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FINSBURY TECHNOLOGY TRUST PLC

Annual Report

Year Ended 30 November 2001

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Investment objective

Finsbury Technology Trust invests principally in the equity securities of quoted technology companies on a worldwide basis with the aim of achieving long-term capital growth. Performance is measured against the Morgan Stanley Capital International World Net Index (sterling adjusted without dividends reinvested).

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Financial Highlights

	30 November 2001	30 November 2000	% (decrease)
Net assets*	£88.8m	£112.2m	(20.9%)
Net asset value per share	321.7p	417.7p	(23.0%)
Share price	318.0p	431.0p	(26.2%)
Discount/(premium)	1.2%	(3.2%)	N/A
MSCI World Net Index	1,679	2,037	(17.6%)

*In the year ended 30 November 2001 the Company issued a total of 750,000 shares for a consideration of £2,734,000.

Company Summary

Dividends

The investments in the Company's portfolio typically provide little, if any, income. No dividend has been declared in respect of the year ended 30 November 2001 (2000: nil) and it is unlikely that any dividend will be paid in the foreseeable future.

Corporate Details

Capital structure	The Company has 27,615,312 shares in issue.
Continuation Vote	Shareholders will have the opportunity to vote at the Annual General Meeting in 2006 whether to continue the Company and thereafter at 5 yearly intervals.

Management Details

Investment Manager	Close Finsbury Asset Management Limited is a specialist investment management house with over £600m under management. It is a wholly owned subsidiary of Close Brothers Group plc. Details of the fee paid to the Investment Manager can be found in the Report of the Directors on page 16. The Investment Manager is regulated by the Financial Services Authority.
Investment Adviser	Reabourne Technology Investment Management Limited a subsidiary of Close Brothers Group plc in which Michael Bourne and Dr Andrew Clark have a significant interest. Reabourne specialises exclusively in technology and biotechnology. Details of the fee paid to the Investment Adviser can be found in the Report of the Directors on page 16. The Investment Adviser is regulated by the Financial Services Authority.
Company Secretary	Close Finsbury Asset Management Limited, a wholly owned subsidiary of Close Brothers Group plc. Details of the fee paid to the Company Secretary can be found in the Report of the Directors on page 16.

Performance Summary

Financial record

	1996	1997	1998	1999	2000	2001
Shareholders' Funds*	£28.5m	£32.7m	£37.6m	£96.5m	£112.2m	£88.8m
Net Asset Value per share	107.4p	123.1p	141.6p	363.4p	417.7p	321.7p
Share price	102.0p	115.0p	108.5p	346.5p	431.0p	318.0p
(Premium)/discount	5.0%	6.6%	23.4%	4.7%	(3.2%)	1.2%
MSCI World Net Index	1,193	1,320	1,596	1,983	2,037	1,679

Five year cumulative performance

	1996	1997	1998	1999	2000	2001
Shareholders' Funds*	100.0	114.7	131.9	338.6	393.7	311.6
Net Asset Value per share	100.0	114.6	131.8	338.4	388.9	299.5
Share Price	100.0	112.7	106.4	339.7	422.5	311.8
MSCI World Net Index	100.0	110.6	133.8	166.2	170.7	140.7

Figures have been rebased to 100 at 30 November 1996

*In the year ended 30 November 2001 the Company issued a total of 750,000 shares (2000: 326,060) for a consideration of £2,734,000 (2000: £1,821,750).

Performance Graph

Source: Close Finsbury Asset Management Limited

Chairman's Statement

Results

In the year ended 30 November 2001 the net asset value per share ("NAV") fell by 23.0% from 417.7p to 321.7p. This compares with a decline of 25.7% in the NASDAQ Composite Index (sterling adjusted) and of 17.6% in the MSCI World Net Index, which is our benchmark index.

During the year ended 30 November 2001 the Company's share price fell 26.2% from 431.0p to 318.0p. This resulted in the share price standing at a 1.2% discount to the NAV at 30 November 2001.

Whilst the year under review has been a difficult one for the sector and disappointing for the Company, the Company's long term record remains impressive with the NAV having risen by 199.5% in the five years to 30 November 2001. This performance has been recognised by Standard & Poor's who have awarded the Company first place over three and five years for UK Investment Trust's specialising in the Technology, Media and Telecoms Sector.

Statement of Total Return

The Statement of Total Return is set out on page 22. The total deficit per share for the year was 95.8p (2000: return of 52.0p) made up of a revenue deficit of 10.2p (2000: 8.9p) and a capital deficit of 85.6p (2000: return of 60.9p).

Dividends

The investments making up the Company's investment portfolio typically provide a very low yield. No dividend has been declared in respect of the year ended 30 November 2001 (2000: nil) and it is unlikely that a dividend will be paid for the foreseeable future.

Review and outlook

The year under review was a traumatic period for investors in the technology sector. Virtually all areas suffered from weak business conditions and the first half saw companies such as Cisco, Dell, Intel and Oracle all announcing very poor figures. The malaise affecting the technology sector filtered through into the wider economy and central banks made a sustained effort to bolster economic growth by cutting interest rates. Whilst the technology sector experienced a significant rally during the last quarter of 2001, this was from the very low base that followed 11 September.

It is anticipated that, whilst some companies may see an improvement during 2002, conditions will remain challenging, particularly for those companies involved in telecommunications. Some of the very largest companies remain on unrealistic valuations; however the steep decline in share prices since the bursting of the "internet bubble" has resulted in a number of small to medium capitalised companies trading on attractive valuations.

The Board

I am very sorry to report that Richard Hoare will be retiring as a Director at the Annual General Meeting. He has been with the Company since its launch in 1995 and the Board will miss his help and advice.

Annual General Meeting

The Annual General Meeting will be held at 10 Crown Place, London EC2, on 26 April at 12.00pm and I hope as many shareholders as possible will be able to attend. A map showing the location of 10 Crown Place can be found on page 37.

Bryan Lenygon, Chairman

22 March 2002

Review of Investments

Market Overview

2001 has been a disappointing year for the technology sector and world stock markets in general. Business conditions, which had weakened dramatically in the fourth quarter of 2000, continued to deteriorate throughout the world. During the course of the year monetary authorities became increasingly concerned about the possibility of a worldwide recession and started to boost money supply with the aim of stimulating growth. The tragic events of 11 September probably delayed any recovery by a quarter, but have also resulted in an even greater concerted effort to boost worldwide economic growth.

During 2001 the personal computer market continued to mature and there was little incentive for existing users to upgrade. The mobile telephone market declined with the weight of corporate debt in the sector. There was a roll out of GPRS handsets in the fourth quarter and a limited launch of next generation (3G) wireless services in Asia, but there were few new applications to encourage consumers or wireless operators to take up these services aggressively. The development of broadband communications slowed, as telecommunication operators addressed their financial issues and used existing equipment. Software and IT services also suffered as companies cut expenditure. The weakness in world economies also hit the more cyclically sensitive semiconductor and electronic component suppliers. This was exacerbated by reductions in inventory levels.

The ageing population of the developed world, combined with rapid advances in technology, create a very attractive environment for biotechnology companies. Despite these positive factors the sector has performed poorly this year as the recall of several high profile drugs and the failure of the Bush Administration to appoint a new Commissioner to the FDA affected sentiment.

With less experience in technology, the investor community in Europe wrote down share prices further than in America. Apart from China, Asia was also weak. Investor sentiment reached its nadir following the terrorist attacks in America. However the fourth quarter saw a significant recovery particularly in the US.

Portfolio

In such a disappointing year there were many losers. It was particularly disappointing to see Gentia filing for Chapter 11 (receivership) after a long struggle to return to profitability. MarchFirst suffered a similar fate having wasted some $200m of cash in a very short period. This was surprising for a mature and seasoned IT services company. It was also disappointing to see Protagona (formerly Recognition Systems) fail to capitalise on its leading edge software. Software companies such as Peregrine Systems, Imany and Sherwood International found it difficult to close large deals in this economic climate and suffered big falls. However we continue to believe that these companies are well positioned for the future.

Our biggest successes in the year came from some software companies that we had bought as turnarounds and which grew despite the difficult environment. The shining light amongst these was Borland Software whose development tools continued to prosper. Digital River which provides software to enable traditional businesses to deploy web strategies and which has grown steadily since its flotation also performed exceptionally well as investors began to realise that this was not a typical internet business. Network Associates progressed further in its turnaround as businesses became more focussed on security.

Whilst the biotechnology sector as a whole performed poorly a number of our holdings made good returns, most noticeably Neose which signed a long awaited deal with Wyeth-Ayerst for Glyco Advance. Prometic Life Sciences benefited from a deal with the Red Cross for it mimetic ligands and Transkaryotic Therapies received approval for Replagel in several European countries and has made significant progress in the treatment of Hunters Disease.

