

eTechnology VCT plc



Report & Accounts

**For the year ended
31 March 2005**

Contents

	Page No
Financial Summary	1
Chairman's Statement	1-2
Directors	3
Directors and Advisers	4
Investment Manager's Report	5-7
Investment Portfolio	8
Ten Largest Investments	9-10
Directors' Report	11-15
Directors' Remuneration Report	16-17
Report of the Independent Auditors	18-19
Statement of Total Return (incorporating the Revenue Account)	20
Balance Sheet	21
Cash Flow Statement	22
Principal Accounting Policies	23
Notes to the Financial Statements	24-29
Notice of Annual General Meeting	
Proxy Form	

Financial Summary

	Year ended 31 March 2005	Year ended 31 March 2004
	per ordinary share	per ordinary share
Net asset value before distributions	69.55p	62.18p
Net asset value after distributions	69.55p	62.18p
Total return for the period	7.36p	5.65p

Chairman's Statement

We are pleased to report our fifth annual results for the Company for the year ended 31 March 2005. The Company was launched in 2000 to invest in venture capital opportunities related to the technology sector, and to provide further exposure to the technology sector by also investing in listed technology markets until such time as the funds would be required for venture capital investment.

As at the balance sheet date, the proportion of the portfolio held as Alternative Investment Market ("AIM") and venture capital investment based on market values was approximately 74.9%. The comparable proportion held within the quoted stocks portfolio was approximately 7.7%.

The Company's investment manager, Cavendish Asset Management Limited ("CAM") has actively monitored and managed the portfolio during the year, in accordance with policy and direction from the Board. CAM's analysis of the quoted portfolio performance, together with comments on venture capital and AIM investments, is more fully set out in the Investment Manager's Report on pages 5 to 7.

The results for the year show a negative revenue return of £95,000 (2004 £97,000). However, the year also shows a total positive return before taxation of £1,002,000 (2004 £768,000) including £35,000 of realised losses (2004 realised gain £6,000) and £1,262,000 of unrealised gains on investments (2004 £982,000). The net assets at the year end were £9,463,000 representing 69.55p per share (2004 £8,461,000 representing 62.18p per share).

The net asset value of the Company was particularly supported by the uplift on flotation of the Company's investment in Sarantel Limited. The Company has a holding of approximately 2.45m shares at an average cost of 33p per share. We were pleased to note that the company was admitted to AIM in early March 2005 raising approximately £16.7m net of expenses at a price of 82p per share. Since admission the mid market price per share quoted has ranged from a high of 130.5p per share to a low of 62.5p per share. Additionally, the Company has an option over a further 909,091 shares at an exercise price of 33p per share, exercisable by February 2007. All our shares are subject to a share lock-up agreement which expires in March 2006.

Our activities in direct investments continued during the year with a view to monitoring and supporting the investment portfolio, including assessing any proposals for follow-on funding.

Subject to managing their financing requirements, the companies within the portfolio are generally progressing. However, Burgundy Global performed poorly in the second half of 2004, and as a result we worked closely with our co-investment partners to effect a change in the senior management team. In tandem with this, the investment was restructured with a further round in excess of £2m raised. We are encouraged by the professionalism which the new management team has brought to the company, and the fact that their investment constituted over 25% of the round. Nevertheless, we have considered it prudent to reduce our valuation of the investment which is now held at cost, less a provision of £250,000.

Chairman's Statement (continued)

More detail on the ten largest investments can be found on pages 9 and 10.

Depending on the impact of any unpredictable conditions in the technology sector, your Board remains of the view that the investment portfolio should continue to grow over the longer term. We continue to monitor investments closely, and intend to adjust holdings with a view to both reinvestment in new holdings, and payment to shareholders of dividends, as market conditions and opportunities allow.

Your Board has continued to retain PricewaterhouseCoopers LLP to advise, monitor and report on the Company's progress in meeting the qualifying investment requirements laid down in the VCT legislation. We remain confident that all the relevant conditions were met as required during the year ended 31 March 2005, and continue to be met on an ongoing basis. In order to ensure compliance with the legislation, out of the total cash balance as at the year end of £366,000, funds amounting to £186,000 have been placed in a non-interest bearing account pending utilisation of funds in qualifying investments.

On 9 February 2005 the Company received confirmation from the Court that it had approved cancellation of the Share Premium account and this has been redesignated as a Special Distributable Reserve. Accordingly, the Board is now in a position to approve transactions to buy-back shares in the market. Going forward, it is the Board's policy to consider the purchase of shares on an occasional basis. Specific transactions would be undertaken if they are considered by the Board to be in the best interests of the Company and its shareholders, and in circumstances where the Company's ongoing liquidity requirements are being met.

In order to make available to shareholders additional information during the year, the Company intends to announce an unaudited net asset value per share for the June and December quarters. The announcement of the Annual and Interim results already include the net asset value per share as at the March and September quarter ends respectively.

The Annual General Meeting of the Company is to be held at the Company's offices at 2.00pm on 13 September 2005, and attached to the Report and Accounts is the Notice convening the meeting.

Michael Teacher
CHAIRMAN
29 June 2005

Directors

Michael Teacher (58)

Michael is Executive Chairman of Unipoly Holdings, a diversified industrial group with a turnover of approximately £400 million. He is also Executive Chairman of Peek Traffic, a leading traffic management business in the UK, Holland and other parts of Europe, and is Non-Executive Chairman of Networks By Wireless Ltd. He was formerly Chief Executive of Hillsdown Holdings PLC, a £3 billion turnover company listed on the London Stock Exchange, with in excess of 20,000 employees working at over 100 sites throughout the UK and Europe. He had five years venture capital experience as Chief Executive, founder and minority shareholder of Hillsdown Investment Trust, the venture capital arm of Hillsdown Holdings PLC.

David Svendsen (56)

David was Managing Director of Microsoft Ltd from 1987 to 1998 and Chairman until his retirement in February 2000. During this time he developed the business in the UK and Ireland from a small start up company to be a leader in its sector today. He has over 25 years of business management experience in a wide range of companies in both the UK and Australia. He is Chairman of 121 Media Inc, a director of a number of private companies, a member of the Advisory Board of GSC Partners New York LLP and was a member of the Investment Committee and Advisory Board of E-Tec India.

Neil Metcalfe (42)

Neil has been involved in e-commerce since the early days of the internet. He is an expert in the issues surrounding the technologies of ADSL, WAP, video conferencing, interactive digital T.V., intranet and supply chain developments. He was Business Systems Manager for John Brown Engineering between 1989 and 1994 and Group IT Manager for Hillsdown Holdings PLC from 1994 to 1999 where he worked closely with Michael Teacher. He is currently Managing Director of Data Information Advisory Services Ltd, Commercial Director of Networks by Wireless Ltd and a director of Cryotherapy International Ltd.

Graham Woolfman (48)

Graham is the Managing Director for Investment Banking at Cavendish Asset Management Limited, which is an investment management and corporate advisory company regulated by the FSA. For 15 years he was a partner and Head of the Corporate Finance division within Levy Gee, which then became part of the Numerica Group plc. He has over 19 years experience in corporate finance and working with companies backed by private equity finance. Over the last seven years he has developed a speciality in technology related businesses. He is a Director of LTG Development Capital Limited, a UK based venture capital management company, and was a director of Sadot Research and Development Ltd, a venture capital company formerly listed on the Tel Aviv and London Stock Exchanges. He is a non-executive director of a number of unquoted companies, representing shareholder interests and acting in an advisory capacity.

Directors and Advisers

DIRECTORS

M J Teacher
D E Svendsen
G J Woolfman
N M Metcalfe

All Directors are non-executive

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Registered in England, Company No. 03930317

Investment Manager's Report

Introduction

Cavendish Asset Management Limited ("CAM") advises the Board on the qualifying venture capital investments and manages the portfolio on a day to day basis. CAM also manages the portfolio of non-qualifying listed and fixed interest investments in line with policies set by the Board.

