Close Technology & General VCT PLC

Report and Financial Statements
for the year ended 31 December 2005

CONTENTS

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 Limited 4 Crown Place London, EC2A 4BT Tel: 020 7422 7830
Technology adviser	Reabourne Technology Investment Management Limited 4 Crown Place London, EC2A 4BT
Secretary and registered office	Close Venture Management Limited 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
Auditors	Deloitte & Touche LLP Stonecutter Court 1 Stonecutter Street London EC4A 4TR
Taxation adviser	Ernst & Young LLP 1 More London Place London SE1 2AF
Legal advisers	Berwin Leighton Paisner Adelaide House London Bridge London EC4R 9HA
Company Number	4114310

INVESTMENT OBJECTIVES

Close Technology & General VCT PLC ("the Company") raised £14.3 million in December 2000 and 2002, and has raised a further £35.5 million during 2006 through the launch of a C Share issue. The Company offers investors the opportunity to participate in a balanced portfolio of technology and non-technology businesses. The Company's investment portfolio is intended to be split approximately as follows:

- 40% in technology companies, with:
  - 15% in quoted international technology stocks; and
  - 25% in unquoted UK technology-related companies.
- 60% in unquoted UK non-technology companies.

FINANCIAL CALENDAR

Annual General Meeting	23 May 2006
Announcement of interim results for the six months ended 30 June 2006	September 2006
Payment of first interim dividend	26 May 2006
Payment of second interim dividend	November 2006

FINANCIAL HIGHLIGHTS

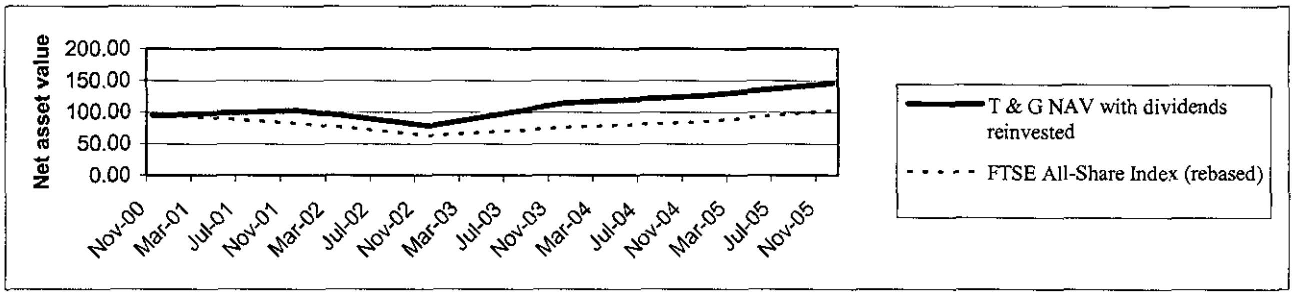
	Year ended 31 December 2005
Dividends paid per Ordinary share (pence)	9.00
Net asset value per Ordinary share (pence)	120.6

Ordinary shareholder value created per share since launch:	**Pence per Ordinary share (ii)**
Total dividends paid during the year ended 31 December 2001 (i)	1.00
Total dividends paid during the year ended 31 December 2002	2.00
Total dividends paid during the year ended 31 December 2003	1.50
Total dividends paid during the year ended 31 December 2004	7.50
Total dividends paid during the year ended 31 December 2005	9.00
Total dividends paid to 31 December 2005	21.00
Net asset value at 31 December 2005	120.6
Total return to 31 December 2005	**141.6**

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.

PERFORMANCE GRAPH

Ordinary Shareholder Return Relative to the FT-SE All-Share Index (in both cases with dividends reinvested)



21 November 2000 to 31 December 2005

Source: Close Venture Management Limited

CHAIRMAN'S STATEMENT

Introduction

I am delighted once again to report a further year of excellent performance for your Company. The total return per share was 18.5 pence, compared to 9.8 pence for the previous financial year, while net asset value rose from 112.3 pence per share (restated) to 120.6 pence. This means that for every £1 invested by shareholders on flotation, ignoring any tax reliefs, shareholders have received 141.6 pence in value, of which 21 pence has been paid in the form of dividends.

Investment progress

As reported at the interim stage, two attractive sales of investments were achieved. The first was in the disposal of Automotive Technik, a manufacturer of military vehicles, which realised a profit of £2.05 million and the second was in the sale of Cassium Technologies, a software services provider, where profit of £790,000 was realised.

The main new investments on the technology side of the portfolio were made in Xceleron (£500,000), a spin-out from York University which provides analysis services to the pharmaceutical industry, and Lowcosttravelgroup (£120,000), a fast-growing provider of internet travel services.

On the non-technology side of the portfolio, new investments included a further £667,000 in Q Gardens, which secured the VCT a first charge over the 7 acre freehold garden centre in Fareham, £500,000 in Weybridge Limited, which is developing a health and fitness club on a 30 acre freehold site in Weybridge, Grosvenor Health (£100,000) to fund an acquisition by this successful provider of occupational healthcare, City Screen (Brixton) and City Screen (Exeter) (£210,000) to purchase these two freehold art-house cinemas, and Tower Bridge Health Clubs (£170,000) to develop a new health and fitness club on the Thames next to Tower Bridge. In addition, a further £560,000 was invested in six separate companies owning and operating freehold pubs around the UK.

Overall, the portfolio is performing well with particular uplifts in valuations in Peakdale Molecular, Grosvenor Health, and Evolutions Television, offset in part by declines in the holding values of sparesFinder, Q Gardens, and of some AIM quoted investments (primarily Tepnel Life Sciences and Portrait Software).

New C Share issue

A new issue of C Shares, to be invested alongside the current issue of Ordinary shares, has successfully raised £35.5 million and closed before its final closing date of 4 April 2006. The investment programme has now begun with investments, alongside the Ordinary Shares, in RFI Global Services which provides testing services to mobile phone manufacturers worldwide, Evolutions Television, to support an acquisition, and Blackbay, a provider of software for mobile field services.

Dividend and prospects

Overall, we continue to be encouraged by the progress of the portfolio and the prospects of the Company look promising for the year ahead.

As already indicated, it is intended that, as far as practicable, and if the Company's performance permits, the Company will pay a total dividend of 8 pence per share per annum for future periods in respect of the Ordinary Shares. Following the introduction of the revised financial reporting standards and the resulting changes to the way dividends are recognised in the accounts, Ordinary shareholders received an extra dividend of 4 pence per share on 4 November 2005. The first dividend for the current financial year will also be 4 pence per Ordinary Share payable out of capital profits and will be paid on 26 May 2006 to those shareholders on the register on 28 April 2006. The first dividend in respect of the new C Shares will be declared in September 2006 and paid in November 2006.

Dr Neil Cross
Chairman

13 April 2006

THE BOARD OF DIRECTORS

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

Dr Neil Cross (61) 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 and Dawson Holdings PLC as well as a number of private companies.

Lieutenant General Sir Edmund Burton KBE (62) 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 (64) was until October 2004 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.

Patrick Reeve (45) MA, ACA, 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 Close Brothers Group plc 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 Limited with the launch of Close Brothers Venture Capital Trust PLC in the spring of 1996.

THE MANAGER

Close Venture Management Limited, which is authorised and regulated by the Financial Services Authority, is the Manager of Close Technology & General VCT PLC. In addition to Close Technology & General VCT PLC, it manages a further five VCTs: Close Brothers Venture Capital Trust PLC which raised a total of £39.7m in Ordinary shares in 1996 and through an issue of 'C' shares the following year; Close Brothers Protected VCT PLC, which raised £27.9 million in 1997, and co-invests alongside Close Brothers Venture Capital Trust PLC; Close Brothers Development VCT PLC which has raised £14.6 million from an Ordinary share issue in 1999 and £18.7 million through an issue of 'C' shares in 2003 and 2004; Close Income & Growth VCT PLC, which raised £45m in 2005 and Crown Place VCT PLC (formerly Murray VCT PLC, Murray VCT2 PLC, Murray VCT3 PLC).

Close Venture Management Limited won the "VCT Manager of the Year" at the 2005 Growth Company Awards and "Best VCT Provider" category in the Professional Adviser Awards in 2005 and in 2006.

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

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

Patrick Reeve, (45), MA, ACA, see above.

Henry Stanford, (40), MA, ACA, qualified as a chartered accountant with Arthur Andersen before joining the corporate finance division of Close Brothers Group plc in 1992. He became an assistant director in 1996 and transferred to Close Venture Management Limited in 1998 to concentrate on VCT investment.

Will Fraser-Allen (35), BA (Hons), ACA, qualified as a chartered accountant with Cooper Lancaster Brewers in 1996 before specialising in corporate finance and investigation. He joined Close Venture Management Limited in 2001.