Review of Investments

Strategy

Our investment approach has been and continues to be based on the analysis of company fundamentals. We meet with the management teams of numerous technology companies and from this we form an overview of trends in the technology sector.

We identify investments with low valuations relative to our long-term view and where we consider that the probability of success is high. We prefer stocks with small and medium sized capitalisations since they often outperform and are more likely to be undervalued.

We are not an index tracking trust and we do not try to emulate other funds.

Outlook

There has been a significant rally in technology shares since the immediate aftermath of 11 September. The news coming from the sector has generally been better than most investors feared, with leaders such as SAP having reported much better fourth quarter earnings than previously expected. The key is whether this is a traditional bear market rally or the early stages of the next bull market in technology shares.

The growth rates for many technology companies in the fourth quarter and for the first three quarters of next year will be flattered because of very weak comparison periods. We are therefore concerned that some shares are being valued on the expectation of long-term growth rates that will prove difficult to achieve. Most of the surveys that we have seen point to Information Technology budgets growing by 2% - 3% in 2002. While these surveys can be notoriously inaccurate, it is hard to see some of the very large cap technology companies growing at a rate that exceeds the market by enough to justify their valuations.

Over time, sectors such as biotechnology and nanotechnology have the potential to affect society dramatically. However it is difficult to see any new technology which will make a significant impact during 2002.

From a macroeconomic point of view, recent economic stimuli are likely to drive faster growth. If this happens, electronic and semiconductor companies (which tend to grow at a multiple of general economic growth) should benefit from the restocking of inventories by their customers. Profitability will increase with rising sales as many of their costs are fixed. These shares have already done well recently, but if economic growth returns we think that there is scope for them to do much better than the majority of investors expect. The main caveat is that interest rates will rise under this scenario and if this leads to increased inflationary fears, investors will discount future earnings growth more heavily.

Whilst the overview may be unexciting there are opportunities. There are numerous new products for the consumer. DVD sales have been very strong this Christmas, but they have still only penetrated a small percentage of the available market. Digital cameras are becoming a mass market product and there are many new games platforms. In tough economic times, corporations will spend money on optimising the use of existing systems and the events of 11 September will also focus their attention on making sure that their systems are secure, benefiting such companies as Network Associates.

There continue to be many small cap stocks with low valuations as investors concentrate on large companies. Yet a well run small cap business can grow – even in a bad environment – by being nimble.

Review of Investments

2002 should see more than 13 products approved by the FDA, several more biotechnology companies becoming profitable and significant scientific and clinical progress in many biotechnology businesses. As these events unfold, they should provide the basis for biotechnology to have a successful 2002.

We hope that we have not appeared too gloomy, but we want to set expectations at an appropriate level after what has been a very sharp rebound. Even in a tough environment, relative performance should improve compared to the previous year.

We see a lot of value in selected situations and thematically we are becoming increasingly interested in those companies that will provide the foundation for the broadband revolution and are out of favour because near-term trading is weak. The news by Corning that it is reopening two of its 'mothballed factories' is quite encouraging here. We think that the move to broadband will ultimately change all of our lives and will fuel many new opportunities for the technology investor.

In summary, we think that 2002 will be another challenging year. However, we do see a number of special situations that offer considerable opportunity and we think that over the long term the technology revolution has many years to run. We remain fully invested. It is important that we do not miss any major upward movement in the market. In addition we believe that we have an outstanding research team at Reabourne capable of exploiting many specific situations, at attractive prices. We thank you for your trust in these testing times and hope to report to you on a year of further progress.

Michael Bourne/Dr Andrew Clark
Close Finsbury Asset Management Limited, Investment Manager
Reabourne Technology Investment Management Limited, Investment Adviser

Analysis of Portfolio

Sector Analysis

2001

2000

Geographic Analysis

2001

2000

Largest Investments

The 50 largest investments as at 30 November 2001 were:

Investment	Sector	Market value £000	% of investments
Borland Software	Software	4,056	4.7
Network Associates	Software	3,299	3.8
Prometic Life Sciences	Biotechnology	2,820	3.2
Tecnomatix Technologies	Software	2,802	3.2
Soitec	Semiconductors	2,219	2.6
Taiwan Semiconducters	Semiconductors	2,185	2.5
Digital River	Internet (Others)	1,759	2.0
Vishay Intertech	Computers	1,657	1.9
Pace Micro Technology	Communications	1,626	1.9
Take Two Interactive Software	Software	1,603	1.9
Top 10 investments		**24,026**	**27.7**
Citrix Systems	Software	1,569	1.8
First Consulting	Software	1,534	1.8
Xilinx	Semiconductors	1,519	1.7
IQE	Semiconductors	1,518	1.7
Samsung Electronics	Computers	1,432	1.7
Applied Materials	Semiconductors	1,379	1.6
Rational Software	Software	1,363	1.6
Chordiant Software	Software	1,343	1.6
Synopsys	Design (Others)	1,312	1.5
Peregrine Systems	Software	1,303	1.5
Top 20 investments		**38,298**	**44.2**
Agere Systems	Communications	1,239	1.4
Photoelectron (Unquoted Debenture)	Biotechnology	1,199	1.4
Avant Immunotheraputics	Biotechnology	1,151	1.3
Orbotech	Hardware	1,114	1.3
Biacore International	Biotechnology	1,091	1.3
Sherwood International	Software	1,089	1.3
Surfcontrol	Software	1,077	1.2
OneClickHR	Software	1,046	1.2
Advanced Fibre Communications	Communications	1,046	1.2
Varian Medical System	Medical Devices	968	1.1
Top 30 investments		**49,318**	**56.9**

Largest Investments

Investment	Sector	Market value £000	% of investments
Lion Bioscience	Biotechnology	965	1.1
Mamut	Software	954	1.1
Business Objects	Software	945	1.1
Corvas Internation	Biotechnology	928	1.1
Metrologic Group	Software	906	1.0
ASM	Semiconductors	901	1.0
Transkaryotic-Therapies	Biotechnology	867	1.0
Wind River System	Software	844	1.0
TTI Team Telecom	Communications	839	1.0
Teva Pharmaceuticals	Biotechnology	820	0.9
Top 40 investments		**58,287**	**67.2**
Sony Corporation	Hardware	804	0.9
Macro 4	Software	777	0.9
Fibernet Group	Software	768	0.9
Anritsu	Communications	757	0.9
Provalis	Software	753	0.9
Evotec Biosystems	Biotechnology	750	0.9
I-Many	Software	738	0.9
Optimal Robotics	Hardware	738	0.9
Curis	Biotechnology	725	0.8
Millenium Pharmaceutical	Biotechnology	717	0.8
Top 50 investments		**65,814**	**76.0**
62 Other investments		**20,807**	**24.0**
Total Investments		**86,621**	**100.0**

All of the above investments are equities unless otherwise stated.

Investment Adviser Profile

Investment Philosophy

Selective stock-picking and early stage investment form the two corner stones of Reabourne's investment philosophy. Reabourne believes that these principles deliver higher returns over the long term.

Stock Picking

Portfolios are constructed on a bottom-up basis, where stocks are selected primarily with regard to their individual merits, rather than a top-down basis, which sub-ordinates stock selection to the implementation of macro-judgements of industry trends and the achievement of index derived sector distribution targets. The sector and country distributions that result from this process are monitored only as a risk control mechanism.

Early Stage Investment

In the stock selection process, a particular priority is given to identifying newer, leading-edge technology companies, with good management, and investing in them at an early stage. This inevitably involves investment in small end micro capitalisation issues, with the increased risks that this implies, but experience suggests that, if risks are diversified and the selection process backed up by appropriate expertise, the greater long term returns will fully justify this approach. Details of the investment process and the credentials for the investment team are set out below.

Investment Process

Using the scientific, business and financial experience within the Reabourne team, the investment process involves an initial assessment of the following in relation to each company in which investment is proposed:

(i) the scientific trends within the scientific technology area;

(ii) the stage(s) of development of that technology; and

(iii) the growth potential and market size for the applications of that technology.

Following this assessment, Reabourne identifies the universe of companies involved in the development of the relevant technology. In respect of potential investee companies, Reabourne seeks to:

(i) assess the research and development programme of the company on a scientific basis. Its soundness is verified by Reabourne's in-house expertise and cross-referenced to academic research and/or the company's peer group within the research field. In addition, further cross-referencing is undertaken, where appropriate, with customers, suppliers, competitors and partners;

(ii) assess the competitive positioning of the company and barriers to entry in the industry which may not necessarily be directly related to technologies (e.g. secured access to suppliers, exclusivity of partnership, customer base, brand name, access to capital markets);

(iii) identify the existing and future revenue and profit drivers and test the financial forecast derived from the company's business development with the market expectations for the potential of the technology in which the company is engaged; and

(iv) assess the quality of the management team and its level of interest in minority shareholders; Reabourne usually recommends investing in companies only where it has met the members of the management team.