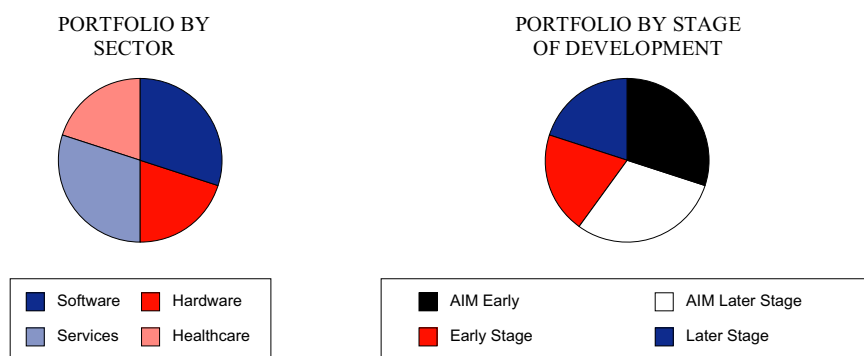
The strategy for eTechnology is to generate returns from its portfolio of investments whilst maintaining ongoing Venture Capital Trust investment criteria.

Qualifying Portfolio

The qualifying portfolio is now fully invested, and no new company investments were made during the year; however, follow-on investments were made in four companies: Avidex (£81,066), Burgundy Global (£50,000), Sarantel (£84,574) and Vectura (£52,955).

During the period to 31 March 2005, two companies successfully listed on AIM. Vectura was admitted to the market in July 2004, raising £20m, and, Sarantel was admitted in March of 2005, raising £18m.

At 31 March 2005 the portfolio comprised 10 companies at varying stages of development in various technology sectors.



Venture Capital Investments

Avidex is a biotechnology company with proprietary T-Cell receptor technology that is developing therapeutic products for cancer and auto-immune diseases. An interim funding round was completed in August 2004, and was raised from existing investors to further progress towards clinical trials. The company now has its first product in a Phase I trial.

Biofocus is a company providing collaborative drug discovery services to pharmaceutical and biotechnology companies. 2004 was a challenging year for the company due to tightening R&D budgets within the pharmaceutical industry. Turnover fell, however operating profit before research and development expenditure and exceptional costs increased. Listed on AIM.

Burgundy Global is a land transportation and management information software business serving the international travel market. The last twelve months have been difficult for Burgundy, and many changes were necessary to ensure that the company could recover. A new management team was recruited at the beginning of the year, and subsequently the new team participated in 25% of a funding round, with the balance coming from existing investors.

Deltex Medical is a company that develops and markets a non-invasive cardiac function monitor and therapy guidance device. Despite seeing decreased sales in 2004, considerable progress within the NHS should translate to sales progress in 2005. Listed on AIM.

Investment Manager's Report (continued)

Jacobs Rimell is a company providing software that enables broadband operators to support the creation and delivery of residential and business product offerings, independent of underlying service technologies. Following institutional investment from Comcast in early 2004, Jacobs Rimell has continued to consolidate its position within the cable industry. Revenue has increased during 2004 resulting in the company trading profitably which is a significant milestone in its development.

Networks by Wireless is a company providing the installation and maintenance of wireless networking solutions to businesses and local government agencies. As a result of a competitive tendering process, the company was appointed a preferred supplier under the DTI Broadband Aggregation Scheme. Take up of orders under the scheme was however disappointing and with related costs this led to a reduction in profitability in 2004. However, recurring customer revenues have continued to grow. The company is also targeting new customers with existing and new potential products and expects to see a significant upturn in its sales pipeline.

OMG provides proprietary tools and services that enable the capture and analysis of movement to the life science, entertainment and engineering sectors. 2004 was a significant year for the company as it released its first new product for 10 years, and made its first acquisition. Listed on AIM.

Pilat Media Global provides software for managing the business of broadcasting, from content acquisition to transmission. The company had a busy year in 2004, during which time it managed to grow its revenues, triple its pre-tax profits, sign up an additional four new broadcasters and successfully complete a small fund raising. Listed on AIM.

Sarantel develops, manufactures and markets antenna technology for the mobile phone and GPS markets. The last twelve months have been an interesting and transitional period in the company's development. Most significantly it was admitted to AIM in March 2005, where it raised £16.7m net of expenses, and at the time of the Offer, was significantly over-subscribed.

Vectura is an emerging pharmaceutical and drug delivery company. The company is developing a range of inhaled drugs for the treatment of pulmonary diseases, as well as more effective methods for ensuring their delivery to the lungs. It currently has two products in Phase II clinical trials. In July 2004, the company successfully listed on AIM where it raised £20m.

Fixed Interest

In order to provide a return to shareholders on the funds not invested in qualifying and listed investments, the Company has invested in a fixed interest security managed by CAM.

Listed Portfolio

Having adjusted for the effects of cash movements the listed UK share portfolio declined by 9% over the year. Over the three year period to 31 March 2005 the portfolio rose by 11%.

Performance was adversely affected by two specific holdings, Medical Solutions and AEA Technology. During the year a number of new holdings were added to the portfolio, although the overall equity exposure at the end of the year was slightly lower after the effect of sales and valuation adjustments. In particular, profits were taken on Samsung, and the holding in Shire was also reduced; both were large positions relative to the portfolio.

Paul Mumford and Tim Roberts are the executives within CAM responsible for the management of the listed and fixed interest investments.

Investment Manager's Report (continued)

Future Outlook

The forecasts for GDP growth are in retreat and therefore prospects for an advance in UK equity shares as a whole seem modest. As regards the outlook for the listed technology sector, trading thus far has been reasonable for most companies. The overall trend still appears to be upward for revenues but as the global environment appears to be cooling too, valuations themselves appear less likely now to move in any particular direction. CAM continues to review the Company's equity portfolio and currently the stocks held are considered to have good growth prospects. CAM also monitors the prospects for the AIM and unquoted portfolios in line with trends identified in the quoted markets.

Valuation Policy

Unlisted investments are valued in accordance with the accounting policy set out on page 23, which follows the guidelines laid down by the British Venture Capital Association. As well as requiring appropriate provision where an investment is under-performing significantly, the guidelines stipulate that no investment should be revalued upwards within twelve months of its acquisition unless a significant transaction occurs involving an independent third party at arm's length which places a materially different value on the investment.

VCT Qualifying Status

The Company's continuing obligation to meet the Inland Revenue's condition of VCT approval is carefully monitored by CAM and the Directors. The Directors have also retained PricewaterhouseCoopers LLP to advise them in this matter. One of the principal requirements is that from the end of the Company's third accounting period, which was as at 31 March 2003, not less than 70% of the value of the Company's investments should comprise qualifying holdings. The Board is confident that the required level of qualifying investments throughout the year ended 31 March 2005 was achieved, and that this remains the case.

The Investment and Monitoring Processes

CAM provides services in executing and monitoring the venture capital investments, together with administration services for eTechnology VCT plc. Additional qualifying investments are considered as follow-on opportunities arise within the portfolio, or as additions to the portfolio. New investments are also considered particularly as realisations occur, generating funds for potential reinvestment.

Graham Woolfman is an Executive within CAM and is a Director of eTechnology VCT plc. He is assisted by Andrew Sherski, who is an Executive within CAM. The other members of the Board - Michael Teacher, David Svendsen and Neil Metcalfe also provide significant input to the investment and ongoing monitoring processes, on a part-time basis. 'Due diligence', investigation and appraisal are therefore undertaken by a combination of Board members and CAM personnel, often in conjunction with co-investors whom the Company actively seeks in most transactions. Depending on the nature of an investment transaction, the process can take between a few weeks and several months.

Within an investment agreement, eTechnology would usually have the right to appoint a director to the board, or alternatively have board attendance rights or the right to receive monitoring information. If appropriate, one of eTechnology's Directors will become a non-executive director on the board of an investee company, or alternatively a suitable external non-executive director may be brought in. eTechnology in conjunction with CAM seeks to work closely with co-investment partners in the monitoring of investments, and in contributing to the strategic development of investee companies.

