology</u>						
Careforce Group Limited	10.0%	1,080	61	1,141	613	528
Consolidated Communications Management Limited	10.8%	1,000	90	1,090	1,070	20
Automotive Technik (Holdings) Limited	14.3%	1,020	(99)	921	728	193
Leisure Links International Limited	22.8%	950	(232)	718	673	45
Peakdale Molecular Limited	n/a	533	79	612	575	37
The Q Garden Company Limited	33.3%	1,134	(600)	534	955	(421)
City Centres Breweries Limited	12.5%	350	-	350	-	350
City Screen (Liverpool) Limited	4.5%	<u>50</u>	<u>-</u>	<u>50</u>	<u>50</u>	<u>-</u>
Total		<u>6,117</u>	<u>(701)</u>	<u>5,416</u>	<u>4,664</u>	<u>752</u>
Total qualifying investments		<u>9,729</u>	<u>2,998</u>	<u>12,727</u>	<u>6,839</u>	<u>5,888</u>

* AIM listed investments

(i) Fully diluted stake

Active Hotels Limited

Founded in 1998, Active Hotels has developed internet based software to act as an intermediary to the hotel industry, enabling hotels to post their room availability on on-line, real time booking sites. Active Hotels has built up a large portfolio of both hotel operators, principally in the UK and France, and internet based distribution partners.



Intelligent Environments Group PLC

iE is a leading provider of integrated e-finance products for the credit and wealth management market. The company is listed on AIM.

Cassium Technologies Limited

Cassium is an IT services company which provides web service solutions using Microsoft.NET technology. The company has developed a suite of proprietary products under the Active Web and Active Forms Names.

Advanced Medical Solutions Group PLC

Advanced Medical Solutions Group, designs, develops and manufactures products for the advanced wound care market. The company is listed on AIM.

AIT Group Plc

AIT Group is listed on AIM, and is a provider of IT solutions principally for the retail financial sector.

Deltex Medical Group Plc

Deltex develops, manufactures and markets the 'CardioQ', an oesophageal device which monitors in real time the heart's response to medical treatment. Deltex is listed on AIM.

Pilat Media Global Plc

The company develops, markets and supports business operations software for the media industry. It is listed on AIM.

Tepnel Life Sciences Plc

Tepnel Life Sciences, an AIM listed investment, is a biotechnology company committed to the commercialisation of DNA technologies, developing automated systems for use in life science research, clinical diagnosis and food testing.

Peakdale Molecular Limited

Peakdale Molecular is principally engaged in research, processing and the supply of chemical compounds to the major pharmaceutical companies. It operates from a substantial freehold site in Chapel-en-le-Frith, Derbyshire.

sparesFinder Limited

Founded in 1999, sparesFinder Limited provides clients with a pooled inventory solutions service accessed via the internet. Its service allows registered clients to share inventories, locate and purchase goods or spare parts anywhere throughout the world using the sparesFinder shared database of inventories. Clients using the system include BAT, BP and Alstom.

Warthog plc

Warthog is listed on AIM and is a leading independent games software developer.

OneclickHR Plc

OneclickHR is listed on AIM, it develops and markets a range of human resources software under the 'Vizual' brand.

Careforce Group Limited

Careforce Group was established in 1999 to build, both organically and through acquisition, a group providing home care services to the elderly, principally on behalf of local authorities. Careforce currently operates an expanding network of branches around the UK.

Consolidated Communications Management Limited

Consolidated Communications is a management buy-out of an established public relations agency, formed in 1991, with a broad range of 'blue-chip' clients. In November 2001 the company was named "Consultancy of the Year" at the PR Week Awards.

Automotive Technik (Holdings) Limited

The company holds the exclusive world-wide licence to manufacture the Pinzgauer off-road vehicle. Automotive Technik's main clients include the UK Ministry of Defence and overseas armed forces.

Leisure Links International Limited

Leisure Links owns and operates the Test Valley golf course in Hampshire.

Peakdale Molecular Limited

This part of the Peakdale investment (as discussed above) is in loan stock secured against debtors and property and is classified as a non-technology holding.

The Q Garden Company Limited

The Q Garden Company owns and operates a chain of garden centres based in the South of England. It currently owns three centres located in Fareham (Hampshire), Chinnor (Oxfordshire) and Stow-on-the-Wold (Gloucestershire).

City Centres Breweries Limited

City Centres Breweries was formed to purchase the Smiles Brewery in central Bristol and thereafter to provide a base for building up an integrated brewery and pub business based in the South West.

CLOSE TECHNOLOGY & GENERAL VCT PLC

City Screen (Liverpool) Limited

The Company was formed to own and operate a three screen 'art house' cinema in the centre of Liverpool, which opened in February 2003.