Investment Adviser Profile

The Reabourne Team

Reabourne has a multi-disciplined team of experts with considerable experience in a range of sectors. The team has a balance of scientific, business and technical skills. Portfolio management is conducted using a team approach under the direction of Michael Bourne. As well as conducting fundamental analysis, members of the team regularly meet with senior executives and scientific, research and development executives of investee and potential investee companies. The team includes:

Michael Bourne BA, A.C.A
Michael Bourne, aged 43, founded Reabourne in 1995. He was formerly director of Henderson Investment Management, a division of Henderson Administration Group plc, where his responsibilities included joint fund management of two top performing funds, namely HTR Global Technology Unit Trust and TR Technology PLC. Previously (from 1988 to lead 1992) he was the fund manager of Prolific Technology Unit Trust which won Micropal awards in 1991 and 1992. He is the lead manager of Finsbury Technology Trust plc.

Pierre-André Boutin BSc
Pierre-André Boutin, aged 35, joined Reabourne in May 2000. He has extensive experience in investment management as an analyst with Banque Nationale de Paris and more recently, as a fund manager with Schroder Investment Management Limited.

Andrew Clark Ph.D.
Dr Andrew Clark, aged 42, jointly founded Reabourne with Michael Bourne. He was formerly a biotechnology and pharmaceutical analyst with Barings Securities Limited. Previously he was with Smith Newcourt Securities Limited (from 1991 to 1994) providing quantitative support and technical information for the Japanese derivatives desk, and prior to that he was a postdoctoral research fellow at Oxford University.

Graham Morton BEc. DipFin Man. A.C.A.
Graham Morton, aged 47, a chartered accountant, joined Reabourne in 1999 as an investment manager. He was formerly chief executive officer of the European operation of Burdett Buckridge and Young and from 1982 to 1989 was a partner of the Australian stockbroker, Bain and Company.

Jeremy Gleeson M.Sc.
Jeremy Gleeson, aged 28, has been with Reabourne since 1997 after gaining a Master of Science in Systems Engineering. Whilst at Reabourne he has focused on global technology companies.

Huaizheng Peng M.D Ph.D.
Dr Huaizheng Peng, aged 39, joined Reabourne in 1999 as an investment analyst specialising in global biotechnology companies. He previously practised as a doctor of medicine and as a lecturer in molecular pathology at University College, London.

Shareholder Analysis

	As at 30 November 2001 number of shares	% holding	As at 30 November 2000 number of shares	% holding
Pension funds	204,918	0.7	441,824	1.6
Insurance companies	2,135,824	7.7	2,861,751	10.7
Investment funds	827,907	3.0	3,154,814	11.7
Other Institutions	5,074,113	18.4	3,290,765	12.3
Total Institutions	8,242,762	29.8	9,749,154	36.3
Close Finsbury Savings Scheme	1,214,733	4.4	1,058,306	3.9
Close Finsbury ISA	761,717	2.8	598,277	2.2
Close Finsbury PEP	288,047	1.0	273,966	1.0
Other private investors	17,108,053	62.0	15,185,609	56.6
Total Individuals	19,372,550	70.2	17,116,158	63.7
Total shares in issue	27,615,312	100.0	26,865,312	100.0

Company Information

Directors
Bryan Norman Lenygon, *Chairman*
Paul Gaunt
Richard Quintin Hoare
David Edwin Potter, CBE
John Anthony Victor Townsend

Bryan Lenygon
Bryan Lenygon (69) was appointed Chairman on 7 November 1995. He is a chartered accountant and a barrister. He is a former director of Gartmore Investment Management Limited, and presently is chairman of Geared Income Investment Trust PLC and Aberdeen Latin American Investment Trust PLC. He is also a director of Aberdeen Convertible Income Trust PLC, Invesco Asia Trust PLC and Microcap Growth Trust PLC.

Paul Gaunt
Paul Gaunt (52) was appointed a Director on 7 November 1995. He has nearly 30 years experience within the investment industry and was the senior investment manager of The Equitable Life Assurance Society between 1987 and 1997. He is also a non-executive director of BRiT Insurance Holdings PLC, Finsbury Life Sciences Investment Trust PLC, Finsbury Worldwide Pharmaceutical Trust PLC and Numis PLC.

Richard Hoare
Richard Hoare (58) was appointed a Director on 7 November 1995. He has been a managing partner of the bankers, C Hoare & Co, since 1969. He is chairman of Bulldog Holdings Limited and The Bulldog Trust and is also a non-executive director of SR European Investment Trust PLC. Mr Hoare will retire as a Director at the 2002 AGM.

David Potter
David Potter, CBE (58) was appointed a Director on 7 November 1995. He is chairman of Psion PLC. He has been a non-executive director of various British venture funds and is a visitor and adviser to a number of academic institutions.

Anthony Townsend
Anthony Townsend (54) was appointed a Director on 7 November 1995. He is chairman of Adam & Harvey Group PLC and Reabourne Technology Investment Management Limited (the Company's Investment Adviser). He is a non-executive director of BRiT Insurance Holdings PLC and seven other investment trust companies including Finsbury Growth Trust PLC, Finsbury Life Sciences Investment Trust PLC, Finsbury Smaller Quoted Companies Trust PLC and Finsbury Worldwide Pharmaceutical Trust PLC. Mr Townsend is Chairman of the Association of Investment Trust Companies.

Investment Managers
Close Finsbury Asset Management Limited
(A member of the Close Brothers Group)
12 Appold Street
London EC2A 2AW

Investment Adviser
Reabourne Technology Investment Management Limited
(A member of the Close Brothers Group)
12 Appold Street
London EC2A 2AW

Secretary
Close Finsbury Asset Management Limited
(A member of the Close Brothers Group)
12 Appold Street
London EC2A 2AW

Company Number
3117355

Registered Office
12 Appold Street
London EC2A 2AW

Auditors
RSM Robson Rhodes
186 City Road
London EC1V 2NU

Stockbrokers
Cazenove & Co
12 Tokenhouse Yard
London EC2R 7AN

The Company is a member of the Association of Investment Trust Companies.

Shareholder Information

Investment Manager
Close Finsbury Asset Management Limited
12 Appold Street
London EC2A 2AW
Investor Helpline: 0800 169 6968
Professional Advisers Helpline: 020 7426 4372
E-Mail: info@closefinsbury.com
Website: www.closefinsbury.com

Please contact Close Finsbury to obtain information and literature concerning the Company or the other Finsbury investment trusts.

Registrars
Capita IRG plc
Balfour House
390/398 High Road
Ilford, Essex IG1 1NQ
Telephone: 020 8639 2000

Please contact the Registrars if you have a query about a certificated holding in the Company's shares.

Close Finsbury ISA & PEP
Close Finsbury Asset Management Limited
3 Finsbury Avenue
London EC2M 2NB
Freephone: 0800 169 6968

Close Finsbury Savings Scheme
Close Finsbury Asset Management Limited
3 Finsbury Avenue
London EC2M 2NB
Freephone: 0800 169 6968

Please contact Close Finsbury Asset Management Limited if you have a query concerning a Close Finsbury Savings Scheme, PEP or ISA account.

Professional Advisers Helpline
Telephone: 020 7426 4372
Email: info@closefinsbury.com
Website: www.closefinsbury.com

Online Investment
Now available at:
www.closefinsbury.com

Share Price Listings
The price of your shares can be found in the Financial Times under the heading Investment Companies and in The Daily Telegraph under the heading Investment Trusts.

In addition, share price information can be found under the following:

	Code
Bloomberg	
Ordinary shares	FTT LN
Reuters	
Ordinary shares	FTT.L
SEAQ	
Ordinary shares	FTT

Internet addresses

Close Finsbury	www.closefinsbury.com
Trustnet	www.trustnet.co.uk

Financial Calendar

Company year end	30 November
Preliminary full year figures announced	March
Annual Report sent to shareholders	March
Annual General Meeting held	April
Announcement of interim figures	July
Interim report sent to shareholders	July

Report of the Directors

The Directors present their report and the financial statements for the year ended 30 November 2001.

Status and Activities

During the year under review the Company has continued to conduct its affairs so as to qualify as an investment company, as defined under Section 266 of the Companies Act 1985, and an investment trust within the meaning of Section 842 of the Income and Corporation Taxes Act 1988. The Directors are of the opinion that the Company has subsequently directed its affairs so as to enable it to continue to obtain Inland Revenue approval as such. The Company has received written certification from the Inland Revenue as an investment trust for all years up to and including the year ended 30 November 2000.

There has been no significant change in the activities of the Company during the year and the Directors anticipate that the Company will continue to operate in the same manner during the current year.