Investment Portfolio at 31 March 2005

Qualifying Investments	Holding	Cost £	Valuation £	Balance Sheet	
				% of fund	Profit / (Loss) £
AIM					
Biofocus plc	43,862	127,200	42,108	0.44	(85,092)
OMG plc	233,333	175,000	47,250	0.50	(127,750)
Deltex Medical plc	800,000	200,000	130,000	1.37	(70,000)
Sarantel Group plc	2,452,448	810,223	2,482,039	26.23	1,671,816
Pilat Media Global plc	1,500,000	300,000	652,500	6.90	352,500
Vectura Group plc	1,147,035	553,165	779,984	8.24	226,819
Unlisted					
Jacobs Rimell Ltd	246,489	943,930	427,620	4.52	(516,310)
Burgundy Global Ltd - ordinary B shares	147,058	750,000	500,000	5.28	(250,000)
Burgundy Global Ltd - loan notes of £1 each	550,000	550,000	550,000	5.81	-
		1,300,000	1,050,000	11.09	(250,000)
Networks by Wireless Ltd	700,000	700,000	700,000	7.40	-
Avidex Ltd - ordinary shares	1,353	504,080	504,080	5.33	-
Avidex Ltd - unsecured convertible loan notes 2009/10	76,896	76,986	76,986	0.81	-
		581,066	581,066	6.14	-
Qualifying Investments Subtotal		5,690,584	6,892,567	72.83	1,201,983
Non-Qualifying Investments Listed					
AEA Technology	15,000	63,970	19,500	0.21	(44,470)
Advanced Medical Solutions	500,000	45,991	47,500	0.50	1,509
Anker	15,000	25,251	28,800	0.30	3,549
Antigenics	3,119	24,810	11,018	0.12	(13,792)
Axis Shield	17,000	24,505	42,925	0.45	18,420
Bespak	6,000	27,821	30,300	0.32	2,479
Chloride Group	50,000	23,894	30,500	0.32	6,606
Colt Telecom Group	-	-	-	-	-
Kewill Systems	65,000	113,837	42,250	0.45	(71,587)
Comino Group	12,500	24,319	27,813	0.29	3,494
Domino Printing	-	-	-	-	-
Eckoh Technologies	150,000	20,980	12,938	0.14	(8,042)
Fibernet Group	30,000	25,251	27,750	0.29	2,499
Intec Telecom Systems	50,000	19,531	34,000	0.36	14,469
M L Laboratories	68,750	92,419	13,578	0.14	(78,841)
Medical Solutions	115,000	85,681	8,194	0.09	(77,487)
Morse	25,000	26,839	26,875	0.28	36
Pilat Media Global	5	2	2	-	-
Profile Therapeutics	-	-	-	-	-
Roxboro Group	10,000	24,899	37,100	0.39	12,201
Scipher	225,000	24,949	-	-	(24,949)
Shire Pharmaceuticals	8,000	54,681	48,360	0.51	(6,321)
Skyepharma	59,999	32,578	32,399	0.34	(179)
Spirent	40,000	26,612	25,700	0.27	(912)
Tissue Science	20,000	24,000	35,000	0.37	11,000
TT Electronics	15,000	24,948	30,000	0.32	5,052
TTP Communications	25,000	24,445	11,125	0.12	(13,320)
Turbo Genset	60,000	24,798	6,750	0.07	(18,048)
Taiwan Semiconductor	66,413	97,255	57,326	0.61	(39,929)
Zetex	20,000	26,410	24,500	0.26	(1,910)
Listed –Non Qualifying Subtotal		1,030,676	712,203	7.52	(318,473)
Fixed Interest Stock					
Treasury 5.75% Stk 2009		1,597,895	1,594,662	16.85	(3,233)
Fixed Interest Subtotal		1,597,895	1,594,662	16.85	(3,233)
Non Qualifying Investments Subtotal		2,628,571	2,306,865	24.37	(321,706)
TOTAL INVESTMENT PORTFOLIO		8,319,155	9,199,432	97.20	880,277

Notes:

- Balance sheet values were calculated using mid-market prices at 31 March 2005 in respect of listed investments and shares traded on AIM. Unlisted investments were valued in accordance with the accounting policies as set out on page 23.
- Shares are non-qualifying if they have been acquired in the market rather than as a result of a new issue. The non-qualifying investments are listed on the main list of the London Stock Exchange, AIM or a recognised overseas stock exchange.
- Qualifying investments carry full voting rights.

Ten Largest Investments

Disclosed below are the Company's 10 largest investments as at 31 March 2005, split between qualifying and non-qualifying.

Qualifying Investments

Burgundy Global Ltd

First Investment	December 2000
Equity Held	3.41% undiluted and loan notes
Valuation	£1,050,000 at cost less a provision of £250,000

A land transportation and management software services business operating in the international travel market - specifically chauffeur driven cars, taxis and mini coaches.

Audited accounts have been prepared for the year ended 31 December 2004. Turnover for the period was £13,555,000 with a loss after tax for the period of £2,277,000. The net liabilities at that date were £122,000. £2,137,000 was invested in the company after the year end.

Pilat Media Global plc

First Investment	February 2002
Equity Held	2.97%
Cost	£300,000
Valuation	£652,500 mid-market price

A company providing software that promotes efficient management of programme content and television channel administration from content acquisition to transmission. Demerged from parent company Pilat Technologies Ltd and subsequently listed on AIM.

Audited accounts have been prepared for the year ended 31 December 2004. Turnover for the year was £12,052,232 with a profit after tax of £1,244,275. Net assets at that date were £9,150,742.

Sarantel Group plc

First Investment	February 2003
Equity Held	4.63%
Valuation	£2,482,039 mid-market price

A company developing antenna technology for the GSM/GPS mobile telephony markets.

Audited accounts have been prepared for the year ended 30 September 2004. Turnover for the period was £839,325 with a loss of £3,755,481. The net assets at that date were £5,345,338. Unaudited interim accounts have been prepared for the 6 months to 31 March 2005. Turnover for the period was £1,012,677 with a loss after tax of £2,618,179. The net assets at that date were £19,804,984.

Networks by Wireless Ltd

First Investment	September 2000
Equity Held	13.2% undiluted
Valuation	£700,000 at cost

A company providing the installation and maintenance of wireless networks to businesses and local government agencies.

Audited accounts have been prepared for the year ended 31 January 2005. Turnover for the period was £3,804,314 with a profit after tax of £58,632. The net assets at that date were £2,323,634.

Investment Manager's Report (continued)

Avidex Ltd

First Investment	August 2002
Equity Held	0.44% undiluted ordinary shares/2.31% preference shares
Valuation	£581,066 at cost

A biotechnology company specialising in T-cell receptor research and development. Draft audited accounts have been prepared for the year ended 31 March 2005. Turnover for the period was £85,000 with a loss after tax of £7,464,582. The net assets at that date were £3,475,003.

Vectura Group plc

First Investment	November 2002
Equity Held	1.06%
Valuation	£779,984 mid-market price

A proprietary pharmaceutical and drug delivery company.

Audited accounts have been prepared for the year ended 31 March 2004. Turnover for the period was £4,484,000 with a loss after tax of £7,655,000. Net assets at that date were £21,655,000.

Jacobs Rimell Ltd

First Investment	September 2000
Equity Held	3.6% undiluted
Valuation	£427,620 at valuation based on the last investment round in February 2004

A company that has developed provisioning software for use by next generation network service providers eg. Broadband and interactive TV companies.

Audited accounts have been prepared for the year ended 31 December 2004. Turnover for the year was £6,692,000 with a profit after tax of £146,000. The net assets at that date were £313,000.

Deltex Medical plc

First Investment	November 2001
Equity Held	1.29%
Cost	£200,000
Valuation	£130,000 mid-market price

A company that develops and manufactures non-invasive cardiac output monitoring machines.

Audited accounts have been prepared for the year ended 31 December 2004. Turnover for the year was £2,494,000 with a loss after tax of £2,754,000. Net assets at that date were £1,994,000.