Emil Gigov, (35), 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 Limited in 2000.

Isabel Dolan, (41), ACA, MBA, joined in 2005 and is Finance Director of Close Venture Management Limited having previously been Finance Director for a number of unquoted companies. From 1993-1997 she was Head of Recoveries at the Specialised Lending Services of The Royal Bank of Scotland plc and from 1997-2001 she was a Portfolio Director at 3i plc.

David Gudgin, (33), BSc (Hons), ACMA, after working for ICL from 1993 to 1999 where he qualified as an accountant, he joined 3i plc as an investment manager based in London and Amsterdam. In 2002 he joined Foursome Investments, the venture capital arm of the Englehorn family, responsible for investing an evergreen fund of US$80 million, before joining Close Venture Management Limited in 2005.

Robert Whitby-Smith, (31), BA (Hons), MSI, ACA, qualified as a chartered accountant with KPMG in their corporate finance division. From 2000 to early 2005 he worked in the UK corporate finance departments of Credit Suisse First Boston and subsequently ING Barings, where he was a vice president. He joined Close Venture Management Limited in 2005.

Ed Lascelles, (30), BA (Hons), joined the corporate broking department of Charterhouse Securities in 1998 focusing on primary and secondary equity fundraisings. He then moved to the corporate finance department of ING Barings in 2000, retaining his focus on smaller UK companies. He joined Close Venture Management Limited in 2004.

Dr Andrew Elder (35), MA, FRCS. After qualifying as a surgeon he practiced for six years, specialising in neurosurgery before joining the Boston Consulting Group as a consultant in 2001 specialising in healthcare strategy. He joined Close Venture Management Limited in 2005.

Mark Toomey, (29), BA (Hons). After graduating from The London School of Economics with a degree in Geography and Economics, he joined Lee & Allen Consulting focusing on forensic accounting. He joined Close Venture Management Limited in 2001.

THE TECHNOLOGY ADVISER

The Manager has appointed Reabourne Technology Investment Management Limited (which is authorised and regulated by the Financial Services Authority), with its specialist team, as its Technology Adviser. Reabourne advises the Manager regarding the selection and management of the portfolio of international quoted technology stocks. Reabourne advises or manages over £150 million of quoted technology funds.

The Reabourne investment team is led by **Michael Bourne (47) BA, ACA** who founded Reabourne in 1995. He was formerly a director of Henderson Investment Management, a division of Henderson Administration Group plc, HTR Global Technology Unit Trust and TR Technology Plc. Previously (from 1988 to 1992) he was the fund manager of Prolific Technology Unit Trust.

THE PORTFOLIO OF INVESTMENTS

Qualifying technology investments

	At 31 December 2005				At 31 December 2004			
	Equity owned	Investment at cost	Cumulative movement in carrying/ fair value(1)	Total carrying/ fair value	Investment at cost	Cumulative movement in carrying/ fair value(1)	Total carrying/ fair value	Change in carrying/fair value for the year net of investments in the year
		£'000	£'000	£'000	£'000	£'000	£'000	£'000
Xceleron Ltd	10.3%	500	14	514	-	-	-	14
Advanced Medical Solutions Group Plc*	2.4%	300	9	309	300	(9)	291	18
Pilat Media Global Plc*	1.1%	168	121	289	168	107	275	14
Peakdale Molecular Ltd	19.1%	360	-	360	360	(272)	88	272
Intelligent Environments Plc*	4.7%	270	(39)	231	270	212	482	(251)
Portrait Software Plc*	0.3%	310	(172)	138	310	(138)	172	(34)
Lowcosttravelgroup Ltd	1.2%	120	2	122	-	-	-	2
Bond International Plc*	0.4%	48	68	116	48	50	98	18
Tepnel Life Sciences Plc*	7.8%	328	(230)	98	328	(238)	90	8
Red-M Group Ltd	0.7%	75	1	76	-	-	-	1
sparesFinder Ltd	6.9%	625	(558)	67	562	(326)	236	(232)
Palm Tree Technology plc	0.1%	25	-	25	-	-	-	-
OneclickHR Plc*	0.1%	58	(53)	5	58	(54)	4	1
Cassium Technologies Ltd	-	-	-	-	625	130	755	-
Total technology investments		**3,187**	**(837)**	**2,350**	**3,029**	**(538)**	**2,491**	**(169)**

(1) Included in this movement is capital depreciation of equity instruments amounting to £858,000 (2004: £587,000 depreciation) and movement in carrying value of loans and receivables of £21,000 (2004: £49,000)

* AIM quoted investments

Qualifying non-technology investments

	At 31 December 2005				At 31 December 2004			
	Equity owned	Investment at cost	Cumulative movement in carrying/ fair value(1)	Total carrying/ fair value	Investment at cost	Cumulative movement in carrying/ fair value(1)	Total carrying/ fair value	Change in carrying/fair value for the year net of investments in the year
		£'000	£'000	£'000	£'000	£'000	£'000	£'000
Evolutions Television Ltd	11.9%	1,500	227	1,727	1,000	4	1,004	223
The Q Garden Company Ltd	33.3%	2,068	(947)	1,121	1,368	(836)	532	(111)
Consolidated Communications Management Ltd	11.1%	1,000	53	1,053	1,000	5	1,005	48
Careforce Group Plc*	4.5%	314	434	748	314	469	783	(35)
Peakdale Molecular Ltd (i)	-	533	144	677	533	117	650	27
Grosvenor Health Ltd	5.4%	375	262	637	275	180	455	82
The Bold Pub Company Ltd	4.4%	580	19	599	500	9	509	10
The Weybridge Club Ltd	5.0%	500	10	510	-	-	-	10
Tower Bridge Health Clubs Ltd	3.0%	170	-	170	-	-	-	-
GB Pub Company Ltd	3.9%	160	1	161	-	-	-	1
CS (Brixton) Ltd	3.8%	150	-	150	-	-	-	-
CS (Greenwich) Ltd	2.0%	100	2	102	100	-	100	2
Churchill Taverns VCT Ltd	3.4%	90	7	97	-	-	-	7
The Independent Beer Company Ltd	4.3%	100	(7)	93	-	-	-	(7)
The Dunedin Pub Company Ltd	3.4%	80	1	81	-	-	-	1
CS (Exeter) Ltd	3.9%	60	-	60	-	-	-	-
City Screen (Liverpool) Ltd	4.5%	50	2	52	50	(6)	44	8
The Rutland Pub Company Ltd	3.1%	50	-	50	-	-	-	-
The Independent Pub Company VCT Ltd	5.0%	-	-	-	120	-	120	-
Automotive Technik (Holdings) Ltd	-	-	-	-	1,055	560	1,615	-
City Centres Breweries Ltd	-	-	-	-	375	(149)	226	-
Total non-technology investments		**7,880**	**208**	**8,088**	**6,690**	**353**	**7,043**	**266**
Total qualifying investments		**11,067**	**(629)**	**10,438**	**9,719**	**(185)**	**9,534**	**97**

(1) Included in this movement is capital depreciation of equity instruments amounting to £227,000 (2004: £2,000 appreciation) and movement in carrying value of loans and receivables of £435,000 (2004: £351,000).

* AIM quoted investments

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

Non-qualifying investments

	At 31 December 2005				At 31 December 2004			
	Equity owned	Investment at cost	Cumulative movement in carrying value[1]	Total carrying/ fair value	Investment at cost	Cumulative movement in carrying/ fair value[1]	Total carrying/ fair value	Change in carrying/fair value for the year net of investments in the year
		£'000	£'000	£'000	£'000	£'000	£'000	£'000
The Independent Pub Company VCT Ltd	5.0%	120	(28)	92	-	-	-	(28)
Smiles Pub Company Ltd	22.5%	201	(14)	187	-	-	-	(14)
Smiles Brewing Company Ltd	22.5%	72	(15)	57	-	-	-	(15)
Total unquoted non-qualifying investments		**393**	**(57)**	**336**	-	-	-	(57)
Portfolio of International quoted technology investments	N/A	1,398	113	1,511	1,380	(52)	1,328	(1,224)
Total non-qualifying investments		**1,791**	**56**	**1,847**	**1,380**	**(52)**	**1,328**	**(1,281)**

[1] Included in this movement is capital depreciation of equity instruments amounting to £57,000 for the unquoted non-qualifying investments and capital appreciation amounting to £113,000 for the portfolio of international quoted technology investments (2004: £52,000 depreciation) and movement in carrying value of loans and receivables of £nil (2004: £nil).

Note

Listings on the following exchanges were translated upon purchase at prevailing exchange rates, whilst valuations were translated at the following rates as listed on Bloomberg at close of business on 31 December 2005.