The Company currently manages its affairs so as to be a fully qualifying investment trust for ISA purposes. As a result, under current UK legislation, the shares qualify for investment in the stocks and shares component of a non-CAT Standard ISA up to the full annual subscription limit (currently £7,000 in the tax years ending 5 April 2006 for maxi-account ISAs and £3,000 for mini-account ISAs). The Company's shares are fully qualifying for inclusion in an existing general PEP. It is the present intention that the Company will conduct its affairs so as to continue to qualify for ISA and PEP products.

Results and Dividends

The results attributable to shareholders for the year and the transfer to reserves are shown on page 22. The directors do not recommend the payment of a dividend (2000: nil).

Fixed Asset Investments

The market value of the Company's investments, excluding investment in the subsidiary, at 30 November 2001 was £86.6m (2000: £121.3m). Taking these investments at this valuation, the net assets attributable to each ordinary share amounted to 321.7p at 30 November 2001 (2000: 417.7p).

Management

Investment Management Agreement: investment management services are provided by Close Finsbury Asset Management Limited ("Investment Manager"). The Investment Manager is a wholly owned subsidiary of Close Brothers Group PLC. Details of the fees paid to the Investment Manager can be found in Note 3 on page 27. The Investment Management Agreement may be terminated by either party giving notice of not less than 24 months.

Investment Advisory Agreement: investment advisory services are provided by Reabourne Technology Investment Management Limited ("Investment Adviser"). The Investment Adviser is a subsidiary company of Close Brothers Group plc in which Michael Bourne and Dr Andrew Clark have a significant interest. Details of the fees paid to the Investment Adviser can be found in Note 3 on page 27. The Investment Advisory Agreement may be terminated by either party giving notice of not less than 24 months.

Administrative and Secretarial Services Agreement: administrative and company secretarial services are provided by Close Finsbury Asset Management Limited ("Company Secretary"). Following a re-negotiation of the fee for administrative and company secretarial services the Company Secretary has agreed not to charge a fee in the period 1 December 2000 to 31 May 2002. Accordingly no fee was paid to the Company Secretary in respect of the year ended 30 November 2001 (2000: £202,000). With effect from 1 June 2002 the Company Secretary will be entitled to a fee of £55,000 per annum, such amount to be increased annually in line with the Retail Price Index. The Administrative and Secretarial Services Agreement may be terminated by either party giving notice of not less than 12 months.

Report of the Directors

Directors

The present members of the Board, who served throughout the year, are shown on page 14.

Under the Articles of Association David Potter and Anthony Townsend retire by rotation and, being eligible, offer themselves for re-election at the forthcoming Annual General Meeting.

The interests of the Directors and their families in the Company at 30 November 2001 were as set out below.

	Ordinary shares of 25p each	
	30 November 2001	1 December 2000
Bryan Lenygon	**–**	–
Paul Gaunt	**–**	–
Richard Hoare	**–**	10,000
David Potter	**5,000**	5,000
Anthony Townsend	**202,110**	200,000

No change in the Directors' interests has occurred to the date of this report. None of the Directors were granted or exercised rights over shares during the year.

None of the Directors had an interest in any contracts (including service contracts) with the Company.

Substantial Shareholdings

At the date of this report the Company had been informed of the following interests in the ordinary shares of the Company which exceeded 3% of the issued share capital of that class.

	Number of shares	% of shares
Lazard Asset Management	**3,160,000**	11.9
Merchant Investors Assurance Company	**1,329,057**	4.5

Creditors' Payment Policy

While the Company does not follow a formal code, it is the Company's continuing policy to pay amounts due to creditors as and when they become due. As at 30 November 2001, the Company did not have any trade creditors (2000: nil).

Ethical Policy

The Company's investment objective is to invest principally in the equity securities of quoted technology companies on a worldwide basis with the aim of achieving long-term capital growth. The Directors believe that the Company would be in breach of its fiduciary duties to shareholders if investment decisions were based on ethical or environmental considerations. However, it is considered that the high growth technology companies in which the portfolio invests tend to meet a broad range of ethical considerations.

Auditors

RSM Robson Rhodes have expressed their willingness to continue to act as Auditors to the Company and a resolution for their re-appointment will be proposed at the forthcoming Annual General Meeting.

Report of the Directors

Directors' Responsibilities

Company law in the United Kingdom requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and the Group and of the return of the Group for that period. In preparing these financial statements, the Directors have:

- selected suitable accounting policies and applied them consistently;
- made judgements and estimates that are reasonable and prudent;
- followed applicable United Kingdom accounting standards; and
- prepared the financial statements on the going concern basis.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for ensuring that the Report of the Directors' and other information included in the Annual Report is prepared in accordance with company law in the United Kingdom. They are also responsible for ensuring that the Annual Report includes information required by the Listing Rules of the Financial Services Authority.

Corporate Governance

The Board has carried out a full review of the principles of good governance and the code of best practice (the 'Combined Code') prepared by the Committee on Corporate Governance chaired by Sir Ronald Hampel. To ensure that the appropriate level of corporate governance is attained, the Board has confirmed that arrangements are in place to enable compliance with Section 1 of the Combined Code, as required by Listing Rule 12.43A issued by the Financial Services Authority.

Compliance with the Combined Code

The Board considers that the Company has complied with the provisions of Section 1 of the Combined Code throughout the year ended 30 November 2001, other than those it believes are not appropriate to an investment trust company (as detailed below under Principles of the Code).

Internal Control

The Directors are responsible for overseeing the effectiveness of the internal control systems for the Group, which are designed to ensure that proper accounting records are maintained, that the financial information on which the business decisions are made and which are issued for publication is reliable, and that the assets of the Group are safeguarded. Such a system of internal control can provide only reasonable and not absolute assurance against material mis-statement or loss.

The Combined Code also requires the Directors to review the effectiveness of the Group's internal controls. The Directors, through the procedures outlined below, have kept the effectiveness of the Group's internal controls under review throughout the period covered by these financial statements and up to the date of approval of the Annual Report and Financial Statements. The Board has identified risk management controls in the key areas of business objectives, accounting, compliance, operations and secretarial as areas for the extended review. This accords with the guidance in "Internal Control – Guidance for Directors on the Combined Code" (the Turnbull Report).

The Board recognises its ultimate responsibilities for the Group's system of internal controls and for monitoring its effectiveness. It receives regular reports on all aspects of internal control (including financial, operational and compliance control, risk management and relationships with external service providers). It is believed that an appropriate framework is in place to meet the requirements of the Combined Code.

Report of the Directors

The Group does not have an internal audit department. All the Group's management and administrative functions are delegated to independent third parties and it is therefore felt there is no need for the Group to have an internal audit facility. However this need is reviewed periodically.

Principles of the Combined Code

(a) Directors

The Board consists of five members, all of whom are non-executive. Mr Richard Hoare will retire as a Director at the 2002 Annual General Meeting. The Board considers that all of the Directors are independent save Anthony Townsend who is Chairman of the Investment Adviser and was until August 1999 a director of a holding company of the Investment Manager. The Board believes that the appointment of a senior independent director is not appropriate for a Board which has only non-executive directors. There is no position of Chief Executive Officer.

The Directors meet as a Board regularly on a quarterly basis and at other times as necessary. The Board is responsible for investment policy and has a schedule of matters reserved for the resolution of the Directors. The Board has contractually delegated to external agencies the management of the investment portfolio, the custodial services which includes safeguarding of the assets, and the day-to-day accounting and company secretarial requirements. Each of these contracts is only entered into after proper consideration of the quality and cost of services.

A full report is received from the Investment Adviser at the quarterly meetings on the investment holdings and performance. In the light of these reports, the Board gives directions to the Investment Adviser as to the investment objectives and guidelines.

The Board has formalised arrangements under which Directors, in the furtherance of their duties, may take independent professional advice at the Company's expense.

The Board as a whole fulfils the function of a nomination committee. The Company's Articles of Association require newly appointed Directors to submit themselves for election by shareholders at the next Annual General Meeting and due to the nature of such resolutions, Directors are subsequently subject to re-election at intervals of no more than three years.

(b) Remuneration

The Board as a whole fulfils the function of a remuneration committee and considers that the specific appointment of such a committee is not appropriate for an investment trust company. The level of Directors' fees is reviewed on a regular basis relative to other comparable companies and in the light of Directors' responsibilities.

(c) Relations with Shareholders

The Company has regular contact with its institutional shareholders. The Board supports the principle that the Annual General Meeting be used to communicate with private investors.

(d) Accountability and Audit

The Company's Audit Committee is comprised of the whole Board. The Audit Committee meets representatives of the Investment Manager and its Compliance Officer who report as to the proper conduct of business in accordance with the regulatory environment in which both the Company and the Investment Manager operate. The Company's external Auditors also attend this Committee at its request and report on their work procedures, the quality and effectiveness of the Company's accounting records and their findings in relation to the Company's statutory audit. The responsibilities of the Audit Committee include review of the internal controls, accounting policies, financial statements, the management contract and the appointment and remuneration of the Auditors.

