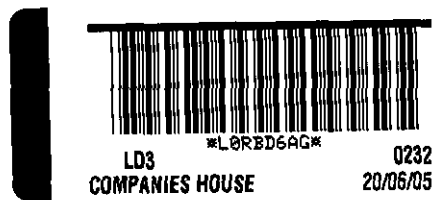


**CLOSE TECHNOLOGY & GENERAL VCT PLC**

**Interim accounts for the four months ended**

**30 April 2005**



**CLOSE TECHNOLOGY & GENERAL VCT PLC**

**INTERIM ACCOUNTS 30 APRIL 2005**

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**CLOSE TECHNOLOGY & GENERAL VCT PLC**

**INTERIM ACCOUNTS 30 APRIL 2005**

**DIRECTORS**

Dr N E Cross, Chairman  
Lt. Gen. Sir Edmund Burton KBE  
M J Hart  
P H Reeve

**SECRETARY**

C Kinnear

**REGISTERED OFFICE**

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London EC2A 4FT

**INVESTMENT MANAGER**

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**REGISTRAR**

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**AUDITORS**

Deloitte & Touche LLP  
Chartered Accountants  
London

**TAXATION ADVISER**

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London  
SE1 2AF

# **CLOSE TECHNOLOGY & GENERAL VCT PLC**

## **INTERIM ACCOUNTS 30 APRIL 2005**

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

United Kingdom company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and the Group as at the end of the financial year and of the profit or loss of the Company and the Group for that period. In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether all applicable accounting standards have been followed; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and the Group and which enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for the system of internal control, for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The Directors confirm that applicable accounting standards have been followed in the financial statements accompanying this report.

CLOSE TECHNOLOGY & GENERAL VCT PLC

INTERIM ACCOUNTS 30 APRIL 2005

**Statement of total return**  
for the period from 1 January 2005 to 30 April 2005

	Unaudited Four months ended 30 April 2005			Unaudited Six months ended 30 June 2004			Audited Year to 31 December 2004		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains/ (losses) on investments	-	1,360	1,360	-	(17)	(17)	-	1,274	1,274
Investment income	307	-	307	305	-	305	670	-	670
Investment management fees	(34)	(101)	(135)	(50)	(150)	(200)	(104)	(312)	(416)
Other expenses	(46)	-	(46)	(64)	-	(64)	(126)	-	(126)
<b>Return on ordinary activities before tax</b>	227	1,259	1,486	191	(167)	24	440	962	1,402
Tax on ordinary activities	(60)	36	(24)	(45)	38	(7)	(101)	78	(23)
<b>Return attributable to equity shareholders</b>	167	1,295	1,462	146	(129)	17	339	1,040	1,379
Dividends	(276)	(276)	(552)	(138)	-	(138)	(277)	(699)	(976)
<b>Transfer to/(from) reserves</b>	(109)	1,019	910	8	(129)	(121)	62	341	403
<b>Return per share</b>	1.2p	9.1p	10.3p	1.0p	(0.9)p	0.1p	2.4p	7.4p	9.8p

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

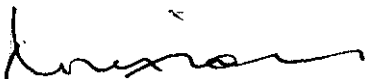
CLOSE TECHNOLOGY & GENERAL VCT PLC

INTERIM ACCOUNTS 30 APRIL 2005

Summary balance sheet  
at 30 April 2005

	Unaudited 30 April 2005	Unaudited 30 June 2004	Audited 31 December 2004
	£'000	£'000	£'000
<b>Fixed asset investments</b>			
Qualifying investments	8,633	12,923	9,534
Non qualifying investments	<u>1,384</u>	<u>1,426</u>	<u>1,328</u>
<b>Total investments</b>	<b>10,017</b>	<b>14,349</b>	<b>10,862</b>
<b>Current assets</b>			
Debtors	58	55	61
Cash: short term money market deposits	<u>6,976</u>	<u>993</u>	<u>4,819</u>
	7,034	1,048	4,880
<b>Creditors: due within one year</b>	<u>(758)</u>	<u>(351)</u>	<u>(256)</u>
<b>Net current assets</b>	<u>6,276</u>	<u>697</u>	<u>4,624</u>
<b>Net assets</b>	<b><u>16,293</u></b>	<b><u>15,046</u></b>	<b><u>15,486</u></b>
<b>Represented by:</b>			
Share capital	6,910	7,004	6,958
Share premium account	165	165	165
Special reserve	5,791	5,978	5,894
Capital redemption reserve	285	191	237
Capital reserve			
<i>realised</i>	3,998	(777)	2,722
<i>unrealised</i>	(894)	2,392	(637)
Revenue reserve	<u>38</u>	<u>93</u>	<u>147</u>
<b>Total equity shareholders' funds</b>	<b><u>16,293</u></b>	<b><u>15,046</u></b>	<b><u>15,486</u></b>
<b>Net asset value per share</b>	117.9p	107.4p	111.3p