Listing exchange	Currency	Closing bid rate 31-Dec-05
Nasdaq, NYSE	US$	1.7226
Frankfurt, Amsterdam, Paris	EUR	1.4761
Stockholm	SEK	14.0869
Oslo	NOK	11.5053
Singapore	Singaporean $	2.9966
Sydney	Australian $	2.3657
Toronto	Canadian $	2.0923
LSE AIM	GBP£	1.0000

Portfolio Companies

Unquoted loan stock held by the following investments is classified as loans and receivables in accordance with FRS 26 and carried at amortised cost using the effective interest rate.

The top ten investments by value are as follows:

Evolutions Television Limited

Evolutions Television is a television post production business, providing post production services, including video and sound editing and automation, to a broad range of production companies. It operates from its own freehold premises North of Oxford Street, London.

Latest audited results – Year to 31 March 2004

	£'000
Turnover	3,554
PBIT	(223)
Basis of valuation:	Multiple of discounted earnings and third party freehold valuation.

The Q Garden Company Limited

The Q Garden Company is a garden centre operator which owns and operates a freehold centre in Fareham (Hampshire).

Latest audited results – Year to 31 January 2005

	£'000
Turnover	1,883
PBIT	(620)
Basis of valuation:	Net assets based on third party valuation.

Consolidated Communications Management Limited

Consolidated Communications is a management buy-out of an established public relations agency, formed in 1991, which specialises in the consumer sector and has a broad range of 'blue chip' clients.

Latest audited results – Year to 28 February 2005

	£'000
Turnover	6,411
PBIT	258
Basis of valuation:	Multiple of maintainable earnings

In addition Close Technology & General VCT PLC holds 5,000 Warrants in Consolidated Communications Management Limited exercisable for 5,000 shares at £15 per share. The directors' valuation of the Warrants is nil.

Careforce Group Plc

Careforce Group was established in 1999 to build, both organically and through acquisition, a group providing domiciliary care services to the elderly, principally on behalf of local authorities. Careforce currently has 23 branches around the UK. The company floated on AIM in November 2004 and has since made a number of acquisitions.

Latest audited results – Year to 31 July 2005

	£'000
Turnover	20,296
PBIT	968
Basis of valuation:	Quoted share price (bid)

The Bold Pub Company Limited

The Bold Pub Company was formed in February 2004 to acquire and operate freehold and long leasehold pubs in the North West of England. The company now owns and operates 28 pubs and further acquisitions are in process.

Latest audited results – Period to 31 March 2005

	£'000
Turnover	4,402
PBIT	421
Basis of valuation:	Third party professional valuation

Grosvenor Health Limited

Grosvenor Health was formed to acquire the UK occupational healthcare business of Capio, which provides healthcare services to large corporates including BAA and Qinetiq, and has since made an acquisition in the same sector. Growth since initial investment in March 2004 has been strong.

Latest audited results – Period to 31 December 2004

	£'000
Turnover	3,531
PBIT	338
Basis of valuation:	Multiple of maintainable earnings

Peakdale Molecular Limited

Peakdale Molecular is 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. In January 2006, the company raised an additional £900,000 from existing and third party investors to expand its product offering in new strategic areas.

Latest audited results – Year to 31 March 2005

	£'000
Turnover	3,849
PBIT	395
Basis of valuation:	Latest third party fundraising valuation

Xceleron Limited

Xceleron, founded in 1987, is a spin out from the University of York. It uses the nanotechnology of its Accelerator Mass Spectrometer to provide services to the drug development industry worldwide. Amongst other services, Xceleron has pioneered the use of microdosing as a means of taking drugs into man much earlier in the drug development process.

Latest audited results – Year to 31 July 2005

	£'000
Turnover	1,784
PBIT	(235)
Basis of valuation:	Cost in view of the recent nature of the investment

The Weybridge Club Limited

The company has bought a 30 acre freehold site near to the centre of Weybridge, Surrey, which it is developing into a premium health and fitness club.

Latest unaudited results – None produced to date

Basis of valuation: Cost in view of the recent nature of the investment

Advanced Medical Solutions Group Plc

Advanced Medical Solutions designs, develops and manufacturers novel high performance polymers (both natural and synthetic) and medical adhesives for the healthcare market.

Latest audited results – Year 31 December 2004

	£'000
Turnover	11,019
PBIT	(1,071)
Basis of valuation:	Quoted share price (bid)

REPORT OF THE DIRECTORS

The Directors submit the Report and Financial Statements of the Company for the year ended 31 December 2005.

Principal activity and status

The principal activity of the Company is that of a venture capital trust. It was approved by the HM Revenue & Customs 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 2005 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 on pages 7 to 12. A review of the Company's business during the year is contained in the Chairman's Statement on page 4.

The Company is no longer an investment company as defined in Section 266 of the Companies Act 1985. The Company revoked its investment trust status on 21 September 2004 in order to enable the Company to pay dividends from realised capital gains.

Results and dividends

	£'000
Revenue return for the year ended 31 December 2005 available for distribution	425
Final dividend paid for the year ended 31 December 2004, recognised in the current year in accordance with FRS21, of 1.0 pence per share paid on 21 April 2005	(139)
First interim dividend for the year of 2.0 pence per share, paid on 14 July 2005	(276)
Transferred to revenue reserve	**10**
Realised capital return for the year ended 31 December 2005 available for distribution	2,136
First interim dividend for the year of 2.0 pence per share, paid on 14 July 2005	(276)
Second interim dividend for the year of 4.0 pence per share, paid on 4 November 2005	(553)
Transferred to capital reserve	**1,307**

Future prospects

Details on the future prospects of the Company are discussed by the Chairman in his statement on page 4.

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 2005 Ordinary Shares	31 December 2005 Percentage	31 December 2004 Ordinary Shares	31 December 2004 Percentage
Dr. Neil Cross	100,000	0.7%	50,000	0.3%
Lt. Gen. Sir Edmund Burton KBE	27,660	0.2%	27,660	0.2%
Michael Hart	100,000	0.7%	100,000	0.7%
Patrick Reeve	156,100	1.1%	157,100	1.1%

In addition, since the year end, Dr N Cross has acquired 100,000 shares, Patrick Reeve 200,000 shares, and Lt. Gen. Sir Edmund Burton KBE 31,050 shares as part of the new C Share issue.

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

Directors' retirement and re-election is subject to the Articles of Association and the Combined Code of Corporate Governance.

Management agreement

The Company and Close Venture Management Limited have entered into a Management Agreement dated 14 December 2000, which may be terminated 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.

Under the terms of a supplemental management agreement dated 7 November 2005, the services of the Manager have been extended to the C Share portfolio.

Close Venture Management Limited has entered into a sub-agreement with Reabourne Technology Investment Management Limited in respect of the non-qualifying portfolio of international quoted technology stocks. Reabourne's fee is payable from the fee received by Close Venture Management Limited 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.

The Board believes that the continued appointment of the Manager on its current terms is in the interest of shareholders because of the Manager's specialist knowledge of the venture capital market and in particular the chosen sectors of investment.

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.

Under the terms of a supplemental management agreement dated 7 November 2005, the compounding provisions relating to the incentive fee payable in respect of the Ordinary Shares has been removed, and the agreement has been extended to the C Shares.

Auditors

A resolution to re-appoint Deloitte & Touche LLP as auditors will be proposed at the Annual General Meeting on 23 May 2006.

Substantial interests

As at 31 December 2005 and at the date of this report, the Company was not aware of any beneficial interest exceeding 3 per cent of the issued share capital.

Statement of directors' responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements. The Directors have chosen to prepare the accounts for the Company in accordance with United Kingdom Generally Accepted Accounting Practice ("UK GAAP").

Company law requires the Directors to prepare such financial statements for each financial year which give a true and fair view in accordance with the UK GAAP of the state of affairs of the Company and of the profit and loss of the Company for that period and comply with UK GAAP and the Companies Act 1985. 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 safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Annual General Meeting

The Annual General Meeting will be held at 10 Crown Place, London EC2A 4FT on 23 May 2006. The notice of the Annual General Meeting is at the end of this document.

Power to allot shares

Ordinary resolution number 4 in the notice of meeting will request the authority to allot up to 10% of the Ordinary or 10% of the C share capital of the Company.

Disapplication of pre-emption rights

Special resolution number 5 will request the authority to disapply pre-emption rights in circumstances of a rights issues or the allotment of up to 10% of the share capital as described in ordinary resolution number 4.