Non Qualifying Investments (listed)

	Cost	Mid Market Value
	£	£
Treasury 5.75% STK 2009	1,597,895	1,594,662
Taiwan Semiconductor	97,255	57,326

Directors' Report

The Directors present their report and audited financial statements for the year ended 31 March 2005.

Activities and status

The principal activity of the Company during the year was the holding of long-term equity and loan investments, mainly in private and AIM listed companies. The Company is an investment company as defined by Section 266 of the Companies Act 1985. It has been listed on the London Stock Exchange since 30 June 2000 and has been granted provisional approval by the Inland Revenue as a Venture Capital Trust. The Chairman's Statement on pages 1-2 includes a review of developments during the year and of future prospects.

The Directors have managed the affairs of the Company with the intention that it qualifies for approval of the Inland Revenue as a Venture Capital Trust for the purposes of Section 842AA of the Income and Corporation Taxes Act 1988, and they have no reason to believe that approval will not be confirmed for the year ended 31 March 2005. The Directors consider that the Company was not at any time up to the date of this report a close company within the meaning of Section 414 of the Income and Corporation Taxes Act 1988.

The Directors are required by the Articles of Association to put an Ordinary Resolution to the members at the Annual General Meeting in 2007 that the Company should continue to operate as a Venture Capital Trust for a further three years, and, if the Company has not been liquidated, reorganised or reconstructed, a similar resolution is to be put to the members at each third Annual General Meeting thereafter. If any such resolution is not passed, the Directors shall convene an Extraordinary General Meeting within nine months to consider proposals for the reorganisation or winding-up of the Company.

Results and dividend

The results for the year are dealt with fully in the financial statements on pages 20 to 29. Net assets attributable to shareholders at the end of the year were £9.46m. The Directors do not recommend the payment of any dividend.

Directors

The Directors of the Company during the year and their interests in the issued Ordinary Shares of 5p of the Company 31 March 2004 and 2005 are as follows:

	Number of Shares
Michael Teacher	30,000
David Svendsen	25,000
Neil Metcalfe	10,000
Graham Woolfman	10,000

All of the Directors' share interests, amounting to 0.55% of the shares in issue, were held beneficially. None of the Directors has options to subscribe for any further shares or debentures in the Company. There were no changes in the Directors' interests between 31 March 2005 and the date of this report.

Directors' and officers' liability insurance

As permitted by Section 310(3) of the Companies Act 1985, the Company has maintained insurance cover on behalf of the Directors and Company Secretary indemnifying them against certain liabilities that may be incurred by them in relation to the Company.

Directors' Report (continued)

Management

CAM has acted as investment adviser and manager to the Company since April 2000. The principal terms of the Company's management agreement with CAM are set out in Note 2 to the financial statements. The Company has no employees.

Creditor payment policy

The Company does not follow any formal code or standard for dealing specifically with the payment of creditors. The Company's payment policy is to agree terms of payment before business is transacted and to settle accounts in accordance with those terms. There were no amounts owing to trade creditors at 31 March 2005 (2004 £nil).

International Financial Reporting Standards

As the Company is not part of a group it is not mandatory for it to comply with International Financial Reporting Standards. The Company will continue to monitor developments on this topic and best practice within its sector in relation to such reporting.

Substantial shareholdings

So far as the Directors are aware, there were no individual shareholdings representing 3% or more of the Company's issued share capital at the date of this report.

Annual General Meeting

Resolutions will be proposed as special business at the Annual General Meeting to:

- renew the authority of the Directors, within limits, to allot equity shares otherwise than pro rata to existing shareholders, and
- renew the authority of the Directors to make market purchases of the Company's shares for cancellation.

It is the intention of the Directors to seek to renew these authorities at each subsequent Annual General Meeting. Whilst the Directors have no present intention of allotting any shares under the first above authority, they seek shareholder consent for it now, as in previous years, in order to avoid the necessity of convening during the year an Extraordinary General Meeting to obtain such consent should it be required, in particular for a special share issue other than pro rata to existing shareholders.

Such a share allotment would be limited to 5% of the nominal value of the current share capital in issue, as recommended by the Association of British Insurers.

Auditors

Grant Thornton UK LLP offer themselves for reappointment as auditors in accordance with section 385 of the Companies Act 1985.

A resolution to reappoint Grant Thornton UK LLP as auditors and to authorise the Directors to fix their remuneration will be proposed at the forthcoming Annual General Meeting.

Statement of 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 of the profit and loss of the Company for that period. In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgments and estimates that are reasonable and prudent; and
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.

Directors' Report (continued)

The Directors are responsible for ensuring that proper accounting records are kept, which disclose with reasonable accuracy at any time the financial position of the Company, enabling them to ensure that the financial statements comply with the Companies Act.

The Directors are also responsible for ensuring that the Directors' Report 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.

They are also responsible for the Company's system of internal financial control, safeguarding the assets of the Company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Corporate Governance

The Directors support the relevant principles of the Combined Code, being the principles of good governance set out in the Combined Code on Corporate Governance published by the UK Listing Authority in July 2003.

Statement of Compliance

The Listing Rules require the Board to report on compliance with the Combined Code provisions throughout the accounting period. Save for the limited exceptions outlined below, the Company has complied throughout the accounting period ended 31 March 2005 with the provisions set out in Section 1 of the Combined Code.

The exceptions to the Combined Code were as follows:

- a) Non-executive Directors' contracts after the first year are on three months' rolling notice, whereas the Combined Code provision is for fixed term renewable contracts. In the Directors' opinion this does not make a substantive difference to the circumstances of the Company since all Directors are required to submit themselves for re-election at least once in every three years. (A.7.2.)
- b) There is as yet no formal procedure for the appointment of non-executive Directors. The existing four Directors were each appointed at the time of the original share issue and the Directors would not expect any change in Board composition for the foreseeable future. Should a change be necessitated, the Board would expect to implement formal procedures as appropriate. (A.4.1.)
- c) Appraisal and performance evaluation processes have not been put in place due to the size of the Board and the nature of the Company's business. (A.1.3 and A.6.1).
- d) As all Directors are non-executive, it is not considered appropriate to appoint a Remuneration Committee. (B.2.1)

The Board

The Company has a Board of four Directors, all of whom are non-executive. With the exception of Graham Woolfman, the Directors are independent of the Company's investment manager. The Chairman, Michael Teacher, has a casting vote, and David Svendsen is the senior independent non-executive Director. Two of the Directors, Michael Teacher and Graham Woolfman, are offering themselves for re-election at this year's AGM, in accordance with the Combined Code. Biographical details of all Board members are shown on page 3.

The Board is of the view that all of the Directors are independent in respect of the Company's investments, other than Michael Teacher and Neil Metcalfe in relation to Networks by Wireless Limited. Their interests in this company are set out in note 17 of the Financial Statements.

Directors' Report (continued)

The full Board meets formally at least four times a year, and on other occasions as required to review the results of the Company, consider any appropriate recommendations by the investment manager, and to make decisions in relation to the qualifying investment portfolio. The Board as a whole is responsible for the procedure of agreeing to the appointment of its own members and of its professional advisers. Other matters specifically reserved to the Board include banking arrangements, related party transactions and review of investments made. The Board receives detailed management accounting information on a quarterly basis, including an investment management report. Any additional information is supplied on request.

The Board has established procedures whereby Directors, wishing to do so in the furtherance of their duties, may take independent professional advice at the Company's expense.

The Board has not appointed either a nominations or remuneration committee as it considers the Board to be small. Appointments of new Directors and changes in remuneration will be referred to the full Board.

During the year ended 31 March 2005, the Board met eight times. All meetings were attended by the full board except that David Svendsen was unable to attend one meeting, and Neil Metcalfe was unable to attend one meeting.

Relations with Shareholders

This year's AGM will be held on 13 September 2005. The Notice of Annual General Meeting is circulated within this Report more than 20 working days before the AGM.