These interim accounts were approved by the Board of Directors on 13 June 2005  
Signed on behalf of the Board of Directors



Dr N E Cross  
Chairman

# CLOSE TECHNOLOGY & GENERAL VCT PLC

## INTERIM ACCOUNTS 30 APRIL 2005

### NOTES TO THE ACCOUNTS

#### 1. ACCOUNTING POLICIES

The principal accounting policies of the Company, all of which have been applied consistently throughout the period in the preparation of its accounts are set out below.

##### **Accounting convention**

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

##### **True and fair override**

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

The financial statements are prepared in accordance with applicable Accounting Standards and with the Statement of Recommended Practice "Financial Statements of Investment Trust Companies" (SORP) issued by the Association of Investment Trust Companies in January 2003.

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 revenue column is the profit and loss account of the Company. The revenue column excludes certain capital items, which since the Company is no longer an investment company, the Companies Act 1985 would ordinarily require to be included in the profit and loss account: net profits on disposal of investments, calculated by reference to their previous carrying amount, permanent diminution in value of investments, management expenses charged to capital less tax relief thereon and the distribution of capital profits.

In the opinion of the Directors the presentation adopted 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. These departures have no effect on the total return or balance sheet. The particular accounting policies adopted are described below.

##### **Investments**

Investments listed on recognised exchanges are stated at market value based upon bid prices at the end of the accounting period. Unquoted investments are stated at a valuation determined by the directors in accordance with the British Venture Capital Association guidelines. Accrued redemption premium on secured loan stock is dealt with in the fixed asset investments of the Company. The unrealised depreciation or appreciation on the valuation of investments and gains and losses arising on the disposal of investments are dealt with in the capital reserve.

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

##### **Income and expenses**

All income and expenses are treated on the accruals basis and dividend income is included in revenue when an investment is quoted ex-dividend. Any fixed returns on non-equity shares or debt securities are recognised on a time apportionment basis.

# CLOSE TECHNOLOGY & GENERAL VCT PLC

## INTERIM ACCOUNTS 30 APRIL 2005

### NOTES TO THE ACCOUNTS *(Continued)*

#### Management expenses

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

#### Issue costs

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

#### Taxation

Taxation is applied on a current basis in accordance with Financial Reporting Standard No.16. Taxation associated to capital expenses is applied in accordance with the SORP. In accordance with Financial Reporting Standard No.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.

#### 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 period end are reported at the rates of exchange prevailing at the period 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 on whether the gain or loss is of a capital or revenue nature respectively.

#### Reserves

##### *Capital reserves – realised*

The following are taken to this reserve:

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

##### *Capital reserves – unrealised*

The following are taken to this reserve:

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

## 2. PRINCIPAL ACTIVITY

The principal activity of the Company is that of a Venture Capital Trust. It was approved by the Inland Revenue as a Venture Capital Trust in accordance with Section 842AA of the Income and Corporation Taxes Act and subsequently conducts its affairs so as to enable it to continue to retain such status. The company is not a close company for taxation purposes.