Purchase of own shares

At the Annual General Meeting, a special resolution number 6 will request the authority to purchase an aggregate 10% of the Ordinary Shares and 10% of the C shares in issue provided that:

- The maximum aggregate number of shares authorised to be purchased is 1,381,555 Ordinary shares and 3,547,912 C shares (representing 10% of each class)
- The minimum price which may be paid for a Share is 50p;
- the maximum price that may be paid on the exercise of this authority will not exceed the higher of (a) 105% of the average of the middle market quotations for the shares over the five business days preceeding the date of purchase; and (b) the higher of the price of the last independent trade and the highest independent bid on the London Stock Exchange;
- this authority expires at the conclusion of the next annual general meeting of the Company, or eighteen months, whichever is earlier; and
- 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.

The Board believes that it is helpful for the Company to continue to have the flexibility to buy its own shares and this resolution seeks authority from shareholders to do so.

This resolution would renew the 2005 authority, which was in similar terms. During the financial period under review the Company purchased 99,750 Ordinary Shares for cancellation.

Treasury Shares

Under the previous regulations, any shares purchased by the Company would be cancelled and the number of the shares in issue would be reduced accordingly. The Companies (Acquisition of Own Shares) (Treasury Shares) Regulations 2003 came into force on 1 December 2003. These Regulations allow shares purchased by the Company out of distributable profits to be held as Treasury Shares, which may then be cancelled or sold for cash. The authority sought by special resolution number 6 is intended to apply equally to shares to be held by the Company as Treasury Shares in accordance with the Regulations.

At the Annual General Meeting, resolutions as described above will be proposed that the Directors be authorised to allot relevant securities in accordance with section 80 of the Companies Act 1985 (the "Act") and to empower to allot equity securities for cash in accordance with section 95 of the Act. Again, these replace existing authorities and powers and will allow the Directors to sell Treasury Shares at a price at not less than that a which they were purchased.

Suppliers payment policy

The Company's policy is to pay all suppliers within 30 days of the invoice date, or as otherwise agreed. There were no overdue trade creditors at 31 December 2005 (2004: nil).

Financial Instruments and Management of Risk

By its nature, as a venture capital trust, the Company is exposed to price risk, credit risk, foreign currency exposure risk, liquidity risk and cash flow interest rate risk. The Company's policies for managing these risks are outlined in full in note 22 to the financial statements.

By Order of the Board,

Close Venture Management Limited
Company Secretary
10 Crown Place
London EC2A 4FT

13 April 2006

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 issued by the Financial Reporting Council ("FRC") in July 2003 ("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. Since all Directors are non-executive and day-to-day management responsibilities are sub-contracted to the Manager, the Company does not have a Chief Executive Officer. Dr Cross is the senior independent Director and Chairman. Messrs Burton and Hart are also independent directors. Patrick Reeve is not considered an independent director as he is the Managing Director of Close Venture Management Limited, the Manager. The Directors have a range of business and financial skills which are extremely relevant to the Company; these are described in the Board of Directors section of this Report, on page 5. Directors are provided with key information on the Company's activities, including regulatory and statutory requirements, and internal controls, by the Manager. The Board has direct access to secretarial advice and compliance services provided by the Manager, who is responsible for ensuring that Board procedures are followed and applicable regulations complied with. All Directors are able to take independent professional advice in furtherance of their duties if necessary. In accordance with the Combined Code, the Company has in place Directors' & Officers Liability Insurance.

The Board met four times during 2005. All of the Directors attended each meeting. The Chairman ensures that all Directors receive in a timely manner all relevant management, regulatory and financial information. The Board receives and considers reports regularly from the Manager and other key advisers and ad hoc reports and information are supplied to the Board as required. The Board has a formal schedule of matters reserved for it and the agreement between the Company and its Manager sets out the matters over which the Manager has authority and limits beyond which Board approval must be sought.

The Manager has authority over management of the investment portfolio, the organisation of custodial services, accounting, secretarial and administrative services.

The main issues reserved for the Board include:

- the consideration and approval of future developments or changes to the investment policy including risk and asset allocation;
- consideration of corporate strategy ;
- approval of the appropriate dividend to be paid to shareholders;
- the appointment, evaluation, removal and remuneration of the Manager;
- the performance of the Company including monitoring of the discount of the net asset value and the share price;
- monitoring shareholder profile and considering shareholder communications.

Directors' performance evaluation

Performance of the Board and the Directors is assessed on the following:-

- attendance at Board and Committee meetings
- the contribution made by individual Directors at Board and Committee meetings.

Performance evaluation is conducted by the Board as a peer group and is monitored on a continuous ongoing basis. In light of this ongoing performance evaluation, the performance of the Directors is considered to be effective and reflects their strong commitment to the role.

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.2, B1.1 to B1.6, and B2.1 to B2.4 are not relevant.

Audit Committee

The Audit Committee consists of all Directors, apart from Patrick Reeve, with Dr Cross as Chairman. In accordance with the Code, the members of the Audit Committee have recent and relevant financial experience. The Committee met twice during 2005; all members attended.

Written terms of reference have been constituted for the Audit Committee, these are:

- providing an overview of the Company's accounting policies and financial reporting;
- considering the effectiveness of the Company's internal controls and risk management systems;
- to monitor the integrity of the financial statements of the Company;
- meeting the Company's external auditors twice yearly, approving their appointment, reappointment and providing an ongoing review of auditor independence and objectivity;
- meeting with the Head of Internal Audit of Close Brothers Group plc when appropriate;
- ensuring that all Directors of the Company, and staff of the Manager feel able to raise issues of serious concern with the Chairman of the Audit Committee; and

- the Audit Committee also undertakes the duties of the Engagement Committee, and therefore also reviews all matters arising under the management agreement.

During the year under review, the Company discharged the responsibilities described above. Its activities included:

- formally reviewing the draft Interim Accounts and the draft final Report and Financial Statements;
- reviewing the effectiveness of internal control systems by examining the Internal Controls Report produced by the Manager;
- meeting with the Head of Internal Audit of Close Brothers Group plc; and
- meeting with the external auditors and reviewing their findings.

Nomination Committee

The Nomination Committee consists of all Directors apart from Patrick Reeve, with Dr Cross as Chairman. The terms of reference of the Nomination Committee are to evaluate the balance of skills, experience and time commitment of the current Board members and make recommendations to the Board as and when a particular appointment arises. The Nomination Committee did not meet during 2005 and will meet when it is appropriate for it to do so. It is the policy of the Company that all of the Directors are nominated for re-election every three years; the next re-election is for the AGM in 2008, save for Patrick Reeve whose re-election is for the annual general meeting in 2007. The terms and conditions of Directors' appointment are available for inspection at annual general meetings.

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 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, undertakes 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 plc 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.

Relationships with shareholders

The Company's Annual General Meeting on 23 May 2006 will be used as an opportunity to communicate with private investors. The Board and the Chairman of the Audit Committee will be available to answer questions at the Annual General Meeting. At the Annual General Meeting the level of proxies lodged on each resolution, the balance for and against the resolution, and the number of votes withheld, are announced after the resolution has been voted on by a show of hands.

Statement of compliance

With the exception of the requirement to have a Remuneration Committee, the Directors consider that the Company has complied throughout the year ended 31 December 2005 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 at the date of this report.

DIRECTORS' REMUNERATION REPORT

Introduction

This report is submitted in accordance with Schedule 7a to the Companies Act 1985. The report also meets the relevant rules of the Listing Rules of the Financial Services Authority and describes how the Board has applied the principles relating to Directors' remuneration. As required by the Act, a resolution to approve the report will be proposed at the Annual General Meeting.

Remuneration Committee

Since the Company consists solely of non-executive directors, a remuneration committee is not considered necessary.

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.

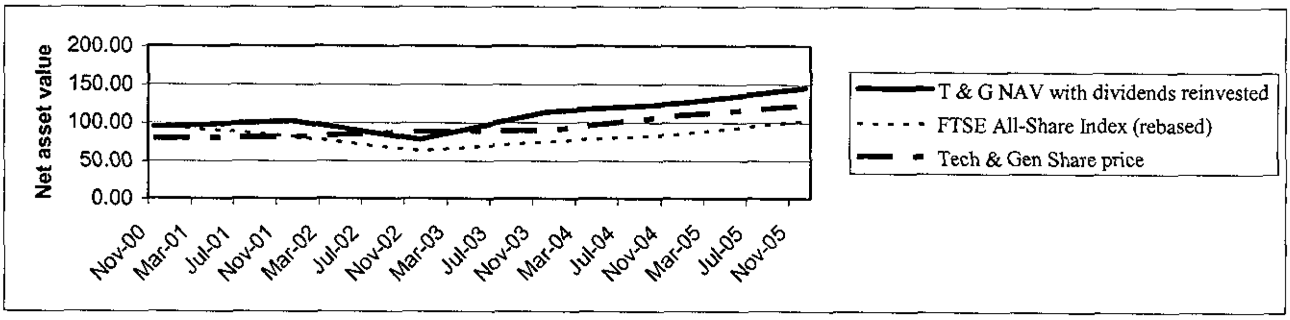
The maximum level of non-executive directors' remuneration is fixed by the Company's Articles of Association not to exceed £75,000 per annum, amendment to this is by way of a special resolution subject to ratification by shareholders.