Non-qualifying portfolio

Company	Country of incorporation	Listing exchange	Share Holding	Cost £000's	Unrealised appreciation/ (depreciation) £000's	Value £000's
Digital River Inc	USA	Nasdaq	9,300	29	86	115
Nortel Networks Corp	Canada	NYSE	42,200	164	(64)	100
Agere Systems Inc - A	USA	NYSE	58,500	114	(14)	100
Technomatix Technologies Ltd	USA	Nasdaq	12,200	74	17	91
Melexis N.V.	Belgium	Nasdaq	12,000	57	21	78
Amdocs Ltd	USA	NYSE	12,000	88	(10)	78
Ascential Software Corp	USA	Nasdaq	5,000	32	41	73
Ericsson LM-B	Sweden	Stockholm	64,000	80	(16)	64
Applied Materials Inc	USA	Nasdaq	5,000	49	14	63
Infovista S.A.	France	Paris	35,000	40	20	60
Veritas Software Corp	USA	Nasdaq	2,500	33	19	52
Wind River Systems Inc	USA	Nasdaq	10,000	36	13	49
Taiwan Semiconductor MFG	Taiwan	NYSE	8,553	45	4	49
Verisign Inc	USA	Nasdaq	5,100	29	17	46
Orbotech Ltd	Israel	Nasdaq	3,300	60	(16)	44
Chordiant Software Inc	USA	Nasdaq	13,188	17	23	40
Ceva Inc	USA	Nasdaq	6,400	15	22	37
Take-Two Interactive Software Inc	UK	Nasdaq	2,250	32	4	36
Network Associates Inc	USA	NYSE	4,000	42	(8)	34
Micronic Laser Systems AB	Sweden	Stockholm	4,900	14	18	32
UTStarcom, Inc	USA	Nasdaq	1,450	24	6	30
Parametric Technology Corp	USA	Nasdaq	13,000	23	6	29
TTI Telecom International	Israel	Nasdaq	10,471	36	(8)	28
Ciena Corp	USA	Nasdaq	7,500	22	5	27
Citrix Systems Inc	USA	Nasdaq	2,300	12	15	27
Brooks Automation Inc	USA	Nasdaq	1,750	23	-	23
Qiagen N.V.	Netherlands	Frankfurt	3,300	51	(28)	23
Marimba Inc	USA	Nasdaq	7,300	22	-	22
BEA Systems Inc	USA	Nasdaq	2,400	18	(1)	17
Kintera Inc	USA	Nasdaq	2,000	9	5	14
Parsytec	Germany	Frankfurt	4,100	9	3	12
DMX Technologies Group Limited	Bermuda	Singapore	33,000	8	-	8
OneClickHR Plc	UK	LSE AIM	85,500	43	(36)	7
Peregrine Systems Inc	USA	Nasdaq	149	74	(72)	2
AIT Group Plc	UK	LSE AIM	1,000	1	-	1
Intelligent Environments Plc	UK	LSE AIM	6,100	0.5	-	0.5
Pilat Media Global Plc	UK	LSE AIM	1,000	0.5	-	0.5
Total non-qualifying investments				1,426	86	1,512

Note

Listings on the following exchanges were translated upon purchase at prevailing exchange rates, whilst valuations were translated at the following rates as listed in the Financial Times at close of business on 31 December 2003.

Listing exchange	Currency	Closing rate 31 December 2003
Nasdaq, NYSE	US\$	1.790
Frankfurt, Amsterdam, Paris	EUR	1.419
Stockholm	SEK	12.880
Singapore	Malaysian\$	3.040
LSE AIM	GBP£	1.000



REPORT OF THE DIRECTORS

The Directors submit the Report and Accounts of the Company for the year ended 31 December 2003.

Principal activity and status

The principal activity of the Company is that of a venture capital trust. It was approved by the Inland Revenue as a venture capital trust in accordance with Section 842 of the Income and Corporation Taxes Act 1988 and in the opinion of the Directors, the Company has subsequently conducted its affairs so as to enable it to continue to obtain such approval. Approval for the year ended 31 December 2003 is subject to review should there be any subsequent enquiry under corporation tax self assessment. The company is not a close company for taxation purposes. Details of the principal investments made by the Company are given above 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 an investment company as defined in Section 266 of the Companies Act 1985.

Future developments

It is considered that the Company's activities will continue in accordance with the objectives set out on page 2. The directors will continue to monitor the performance of the Company and any risks that may arise in the future.

Results and dividends

	£'000
Revenue return for the year ended 31 December 2003 available for distribution	273
Interim dividend of 0.50 pence per share paid 9 October 2003	(71)
Final proposed dividend for the year of 1.50 pence per share payable on 22 April 2004 to shareholders on the register at the close of business on 26 March 2004.	<u>(215)</u>
Transferred from revenue reserve	<u><u>(13)</u></u>

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 December 2003 Ordinary Shares	31 December 2003 Percentage	31 December 2002 Ordinary Shares	31 December 2002 Percentage
Dr. Neil Cross	50,000	0.3%	50,000	0.3%
Lt. Gen. Sir Edmund Burton KBE	19,660	0.2%	19,660	0.2%
Michael Hart	50,000	0.3%	50,000	0.3%
Kip Meek (resigned 8 December 2003)	10,000	0.1%	10,000	0.1%
Patrick H Reeve (appointed 8 December 2003)	131,800	0.9%	n/a	n/a

There have been no changes in the holdings of the Directors between the year end and the date of this document.

All Directors, with the exception of Patrick Reeve who was subsequently appointed, were re-appointed on 29 April 2003. No Director has a service contract with the Company.

The Company does not have any employees.

All Directors, except for Patrick Reeve who is a director of the Manager, are members of the Audit Committee, of which Dr. Neil Cross is the Chairman.



Management Agreement

The Company and Close Brothers Investment Limited, of which Close Venture Management, the Manager, is a division, have entered into a management agreement for an initial fixed term expiring 31 December 2005, which may be terminated thereafter by either party on 12 months' notice. Under this agreement, the Manager also provides secretarial and administrative services to the Company. The Management Agreement is subject to earlier termination in the event of certain breaches or on the insolvency of either party. Under the terms of the Management Agreement, the Manager is paid an annual fee equal to 2.5 per cent. (plus any applicable VAT) of the net asset value of the Company. The fee is payable quarterly in arrears.

Close Venture Management has entered into a sub-agreement with Rebourne Limited in respect of the non-qualifying portfolio. Rebourne's fee is payable from the fee received by Close Venture Management from the Company.

In line with common practice, the Manager is also entitled to an arrangement fee, payable by each investee company, of approximately 2 per cent. on each investment made.

Management Performance Incentive

In order to provide the Manager with an incentive to maximise the return to investors, the Company has entered into a management performance incentive arrangement with the Manager. Under the incentive arrangement, if the net asset value per Share at the end of a financial period, when added to the aggregate dividends per Share (both revenue and capital) paid to that date, exceed £1 as increased at the compound rate of 8 per cent. per annum since the Company's commencement of trading, then the Manager will be entitled to an incentive fee equal to 20% of such excess (plus VAT if applicable). In the event that the performance of the Company falls short of the target in any period, such shortfall must be made up in future periods before the Manager is entitled to any incentive in respect of such future periods. The fee if applicable, will be payable annually, with the first payment being in respect of the year to 31 December 2005.

Auditors

On 1 August 2003, Deloitte & Touche, the company's auditors transferred their business to Deloitte & Touche LLP, a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000. The company's consent has been given to treating the appointment of Deloitte & Touche as extending to Deloitte & Touche LLP with effect from 4 September 2003 under the provisions of section 26(5) of the Companies Act 1989. A resolution to re-appoint Deloitte & Touche LLP as the company's auditor will be proposed at the forthcoming Annual General Meeting.