Report of the Directors

Annual General Meeting

Resolutions relating to the following items of special business will be proposed at the forthcoming Annual General Meeting:

(a) Authority to issue shares for cash

Resolution 6 in the Notice of the Annual General Meeting gives the Directors authority to allot new shares, otherwise than by a pro rata issue to existing shareholders, for cash up to an aggregate nominal amount of £345,191 representing 1,380,764 ordinary shares of 25p each, such amount being equvalent to 5% of the present issued share capital. As such issues would only be made at prices greater than the Net Asset Value per share ("NAV") they increase the assets underlying each share and spread administrative expenses, other than those charged as a percentage of assets, over a greater number of shares. This authority will remain in place until the next Annual General Meeting.

(b) Disapplication of pre-emption rights

Resolution 7 in the Notice of the Annual General Meeting seeks shareholder approval for the disapplication of pre-emption rights in respect of a) the allotment of shares pursuant to a rights issue or b) the allotment (other than as part of a rights issue) of shares for cash up to a nominal value of £345,191.

(c) Authority to repurchase shares

Resolution 8 in the Notice of the Annual General Meeting seeks shareholder approval for the Company to have the power to repurchase its ordinary shares. The Board believes that the ability of the Company to purchase its own shares in the market will potentially benefit all shareholders of the Company. The re-purchase of shares at a discount to the underlying NAV would enhance the NAV of the remaining shares.

At the Annual General Meeting the Company will seek shareholder approval to repurchase up to 4,139,535 ordinary shares, representing 14.99% of the Company's issued share capital (the maximum permitted under the Listing Rules) at a price that is not less than 25p a share (the nominal value of each share) and not more than 5% above the average of the middle market quotations for the five business days preceding the day of purchase. The authority being sought will last until the date of the next Annual General Meeting. The decision as to whether to repurchase any shares will be at the absolute discretion of the Board.

At 30 November 2001 the Company has authority to repurchase up to 4,027,110 ordinary shares. This authority will lapse at the Annual General Meeting to be held on 26 April 2002.

By order of the Board
Close Finsbury Asset Management Limited
Secretary
22 March 2002

For and on behalf of
Close Finsbury Asset
Management Limited

Secretary..........................

Report of the Independent Auditors

to the Shareholders of Finsbury Technology Trust PLC

We have audited the financial statements on pages 22 to 35.

Respective responsibilities of directors and auditors

The Directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements, United Kingdom Auditing Standards and the Listing Rules of the Financial Services Authority. We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Report of the Directors is not consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law or the Listing Rules regarding directors' remuneration and transactions with the company and other members of the Group is not disclosed.

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

We read the information contained in the Annual Report and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any information outside the Annual Report.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the 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 are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the Company and the Group as at 30 November 2001 and of the Group's net loss, net deficit and cashflow for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

RSM Robson Rhodes

RSM Robson Rhodes

Chartered Accountants and Registered Auditors

186 City Road, London EC1V 2NU, England

22 March 2002

Consolidated Statement of Total Return

incorporating the revenue account for the year ended 30 November 2001

	Notes	Revenue 2001 £000	Capital 2001 £000	Total 2001 £000	Revenue 2000 £000	Capital 2000 £000	Total 2000 £000
(Losses)/gains on investments	11	–	(23,019)	(23,019)	–	19,342	19,342
Loss on investment dealing by subsidiary undertaking		(1,672)	–	(1,672)	(336)	–	(336)
Exchange losses on currency balances	16	–	(216)	(216)	–	(351)	(351)
Income	2	476	–	476	430	–	430
Investment management fee	3	(972)	(99)	(1,071)	(1,737)	(2,787)	(4,524)
Other expenses	4,5	(452)	–	(452)	(630)	–	(630)
Net (loss)/return before finance costs and taxation		(2,620)	(23,334)	(25,954)	(2,273)	16,204	13,931
Interest payable and similar charges	6	(134)	–	(134)	(96)	–	(96)
(Loss)/return on ordinary activities before taxation		(2,754)	(23,334)	(26,088)	(2,369)	16,204	13,835
Taxation on ordinary activities	7	(12)	–	(12)	(7)	–	(7)
(Loss)/return on ordinary activities after taxation		(2,766)	(23,334)	(26,100)	(2,376)	16,204	13,828
Dividends on ordinary shares		–	–	–	–	–	–
Transfer (from)/to reserves	16	(2,766)	(23,334)	(26,100)	(2,376)	16,204	13,828
(Loss)/return per ordinary share	8	(10.2p)	(85.6p)	(95.8p)	(8.9p)	60.9p	52.0p

The revenue column of this statement is the revenue account of the Group.

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

The accompanying notes are an integral part of this statement.

Balance Sheets of the Group and of the Company

as at 30 November

	Notes	Group 2001 £000	Group 2000 £000	Company 2001 £000	Company 2000 £000
Fixed assets investments					
Subsidiary undertaking	10	–	–	–	–
Other Investments	11	**86,621**	121,312	**86,621**	121,312
		86,621	121,312	**86,621**	121,312
Current assets					
Debtors	12	**1,918**	1,200	**3,961**	2,364
Investments	13	–	1,166	–	–
Cash at bank		**2,272**	1,951	**229**	1,951
		4,190	4,317	**4,190**	4,315
Creditors					
Amounts falling due within one year	14	**(1,966)**	(13,418)	**(1,966)**	(13,416)
Net current assets/(liabilities)		**2,224**	(9,101)	**2,224**	(9,101)
Net assets		**88,845**	112,211	**88,845**	112,211
Capital and reserves					
Called up share capital	15	**6,904**	6,716	**6,904**	6,716
Share premium account	16	**23,488**	20,942	**23,488**	20,942
Capital reserve – realised	16	**70,538**	71,802	**70,538**	71,802
Capital reserve – unrealised	16	**(5,379)**	16,691	**(7,006)**	16,691
Revenue reserve	16	**(6,706)**	(3,940)	**(5,079)**	(3,940)
Total shareholders' funds	18	**88,845**	112,211	**88,845**	112,211
Net asset value per Ordinary share	17	**321.7p**	417.7p	**321.7p**	417.7p

The financial statements on pages 22 to 35 were approved by the Board of Directors on 22 March 2002 and were signed on its behalf by:

Bryan Lenygon *Chairman*

The accompanying notes are an integral part of this statement.

Consolidated Cash Flow Statement

for the year ended 30 November

	Notes		2001 £000		2000 £000
Net cash outflow from operating activities	20		**(11,988)**		(10,562)
Servicing of finance					
Bank overdraft and loan interest paid			**(134)**		(96)
Taxation					
Tax recovered			**6**		-
Financial investment					
Purchase of investments		**(43,956)**		(102,966)	
Sales of investments		**57,018**		103,462	
Net cash inflow from financial investments			**13,062**		496
Financing					
(Repayment)/drawdown of loans		**(3,143)**		3,143	
Issue of ordinary shares		**2,734**		1,928	
Net cash (outflow)/inflow from financing			**(409)**		5,071
Increase/(decrease) in cash			**537**		(5,091)

	Notes		2001 £000		2000 £000
Reconciliation of net cash flow to movement in net funds/(debt)	21				
Increase/(decrease) in cash as above			**537**		(5,091)
Cash outflow/(inflow) from repayment/(increase) of loan			**3,143**		(3,143)
Exchange movements			**(216)**		(351)
Movement in net funds/(debt)			**3,464**		(8,585)
Net (debt)/funds at 1 December			**(1,192)**		7,393
Net funds/(debt) at 30 November	21		**2,272**		(1,192)

The accompanying notes are an integral part of this statement.

Notes to the Accounts

1. Accounting Policies

The principal accounting policies, all of which have been applied consistently throughout the year, in the preparation of these accounts are set out below. All of the Group's operations are of a continuing nature.

(a) Accounting Convention

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards and with the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies'.

(b) Basis of Consolidation

The consolidated accounts comprise the accounts of the Company and its subsidiary undertaking made up to 30 November 2001.

In the Company's accounts, the investment in its subsidiary is stated at Net Asset Value unless the Net Asset Value falls below zero. In this case, the investment is stated at nil in the holding company and a provision for the remainder is made in the holding company against the intercompany debt.

(c) Investment held as Fixed Assets

The value of fixed asset investments are stated in the accounts on the following basis:

(i) Listed investments are stated at closing middle market prices on recognised stock exchanges.

(ii) Investments quoted on the Alternative Investment Market of the London Stock Exchange are stated at closing middle market prices.

(iii) Unquoted investments are stated at Directors' valuation, which is based upon information made available by the investee company.

(d) Investments held as Current Assets

Listed investments are stated individually at the lower of cost and market value.

(e) Investment Income

Dividends receivable on equity shares are recognised on the ex-dividend date. Where no ex-dividend date is quoted, dividends are recognised when the Company's right to receive payment is established.