Performance graph

The performance graph below shows the performance of the shareholder return of Close Technology & General VCT PLC Ordinary shares against the FTSE All Share index, in both cases with dividends reinvested, for the 5 years since launch. The Directors consider this to be the most appropriate benchmark. Investors should however be reminded 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 representation below.

Ordinary Shareholder Return Relative to the FT-SE All-Share Index



21 November 2000 to 31 December 2005

Source: Close Venture Management 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 before national insurance contributions and V.A.T.

	Year ended 31 December 2005			Year ended 31 December 2004		
	Fees	Expenses	Total	Fees	Expenses	Total
	£	£	£	£	£	£
Dr Neil Cross	11,513	-	11,513	11,513	797	12,310
Michael Hart	11,513	-	11,513	11,513	-	11,513
Lt Gen Sir Edmund Burton	11,513	84	11,597	11,513	443	11,956
Patrick Reeve	11,513	-	11,513	11,513	-	11,513
	46,052	**84**	**46,136**	**46,052**	**1,240**	**47,292**

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.

Lieutenant General Sir Edmund Burton's services are provided by Sir Edmund Burton KBE (sole trader) and Patrick Reeve's remuneration is paid to Close Venture Management Limited.

In addition to Directors' remuneration, the Company pays annual premiums in respect of Directors and Officers' Liability Insurance.

By Order of the Board

Close Venture Management Limited
Company Secretary
10 Crown Place
London EC2A 4FT

13 April 2006

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 2005 which comprise the statement of total return, the balance sheet, the cash flow statement and the related notes 1 to 25. These financial statements have been prepared under the accounting policies set out therein. We have also audited the information in 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

The Directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of Directors' responsibilities. 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 International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view in accordance with the relevant financial reporting framework 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 report to you if, in our opinion, the Directors' report is not consistent with the financial statements. We also report to you 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 also report to you whether, in our opinion, the Company has not complied with any of the four Directors' remuneration disclosure requirements specified for our review by the Listing Rules of the Financial Services Authority. These comprise the amount of each element in the remuneration package and information on share options, details of long term incentive schemes, and money purchase and defined benefit schemes. We give a statement, to the extent possible, of details of any non-compliance.

We review whether the Corporate Governance statement reflects the Company's compliance with the nine provisions of the 2003 FRC 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 statement on internal control covers 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 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 we consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements 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 has having been audited.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Company's affairs as at 31 December 2005 and of its total return for the year then ended; and

- 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.

Deloitte & Touche LLP

Deloitte & Touche LLP

Chartered Accountants and Registered Auditors
London
13 April 2006

Statement of Total Return
(incorporating the Revenue Account)

		Year ended 31 December 2005			Year ended 31 December 2004 (Restated)*		
	Note	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains on investments	4	-	2,412	2,412	-	1,274	1,274
Investment income	5	812	-	812	670	-	670
Investment management fees	6	(126)	(381)	(507)	(104)	(312)	(416)
Other expenses	7	(128)	-	(128)	(126)	-	(126)
Return on ordinary activities before tax		558	2,031	2,589	440	962	1,402
Tax on ordinary activities	9	(133)	105	(28)	(101)	78	(23)
Return attributable to shareholders		425	2,136	2,561	339	1,040	1,379
Dividends	10	(415)	(829)	(1,244)	(353)	(699)	(1,052)
Transfer to/(from) reserves		**10**	**1,307**	**1,317**	**(14)**	**341**	**327**
Basic and diluted return per share (pence)	11	3.1	15.4	18.5	2.4	7.4	9.8

*Comparative figures have been restated in accordance with FRS 21 in respect of dividends as disclosed in notes 2 and 3 to the financial statements.

The total column of this Statement of Total Return represents the profit and loss account of the Company in accordance with FRS 26.

The accompanying notes on pages 24 to 34 form an integral part of these financial statements.

All of the Company's activities derive from continuing operations.

There are no recognised gains and losses other than the results for either year disclosed above. Accordingly a statement of total recognised gains and losses is not required.

Balance Sheet

	Note	31 December 2005 £'000	31 December 2004 (Restated)* £'000
Fixed asset investments			
Qualifying		10,438	9,534
Non-qualifying		1,847	1,328
Total fixed asset investments	12	12,285	10,862
Current Assets			
Debtors	14	45	61
Cash at bank	20	4,754	4,819
		4,799	4,880
Creditors: amounts falling due within one year	15	(420)	(117)
Net current assets		4,379	4,763
Total assets less current liabilities		**16,664**	**15,625**
Capital and reserves			
Called up share capital	16	6,908	6,958
Share premium	17	165	165
Special reserve	17	5,785	5,894
Capital redemption reserve	17	287	237
Realised capital reserve	17	4,311	2,722
Unrealised capital reserve	17	(1,027)	(637)
Revenue reserve	17	235	286
Total equity shareholders' funds	18	**16,664**	**15,625**
Net asset value per share (pence)	18	**120.6**	**112.3**

* Comparative figures have been restated in accordance with FRS 21 in respect of dividends as disclosed in notes 2 and 3 to the financial statements.

The financial statements on pages 21 to 34 were approved by the Board of Directors on 13 April 2006.

Signed on behalf of the Board of Directors

Dr Neil Cross
Chairman

Cash Flow Statement

	Note	Year ended 31 December 2005 £'000	Year ended 31 December 2004 £'000
Operating activities			
Investment income received		614	593
Deposit interest received		112	50
Other cash receipt		174	-
Investment management fees paid		(389)	(480)
Other cash payments		(136)	(119)
Net cash inflow from operating activities	21	375	44
Taxation			
UK corporation tax paid		(25)	(8)
Capital expenditure and financial investments			
Purchase of qualifying investments		(3,524)	(2,645)
Purchase of non-qualifying investments		(1,075)	(314)
Disposals of qualifying investments		4,616	7,067
Disposals of non-qualifying investments		1,016	568
Cost of disposals		(95)	-
Net cash inflow from investing activities		938	4,676
Equity dividends paid			
Dividends paid on ordinary shares	10	(1,244)	(1,052)
Net cash inflow before financing		44	3,660
Financing			
Cancellation of share capital	16	(109)	(351)
Net cash outflow from financing		(109)	(351)
Cash (outflow)/inflow in the year	20	(65)	3,309

Notes to the financial statements
for the year ended 31 December 2005

1. Accounting convention

The financial statements have been prepared in accordance with the historical cost convention, modified to include the revaluation of investments, in accordance with applicable United Kingdom law and accounting standards and with the Statement of Recommended Practice "Financial Statements of Investment Trust Companies" ("SORP") issued by the Association of Investment Trust Companies ("AITC") and revised in January 2003.

True and fair override
The Company is no longer an investment company within the meaning of s266, of the 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 absence of Section 266 status does not preclude the Company from presenting its accounts in accordance with the AITC's SORP and furthermore the Directors consider it appropriate to continue to present the accounts in accordance with the SORP. Under the SORP, the financial performance of the Company is presented in a Statement of Total Return in which the total column is the profit and loss account of the Company. Since the Company is no longer an investment company, the revenue column excludes certain capital items which 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 enables 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.

2. Accounting policies

Change in accounting policies
With effect from 1 January 2005, the Company adopted the new Financial Reporting Standards ("FRS") 21-26, that have been issued by the Accounting Standards Board as part of the convergence process between United Kingdom Generally Accepted Accounting Practice with International Financial Reporting Standards ("IFRS"). In the case of FRS 25 and 26, the Company applied the exemption from restating 2004 comparative figures on transition at 1 January 2005. The effects of the relevant accounting policies are disclosed in the respective notes below, restatement and adjustment of the comparative figures are detailed in note 3.

Investments
In accordance with FRS 26 "Financial Instruments Measurement", equity investments are designated as fair value through profit or loss ("FVTPL"). The total column of the Statement of Total Return represents the Company's profit and loss account. Investments listed on recognised exchanges are valued at the closing bid prices at the end of the accounting period. Unquoted investments' fair value is determined by the Directors in accordance with the International Private Equity and Venture Capital Valuation Guidelines. Fair value movements on equity investments and gains and losses arising on the disposal of investments are reflected in the capital column of the Statement of Total Return in accordance with the AITC SORP.