Substantial Interests

As at 31 December 2003 the Company was not aware of any beneficial interest in the Company exceeding 3 per cent. of the issued 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 systems of internal control and 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.



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 December 2003 (2002: none).

Annual General Meeting

The Annual General Meeting will be held at 10 Crown Place, London EC2A 4FT at 11.30 a.m. on 20 April 2004. The notice of the Annual General Meeting is at the end of this document. A resolution will be proposed as special business at the Annual General Meeting for the following purpose:

Purchase of own shares

A special resolution, number 6 in the notice of meeting, will give the Company authority to purchase in the market and cancel up to 1,432,013 of the Company's issued shares (equivalent to 10 per cent. of the share capital in issue at 31 December 2003).

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 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. To the extent that the Company purchases shares at a discount to net asset value, the net asset value of the remaining shares in issue will increase.

The Company repurchased for cancellation 20,000 shares during the year at a cost of £13,311. This represented approximately 0.14% of the share capital in issue at the date of repurchase.

By Order of the Board,

Catherine Kinnear
Secretary
11 March 2004



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, all of whom are independent, except for Patrick Reeve who is managing director of the Manager. Dr Cross is the Chairman and senior 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 for it and meets quarterly. 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.

Directors are appointed for specified terms, subject to re-election and to the provisions of the Companies Act. In accordance with the Company's Articles of Association, directors stand for election at the first annual general meeting following their appointment and every director stands for re-election every two years thereafter.

Remuneration Committee

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 save for Patrick Reeve; Dr. Neil Cross is the Chairman. Written terms of reference have been constituted for the Audit Committee. It meets as required throughout the year. 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 formation.

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 comes 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 December 2003 with all the relevant provisions set out in Section 1 of the 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.



DIRECTORS' REMUNERATION REPORT

Introduction

This report is submitted in accordance with the Directors' Remuneration Report Regulations 2002 in respect of the year ended 31 December 2003.

The following information is unaudited except where specified.

Remuneration Committee

Since the Company has no executive directors and consists solely of non-executive directors, a remuneration committee is not warranted.

Directors' remuneration policy

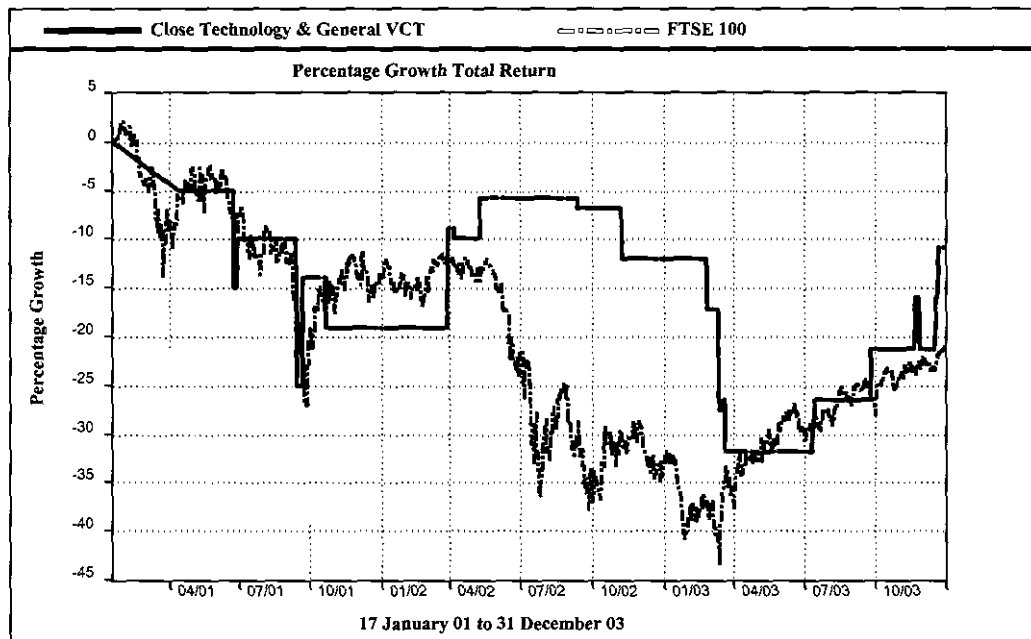
The Company's policy is that fees payable to non-executive directors should reflect their expertise, responsibilities and time spent on Company matters. In determining the level of non-executive remuneration market equivalents are considered in comparison to the overall activities and size of the Company.

The non-executive directors' remuneration is fixed by the Company's Articles of Association, amendment to which is by way of a special resolution subject to ratification by shareholders. The Articles of Association provide for aggregate non-executive directors fees not to exceed £75,000 per annum.

Performance graph

The graph below shows the performance of Close Technology & General VCT PLC's share price against the FTSE 100 index, in both instances with dividends reinvested, for the three years since the launch of the fund in January 2001. The directors consider this the most appropriate benchmark, but would remind investors that shares in VCTs generally continue to trade at a discount to the actual net asset value of the Company.

There are no options, issued or exercisable, in the Company which would distort the graphical presentation below.



Source: Lipper. Produced using Hindsight 5 by Close Fund Management Ltd. Hindsight is a registered trademark of Reuters Limited.

Service contracts

No director has a service contract with the Company.



Directors' remuneration

The following items have been audited.

The following table shows an analysis of the remuneration of individual directors.

	Year ended 31 December 2003			Year ended 31 December 2002		
	Fees £	Expenses £	Total £	Fees £	Expenses £	Total £
Dr Neil Cross	11,513	-	11,513	11,513	-	11,513
Michael Hart	11,513	-	11,513	11,513	-	11,513
K Meek(resigned 8 December 2003)	10,882	-	10,882	11,513	-	11,513
Lt Gen Sir Edmund Burton	11,513	-	11,513	11,513	-	11,513
Patrick H Reeve (appointed 8 December 2003)	<u>631</u>	<u>-</u>	<u>631</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>46,052</u>	<u>-</u>	<u>46,052</u>	<u>46,052</u>	<u>-</u>	<u>46,052</u>

The Company does not confer any share options, long term incentives or retirement benefits to any director, nor does it make a contribution to any pension scheme on behalf of the directors.