Underwriting commission is recognised as income in so far as it relates to shares not required to be taken up. Where a proportion of the shares underwritten is required to be taken up the same proportion of the commission received is treated as a deduction from the cost of the shares taken up, with the balance taken to the revenue account. Income from Investment on fixed income securities is recognised on an accruals basis.

(f) Expenditure and Finance Costs

All expenses are accounted for on an accruals basis. Expenses (including the periodic investment management fees) are charged through the revenue account except as follows:

(i) expenses which are incidental to the acquisition or disposal of an investment are treated as part of the cost or proceeds of that investment;

(ii) expenses may be charged to realised capital reserve where a connection with the maintenance or enhancement of the value of the investments can be demonstrated;

(iii) performance related investment management fees and the related irrecoverable VAT are charged to realised capital reserve. The expenses are charged to capital as it is expected that virtually all of the Company's investment returns will come from capital appreciation.

(g) Taxation

Provision is made if necessary for taxation deferred or accelerated because of timing differences between the treatment of certain items for accounting and taxation purposes.

Notes to the Accounts

1. Accounting Policies *continued*

(h) Foreign Currencies

Transactions denominated in foreign currencies are recorded in the local currency at the actual exchange rates as at the date of the 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 capital reserve or in the revenue account, depending if the gain or loss is of a capital or revenue nature respectively.

(i) Financial Instruments

The Company has not utilised any derivative instruments during the year under review, and has taken advantage of the exemption allowed under Financial Reporting Standard 13 and excluded short term debtors and creditors from disclosures under financial instruments where allowed (see Note 19).

(j) Reserves

Capital reserves – Realised

The following are taken to this reserve:

- gains and losses on the realisation of investments,
- realised exchange differences of a capital nature,
- expenses charged to this reserve in accordance with the above policies.

Capital reserves – Unrealised

The following are taken to this reserve:

- increase and decreases in the valuation of investments held at the year end,
- unrealised exchange differences of a capital nature.

2. Income

	2001 £000	2000 £000
Income from investments		
Dividends:		
– UK listed	**72**	67
– Overseas listed	**75**	55
Fixed interest:		
– UK listed	**-**	55
– Fixed interest reinvested	**143**	–
– Overseas listed	**72**	30
	362	207
Interest receivable and other income		
– Deposit interest	**96**	198
– Underwriting commission	**18**	25
	114	223
Total income	**476**	430

Notes to the Accounts

3. Investment Management Fees

	Revenue 2001 £000	Capital 2001 £000	Total 2001 £000	Revenue 2000 £000	Capital 2000 £000	Total 2000 £000
Periodic fee	**905**	**–**	**905**	1,572	–	1,572
Annual performance fee	**–**	**–**	**–**	–	941	941
Long term performance fee	**–**	**–**	**–**	–	1,782	1,782
Irrecoverable VAT thereon	**67**	**99**	**166**	165	64	229
	972	**99**	**1,071**	1,737	2,787	4,524

The Company's investment manager is Close Finsbury Asset Management Limited ('the Investment Manager') and its investment adviser is Reabourne Technology Investment Management Limited ('the Investment Adviser'). The contracts between the Company and the Investment Manager and between the Company and the Investment Adviser may be terminated by either party giving not less than 24 months written notice. The Investment Manager receives a Periodic Fee, payable quarterly in arrears, at an annual rate of 1 per cent of the valuation of the Company's portfolio (including uninvested cash). They are also entitled to (i) an Annual Performance Fee, calculated at the date of which the Company makes up audited accounts, of 10 per cent of the amount the Net Asset Value has exceeded the Net Asset Value in the previous audited accounts, increased by the greater of 10 per cent or LIBOR plus 2 per cent, and (ii) a Long Term Performance Fee, payable every 5 years, calculated as 10 per cent of the amount the Net Asset Value has outperformed the Morgan Stanley Capital International World Net Index (sterling adjusted without dividends reinvested). The next Long Term Performance Fee is due to crystallise on 30 November 2005. The Investment Adviser is entitled to receive from the Investment Manager one half of the periodic fee and three quarters of the Annual Performance Fee and the Long Term Performance Fee. In addition to the investment management fees above, the Company also obtains secretarial services from the Investment Manager; the fees in respect of these services are dealt with in other expenses (note 5).

4. Directors' emoluments

The Directors received the following fees during the year:

	2001 £000	2000 £000
Bryan Lenygon (Chairman)	**18**	18
Paul Gaunt	**12**	12
Richard Hoare	**12**	12
David Potter	**12**	12
Anthony Townsend	**12**	12
	66	66

Other than disclosed above, none of the Directors received any salary, benefit, bonus or pension contributions (2000: nil). All of the Directors fees were charged to the revenue account.

Notes to the Accounts

5. Other Expenses

	2001 £000	2000 £000
Administrative and secretarial services	–	202
Auditors' remuneration for audit services	**14**	12
Irrecoverable VAT	**39**	94
Marketing	**72**	94
Printing	**65**	55
Other expenses	**196**	107
	386	564

Details of the administrative and secretarial services fee may be found in the Report of the Directors on page 16.

6. Interest payable and similar charges

	2001 £000	2000 £000
Bank interest	**134**	96

7. Taxation charge on ordinary activities

	2001 £000	2000 £000
Overseas tax	**12**	7

8. Return on ordinary shares (equity)

	Revenue 2001 £000	Capital 2001 £000	Total 2001 £000	Revenue 2000 £000	Capital 2000 £000	Total 2000 £000
Return per ordinary share	**(10.2p)**	**(85.6p)**	**(95.8p)**	(8.9p)	60.9p	52.0p

Revenue return per ordinary share is based upon the loss attributable to ordinary shareholders of £2,766,000 (2000: £2,376,000) and 27,240,312 (2000: 26,615,801) ordinary shares being the weighted average in issue during the year.

Capital return per ordinary share is based upon net capital losses attributable to ordinary shareholders of £23,334,000 (2000: gains of £16,204,000) and 27,240,312 ordinary shares being the weighted average in issue during the year (2000: 26,615,801).

9. Revenue Attributable to Shareholders

The return on ordinary activities after taxation dealt with in the accounts of the holding company is a loss of £1,139,000 (2000: loss of £2,000,000). As permitted by Section 230(2) of the Companies Act 1985, no separate revenue account for the Company has been included in these accounts.

Notes to the Accounts

10. Subsidiary Undertaking

The Company owns 100% of the ordinary share capital and voting rights of Fintech Investments Limited, an investment dealing company, which is registered and operates in England. As the net asset value of the subsidiary is below zero, the investment is stated at nil in the holding company and a provision for the remainder is made in the holding company against the inter-company debt.

11. Other investments

	Listed £000	AIM £000	Unquoted £000	2001 Total £000
Cost at 1 December 2000	96,709	3,745	4,167	104,621
Unrealised appreciation/(depreciation) at 1 December 2000	16,009	1,314	(632)	16,691
Valuation at 1 December 2000	112,718	5,059	3,535	121,312
Movements in the year:				
Purchases at cost	43,564	1,473	679	45,716
Sales - proceeds	(52,615)	(3,576)	(1,197)	(57,388)
realised (losses)/gains on sales	(2,078)	1,129	-	(949)
Movements in unrealised appreciation/(depreciation)	(19,095)	(2,165)	(810)	(22,070)
Valuation at 30 November 2001	82,494	1,920	2,207	86,621
Cost at 30 November 2001	85,580	2,771	3,649	92,000
Unrealised depreciation at 30 November 2001	(3,086)	(851)	(1,442)	(5,379)
	82,494	1,920	2,207	86,621

Listed investments include convertible bonds and loan notes with a value of £947,000 (2000: £579,000).

Losses on investments:

Realised losses based on historical cost	(949)
Less: amount recognised as unrealised gains in the previous year	(6,919)
Realised losses based on carrying value at 30 November 2000	(7,868)
Decrease in unrealised appreciation	(15,151)
Losses on investments	(23,019)

12. Debtors

	Group 2001 £000	Group 2000 £000	Company 2001 £000	Company 2000 £000
Due from subsidiary undertaking	-	-	2,043	1,164
Securities sold for future settlement	1,433	1,063	1,433	1,063
Taxation recoverable	-	6	-	6
Other debtors	424	-	424	-
Prepayments and accrued income	61	131	61	131
	1,918	1,200	3,961	2,364

Notes to the Accounts

13. Investments held by Subsidiary Undertaking

	Group 2001 £000	Group 2000 £000
Listed investments at the lower of cost and market value	–	1,166
Listed investments at aggregate market value	–	1,207

14. Creditors

Amounts falling due within one year

	Group 2001 £000	Group 2000 £000	Company 2001 £000	Company 2000 £000
Bank loans	–	3,143	–	3,143
Securities purchased for future settlement	1,617	–	1,617	-
Other creditors and accruals	349	10,275	349	10,273
	1,966	13,418	1,966	13,416

15. Share Capital

	2001 £000	2000 £000
Authorised:		
60,000,000 Ordinary shares of 25p	15,000	15,000
Allotted, issued and fully paid:		
27,615,312 Ordinary shares of 25p (2000: 26,865,312)	6,904	6,716

During the year the Company issued 750,000 shares as follows:

Date of Issue	No of shares issued	Issue price
13 March 2001	400,000	413.5p
20 March 2001	100,000	361.5p
12 November 2001	125,000	282.5p
13 November 2001	125,000	292.0p

The total consideration received by the Company for the new shares issued was £2,734,000; this was received in cash. The nominal value of the new shares issued was £187,500.