Shareholders have the opportunity to meet the Board at the AGM. Separate resolutions are proposed at the AGM on each separate issue. Proxy votes are counted. In order to comply with the Combined Code, proxy votes will be announced at the AGM, following each vote on a show of hands, except in the event of a poll being called.

In addition to the formal business of the AGM, the Board is available to answer any questions a shareholder may have. The Board is also happy to respond to any written queries made by shareholders during the course of the year.

Going Concern

The Directors are of the opinion that, at the time of approving the financial statements, the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Audit committee

The full board also constitutes the Audit Committee which is convened separately from the Board to deal with matters relating to audit, financial reporting and internal controls systems. The committee meets as required, is chaired by Michael Teacher, and has direct access to Grant Thornton UK LLP, the Company's auditors.

The committee met once in relation to the year ended 31 March 2005 to consider the full year report and to review the operational systems and controls. At present, no non-audit services are provided by the Company's external auditors. The committee considers the need for an internal audit function annually and makes recommendations to the Board. At present, it is not considered that internal audit would be an appropriate control for a Venture Capital Trust of this size.

During the year ended 31 March 2005 the Audit Committee discharged its responsibilities by:

- Reviewing the Company's draft annual financial statement prior to Board approval and meeting with the external auditors to discuss their report;
- Reviewing the appropriateness of the Company's accounting policies;
- Reviewing and approving the audit fee; and
- Reviewing CAM's statement of internal controls operated in relation to the Company's business.

Directors' Report (continued)

Internal Control

The Board has established an ongoing process for identifying, evaluating and managing those risks faced by the Company which are considered to be significant. The Board is responsible for the Company's system of internal control and for reviewing its effectiveness. However, such a system is designed to manage rather than eliminate the risks of failure to achieve the Company's business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss. The effectiveness of the system of internal control has been reviewed by the Board in accordance with the Internal Control Guidance for Directors on the Combined Code.

The Board undertakes an ongoing review of the Company's business risks. This includes reviewing the system of internal control and risk management over the operations and culture of the Company, and to deal with areas of improvement which come to the Board's attention.

By order of the Board
Cavendish Square Secretariat

29 June 2005

Directors' Remuneration Report

The Company presents the Directors' Remuneration Report for the year ended 31 March 2005.

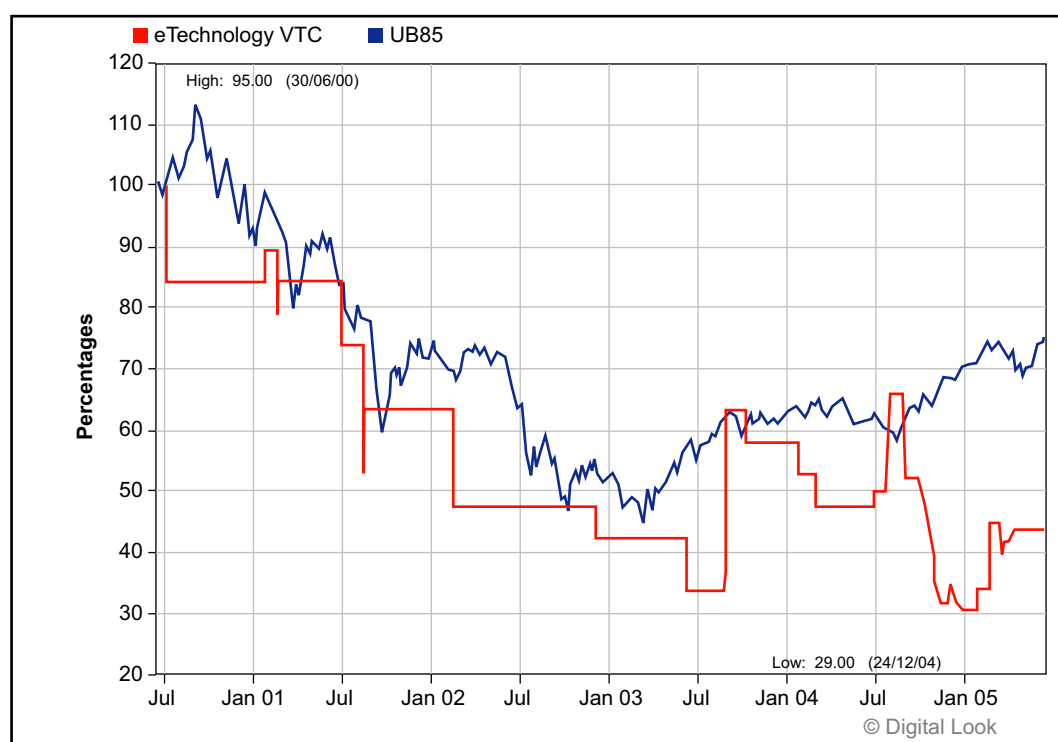
Remuneration committee

There is no separate remuneration committee and the Board performs the duties of a remuneration committee assisted by the Company Secretary.

The Company has no employees other than its Directors, all of whom are non-executive.

Performance graph

The following graph compares the change in the Company's share price with that of the FTSE Investment Companies sector over the period from 1 July 2000 to 15 June 2005. This index is considered to be the most appropriate equity market index for comparative purposes.



Directors' fees (audited)

	2005	2004
	£	£
G J Woolfman	10,000	10,000
D E Svendsen	10,000	10,000
M J Teacher	10,000	10,000
N M Metcalfe	10,000	10,000
	40,000	40,000

Directors' Remuneration Report (continued)

None of the Directors received any non-cash benefits or pension entitlements during the year (2004: £nil). Indirect benefits through investee companies are set out in Note 17 to the Accounts.

No element of the current Directors' remuneration is performance related. The Company has not granted any share options or long-term performance incentives to any of the Directors.

In addition to the above fees, each Director, except Graham Woolfman, is entitled to receive 6% of performance fees based on certain excess profits as defined, and 6% of a termination performance fee as defined. There is no entitlement to any performance fees for the year (2004: £nil).

Remuneration policy

The Board consists solely of four non-executive Directors. Graham Woolfman represents the Investment Manager and the remaining three Directors are independent.

A comparison of the Directors' remuneration with other venture capital trusts of similar size is provided to the Board. This comparison, together with consideration of any alteration in non-executive Directors' responsibilities, is used to review whether any change in remuneration is necessary.

The Board's policy is that the remuneration of non-executive Directors should be sufficient to reflect the duties and responsibilities of the Directors and the amount of time committed to the Company's affairs.

Compensation for loss of office

No Director is entitled to more than his contractual notice period.

Retirement of directors

The Directors are subject to retirement by rotation in accordance with the Company's Articles of Association.

Appointment of directors

None of the Directors has a service contract with the Company. All of the Directors have letters of appointment dated 15 March 2000, which are not for specific terms, and are all subject to 3 months' notice.

By order of the Board

Cavendish Square Secretariat

29 June 2005

Report of the Independent Auditors to the Members of eTechnology VCT plc

We have audited the financial statements of eTechnology VCT plc for the year ended 31 March 2005 which comprise the statement of total return, the balance sheet, the cash flow statement, the principal accounting policies and notes 1 to 17. These financial statements have been prepared under the accounting policies set out therein. We have also audited the information in the Directors' Remuneration Report that is described as having been audited.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The directors' responsibilities for preparing the annual report, the Directors' Remuneration Report and the financial statements in accordance with United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements and the part of the Directors' Remuneration Report to be audited in accordance with relevant legal and regulatory requirements and United Kingdom auditing standards.

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

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

We read other information contained in the annual report, and consider whether it is consistent with the audited financial statements. This other information comprises only the chairman's statement, the investment manager's report, the investment portfolio report, the ten largest investments, the directors' report and the unaudited part of the Directors' Remuneration Report. 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 other information.

BASIS OF OPINION

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

Report of the Independent Auditors to the Members of eTechnology VCT plc (continued)

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

OPINION

In our opinion:

- the financial statements give a true and fair view of the state of affairs of the company at 31 March 2005 and of the revenue return, capital return and total return of the company for the year then ended; and
- the financial statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985.