Kip Meek's services were provided by Spectrum Strategy Limited, Lieutenant General Sir Edmund Burton's services are provided by Sir Edmund Burton KBE (sole trader), while Patrick Reeve's remuneration is paid to Close Venture Management.

In addition to directors' remuneration, the Company pays annual premiums in respect of directors' liability insurance.

By Order of the Board

Catherine Kinnear
Secretary
11 March 2004



CLOSE TECHNOLOGY & GENERAL VCT PLC

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CLOSE TECHNOLOGY & GENERAL VCT PLC

We have audited the financial statements of Close Technology & General VCT PLC for the year ended 31 December 2003 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. We have also audited the information in the part of the directors' remuneration report that is described as having been audited.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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 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. They are also responsible for the preparation of the other information contained in the annual report including the directors' remuneration report. Our responsibility is to audit the financial statements and the part of the directors' remuneration report described as having been audited in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the directors' remuneration report described as having been audited have been properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We review whether the corporate governance statement reflects the company's compliance with the provisions of the Combined Code specified for our review by the Listing Rules of the Financial Services Authority, 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 group'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 including the unaudited part of the directors' remuneration report 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 and the part of the directors' remuneration report described as having been audited. 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 and the part of the directors' remuneration report described as having been audited 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 and the part of the directors' remuneration report described as having been audited.

Opinion

In our opinion:

- the financial statements give a true and fair view of the state of affairs of the company as at 31 December 2003 and the total return for the year then ended; and
- the financial statements and part of the directors' remuneration report described as having been audited have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche LLP

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
London

11 March 2004

Statement of Total Return
(incorporating the revenue account)

	Notes	Year ended 31 December 2003			Year ended 31 December 2002		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains/(losses) on investments	1 & 2	-	4,959	4,959	-	(3,622)	(3,622)
Income	3	556	-	556	632	-	632
Investment management fees	1 & 4	(93)	(278)	(371)	(67)	(202)	(269)
Other expenses	1 & 5	<u>(120)</u>	<u>-</u>	<u>(120)</u>	<u>(106)</u>	<u>-</u>	<u>(106)</u>
Return on ordinary activities before taxation		343	4,681	5,024	459	(3,824)	(3,365)
Taxation on ordinary activities	7	<u>(70)</u>	<u>58</u>	<u>(12)</u>	<u>(91)</u>	<u>40</u>	<u>(51)</u>
Return attributable to equity shareholders		273	4,739	5,012	368	(3,784)	(3,416)
Dividends	8	<u>(286)</u>	<u>-</u>	<u>(286)</u>	<u>(287)</u>	<u>-</u>	<u>(287)</u>
Transfer (from)/to reserves		<u>(13)</u>	<u>4,739</u>	<u>4,726</u>	<u>81</u>	<u>(3,784)</u>	<u>(3,703)</u>
Return per share	9	1.9p	33.1p	35.0p	2.6p	(26.6)p	(24.0)p

The revenue column of this statement represents the profit and loss account of the Company.

The accompanying notes are an integral part of this statement.

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

No operations were acquired or discontinued in the year.



Balance Sheet

	Notes	31 December 2003 £'000	31 December 2002 £'000
Fixed asset investments			
Qualifying		12,727	6,839
Non-qualifying		<u>1,512</u>	<u>2,443</u>
Total fixed asset investments	10	14,239	9,282
Current assets			
Debtors	12	70	8
Cash		<u>1,510</u>	<u>1,688</u>
		1,580	1,696
Creditors: amounts falling due within one year	13	<u>(385)</u>	<u>(257)</u>
Net current assets		<u>1,195</u>	<u>1,439</u>
Net assets		<u>15,434</u>	<u>10,721</u>
Represented by:			
Called up share capital	14	7,160	7,170
Share premium	15	165	165
Special reserve	15	6,245	6,258
Capital redemption reserve	15	35	25
Capital reserve			
<i>realised</i>		(936)	(622)
<i>unrealised</i>		2,680	(2,373)
Revenue reserve	15	<u>85</u>	<u>98</u>
Total equity shareholders' funds	17	<u>15,434</u>	<u>10,721</u>
Net asset value per share	16	107.8p	74.8p

The financial statements on pages 17 to 30 were approved by the Board of Directors on 11 March 2004.

Signed on behalf of the Board of Directors

Dr Neil Cross
Chairman

Cash Flow Statement
for the year to 31 December 2003

	Notes	Year to 31 December 2003 £'000	Year to 31 December 2002 £'000
Operating activities			
Investment income received		341	383
Deposit interest received		35	54
Investment management fees paid		(273)	(249)
Other cash payments		<u>(119)</u>	<u>(112)</u>
Net cash (outflow)/inflow from operating activities	19	(16)	76
Taxation			
UK corporation tax paid		(52)	(10)
Capital expenditure and financial investments			
Purchase of qualifying investments		(1,501)	(4,089)
Purchase of non-qualifying investments		(312)	(5,053)
Disposals of qualifying investments		85	-
Disposals of non-qualifying investments		<u>1,846</u>	<u>3,671</u>
Net cash inflow/(outflow) from investing activities		118	(5,471)
Equity dividends paid			
Dividends paid on ordinary shares	8	<u>(215)</u>	<u>(285)</u>
Net cash outflow before financing		(165)	(5,690)
Financing	14		
Issue of equity net of expenses		-	179
Cancellation of share capital		<u>(13)</u>	<u>(9)</u>
Net cash (outflow)/inflow from financing		(13)	170
Cash outflow in the year	18	<u>(178)</u>	<u>(5,520)</u>

The accompanying notes are an integral part of this statement.



Notes to the financial statements
For the year ended 31 December 2003

1. **Accounting policies**

The financial statements are prepared in accordance with applicable UK law and accounting standards and with the new Statement of Recommended Practice "Financial Statements of Investment Trust Companies" (SORP) in all material aspects. There has been no significant change resulting from the application of the new SORP. The particular accounting policies adopted are described below.