Notes to the Accounts

16. Share Premium and Other Capital Reserves

	Share Premium Account £000	Capital Reserve realised £000	Capital Reserve unrealised £000	Revenue Reserve £000
Group				
Balance as at 1 December 2000	20,942	71,802	16,691	(3,940)
Issue of shares	2,546	–	–	–
Revenue deficit	–	–	–	(2,766)
Realised losses on investments	–	(7,868)	–	–
Transfer on disposal of investments	–	6,919	(6,919)	–
Decrease in unrealised appreciation on investments	–	–	(15,151)	–
Irrecoverable VAT on performance fees	–	(99)	–	–
Exchange movements	–	(216)	–	–
Balance as at 30 November 2001	23,488	70,538	(5,379)	(6,706)
Company				
Balance as at 1 December 2000	20,942	71,802	16,691	(3,940)
Issue of shares	2,546	–	–	–
Revenue deficit	–	–	–	(1,139)
Realised losses on investments	–	(7,868)	–	–
Transfer on disposal of investments	–	6,919	(6,919)	–
Decrease in unrealised appreciation on investments	–	–	(15,151)	–
Decrease in value of subsidiary undertaking	–	–	(1,627)	–
Irrecoverable VAT on performance fees	–	(99)	–	–
Exchange movements	–	(216)	–	–
Balance as at 30 November 2001	23,488	70,538	(7,006)	(5,079)

17. Net Asset Value per ordinary Share

	2001 pence	2000 pence
Net asset value per ordinary share	321.7	417.7

The net asset value per ordinary share is based on the net assets attributable to equity shareholders of £88,845,000 (2000: £112,211,000) and on 27,615,312 (2000: 26,865,312) ordinary shares in issue at 30 November 2001.

18. Movement in Shareholders' Funds

	2001 £000	2000 £000
Total recognised (losses)/gains for the year	(26,100)	13,828
Issue of shares	2,734	1,928
Opening shareholders' funds	112,211	96,455
Closing shareholders' funds	88,845	112,211

Notes to the Accounts

19. Derivatives and other financial instruments

Background

The Group's financial instruments comprise securities, cash balances, and debtors and creditors that arise from its operations, e.g., in respect of sales and purchases awaiting settlement and debtors for accrued income. The numerical disclosures below exclude short-term debtors and creditors.

The Group has little exposure to credit and cash flow risk. Fixed asset investments (other than listed investments) in the portfolio are subject to liquidity risk. This risk is taken into account by the Directors and fund managers when making their investment decisions. The principal risks the Group faces in its portfolio management activities are:

- foreign currency risk,
- interest rate risk,
- market price risks i.e. movements in the value of investment holdings caused by factors other than interest rate or currency movement.

The Investment Manager's policies for managing these risks are summarised below and have been applied throughout the year.

Financial assets

	Floating rate cash balances 2001 £000	Fixed interest investments 2001 £000	Non-interest bearing investments 2001 £000	Total 2001 £000	Floating rate cash balances 2000 £000	Fixed interest investments 2000 £000	Non-interest bearing investments 2000 £000	Total 2000 £000
Sterling	2,343	–	16,894	19,237	1,837	10,009	25,691	37,537
US Dollars	–	1,852	48,301	50,153	487	1,637	64,451	66,575
Euros	(251)	293	10,826	10,868	(462)	–	8,581	8,119
Norwegian Kroner	–	–	954	954	–	–	1,189	1,189
Canadian Dollars	–	–	3,593	3,593	–	–	4,605	4,605
Australian Dollars	–	–	138	138	–	–	1,479	1,479
Hong Kong Dollars	–	–	48	48	(110)	–	763	653
Japanese Yen	–	–	1,561	1,561	–	–	2,271	2,271
Korean Won	–	–	1,417	1,417	–	–	1,107	1,107
Taiwan Dollars	180	–	2,662	2,842	199	–	695	894
	2,272	2,145	86,394	90,811	1,951	11,646	110,832	124,429

Floating rate cash balances are immediately accessible and receive interest at the Bank of New York treasury rate. The fixed interest bearing investments have a weighted average life of 3.7 (2000: 4.1) years and a weighted average interest rate of 6.23% (2000: 3.97%) per annum. The non-interest bearing investments represent the equity element of the investment portfolio.

Notes to the Accounts

19. Derivatives and other financial instruments *continued*

Policy

Foreign Currency Risk
A proportion of the Group's portfolio is invested in overseas securities and their sterling value may be significantly affected by movements in foreign exchange rates. The Group does not normally hedge against foreign currency movements affecting the value of the investment portfolio, but takes account of this risk when making investment decisions.

Interest Rate Risk
Interest rate risk is managed by the utilisation of borrowing facilities via short term loans.

Market Price Risk
By the nature of its activities, the Group's investments are exposed to market price fluctuations. Further information on the investment portfolio and investment policy is set out in the Investment Review.

Use of Derivatives
It is not the Group's policy to enter into derivative contracts.

Financial Liabilities
At the year-end the Group had an unsecured borrowing facility of £10,000,000 with Allied Irish Banks plc. Interest is charged at LIBOR plus 0.6% pa. The interest period is agreed at the time of drawing. The facility with Allied Irish Banks plc is for an indefinite period. The Group had no financial liabilities as at 30 November 2001 (2000: £3,143,000) that bore any interest risk. Any loans made to the Company under the Allied Irish Banks plc facility are repayable on demand.

Primary financial instruments
All financial assets and liabilities of the Group are shown at fair value, with the exception of investments held for dealing which are valued at the lower of cost and market value.

Financial assets	2001 Book value £000	2001 Fair value £000	2000 Book value £000	2000 Fair value £000
Investments held as fixed assets	86,621	86,621	121,312	121,312
Investments held for dealing	–	–	1,166	1,207
Cash and deposits	2,272	2,272	1,951	1,951
	88,893	88,893	124,429	124,470
Financial liabilities				
Short term bank loans (1 year or less)	–	–	(3,143)	(3,143)
	–	–	(3,143)	(3,143)

Notes to the Accounts

20. Reconciliation of operating revenue to net cash outflow from operating activities

	2001 £000	2000 £000
Net loss before interest payable and taxation	(2,620)	(2,280)
Net sales/(purchases) of trading stock	1,166	(97)
Decrease in accrued income	70	15
Increase in other debtors	(424)	(1,160)
Decrease in other creditors	(9,926)	(3,630)
Investment management fees charged to capital	(99)	(3,403)
Fixed interest reinvested	(143)	-
Tax on investment income	(12)	(7)
Net cash outflow from operating activities	(11,988)	(10,562)

21. Analysis of changes in net (debt)/funds

	At 1 December 2000 £000	Cash flow £000	Exchange movements £000	At 30 November 2001 £000
Cash at bank	1,951	537	(216)	2,272
Bank loans	(3,143)	3,143	-	-
Net (debt)/funds	(1,192)	3,680	(216)	2,272

22. Related parties

Details of the relationship between the Company and Close Finsbury Asset Management Limited and Reabourne Technology Investments Management Limited is described in the Report of the Directors. The periodic management fee payable to Close Finsbury Asset Management Limited for the year-ended 30 November 2001 was £905,000 excluding VAT (2000: £1,572,000) of which £217,000 (2000: £302,000) was outstanding at the year-end. The annual performance fee payable to Close Finsbury Asset Management Limited for the year-ended 30 November 2001 was £nil excluding VAT (2000: £941,000) of which £nil (2000: £941,000) was outstanding at the year-end. The next long term performance fee payable to Close Finsbury Asset Management Limited will crystallise on 30 November 2005. The administrative and secretarial services fee payable to Close Finsbury Asset Management Limited for the year ended 30 November 2001 was £nil excluding VAT (2000: £202,000) of which £nil excluding VAT (2000: £37,000) was outstanding at the year-end. Details of the periodic management fee, annual performance fee, long term performance fee and administrative and secretarial services fee can be found in the Report of the Directors on page 16, Note 3 on page 27 and Note 5 on page 28.