Unquoted loan stock is classified as loans and receivables in accordance with FRS 26 and carried at amortised cost using the Effective Interest Rate method ("EIR"). Movements in the amortised cost relating to interest income are reflected in the revenue column of the Statement of Total Return and movements in respect of capital provisions are reflected in the capital column of the Statement of Total Return. Loan stock accrued interest is recognised in the Balance Sheet as part of the carrying value of the loans and receivables at the end of each reporting period.

Investments are recognised as financial assets on legal completion of the investment contract and are de-recognised on legal completion of the sale of an investment.

It is not the Company's policy to exercise control or significant influence over investee companies. Therefore in accordance with the exemptions under FRS 9, those undertakings in which the Company holds more than 20% of the equity are not regarded as associated undertakings.

Investment income
Dividends receivable on equity investments are taken to revenue on an ex-dividend basis. Fixed returns on debt securities are recognised on a time apportionment basis using an effective interest rate over the life of the financial instrument.

Investment management fees and other expenses
All expenses have been accounted for on an accruals basis. Expenses are charged through the revenue account except the following which are charged through the realised capital reserve:

- 75% of Management fees and performance fees, net of corporation tax is allocated to the capital account, to the extent that these relate to an enhancement in the value of the investments and in line with the Board's expectation that over the long term 75% of the Company's investment returns will be in the form of capital gains; and
- expenses which are incidental to the purchase or disposal of an investment are charged through the realised capital reserve.

Total expenses including management fees and excluding performance fees will not exceed 3.5% of net asset value at the year end.

Debtors and creditors

- Accrued income and other debtors do not carry any interest and are short term in nature and are accordingly stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts. The Directors consider that the carrying amount of debtors approximates their fair value.

- Taxation and other creditors are non-interest bearing and are stated at their nominal value. The Directors consider that the carrying amount of creditors approximates their fair value.

Notes to the financial statements (continued)
Accounting policies (continued)

Issue costs
Issue costs associated with the allotment of share capital have been deducted from the share premium account in accordance with FRS 25.

Taxation
Taxation is applied on a current basis in accordance with FRS 16. Taxation associated with capital expenses is applied in accordance with the SORP. In accordance with FRS 19, deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. The specific nature of taxation of venture capital trusts mean that it is unlikely that any deferred tax will arise. The Directors have considered the requirements of FRS19 and do not believe that any provision should be made.

Reserves
Realised capital reserves:
The following are disclosed in this reserve:
(i) gains and losses on the realisation of investments;
(ii) expenses, together with the related taxation effect, charged in accordance with the above policies; and
(iii) realised exchange differences of a capital nature.
Unrealised capital reserves:
The following are diclosed to this reserve:
(i) Increases and decreases in the valuation of investments held at the period end; and
(ii) Unrealised exchange differences of a capital nature.
Special reserve
This reserve is distributable and is primarily used for the cancellation of the Company's share capital.

Dividends
In accordance with FRS 21, "Events after the balance sheet date", dividends declared by the Company are accounted for in the period in which the dividend has been approved. Comparative figures for the previous year have been restated as detailed in note 3.

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.

3. Restatement and adjustment to revenue and unrealised capital reserves as at 31 December 2004

Under the terms of the transitional provisions contained within FRS 26 the opening balances for revenue and unrealised capital reserves at 1 January 2005, in relation to the carrying value of loans and receivables and equity instrument valuations have been adjusted to reflect the impact of the adoption of FRS 26.

The adoption of FRS 26 has resulted in a decrease in unrealised capital reserves and a decrease in the carrying value of the equity investment at 1 January 2005 as a result of moving from mid to bid value. In addition, it has resulted in a decrease in the revenue reserve as at 1 January 2005 as a result of the adjustment to the treatments of loan stock investments now held at amortised cost as determined by the Effective Interest Rate method.

In accordance with FRS 21, comparatives for revenue reserves at 31 December 2004 have been restated in recognition of a change in accounting policy. The adoption of FRS 21 has resulted in a decrease in the distribution liability as a result of the de-recognition of proposed dividends thereon and an increase in the revenue reserves as at 31 December 2004.

A reconciliation of reserves incorporating the adjustments and restatements required by the adoption of the FRS 21 and FRS 26 is illustrated below:

Reconciliation of revenue reserves

	£'000
Revenue reserves previously reported at 31 December 2004	147
Restatement as required by adoption of FRS 21	
- change in accounting for dividends	139
Restated revenue reserves at 31 December 2004	286
Adjustment as required by adoption of FRS 26	
- change in valuation of loan stock investments to amortised cost using the EIR method	(60)
Revenue reserves as at 1 January 2005 as adjusted	226

Reconciliation of unrealised capital reserves	**£'000**
Unrealised capital reserves previously reported at 31 December 2004	(637)
Adjustment as required by adoption of FRS 26	
- change in valuation of quoted investments to bid price	(111)
Unrealised capital reserves as at 1 January 2005 as adjusted	(748)

Notes to the financial statements (continued)

4. Gains on investments	Year ended 31 December 2005 £'000	Year ended 31 December 2004 £'000
Realised gains	2,767	4,700
Commission on purchase and disposal	(112)	(3)
Net movement on foreign exchange	36	(111)
Unrealised gains/(losses)	(279)	(3,312)
	2,412	**1,274**

5. Investment income	Year ended 31 December 2005 £'000	Year ended 31 December 2004 £'000
Income from qualifying shares and securities		
UK dividend income	20	-
Foreign investment income	8	7
Return on investments	675	607
	703	614
Non-qualifying income		
Bank deposit interest	109	56
	812	**670**

6. Investment management fees	Year ended 31 December 2005			Year ended 31 December 2004		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Investment management fee	113	342	455	104	312	416
Performance incentive fee	13	39	52	-	-	-
	126	**381**	**507**	**104**	**312**	**416**

Total management fees for the year ended 31 December 2005 include irrecoverable VAT of approximately £68,000 (2004: £61,957). Further details of the Management Agreement under which the investment management fee is paid are given in the Report of the Directors on page 13.

7. Other expenses	Year ended 31 December 2005 £'000	Year ended 31 December 2004 £'000
Directors' fees (see note 8)	51	53
Auditors' remuneration - audit fees	19	16
Other expenses	58	57
	128	**126**

Notes to the financial statements (continued)

8. Directors' fees	Year ended 31 December 2005 £'000	Year ended 31 December 2004 £'000
Directors' fees	46	46
National insurance and VAT	5	6
Expenses	-	1
	51	53

Expenses charged relate to travel expenses in furtherance of their duties as Directors.
Further information regarding Directors' remuneration can be found on the Directors' Remuneration Report on page 18.

9. Tax on ordinary activities	Year ended 31 December 2005			Year ended 31 December 2004		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Return before taxation	558	2,031	2,589	440	962	1,402
UK corporation tax at 30%	167	610	777	132	289	421
Factors affecting the tax charge:						
Non-taxable gain/loss on investments	-	(723)	(723)	-	(382)	(382)
Tax attributable to capital expenses	105	(105)	-	-	-	-
Expenses charged to capital	(113)	113	-	-	-	-
Non-taxable income	(6)	-	(6)	-	-	-
Prior year adjustment	(2)	-	(2)	-	-	-
Marginal relief	(18)	-	(18)	(31)	15	(16)
Tax charge/(credit) for the year	**133**	**(105)**	**28**	**101**	**(78)**	**23**

The tax charge for the period is lower than the standard rate of corporation tax of 30%. The differences are explained above.

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 30% and allocating the relief between revenue and capital in accordance with the SORP.

(iii) No deferred tax asset or liability has arisen in the year.

10. Dividends	Year ended 31 December 2005			Year ended 31 December 2004		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Final Dividend - year ended 31 December 2003 of 1.5p per share				215	-	215
Interim Dividend - year ended 31 December 2004 of 1.0p per share				138	-	138
Second Interim dividend - year ended 31 December 2004 of 5.0p per share				-	699	699
Final Dividend - year ended 31 December 2004 of 1.0p per share	139	-	139			
First Interim Dividend - year ended 31 December 2005 of 2.0p (capital) and 2.0p (revenue) per share	276	276	552			
Second Interim Dividend - year ended 31 December 2005 of 4.0p (capital) per share	-	553	553			
	415	**829**	**1,244**	**353**	**699**	**1,052**

Notes to the financial statements (continued)

	Year ended 31 December 2005			Year ended 31 December 2004		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Return attributable per equity share (pence)	3.1	15.4	18.5	2.4	7.4	9.8

Revenue return per share is based on the revenue return attributable to shareholders before appropriations of £425,000 (2004: £339,000) in respect of the weighted average number of shares in issue during the year, being 13,846,704 shares (2004: 14,091,947).