Accounting convention

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

Capital Reserves

Capital reserves – realised

The following are taken to this reserve:

- (i) gains and losses on the realisation of investments
- (ii) realised exchange differences of a capital nature
- (iii) expenses, together with the related taxation effect, charged in accordance with the above policies.

Capital reserves – unrealised

The following are taken to this reserve:

- (i) increases and decreases in the valuation of investments held at the year end
- (ii) unrealised exchange differences of a capital nature

Investments

Investments listed on recognised exchanges are stated at market value based upon middle market prices at the end of the accounting year. Unquoted investments are stated at a valuation determined by the directors in accordance with the new British Venture Capital Association guidelines. Other than amounts accrued under redemption premium on secured loan stock, the unrealised depreciation or appreciation on the valuation of investments and gains and losses arising on the disposal of investments are dealt with in the capital reserve. Amounts accrued under redemption premium are accounted for in the revenue return.

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

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. Any fixed returns on non-equity shares or debt securities are recognised on a time apportionment basis. Amounts accrued under redemption premium are recognised on a time apportioned basis in the revenue return. Total expenses including Management fees will not exceed 3.5% of net asset value at the year end.

Management expenses

75 per cent. of management expenses, representing the proportion of the investment management fee attributable to the enhancement of the value of the investments of the company, has been charged to capital reserves, net of corporation tax. All other expenses are charged to the revenue account.

Issue costs

Issue costs associated with the allotment of ordinary share capital have been deducted from the share premium account in accordance with Financial Reporting Statement No. 4.

Taxation

Taxation associated to capital expenses is applied in accordance with recommended practice.

Deferred taxation is considered in accordance with FRS 19 on timing differences that result in an obligation at the balance sheet date to pay more 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 financial statements.



The specific nature of the taxation of VCTs means that it is unlikely any deferred tax will arise. The directors have considered the requirements of FRS 19 and do not believe any provision should be made.

Foreign Currency

Transactions denominated in foreign currencies are recorded in the local currency at the actual exchange rates as at the date of transaction. Monetary assets and liabilities denominated in foreign currencies at the year end are reported at the rates of exchange prevailing at the year end. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the capital reserve or in the revenue account depending whether the gain or loss is of a capital or revenue nature respectively.

2. Gains and losses on investments

	Year ended 31 December 2003 £'000	Year ended 31 December 2002 £'000
Realised losses	(94)	(551)
Commission on purchase/disposal	(2)	(2)
Net movement on foreign exchange	2	2
Unrealised gains/(losses)	<u>5,053</u>	<u>(3,071)</u>
	<u>4,959</u>	<u>(3,622)</u>

3. Income

	Year ended 31 December 2003 £'000	Year ended 31 December 2002 £'000
Income from investments		
UK unfranked investment income	350	381
Foreign unfranked investment income	3	3
Redemption Premium	<u>168</u>	<u>197</u>
	521	581
Other income		
Deposit income	<u>35</u>	<u>51</u>
Total income	<u>556</u>	<u>632</u>
Total income comprises:		
Interest	385	432
Redemption Premium	168	197
Dividends	<u>3</u>	<u>3</u>
Total	<u>556</u>	<u>632</u>
Income from investments:		
Listed	54	110
Unlisted	<u>467</u>	<u>522</u>
Total	<u>521</u>	<u>632</u>



Notes to the financial statements (continued)

4. Investment management fee

	Year ended 31 December 2003 £'000	Year ended 31 December 2002 £'000
Charged to Revenue	93	67
Charged to Capital	<u>278</u>	<u>202</u>
Total	<u>371</u>	<u>269</u>

Total management fees for 2003 include irrecoverable VAT of approximately £55,249. Further details of the Management Agreement under which the investment management fee is paid are given in the Report of the Directors.

5. Other expenses

	Year ended 31 December 2003 £'000	Year ended 31 December 2002 £'000
Directors' fees	50	53
Auditors' remuneration – audit fees	14	12
Other	56	40
Exchange losses	<u>-</u>	<u>1</u>
	<u>120</u>	<u>106</u>

6. Directors' fees

	Year ended 31 December 2003 £'000	Year ended 31 December 2002 £'000
Directors' fees	46	46
National Insurance and/or irrecoverable VAT	<u>4</u>	<u>7</u>
	<u>50</u>	<u>53</u>



CLOSE TECHNOLOGY & GENERAL VCT PLC

Notes to the financial statements (continued)

7. Tax on ordinary activities

Total	Year ended 31 December 2003			Year ended 31 December 2002		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
UK corporation tax at 19%	12	-	12	51	-	51
Tax attributable to capitalised expenses	<u>58</u>	<u>(58)</u>	<u>-</u>	<u>40</u>	<u>(40)</u>	<u>-</u>
	<u>70</u>	<u>(58)</u>	<u>12</u>	<u>91</u>	<u>(40)</u>	<u>51</u>

The standard rate of tax for the year, based on the UK standard rate of corporation tax is 19%, (2002: 20%).

Total	Year ended 31 December 2003			Year ended 31 December 2002		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
<u>Current taxation</u>						
Profit before taxation	343	4,681	5,024	459	(3,824)	(3,365)
Tax on profit at the standard rate	102	1,404	1,506	91	(765)	(674)
<u>Factors affecting the charge</u>						
Fractional relief	(32)	8	(24)	-	-	-
(Gains)/losses on investments	<u>-</u>	<u>(1,470)</u>	<u>(1,470)</u>	<u>-</u>	<u>725</u>	<u>725</u>
	<u>70</u>	<u>(58)</u>	<u>12</u>	<u>91</u>	<u>(40)</u>	<u>51</u>

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 expenses by reference to the applicable corporation tax rate of 19% and allocating the relief between revenue and capital in accordance with the SORP.
- (ii) No deferred tax asset or liability has arisen in the year.