GRANT THORNTON UK LLP
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS

OXFORD
29 June 2005

eTechnology VCT plc
Statement of Total Return (incorporating the Revenue Account)

For the year ended 31 March 2005

	Notes	Year ended 31 March 2005			Year ended 31 March 2004		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains / (losses) on investments							
- Realised	6	-	(35)	(35)	-	6	6
- Unrealised	6	-	1,262	1,262	-	982	982
Income	1	99	-	99	88	-	88
Investment management fee	2	(138)	(92)	(230)	(124)	(83)	(207)
Other expenses	3	(56)	(38)	(94)	(61)	(40)	(101)
Return on ordinary activities before taxation		(95)	1,097	1,002	(97)	865	768
Tax on return on ordinary activities	4	-	-	-	-	-	-
Return attributable to equity shareholders		(95)	1,097	1,002	(97)	865	768
Transfer to reserves	11	(95)	1,097	1,002	(97)	865	768
Return per ordinary share (basic & diluted)	5	(0.70)p	8.06p	7.36p	(0.71)p	6.36p	5.65p

- The revenue column of this statement is the profit and loss account of the Company
- All revenue and capital items in the above statement derive from continuing operations

The accounting policies and notes on pages 23 to 29 form an integral part of these financial statements.

eTechnology VCT plc

Balance Sheet

As at 31 March 2005

	Notes	2005 £'000	2004 £'000
Fixed assets			
Investments	6	<u>9,199</u>	<u>7,766</u>
Current assets			
Debtors	7	39	44
Cash at bank	8	<u>366</u>	<u>775</u>
		405	819
Creditors (amounts falling due within one year)	9	(141)	(124)
Net current assets		<u>264</u>	<u>695</u>
Total assets less current liabilities		<u>9,463</u>	<u>8,461</u>
Capital and reserves			
Called-up share capital	10	680	680
Share premium	11	-	12,115
Special distributable reserve	11	8,107	-
Capital reserve – realised	11	-	(3,272)
Capital reserve – unrealised	11	880	(953)
Revenue reserve	11	(204)	(109)
Total shareholders' funds		<u>9,463</u>	<u>8,461</u>
Net asset value per ordinary share	12	69.55p	62.18p

The financial statements on pages 20 to 29 were approved by the Directors on 29 June 2005 and are signed on their behalf by:

Michael Teacher
Chairman

Graham Woolfman
Director

The accounting policies and notes on pages 23 to 29 form an integral part of these financial statements.

eTechnology VCT plc

Cash Flow Statement

For the year ended 31 March 2005

	Year Ended 31 March 2005		Year Ended 31 March 2004	
	£'000	£'000	£'000	£'000
Reconciliation of operating profit to net cash outflow from operating activities				
Net return from ordinary activities before tax		(95)		(97)
Amortisation of book cost		-		41
Decrease in debtors		5		6
Increase in creditors		17		7
Management fees and other expenses charged to capital		(130)		(123)
Net cash outflow from operating activities		(203)		(166)
Capital expenditure and financial investments				
Purchase of investments		(473)		(2,480)
Sale of investments		267		1,712
Net cash outflow from financial investment		(206)		(768)
Decrease in cash for the year		(409)		(934)
Reconciliation of net cash flow to movement in net funds				
Decrease in cash for the year		(409)		(934)
Net funds at 31 March 2004		775		1,709
Net funds at 31 March 2005		366		775

The accounting policies and notes on pages 23 to 29 form an integral part of these financial statements.

Principal Accounting Policies

A summary of the principal accounting policies, all of which have been applied consistently throughout the period, is set out below.

a. Basis of accounting

The financial statements have been prepared under the historical cost convention as modified to include the revaluation of investments, and on the assumption that approval as a Venture Capital Trust is forthcoming. The financial statements have been prepared in accordance with applicable accounting standards and with the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies' (issued Jan 2003).

b. Investments

Listed investments, and those quoted on the Alternative Investment Market, are valued at middle market prices. In the event that the shares held by the Company are subject to certain restrictions, or the holding is significant in relation to the traded issued share capital of the relevant company, then the Directors may apply a discount to the relevant middle market price.

Realised surpluses and deficits on the disposal of investments are taken to capital reserve-realised and unrealised surpluses and deficits on the revaluation of investments are taken to capital reserve-unrealised.

Investments in unlisted companies are valued in accordance with British Venture Capital Association (BVCA) guidelines. The Directors' policy in valuing unlisted investments is to carry them at cost except in the following circumstances:

- Where the company's performance against plan indicates a diminution in the value of the investment
- Where a company is well established with a record of profitability, the shares may be valued by applying a suitable price earnings ratio to the company's historic post-tax earnings. When applying such ratios, the Directors will take into account comparable listed companies or sectors and will reflect the lack of marketability
- Where a significant transaction occurs involving an independent third party at arms-length who values the investment at a materially different value.

c. Income

Dividends receivable on equity securities are brought into account on the ex-dividend date. Fixed returns on non-equity shares and on debt securities which are to be held to maturity are recognised on a time apportionment basis so as to reflect the effective yield.

d. Foreign Currency

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. All exchange differences are dealt with in the profit and loss account.

e. Expenses

All expenses are accounted for on an accruals basis. Expenses are charged 60% to revenue and 40% to capital to reflect an appropriate allocation of resources, taking into account the change in the investment portfolio.

f. Deferred Taxation

Deferred tax is recognised on all timing differences where the transaction or events that give the Company an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the balance sheet date.

Notes to the Financial Statements

For the year ended 31 March 2005

1. Investment Income

	2005 £'000	2004 £'000
Dividends received	8	1
Interest on government stocks	86	76
Bank interest	5	2
Fees received	-	9
	<u>99</u>	<u>88</u>

2. Investment Management Fee

The Investment Manager to the Company is Cavendish Asset Management Limited.

CAM is entitled to receive an annual fee of up to 2.5% (net of VAT) of the net assets of the Company payable quarterly in advance, on 30 June, 30 September, 31 December and 31 March in each year. The fee is charged 60% to revenue and 40% to capital. The termination notice period of this contract is 6 months.

3. Other Expenses

	2005 £'000	2004 £'000
Secretarial services	-	5
Directors' remuneration	40	40
Auditors' remuneration – audit services	8	8
Legal and professional services	6	3
Other expenses	40	45
	<u>94</u>	<u>101</u>

4. Tax on Return on Ordinary Activities

No taxation arises for the year due to the availability of revenue losses brought forward. No deferred tax asset has been recognised in relation to excess management expenses carried forward estimated at £695,000 (2004: £450,000) due to uncertainty as to their recoverability.

	2005 £'000	2004 £'000
(Loss)/profit on ordinary activities before tax	<u>(95)</u>	<u>(97)</u>
(Loss)/profit on ordinary activities multiplied by the standard rate of UK corporation tax of 30% (2004: 30%)	(29)	(29)
Expenses not deductible for tax	-	5
Revenue expenses in capital account	(39)	(24)
Dividends	(1)	-
	<u>(69)</u>	<u>(48)</u>
Losses carried forward	69	48
	<u>-</u>	<u>-</u>

Notes to the Financial Statements (continued)

For the year ended 31 March 2005

5. Return per Share

The revenue return per share is based on net loss from ordinary activities after tax of £95,000 and on 13,606,734 shares, being the weighted average number of shares in issue during the year.

The capital return per share is based on net realised and unrealised gains for the period of £1,097,000 and on 13,606,734 shares, being the weighted average number of shares in issue during the year.