# CLOSE TECHNOLOGY & GENERAL VCT PLC

## INTERIM ACCOUNTS 30 APRIL 2005

### NOTES TO THE ACCOUNTS (Continued)

#### 3. INCOME

	Four months ended 30 April 2005 £'000	Six months to 30 June 2004 £'000
Loan stock interest	111	167
Redemption premium	167	114
Other income	<u>29</u>	<u>24</u>
	<u>307</u>	<u>305</u>

#### 4. TAX ON ORDINARY ACTIVITIES

	Four months ended 30 April 2005			Six months to 30 June 2004		
	Revenue	Capital	Total	Revenue	Capital	Total
	£'000	£'000	£'000	£'000	£'000	£'000
UK corporation tax at 30%	24	-	24	7	-	7
Tax attributable to capital expenses	<u>36</u>	<u>(36)</u>	<u>-</u>	<u>38</u>	<u>(38)</u>	<u>-</u>
	<u>60</u>	<u>(36)</u>	<u>24</u>	<u>45</u>	<u>(38)</u>	<u>7</u>

##### Notes

- (i) Venture Capital Trusts are not subject to corporation tax upon any capital gains.
- (ii) Tax relief on expenses charged to capital has been determined by allocating tax relief to all 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 on any asset or liability has arisen in the year.
- (iv) Tax is provided at the current rate of 30%.

#### 5. DIVIDENDS

The interim revenue dividend of 2.0 pence per share will be paid on 14 July 2005 to those shareholders who are on the register on 24 June 2005.

The interim capital dividend of 2.0 pence per share will be paid on 14 July 2005 to those shareholders on the register on 24 June 2005.

#### 6. RETURN PER SHARE

	Four months ended 30 April 2005			Six months to 30 June 2004		
	Revenue	Capital	Total	Revenue	Capital	Total
Equity shares	1.2p	9.1p	10.3p	1.0p	(0.9)p	0.1p

The revenue return per share is based on the net revenue on ordinary activities after taxation but before deduction of dividends of £167,000 (30 June 2004: £146,000) in respect of 14,195,305 shares (30 June 2004: 14,200,711 shares), being the weighted average number of shares in issue during the period. The capital return per share is based on net capital gain for the period of £1,295,000 (30 June 2004: a net capital loss of £129,000) in respect of the same weighted average number of shares in issue over the six months.

**CLOSE TECHNOLOGY & GENERAL VCT PLC**

**INTERIM ACCOUNTS 30 APRIL 2005**

**NOTES TO THE ACCOUNTS (Continued)**

**7. FIXED ASSET INVESTMENTS**

	Qualifying technology	Qualifying non- technology	Non qualifying	Total
	£'000	£'000	£'000	£'000
Opening valuation as at 31 December 2004	2,491	7,043	1,328	10,862
Additions at cost	563	79	828	1,470
Disposals				
- proceeds	-	(3,120)	(570)	(3,690)
- realised profit/ loss	-	1,690	(99)	1,591
Increase in redemption premium	45	(4)	-	41
Decrease in unrealised appreciation	<u>502</u>	<u>(656)</u>	<u>(103)</u>	<u>(257)</u>
<b>Closing valuation</b>	<b><u>3,601</u></b>	<b><u>5,032</u></b>	<b><u>1,384</u></b>	<b><u>10,017</u></b>
<b>Closing book cost</b>	<b><u>3,591</u></b>	<b><u>5,339</u></b>	<b><u>1,539</u></b>	<b><u>10,469</u></b>
<b>Closing unrealised appreciation/(depreciation)</b>	<b><u>10</u></b>	<b><u>(307)</u></b>	<b><u>(155)</u></b>	<b><u>(452)</u></b>
Represented by				
- Redemption premium	94	348	-	442
- Unrealised appreciation/(depreciation)	(84)	(655)	(155)	(894)

**8. MOVEMENT IN RESERVES AND SHARE CAPITAL**

	Share Premium account £'000	Special reserve £'000	Capital redemption reserve £'000	Realised capital reserve £'000	Unrealised capital reserve £'000	Revenue reserve £'000
Beginning of year	165	5,894	237	2,722	(637)	147
Redemption of share capital	-	(103)	48	-	-	-
Gains/(losses) on investments	-	-	-	1,643	(257)	-
Foreign exchange	-	-	-	(26)	-	-
Capitalised expenses net of tax	-	-	-	(65)	-	-
Retained net revenue for the period	-	-	-	-	-	(109)
Capital dividend	-	-	-	(276)	-	-
End of period	<u>165</u>	<u>5,791</u>	<u>285</u>	<u>3,998</u>	<u>(894)</u>	<u>38</u>