8. Dividends and other appropriations

	Year ended 31 December 2003 £'000	Year ended 31 December 2002 £'000
<u>Dividends on equity shares:</u>		
Interim revenue dividend paid of 0.50p per share (2002:1.00p)	71	143
Final proposed revenue dividend of 1.50p per share (2002:1.00p)	<u>215</u>	<u>144</u>
Total revenue dividends	<u>286</u>	<u>287</u>



CLOSE TECHNOLOGY & GENERAL VCT PLC

Notes to the financial statements (continued)

9. Return per share

Revenue	Year ended 31 December 2003		Total	Revenue	Year ended 31 December 2002		Total
	Capital				Capital		
1.9 pence	33.1 pence	35.0 pence		2.6 pence	(26.6) pence	(24.0) pence	

Revenue return per share is based on the net profit on ordinary activities after taxation but before deduction of dividends and other appropriations of £273,000 (2002: £368,000) in respect of the weighted average number of shares in issue during the year, being 14,324,783 shares, (2001: 14,251,513).

Capital return per ordinary share is based on net capital gain for the year of £4,739,000 (2002: loss of £3,784,000) in respect of the same weighted average number of shares in issue as shown above.

10. Investments

	31 December 2003 £'000	31 December 2002 £'000
Qualifying unlisted technology investments	5,071	1,100
Qualifying AIM listed technology investments	2,240	1,075
Qualifying unlisted non-technology investments	5,416	4,664
Non-qualifying technology investments listed on recognised Investment Exchanges	1,512	944
Non-qualifying Floating Rate Notes	-	<u>1,499</u>
Total	<u>14,239</u>	<u>9,282</u>



CLOSE TECHNOLOGY & GENERAL VCT PLC

Notes to the financial statements (continued)

	Qualifying Technology	Qualifying Non- Technology	Non qualifying Technology	Non qualifying Listed	Total
	£'000	£'000	£'000	£'000	£'000
Valuation basis					
Opening valuation	2,175	4,664	944	1,499	9,282
Additions at cost	237	1,264	312	-	1,813
Disposals					
- proceeds	(85)	-	(398)	(1,500)	(1,983)
- realised profit/(loss)	37	-	(131)	-	(94)
Increase in redemption premium	19	189	-	-	208
Provision for redemption premium	-	(40)	-	-	(40)
Increase/(decrease) in unrealised appreciation	<u>4,928</u>	<u>(661)</u>	<u>785</u>	<u>1</u>	<u>5,053</u>
Closing valuation	<u>7,311</u>	<u>5,416</u>	<u>1,512</u>	<u>-</u>	<u>14,239</u>
Opening unrealised depreciation	(1,247)	(189)	(699)	(1)	(2,136)
Redemption Premium appreciation	19	149	-	-	168
Change in unrealised appreciation/(depreciation)	<u>4,928</u>	<u>(661)</u>	<u>785</u>	<u>1</u>	<u>5,053</u>
Closing unrealised appreciation/(depreciation)	<u>3,700</u>	<u>(701)</u>	<u>86</u>	<u>-</u>	<u>3,085</u>
<i>Closing unrealised appreciation/(depreciation) realised by:</i>					
Accrued Redemption Premium	28	377	-	-	405
Unrealised appreciation/(depreciation)	<u>3,672</u>	<u>(1,078)</u>	<u>86</u>	<u>-</u>	<u>2,680</u>
	<u>3,700</u>	<u>(701)</u>	<u>86</u>	<u>-</u>	<u>3,085</u>
Historical cost basis					
Opening book cost	3,422	4,853	1,643	1,500	11,418
Additions at cost	237	1,264	312	-	1,813
Disposals at cost	<u>(48)</u>	<u>-</u>	<u>(529)</u>	<u>(1,500)</u>	<u>(2,077)</u>
Closing book cost	<u>3,611</u>	<u>6,117</u>	<u>1,426</u>	<u>-</u>	<u>11,154</u>

In addition Close Technology & General VCT Plc holds 15,000 Warrants in Consolidated Communications Management Ltd exercisable for 15,000 shares at £15 per share. The directors' valuation of the Warrants is nil.



Notes to the financial statements (continued)

11. Significant interests

Details of investments in which the Company has an interest of 3% or more of the nominal value of the allotted shares of any class, or of the net assets, are as follows. It is considered that, as permitted by FRS9, the below investments are held as part of an investment portfolio and their value to the Company is through their marketable value as part of a portfolio of investments. Therefore, the investments are not considered to be associated undertakings.

	Percentage of issued share capital	Country of incorporation
The Q Garden Company Limited	33.3%	United Kingdom
Leisure Links International Limited	22.8%	United Kingdom
Automotive Technik Limited	14.3%	United Kingdom
Cassium Technologies Limited	15.4%	United Kingdom
City Centre Breweries Limited	12.5%	United Kingdom
Consolidated Communications Management Limited	10.8%	United Kingdom
Careforce Group Limited	10.0%	United Kingdom
Peakdale Molecular Limited	7.7%	United Kingdom
Active Hotels Limited (i)	6.2%	United Kingdom
Intelligent Environments Plc	6.0%	United Kingdom
Sparesfinder Limited	5.2%	United Kingdom
City Screen (Liverpool) Limited	4.5%	United Kingdom

All holdings are in 'Ordinary' shares

(i) This figure represents a fully diluted stake. The undiluted stake is 7.2%.

Details of those investments where the Company owns 20% or greater of the equity are as follows.

Investment and activity	Basis of Valuation	Unaudited results		
		Capital and reserves £'000	Profit/ (loss) after taxation £'000	Income received/ accrued over the year £'000
The Q Garden Company Limited⁽ⁱⁱ⁾ Garden centre owner and operator. Year end 31 January 2004	Directors' valuation	(947)	(311)	58
Leisure Links International Limited⁽ⁱⁱ⁾ Ownership and operation of the Test Valley golf course. Year end 31 March 2003	Directors' valuation	311	(717)	93

(ii) These figures are unaudited as at 11 March 2004.