6. Investments

	2005	2004
	£'000	£'000
Investments listed on a recognised investment exchange	4,845	2,066
Unlisted stocks	2,759	4,118
UK fixed interest stocks	1,595	1,582
	9,199	7,766

Movements in investments during the year are summarised as follows:-

	Listed	Unlisted	UK fixed interest	Total
	£'000	£'000	£'000	£'000
Valuation at 31 March 2004	2,066	4,118	1,582	7,766
Purchases at cost	204	269	-	473
Transfers	1,378	(1,378)	-	-
Disposals:				
– proceeds	(267)	-	-	(267)
– realised losses on disposals	(35)	-	-	(35)
– previous unrealised losses on disposals	76	495	-	571
Unrealised appreciation/(depreciation) and amortisation of book cost	1,423	(745)	13	691
Valuation at 31 March 2005	4,845	2,759	1,595	9,199
Book cost at 31 March 2005	3,196	3,525	1,598	8,319
Unrealised gains/(losses) at 31 March 2005	1,649	(766)	(3)	880
	4,845	2,759	1,595	9,199

The overall gain/(loss) on investments for the period shown in the statement of total return is analysed as follows:-

	2005	2004
	£'000	£'000
Net realised (losses)/gains on disposal	(35)	6
Increase in unrealised appreciation	1,262	982
	1,227	988

Details of the investments are disclosed within the Investment Portfolio on page 8.

Notes to the Financial Statements (continued)

For the year ended 31 March 2005

Details of shareholdings in those companies where the Company's holding at 31 March 2005 represents (1) more than 10% of the allotted equity share capital of any class, (2) more than 10% of the total allotted share capital, or (3) more than 10% of the assets of the Company itself, are given below. All investee companies are incorporated in England and Wales, with the exception of Antigenics, Taiwan Semiconductor and Turbo Genset.

Company	Class of share	Number held	Proportion of share capital held
Networks by Wireless Limited	Ordinary Shares	700,000	14.1%

7. Debtors

	2005 £'000	2004 £'000
Prepayments and accrued income	39	44

8. Cash at Bank

Out of the total cash balance of £366,000, cash of £186,000 was held in a non-interest bearing reserve at Barclays Bank plc. These funds were principally reserved for qualifying investments earmarked for completion and to meet certain working capital requirements of the Company.

9. Creditors (amounts falling due within one year)

	2005 £'000	2004 £'000
Amounts accrued due to Investment Manager	93	61
Accruals and deferred income	48	63
	<u>141</u>	<u>124</u>

10. Share Capital

	2005 £'000	2004 £'000
Authorised: 16,000,000 ordinary shares of 5p each	800	800
Allotted, issued and fully paid 13,606,734 ordinary shares of 5p each	<u>680</u>	<u>680</u>

Notes to the Financial Statements (continued)

For the year ended 31 March 2005

11. Reserves

	Share premium £'000	Special distributable reserve £'000	Capital reserve - realised £'000	Capital reserve - unrealised £'000	Revenue reserve £'000
At 31 March 2004	12,115	-	(3,272)	(953)	(109)
Cancellation of share premium account	(12,115)	12,115	-	-	-
Realised gain on disposal of investments	-	-	(35)	-	-
Previous unrealised losses realised in the year	-	-	(571)	571	-
- disposals	-	-	(571)	571	-
Apportioned capital expenditure	-	-	(130)	-	-
Net increase in unrealised appreciation/(depreciation)	-	-	-	1,262	-
Net return for the year	-	-	-	-	(95)
Transfer of realised capital deficit	-	(4,008)	4,008	-	-
At 31 March 2005	-	8,107	-	880	(204)

The Special Distributable Reserve was created on 9 February 2005 following the cancellation of the Share Premium account in accordance with the special resolution passed by shareholders at the Extraordinary General Meeting held on 10 January 2005. The Special Distributable Reserve allows the Company to fund the buy-back of its ordinary shares and is a distributable reserve.

12. Net asset value per share

The calculation of net asset value per share as at 31 March 2005 is based on net assets of £9,463,000 divided by the 13,606,734 ordinary shares in issue.

13. Reconciliation of movements in equity shareholders' funds

	2005 £'000	2004 £'000
Return on ordinary activities after tax	1,002	768
Net movement in Shareholders' funds	1,002	768
Opening Shareholders' funds	8,461	7,693
Closing Shareholders' funds	9,463	8,461

14. Analysis of changes in net funds

	At 1 April 2004 £'000	Cash flow in the year £'000	At 31 March 2005 £'000
Cash at bank	775	(409)	366

Notes to the Financial Statements (continued)

For the year ended 31 March 2005

15. Analysis of Financial Assets and Liabilities

Objectives, policies and strategies

As a Venture Capital Trust, the Company's objective is to provide shareholders with an attractive income and capital return by investing its funds in a broad spread of listed and unlisted UK companies which meet the relevant criteria for venture capital trusts.

The Company's financial instruments comprise:

- Shares in unlisted and listed companies.
- Cash, liquid resources and short-term debtors and creditors that arise directly from the Company's operations.

The main risks arising from the Company's financial instruments are fluctuations in market price for listed investments and fluctuations in valuations, including the issue of going concern, for unlisted investments.

Market price risk

Market price risk arises mainly from uncertainty about future prices of financial instruments used in the Company's business. It represents the potential loss the Company might suffer through holding market positions by way of price movements. These risks are monitored by the Investment Manager on a regular basis and by the Board.

Liquidity risk

Many of the Company's investments are in listed securities, which can be sold to meet funding commitments if necessary. Furthermore, at the Balance Sheet date £366,000 was held in cash.

Interest rate risk

The Company finances its operations through share capital raised and retained profits including both realised and unrealised capital profits.

At the year end and throughout the year, the Company had no liabilities that were subject to interest rate risk.

The Company has no committed borrowing facilities as at 31 March 2005.

The Company had a holding of 1,597,895 units of 5.75% 2009 Treasury Stock.

Foreign currency risk

The functional currency of the Company is sterling. The Company does however have some cash balances denominated in foreign currencies. The Company does not hedge against the effects of movements in exchange rates. The risks are monitored by the Investment Manager and the Board on a regular basis.

Fair value of financial assets and financial liabilities

There is no material difference between the fair values of financial assets and liabilities and their book value at the balance sheet date.

Notes to the Financial Statements (continued)

For the year ended 31 March 2005

16. Post Balance Sheet Events

Since 31 March 2005, eTechnology VCT plc has committed to invest a further £50k into Burgundy Global as part of its restructuring, subject to receiving approval from the Inland Revenue that the investment would remain fully compliant with VCT legislation.

17. Related Party Interests

The following Directors held shares and options in an eTechnology VCT plc investee company throughout the year as listed below:

Director	Company	Shares	Options
Michael Teacher	Networks by Wireless Ltd	150,000	662,500
Neil Metcalfe	Networks by Wireless Ltd	-	300,000

Notice of Annual General Meeting

Notice is hereby given that the fifth Annual General Meeting of eTechnology VCT plc is to be held on Tuesday 13 September 2005 at **West World, West Gate, London W5 1DR**, commencing at 14.00, for the purposes detailed below.

Ordinary Business

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

- 1) To receive and adopt the Directors' Report and Accounts of the Company for the year ended 31 March 2005, together with the report of the auditors thereon.
- 2) To re-elect as Director Mr M Teacher, who retires under Article 117 of the Articles of Association of the Company and, being eligible, offers himself for re-election.
- 3) To re-elect as Director Mr G Woolfman, who retires under Article 117 of the Articles of Association of the Company and, being eligible, offers himself for re-election.
- 4) To re-appoint Grant Thornton UK LLP to hold office as auditors of the Company until the conclusion of the next Annual General Meeting at which accounts for the Company are presented and to authorise the Directors to determine the auditors' remuneration.
- 5) In accordance with the Companies Act 1985 S241A(3), to approve on an advisory only basis the Directors' Remuneration Report contained in the Annual Report.