Capital return per ordinary share is based on net capital return attributable to shareholders for the year of £2,136,000 (2004 £1,040,000) in respect of the same weighted average number of shares in issue as shown above.

There are no convertible instruments, derivatives or contingent share agreements in issue on Close Technology & General VCT PLC and hence no dilution affecting the return per share. The basic return per share is therefore the same as the diluted return per share.

12. Fixed asset investments

	31 December 2005 £'000	31 December 2004 £'000
Qualifying technology investments	2,350	2,491
Qualifying non-technology investments	8,088	7,043
Non-qualifying technology investments	1,511	1,328
Non-qualifying non-technology investments	336	-
	12,285	10,862
Adjustments as required by adoption of FRS 26		
- change in valuation of unlisted loan stock investment to amortised cost using the EIR method (see note 3)	-	(60)
- change in valuation of AIM quoted investments to bid price (see note 3)	-	(111)
	12,285	10,691

Notes to the financial statements (continued)

12. Fixed asset investments (continued)

	Qualifying Technology £'000	Qualifying Non Technology £'000	Non-Qualifying Technology £'000	Non-Qualifying Non-Technology £'000	Total £'000
Opening book cost	3,029	6,690	1,380	-	11,099
Opening accrued amortised loan stock interest	49	291	-	-	340
Opening adjusted unrealised (loss)/gain	(698)	2	(52)		(748)
Adjusted opening valuation	**2,380**	**6,983**	**1,328**	**-**	**10,691**
Net Purchases at cost	783	2,741	1,130	273	4,927
Reclassification from qualifying to non-qualifying	-	(120)	-	120	-
Sales proceeds	(1,597)	(3,251)	(1,089)	-	(5,937)
Gross realised gain for the year	972	1,820	(25)	-	2,767
Movement in loan stock carrying value	(28)	144	-	-	116
Unrealised (loss)/gain for the year	(160)	(229)	167	(57)	(279)
Closing valuation	**2,350**	**8,088**	**1,511**	**336**	**12,285**
Closing book cost	3,187	7,880	1,398	393	12,858
Accrued amortised loan stock interest	21	435	-	-	456
Closing unrealised (loss)/gain	(858)	(227)	113	(57)	(1,027)
Closing valuation	**2,350**	**8,088**	**1,511**	**336**	**12,285**
Gains/(losses) on investments					
Net movement in realised gain in the year	972	1,820	(25)	-	2,767
Net movement in unrealised (loss)/gain in the year	(160)	(229)	167	(57)	(279)
Gains/(losses) on investments in the year	**812**	**1,591**	**142**	**(57)**	**2,488**

13. Significant interests

The Company has interests of greater than 20% in the nominal value of the allotted shares of any class of shares in the investee companies as at 31 December 2005 as described below:

Company	Country of incorporation	Principal activity	% class and share type	% total voting rights
Xceleron Limited	Great Britain	Bio-analytical services	25% A Ordinary	10.3%
Evolutions Television Limited	Great Britain	Television post production	27% A Ordinary	11.9%
The Q Garden Company Limited	Great Britain	Garden centre operator	67% A Ordinary	33.3%
Consolidated Communications Limited	Great Britain	Public relations agency	50% A Ordinary	11.2%
Peakdale Molecular Limited	Great Britain	Researcher of chemical compounds	40.2% A Ordinary	19.1%
Smiles Pub Company Limited	Great Britain	Owner of Smiles Brewery	22.6% A Ordinary	22.6%
Smiles Brewing Company Limited	Great Britain	Owner of Smiles real ale brand	22.6% A Ordinary	22.6%

As permitted by FRS 9, the investments listed above are held as a part of an investment portfolio and their value to the Company is through their marketable value as part of a portfolio of investments. Therefore these investments are not considered to be associated undertakings.

The Company holds over 3% of some companies quoted on AIM as detailed below. These are valued at bid price at the year end, in accordance with note 2.

	% holding	Value £'000
Intelligent Environments Plc	4.7%	231
Careforce Group Plc	4.5%	748

Notes to the financial statements (continued)

14. Debtors	**Year ended 31 December 2005 £'000**	**Year ended 31 December 2004 £'000**
Prepayment and accrued income	17	15
Other debtors	28	46
	45	**61**

15. Creditors: amounts falling due within one year	**Year ended 31 December 2005 £'000**	**Year ended 31 December 2004 £'000**
UK corporation tax payable	28	26
Accruals and deferred income	217	91
Other creditors	175	-
	420	**117**

16. Called up share capital	**Year ended 31 December 2005 £'000**	**Year ended 31 December 2004 £'000**
Authorised		
70,000,000 Ordinary shares of 50p each (2004: 30,000,000)	35,000	15,000
40,000,000 C Shares of 50p each (2004: nil)	20,000	-
	55,000	**15,000**
Allotted, called up and fully paid		
13,815,550 Ordinary shares of 50p each (2004: 13,915,300)	**6,908**	**6,958**

The Company repurchased for cancellation 99,750 shares during the year (2004: 404,831 shares) at a cost of £109,000 (2004: £351,411). This represented approximately 0.7% of the share capital at the year end.

At the Extraordinary General Meeting on 8 December 2005, the Company passed a special resolution to increase the authorised share capital to £55,000,000 by the creation of 40,000,000 new Ordinary shares of 50 pence each and 40,000,000 C shares of 50 pence each.

Under the terms of the Offer for Subscription of C shares dated 7 November 2005, the following C shares were allotted after the balance sheet date.

Date	**Number of C Shares**	**Nominal value £'000**
3 January 2006	3,240,195	1,620,097
3 February 2006	3,249,439	1,624,720
3 March 2006	7,883,669	3,941,835
31 March 2006	20,626,697	10,313,349
3 April 2006	479,122	239,561
	35,479,122	**17,739,562**

Notes to the financial statements (continued)

17. Reserves

	Share premium £'000	Special reserve £'000	Capital redemption reserve £'000	Realised capital reserve £'000	Unrealised capital £'000	Revenue reserve £'000
At 31 December 2004	165	5,894	237	2,722	(637)	147
FRS 21 prior year adjustment (note 3)						139
Restated opening reserves as at 31 December 2004	165	5,894	237	2,722	(637)	286
Adjustment to balances as at 1 January 2005 for FRS 26 (note 3)					(111)	(60)
Adjusted opening reserves at 1 January 2005	165	5,894	237	2,722	(748)	226
Cancellation of shares	-	(109)	50	-	-	-
Capitalised fees and expenses	-	-	-	(381)	-	-
Tax effect of capitalised fees and expenses	-	-	-	105	-	-
Realised gains on investments	-	-	-	2,767	-	-
Commission on purchase/disposal	-	-	-	(112)	-	-
Foreign exchange	-	-	-	36	-	-
Increase in unrealised appreciation	-	-	-	-	(279)	-
Distributions	-	-	-	(829)	-	(415)
Retained net revenue	-	-	-	-	-	425
At 31 December 2005	**165**	**5,785**	**287**	**4,311**	**(1,027)**	**235**

18. Net asset value per share

	31 December 2005	31 December 2004 restated
Net assets attributable to shareholders (£'000)	16,664	15,625
Ordinary shares of 50p in issue	13,815,550	13,915,300
Net asset value per share (pence)	**120.6**	**112.3**

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

19. Reconciliation of movement in shareholders' funds

	31 December 2005 £'000	31 December 2004 £'000
Opening shareholders' funds (restated for FRS 21)	15,625	15,573
Adjustment to opening reserves for FRS 26 (see note 3)	(171)	-
Share capital purchased for cancellation	(109)	(351)
Return attributable to shareholders	2,561	1,379
Dividends	(1,244)	(976)
Closing shareholders' funds	**16,664**	**15,625**

20. Analysis of changes in cash during the year

	31 December 2005 £'000	31 December 2004 £'000
Opening cash balances	4,819	1,510
Net cash (outflow)/inflow	(65)	3,309
Closing cash balances	**4,754**	**4,819**

Notes to the financial statements (continued)

21. Reconciliation of net revenue before taxation to net cash flow from operating activities

	31 December 2005 £'000	31 December 2004 £'000
Return on ordinary activities before taxation	558	440
Investment management fees charged to capital	(381)	(312)
(Increase) in operating debtors	(91)	(16)
Decrease/(increase) in operating creditors	289	(68)
Net cash inflow from operating activities	**375**	**44**

22. Financial instruments and risk management

The Company's financial assets comprise equity and loan stock investments in predominantly unquoted companies, loan 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.