CLOSE TECHNOLOGY & GENERAL VCT PLC

Notes to the financial statements (continued)

12. Debtors

	31 December 2003 £'000	31 December 2002 £'000
Prepayments and accrued income	18	8
Debtors	52	8
Provision for bad debts	<u>-</u>	<u>(8)</u>
	<u>70</u>	<u>8</u>

13. Creditors: amounts falling due within one year

	31 December 2003 £'000	31 December 2002 £'000
UK corporation tax payable	11	51
Proposed dividend	215	144
Other creditors	<u>159</u>	<u>62</u>
	<u>385</u>	<u>257</u>

14. Share Capital

	31 December 2003 £'000	31 December 2002 £'000
Authorised:		
30,000,000 Ordinary Shares of 50p each	<u>15,000</u>	<u>15,000</u>
Allotted, called up and fully paid:		
14,320,132 Ordinary Shares of 50p each (2002: 14,340,132)	<u>7,160</u>	<u>7,170</u>

The Company repurchased for cancellation 20,000 shares during the year at a cost of £13,311. This represented approximately 0.14% of the share capital in issue at the date of repurchase.

15. Reserves

	Share Premium account £'000	Special reserve £'000	Capital redemption reserve £'000	Realised capital reserve £'000	Unrealised capital reserve £'000	Revenue reserve £'000
Beginning of year	165	6,258	25	(622)	(2,373)	98
Redemption of share capital	-	(13)	10	-	-	-
Gains on investments	-	-	-	(94)	5,053	-
Commission on purchase/ disposal	-	-	-	(2)	-	-
Foreign exchange	-	-	-	2	-	-
Capitalised expenses net of tax	-	-	-	(220)	-	-
Retained net revenue	-	-	-	-	-	(13)
End of year	<u>165</u>	<u>6,245</u>	<u>35</u>	<u>(936)</u>	<u>2,680</u>	<u>85</u>

16. 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 December 2003	31 December 2002
Net asset value per share	107.8 pence	74.8 pence

The movements in the year attributable to the net asset value per share were as follows:



CLOSE TECHNOLOGY & GENERAL VCT PLC

Notes to the financial statements (continued)

	31 December 2003 £'000	31 December 2002 £'000
Opening net assets attributable to shareholders	10,721	14,246
Capital subscribed net of expenses	-	187
Repurchase and cancellation of own shares	(13)	(9)
Total return for the year	5,012	(3,416)
Dividends appropriated in the year	<u>(286)</u>	<u>(287)</u>
Closing net assets attributable to shareholders	<u>15,434</u>	<u>10,721</u>

Net asset value per share is based upon the net assets of the Company and shares in issue at the year end.

17. Reconciliation of movements in shareholders' funds

	31 December 2003 £'000	31 December 2002 £'000
Opening shareholders' funds	10,721	14,246
Capital subscribed net of expenses	-	187
Repurchase and cancellation of own shares	(13)	(9)
Total return for the year	5,012	(3,416)
Dividends appropriated in the year	<u>(286)</u>	<u>(287)</u>
Closing shareholders' funds	<u>15,434</u>	<u>10,721</u>

18. Analysis of changes in cash and cash equivalents during the year

	31 December 2003 £'000	31 December 2002 £'000
Beginning of the year	1,688	7,208
Net cash outflow	<u>(178)</u>	<u>(5,520)</u>
End of the year	<u>1,510</u>	<u>1,688</u>

19. Reconciliation of net revenue before finance costs and taxation to net cash (outflow)/inflow from operating activities

	31 December 2003 £'000	31 December 2002 £'000
Net revenue before finance costs and taxation	343	459
Investment management fee charged to capital	(278)	(202)
Increase in redemption premium	(168)	(197)
(Increase)/decrease in debtors and accrued income	(10)	2
Increase in creditors and accruals	<u>97</u>	<u>14</u>
Net cash (outflow)/inflow from operating activities	<u>(16)</u>	<u>76</u>



Notes to the financial statements (continued)

20. Financial instruments and risk management

Financial assets and liabilities

The Company's financial assets comprise equity and loan stock investments in unquoted companies, equity investments listed on recognised exchanges, cash balances and short term debtors which arise from its operations. The main purpose of these financial instruments is to generate revenue and capital appreciation for the Company's operations.

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

The Company does not use any derivatives and numerical disclosures below exclude short term debtors and creditors.

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

- interest rate risk;
- foreign currency risk; and
- market price risk.

The Board reviews and agrees policies for managing each of these risks and they are summarised below. These policies remain unchanged since the formation of the Company.

Borrowing facilities

The Company had no committed borrowing facilities as at 31 December 2003, either in Sterling or any foreign currency (2002: nil).

Fair values of financial assets and financial liabilities

All the Company's financial assets and liabilities as at 31 December 2003 are stated at fair value, unless otherwise stated. See note 1 of the financial statements.

Interest rate risk

It is the Company's policy to accept a degree of interest rate risk on its financial assets through the effect of interest rate changes. On the basis of the Company's analysis, it is estimated that a fall of one percentage point in interest rates would have reduced profit before tax for the year to 31 December 2003 by approximately 17 per cent (2002: 42 per cent.).

The Company's financial instruments by cost at 31 December 2003 consist of the following;

Currency	31 December 2003			Total £'000
	Fixed Rate £'000	Floating Rate £'000	Interest Free £'000	
SEK	-	-	95	95
Canadian \$	-	-	6	6
Malaysian \$	-	-	8	8
Euro	-	-	156	156
US \$	-	37	1,121	1,158
Sterling	998	5,050	5,193	11,241
	<u>998</u>	<u>5,087</u>	<u>6,579</u>	<u>12,664</u>

Currency	31 December 2002			Total £'000
	Fixed Rate £'000	Floating Rate £'000	Interest Free £'000	
SEK	-	-	81	81
Canadian \$	-	-	95	95
Malaysian \$	-	-	-	-
Euro	-	-	158	158
US \$	-	-	1,267	1,267
Sterling	35	6,804	4,666	11,505
	<u>35</u>	<u>6,804</u>	<u>6,267</u>	<u>13,106</u>



Notes to the financial statements (continued)

20. Financial instruments and risk management (continued)

The weighted average interest rate applied to the Company's fixed rate assets during the year was approximately 7%. The weighted average period to maturity for the fixed rate assets is approximately 4 years (2002: 5 years).

Foreign currency exposure risk

The Company is exposed to foreign currency risk through its investment in securities listed on overseas stock markets.

The Company does not normally hedge against foreign currency movements.