Report of the Directors

23. Substantial interests

The Group holds interests in 3% or more of any class of capital in the following companies:

Company	Shares held	% of issued share capital	Market value £000
Ffastfill	1,362,500	3.0	68
Gentia Software	285,688	3.0	14
Intelligent Environments	2,635,801	4.4	178
Manpower Software	2,438,829	10.2	378
Netcall	1,438,403	4.0	331
OneclickHR	2,325,000	4.5	1,046
Superscape VR	2,037,353	5.5	530

None of these investments are considered significant in the context of these accounts.

Notice of the Annual General Meeting

Notice is hereby given that the Annual General Meeting of Finsbury Technology Trust PLC will be held at 10 Crown Place, London EC2 on 26 April 2002 at 12.00 noon, for the following purposes:

Ordinary Business

1 To receive and consider the audited accounts and the Report of the Directors for the year ended 30 November 2001.

2 To re-elect David Potter, who retires by rotation, a Director of the Company for a term not to extend beyond the third Annual General Meeting following.

3 To re-elect Anthony Townsend, who retires by rotation, a Director of the Company for a term not to extend beyond the third Annual General Meeting following.

4 To re-appoint the Auditors.

5 To authorise the Directors to determine the remuneration of the Auditors.

Special Business

To consider, and if thought fit, pass the following resolutions, which will be proposed as special resolutions:

Authority to allot shares

6 THAT in substitution for all existing authorities the Directors be generally and unconditionally authorised in accordance with section 80 of the Companies Act 1985 to exercise all powers of the Company to allot relevant securities within the meaning of that section up to a maximum aggregate nominal amount of £345,191 provided that this authority shall expire at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution unless previously revoked, varied or renewed, by the Company in general meeting and provided that the Company shall be entitled to make, prior to the expiry of such authority, an offer or agreement which would or might require relevant securities to be allotted after such expiry and the Board may allot relevant securities pursuant to such offer or agreement as if the authority conferred hereby had not expired.

Disapplication of pre-emption rights

7 THAT in substitution of all existing powers the Directors be and are hereby generally empowered pursuant to Section 95 of the Companies Act 1985 (the "Act") to allot equity securities (within the meaning of Section 94 of the Act) for cash pursuant to the authority conferred on them as if subsection (1) of Section 89 of the Act did not apply to any such allotment provided that this power shall be limited to:

(a) the allotment of equity shares in connection with a rights issue in favour of the ordinary shareholders where the equity securities respectively attributable to the interests of the ordinary shareholders are proportionate (as nearly as may be) to the respective numbers of ordinary shares held by them but subject to such exclusions or other arrangements in connection with the issue as the Directors may consider necessary, appropriate, or expedient to deal with equity securities representing fractional entitlements or to deal with legal or practical problems arising in any overseas territory, the requirements of any regulatory body or stock exchange, or any other matter whatsoever; and

(b) the allotment (otherwise than pursuant to sub-paragraph (a) above) of equity securities for cash up to an aggregate nominal value of £345,191

and shall expire at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution, save that the Company shall be entitled to make, prior to the expiry of such authority, an offer or agreement which would or might require equity securities to be allotted after such expiry and the Board may allot equity securities pursuant to such offer or agreement as if the power conferred hereby had not expired. No allotment at less than the net asset value (as determined in the absolute discretion of the Directors) per share shall be made.

Notice of the Annual General Meeting

Authority to Repurchase Ordinary Shares

8 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 25p in the capital of the Company ("ordinary shares") provided that:

(i) the maximum aggregate number of ordinary shares authorised to be purchased is 4,139,535 or, if less, the number representing 14.99 per cent. of the issued ordinary share capital of the Company at the date of the meeting at which this resolution is proposed;

(ii) the minimum price which may be paid for an ordinary share is 25p;

(iii) the maximum price (excluding expenses of such purchase) which may be paid for an ordinary share is an amount equal to 105 per cent. of the average of the middle market quotations for an ordinary share as derived from the Daily Official List of the London Stock Exchange for the five business days immediately preceding the day on which that ordinary share is purchased;

(iv) this authority expires at the conclusion of the Annual General Meeting of the Company to be held in 2003 or within 15 months from the date of the passing of this resolution whichever is earlier; and

(v) the Company may make a contract to purchase ordinary 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 ordinary shares in pursuance of any such contract.

By order of the Board
Close Finsbury Asset Management Limited
Secretary
22 March 2002

12 Appold Street
London EC2A 2AW

Notes

1 A member entitled to attend and vote may appoint one or more proxies to attend and, on a poll, vote instead of him. A proxy need not be a member of the Company.

2 A form of proxy is provided. To be effective, a form of proxy must be completed, signed and lodged with the registrar not later than 48 hours before the time for holding the meeting. Deposit of a form or proxy will not preclude a member from attending the meeting and voting in person.

3 No director has a service contract with the Company.

4 Pursuant to Regulation 34 of the Uncertificated Securities Regulations 1995, the Company has specified that to be entitled to attend and vote at the meeting (and for the purposes of determination by the Company of the number of votes they may cast), members must be entered on the Company's register of members by 12 noon on 24 April 2002. Changes to entries on the register of members after 12 noon on that date shall be disregarded in determining the rights of any person to attend and vote at the meeting.

Location of Annual General Meeting

to be held at 10 Crown Place, London EC2 on
26 April at 12 noon.

Glossary of Terms

Investment Trust Terms

Net Asset Value (NAV)

The value of the Company's assets, principally investments made in other companies and cash being held, minus any liabilities for which the Company is responsible. The NAV is also described as 'shareholders' funds'. The NAV is often expressed in pence per share after being divided by the number of shares which have been issued. The NAV per share is unlikely to be the same as the share price which is the price at which the Company's shares can be bought or sold by an investor. The share price is determined by the relationship between the demand and supply for the shares.

Discount/Premium

A description of the situation when the share price is lower than the NAV per share. The size of the discount is calculated by subtracting the share price from the NAV per share and is usually expressed as a percentage (%) of the NAV per share. If the share price is higher than the NAV per share, this situation is called a premium and the percentage is commonly shown prefixed with a minus sign.

Gearing

Also known as leverage, particularly in the USA. Gearing is the process whereby capital growth (and conversely any capital depreciation) and income to the ordinary shareholders of the Company are boosted by borrowings, which provide some scope for additional investment but which carry a fixed liability. The return on this extra investment minus the cost of borrowing the money gives the shareholder an enhanced or geared profit or loss.

Initial Public Offering (IPO)

The initial offer by a company of shares to be quoted on a stock exchange. Often known as a flotation.

Potential Gearing

The directors may choose to arrange a loan facility (or draw down a loan) which is less than the amount they are able to draw under the terms of the Prospectus. This is usually due to the market conditions. Potential gearing is the amount currently available for the Company to use by way of loan already arranged.

Actual Gearing

Actual gearing is the term used to describe the amount of available loan facility that has been invested in the stock market and is not being held in cash.

Technology Terms

FDA

The Food and Drug Administration, the governmental agency that regulates drug licencing in the US.

GPRS

General Packet Radio Service. A data transmission technique for digital wireless transmission that improves the overall appearance of graphics.

Mimetic Ligands

A molecule used to bind proteins. Can be used to help identify, purify and treat proteins.

Investing through Close Finsbury

The Close Finsbury Range

Close Finsbury Asset Management, which is a member of the Close Brothers Group, is a specialist investment house with the following investment trusts:

Finsbury Growth Trust PLC which invests in the shares of larger UK Companies with the objective of achieving capital growth and providing at total return in excess of that of the FTSE All-Share Index.

Finsbury Worldwide Pharmaceutical Trust PLC which invests worldwide in pharmaceutical and biotechnology companies with the aim of achieving a high level of capital growth.

Finsbury Technology Trust PLC which invests principally in equity securities of quoted technology companies on a worldwide basis with the aim of achieving long term capital growth.

Finsbury Life Sciences Investment Trust PLC which invests in life science companies based in the UK, Continental Europe and Israel, with particular emphasis on biotechnology, with the aim of achieving long term capital growth.

Finsbury Smaller Quoted Companies Trust PLC which invests in smaller UK quoted companies to achieve a high level of total return.

Close Finsbury Eurotech Trust PLC which invests primarily in equity securities of European technology companies with the aim of achieving long term capital growth.

Private Investor Plans

Finsbury Technology Trust PLC and all the Close Finsbury investment trusts, participate in the **Close Finsbury Individual Savings Account (ISA)**, **Close Finsbury Investment Trust Savings Scheme** and the **Close Finsbury Personal Equity Plan (PEP).** For full details of these investment schemes please contract our Investor Helpline on 0800 169 6968.

Close Finsbury now offer on-line dealing and account management at www.closefinsbury.com

Should you require copies of any Close Finsbury literature, again please call our Investor Helpline on 0800 169 6968
or e-mail to info@closefinsbury.com
Website address: www.closefinsbury.com

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by Close Finsbury Asset Management Limited which is regulated by the Financial Services Authority.

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