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

- market and investment price risk (which includes fair value interest rate risk, foreign currency exposure risk and credit risk);
- liquidity risk; and
- cash flow interest rate risk.

The Board regularly reviews and agrees policies for managing each of these risks and they are summarised below.

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 unquoted investments, details of which are shown on pages 7 to 9. The Manager monitors this risk on an ongoing basis, and the Board reviews these risks on a formal basis when investments are made and at Board meetings.

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.

Fair value interest rate risk

The majority of investments are unquoted and hence not subject to market movements as a result of interest rate movements.

Credit risk

The Manager evaluates credit risk on loan stock instruments prior to investment, and as part of its ongoing monitoring of investments. Typically all loan stock instruments have a first charge over the assets of the investee company.

Investment price risk

As a venture capital trust, it is the Company's specific business to price, evaluate and control the investment risk in its portfolio of unquoted companies, the results of which are detailed in the Chairman's statement on page 4. To mitigate investment risk, the investment strategy of the Company is to invest in a broad spread of industries, with approximately two thirds of the investment comprising debt securities, which, owing to the structure of their yield, have a lower level of price volatility than equity. Details of the industries in which investments have been made are contained in the Portfolio of Investments section on pages 7 to 12.

Liquidity risk

The Company had no committed borrowing facilities as at 31 December 2005 (2004: nil) and had cash balances of £4,753,641. The main cash outflows are for investments, which are within the control of the Company.

In view of this, the Company is subject to low liquidity risk.

Notes to the financial statements (continued)
Financial instruments and risk management

Cash flow 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 period to 31 December 2005 by approximately 3 per cent, (2004: 7 per cent).

The weighted average interest rate applied to the Company's fixed rate assets during the year was approximately 11% (2004: 11%). The weighted average period to maturity for the fixed rate assets is approximately 4 years (2004: 4 years).

Fair values of financial assets and financial liabilities

All the Company's financial assets and liabilities as at 31 December 2005 are stated at fair value as determined by the directors, with the exception of loans and receivables, which are carried at amortised cost, in accordance with FRS 26. See note 2 of the financial statements for the relevant accounting policies.

The Company's financial assets and liabilities at 31 December 2005, all denominated in pounds sterling, consist of the following;

	31 December 2005				31 December 2004			
	Fixed rate £'000	Floating rate £'000	No interest £'000	Total £'000	Fixed rate £'000	Floating rate £'000	No interest £'000	Total £'000
Sterling	3,764	5,347	5,710	14,821	2,515	4,650	6,714	13,879
US $	-	-	1,355	1,355	-	325	1,002	1,327
Euro	-	-	300	300	-	14	244	258
Norwegian Kroner	-	-	96	96	-	-	21	21
Australian Dollar	-	-	57	57	-	-	-	-
Singaporean Dollar	-	-	28	28	-	-	9	9
Swedish Kroner	-	-	-	-	-	89	42	131
Canadian Dollar	-	-	7	7	-	-	-	-
Total net assets	**3,764**	**5,347**	**7,553**	**16,664**	**2,515**	**5,078**	**8,032**	**15,625**

The Company's financial liabilities are all non-interest bearing. It is the Directors' opinion that the fair value of the financial liabilities approximates the book value and are all payable within one year.

The maturity profile of loan stock investments held at amortised cost is as follows:

	31 December 2005 £'000
Less than one year	1,514
1-2 years	35
2-3 years	-
3-5 years	4,105
Total	5,654

23. Post balance sheet events

Since 31 December 2005 the Company has completed the following investments.

- Invested a further £40,000 in Grosvenor Health Club Ltd
- Invested a further £67,783 in Peakdale Molecular Limited
- Invested a further £31,816 in Smiles Pub Company Limited
- Invested £179,995 in RFI Global Services Limited
- Invested £250,000 in Blackbay Group Limited
- Invested a further £50,000 in sparesFinder Limited
- Invested further in 7 new internationally quoted technology stocks for a total consideration of approximately £333,000.
- Disposed of 8 internationally quoted technology stocks for total proceeds of approximately £287,000.

Since the year end, the Company has issued C Shares pursuant to the Offer for Subscription dated 7 November 2005 as described in note 16.

Notes to the financial statements (continued)

24. Contingencies, guarantees and financial commitments

The Company did not have any contingencies or guarantees as at 31 December 2005.

25. Related party transactions

The Manager, Close Venture Management Limited, is considered to be a related party by virtue of the fact that it is party to a management contract from the Company (detailed disclosed on page 13 of this report). During the year, services of a total value of £455,000 were purchased by the Company from Close Venture Management Limited. At the financial year end, the amount due to Close Venture Management Limited disclosed as accruals and deferred income was £175,000.

NOTICE OF MEETING

Notice is hereby given that the Annual General Meeting of Close Technology & General VCT PLC will be held at 4.00 p.m. on 23 May 2006 at 10 Crown Place, London EC2A 4FT for the purpose of dealing with the following business, of which items 4 to 6 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 December 2005.

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.

Special Business

4. To consider and, if thought fit, pass the following resolution as an ordinary resolution:

   That the directors be generally and unconditionally authorised in accordance with section 80 of the Companies Act 1985 (the "Act") to allot relevant securities (within the meaning of section 80(2) of the Act) up to a maximum aggregate nominal amount of £2,464,733 which comprises 10% of the Ordinary Share capital (equal to £690,777) and 10% of the C Share capital (equal to £1,773,956), such authority to expire on 23 May 2011, but so that the Company may, before the expiry of such period, make an offer or agreement which would or might require relevant securities to be allotted after the expiry of such period and the directors may allot relevant securities pursuant to such an offer or agreement as if the authority had not expired.

5. To consider and, if thought fit, pass the following resolution as a special resolution:

   That subject to and conditional on the passing of resolution number 4, the directors be empowered, pursuant to section 95 of the Act, to allot equity securities (within the meaning of section 94 (2) to section 94 (3A) of the Act) for cash pursuant to the authority conferred by resolution number 4 as if section 89(1) of the Act did not apply to any such allotment, provided that this power shall be limited to the allotment of equity securities:

   (a) in connection with an offer of such securities by way of rights issue; and

   (b) otherwise than pursuant to sub-paragraph above up to an aggregate nominal amount of £2,464,733 equal to 10% of the Ordinary Share capital (equal to £690,777) and 10% of the C Share capital (equal to £1,773,956);

   and shall expire on 23 May 2011, save that the Company may, before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities in pursuance of any such offer or agreement as if the power had not expired.

   In this resolution, 'rights issue' means an offer of equity securities open for acceptance for a period fixed by the directors to holders on the register on a fixed record date in proportion as nearly as may be to their respective holdings, but subject to such exclusions or other arrangements as the directors may deem necessary or expedient to deal with any fractional entitlements or legal or practical difficulties under the laws of, or the requirement of any recognised regulatory body or any stock exchange in, any territory.

   This power applies in relation to a sale of shares which is an allotment of equity securities by virtue of section 94(3A) of the Act as if in the first paragraph of the resolution the words "pursuant to the authority conferred by resolution number 4" were omitted.

6. To consider and, if thought fit, pass the following resolution which will be proposed as a special resolution:

   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 ("Ordinary Shares") and C Shares of 50p each ("C Shares") in the capital of the Company provided that:

   (a) the maximum aggregate number of shares authorised to be purchased is 1,381,555 Ordinary Shares and 3,547,912 C Shares (representing 10 per cent of the current issued share capital of each class);

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

   (c) the maximum price that may be paid on the exercise of this authority will not exceed the higher of (a) 105 per cent of the average of the middle market quotations for the shares over the five business days immediately preceding the date of purchase; and (b) the higher of the price of the last independent trade and the highest independent bid on the London Stock Exchange;

   (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

Close Venture Management Limited
Company Secretary
Registered Office
10 Crown Place, London EC2A 4FT
Date: 13 April 2006

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 4.00 p.m. on 21 May 2006 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 4.00 p.m. on 21 May 2006 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 21 May 2006 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 23 May 2006.

I/We...(BLOCK CAPITALS please)
being a holder/s of Ordinary and/or C 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 4.00 p.m. on 23 May 2006 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)
Ordinary Resolutions				
Resolution Number 1 To receive and adopt the report and accounts for the year ended 31 December 2005.				
Resolution Number 2 Re-appointment of Deloitte & Touche LLP as Auditors for the ensuing year and to authorise the Directors to fix their remuneration.				
Resolution Number 3 To approve the Directors' remuneration report				
Resolution Number 4 Authority to allot shares				
Special resolutions				
Resolution Number 5 Disapplication of pre-emption rights				
Resolution Number 6 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, The Registry, 34, Beckenham Road, Beckenham, Kent, BR3 4TU 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.