The manager and board regularly monitor this risk, wherever possible maintaining all cash balances in Sterling, accepting however a degree of risk upon the translation of investments.

The Company's exposure to foreign currency through its investment in overseas securities by cost at 31 December 2003 were as follows:

	31 December 2003 £ 000	31 December 2002 £ 000
US Dollar	1,158	1,267
Euro	156	158
Canadian Dollar	6	95
Malaysian Dollar	8	-
Swedish Kroner	95	81

Market price risk

As a venture capital trust, it is the company's specific nature to evaluate and control the investment risk of its portfolio in both quoted investments and unquoted investments, the results of which are detailed in the Portfolio Review. The manager and board regularly monitor this risk.

21. Post balance sheet events

Since 31 December 2003 the Company has entered into the following transactions.

- Invested in six new internationally quoted technology stocks for a total consideration of approximately £151,000.
- Invested a further £33,500 in The Q Garden Company Ltd.
- Invested £100,000 in The Bold Pub Company Limited, a group of 10 freehold and long leasehold pubs in the North West of England.
- Disposed of four internationally quoted technology stocks for total proceeds of approximately £51,000.
- Disposed of three AIM quoted stocks for total proceeds of approximately £232,000.

In addition, the Company on a monthly basis announces to the London Stock Exchange its net asset value (NAV). As at 29 February 2004, the Company's NAV was approximately 113p per share, after taking account of the final dividend.

22. Contingencies, guarantees and financial commitments

There are no contingencies, guarantees or financial commitments of the Company at the year end which have not been accrued.



NOTICE OF MEETING

Notice is hereby given that the Annual General Meeting of Close Technology & General VCT PLC will be held at 11.30 a.m. at 10 Crown Place, London EC2A 4FT on 20 April 2004 for the purpose of dealing with the following business, of which item 6 is special business.

Ordinary Business

1. To receive and adopt the accounts and the reports of the Directors and Auditors for the year ended 31 December 2003.
2. To reappoint Deloitte & Touche LLP as Auditors for the ensuing year and to authorise the Directors to fix their remuneration.
3. To approve the directors' remuneration report.
4. To elect Patrick Reeve as a director.
5. To declare a final dividend of 1.50 pence net per share of 50p each for the year ended 31 December 2003 payable to shareholders on the register at the close of business on 26 March 2004.

Special Business

To consider and, if thought fit, pass the following resolution which will be proposed as a Special Resolution:

6. 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 1,432,013 (representing 10 per cent of the issued share capital at 31 December 2003);
 - (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 that 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.

BY ORDER OF THE BOARD

Catherine Kinnear
Secretary
Registered Office
10 Crown Place, London, EC2A 4FT

11 March 2004



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 service contract or contract for services with the Company.
5. The Company pursuant to Regulation 34 of the Uncertificated Securities Regulations 1995 specifies that only those shareholders registered in the register of members of the Company as at 11.30 a.m. on 16 April 2004 or, in the event that this meeting is adjourned, in the register of members 48 hours before the time of any adjourned meeting, shall be entitled to attend or vote at this meeting in respect of the number of shares registered in their name at that time. Changes to entries on the relevant register of members after 11.30 p.m. on 16 April 2004 or, in the event that this meeting is adjourned, in the register of members 48 hours before the time of any adjourned meeting, shall be disregarded in determining the rights of any person to attend or vote at the meeting.
6. Copies of the Company's existing Articles of Association are available for inspection at the Company's registered office during normal business hours on any weekday (excluding Saturdays and public holidays) from the date of this notice until close of business on 16 April 2004 and will also be available for inspection at the place of the meeting for at least 15 minutes before, and during the meeting until the close of, the meeting.



CLOSE TECHNOLOGY & GENERAL VCT PLC

Form of proxy for the Annual General Meeting to be held on 20 April 2004.

I/We.....(BLOCK CAPITALS please)
 being a holder/s of Ordinary Shares in Close Technology & General VCT PLC and entitled to attend and vote at the above Annual General Meeting, hereby appoint the duly elected Chairman* of the Meeting or failing him

 as my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held at 11.30 a.m. on 20 April 2004 and at any adjournment thereof in respect of the resolutions set out in the Notice of Meeting.

My/our proxy is to vote as indicated below:

		For	Against	Vote withheld (note 4)	Discretionary (note 5)
Resolution Number 1	Adoption of the report and accounts				
Resolution Number 2	Re-appointment of independent auditors				
Resolution Number 3	Approve the directors' remuneration report				
Resolution Number 4	Elect Patrick Reeve as a director				
Resolution Number 5	Approve the final dividend				
Resolution Number 6	(Special Resolution) Purchase of own shares				

..... Signed Date

Notes

- 1 *If any other proxy is preferred, strike out the reference to the Chairman stated above, add the name of the proxy you wish to appoint and initial the alteration. Failure to initial the alteration will deem the Chairman of the Meeting to be your proxy. A proxy need not be a member of the Company.
- 2 If the appointor is a Corporation, this form must be under its common seal or under the hand of some officer or attorney in that behalf.
- 3 Please insert an "X" in either of the columns. If all spaces are left blank, the proxy will exercise his discretion as to whether, and if so how, he votes.
- 4 The "Vote withheld" option is provided to enable you to abstain on any particular resolution. However it should be noted that a "Vote withheld" is not a vote in law and will not be counted in the calculation of the proportion of the votes "For" and "Against" a resolution.
- 5 If you want your proxy to vote in a certain way on the resolutions specified please place a mark in the relevant boxes. If you select "Discretionary" or fail to select any of the given options your proxy can vote as he or she chooses or can decide not to vote at all. The proxy can also do this on any other business (including a motion to adjourn the Meeting or to amend a resolution) which may properly come before the Meeting.
- 6 To be valid, this form of proxy must be completed and deposited at the office of the Company's Registrars, Capita Registrars Limited, Northern House, Penistone Road, Fenay Bridge, Huddersfield HD8 0LA not later than 48 hours prior to the time fixed for the holding of the Meeting.
- 7 In the case of joint holders, only one need sign but the names of all joint holders should be shown.
- 8 The completion and return of this form of proxy will not preclude you from attending and voting at the meeting should you subsequently decide to do so.