Special Business

To consider and, if thought fit, pass the following resolutions, Resolution No 6 being an Ordinary Resolution, and Resolutions No 7 and No 8 being Special Resolutions:

- 6) (1) That, in accordance with Section 80 of the Companies Act 1985, the Directors be and are hereby generally and unconditionally authorised to exercise all the powers of the Company to allot relevant securities of the Company to such persons at such times and generally upon such terms and conditions as the Directors may determine and subject to the following provisions :
 - (a) this authority shall (unless previously revoked, varied or renewed) be for a period expiring on the later of fifteen months from the date hereof and the conclusion of the Annual General Meeting of the Company next following the passing of this Resolution;
 - (b) this authority shall be limited to the allotment of relevant securities up to an aggregate nominal value of £120,000.
- (2) For the purpose of sub-paragraph 6(1) above:
 - (a) the said authority shall allow and enable the Company to make an offer or agreement at any time prior to the expiry of that authority which would or might require relevant securities to be allotted after such expiry and the Directors may allot relevant securities in pursuance of such an offer or such agreement notwithstanding the expiry of such power; and
 - (b) words or expressions defined in or for the purpose of Part IV of the Companies Act 1985 shall bear the same meaning herein.
- (3) The authority conferred by sub-paragraph 6(1) above shall be in substitution for all previous authorities conferred upon the Directors to allot relevant securities.

Notice of Annual General Meeting (continued)

- 7) (1) That, in accordance with Section 95 of the Companies Act 1985 (“the Act”), the Directors be and are hereby given power to allot equity securities, as defined in Section 94(4) of the Act, for cash pursuant to the general authority conferred upon the Directors by Resolution 6 above as if sub-section (1) of Section 89 of the Act did not apply to any such allotment, provided that the power hereby granted:
- (a) shall be limited to:
 - (i) the allotment of equity securities in connection with or pursuant to an offer by way of rights to the holders of ordinary shares in the capital of the Company and other persons entitled to participate therein for cash in proportion (as nearly as may be) to the holdings of ordinary shares of such holders (or, as appropriate, to the numbers of ordinary shares which such other persons are for these purposes deemed to hold), subject only to such exclusions or other arrangements as the Directors may consider necessary or expedient to deal with fractional entitlements or legal or practical problems under the laws of, or the requirements of, any recognised regulatory body in any territory;
 - (ii) the allotment (other than pursuant to sub-paragraph (a)(i) of this proviso) of equity securities up to an aggregate nominal amount equal to five per cent of the aggregate nominal value of the ordinary shares in the Company then in issue;
 - (b) shall (unless previously revoked, varied or renewed) expire at the later of fifteen months from the date hereof and the conclusion of the Annual General Meeting of the Company next following the passing of this Resolution.
- (2) The said power shall allow and enable the Company to make an offer or agreement before the expiry of that power which would or might require equity securities to be allotted after such expiry, and the Directors may allot equity securities in pursuance of such an offer or such agreement notwithstanding the expiry of such power.
- (3) Words and expressions defined in or for the purposes of Part IV of the Companies Act 1985 shall bear the same meaning herein.
- 8) That the Company be and is hereby unconditionally authorised, as permitted by Section 166 of the Companies Act 1985, to make market purchases (within the meaning of Section 163(3) of that Act) of Ordinary Shares of 5p each in the capital of the Company (‘Ordinary Shares’) provided that:
- (i) the maximum number of Ordinary Shares hereby authorised to be purchased shall be 500,000;
 - (ii) the minimum price to be paid for an Ordinary Share is 5p exclusive of all expenses;
 - (iii) the maximum price that may be paid for an Ordinary Share is an amount, exclusive of all expenses, equal to 105 per cent of the average of the middle market quotations for the Ordinary Shares as derived from the Daily Official list of the London Stock Exchange for each of the ten business days immediately preceding the day on which the Ordinary Share is contracted to be purchased;
 - (iv) the authority hereby conferred shall expire on the later of fifteen months from the date hereof and the next Annual General Meeting of the Company except to the extent that the same may have been renewed or extended prior to that date;
 - (v) the Company may however, whilst this authority continues to run, validly make a contract to purchase Ordinary Shares under the authority hereby conferred which will or may be completed after its expiry, and any such completion will accordingly be valid.

By order of the Board
Cavendish Square Secretariat
29 June 2005

Registered Office:
Chelsea House, West Gate
London W5 1DR

Notice of Annual General Meeting (continued)

Notes:

(i) A member entitled to attend and vote at the Meeting convened by this notice is entitled to appoint one or more proxies to attend and, on a poll, to vote in his or her stead. A proxy need not be a member of the Company. The appointment of a proxy will not preclude a member from being present at the Meeting and voting in person if he or she should subsequently decide to do so.

(ii) To be valid, forms of proxy must be lodged with the Company's registrars at:

Capita Registrars
Proxy Department
The Registry
34 Beckenham Road
Beckenham
Kent, BR3 4TU

not later than 48 hours before the time appointed for the holding of the Meeting.

(iii) The following documents will be available for inspection at the Company's Registered Office at Chelsea House, West Gate, London W5 1DR during normal business hours on any weekday (public holidays excepted) from the date of this Notice until the date of the Annual General Meeting and at the Annual General Meeting, for 15 minutes prior to and during the Meeting:

- (a) the register of Directors' interests in the ordinary shares of the Company kept in accordance with Section 325 of the Companies Act 1985;
- (b) copies of the service contracts/letters of appointment of all Directors of the Company; and
- (c) a copy of the Memorandum and Articles of Association of the Company.



Proxy Form
eTECHNOLOGY VCT plc
for use at the Annual General Meeting
to be held on 13 September 2005

I/We
 (block capitals please)

of
 being holders of ordinary shares in the Company, hereby appoint

.....
 or failing him/her the Chairman of the meeting to be my/our proxy and vote for me/us on my/our behalf at the fifth Annual General Meeting of the Company to be held on 13 September 2005 or at any adjournment thereof. I/We desire the proxy to vote as indicated below in respect of the resolutions which are set out fully in the notice of meeting

Resolution

No.	For	Against
1. To receive and adopt the Report and Accounts for the year ended 31 March 2005	<input type="checkbox"/>	<input type="checkbox"/>
2. To re-elect Mr M Teacher as a director	<input type="checkbox"/>	<input type="checkbox"/>
3. To re-elect Mr G Woolfman as a director	<input type="checkbox"/>	<input type="checkbox"/>
4. To re-appoint Grant Thornton UK LLP as auditors and authorise the Directors to fix the auditors' remuneration	<input type="checkbox"/>	<input type="checkbox"/>
5. In accordance with the Companies Act 1985 S241A to approve on an advisory only basis the Directors' Remuneration Report contained in the Annual Report.	<input type="checkbox"/>	<input type="checkbox"/>
6. To authorise the Directors to allot shares under Section 80 of the Companies Act 1985	<input type="checkbox"/>	<input type="checkbox"/>
7. To disapply Section 89 of the Companies Act 1985 in relation to certain allotments of equity securities	<input type="checkbox"/>	<input type="checkbox"/>
8. To authorise the Company to make purchases of its ordinary shares in accordance with Sections 164 and 166 of the Companies Act 1985	<input type="checkbox"/>	<input type="checkbox"/>

Signed Date 2005

Notes:

- 1 A member wishing to appoint a person other than the Chairman of the meeting as proxy should enter the name and address of such person in the space provided. A proxy need not be a member of the Company.
- 2 Use of the proxy does not preclude a member from attending and voting in person.
- 3 Where this form of proxy is executed by a corporation it must be either under its common seal or under the hand of an officer or attorney duly authorised.
- 4 If the proxy form is signed and returned without any indication as to how the proxy shall vote, you will be deemed to have authorised the proxy to exercise his/her discretion as to whether and how he/she votes.
- 5 To be valid, the proxy form, together with, if applicable, the power of attorney or other authority under which it is signed, or a certified copy thereof, must be received duly completed at the offices of the Company registrars, Capita Registrars, Proxy Department, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU, not less than 48 hours before the time fixed for the meeting to be held.
- 6 In the case of joint shareholders any one of them may sign. The vote of the first person whose name appears first on the register of members will be accepted to the exclusion of all others.

Attendance indication

Shareholders who propose to attend the Annual General Meeting are requested to tick the box below in order to assist with administrative arrangements.

Shareholders who wish to elect to receive further communication from the Company only by email are requested to provide their email address below.

.....



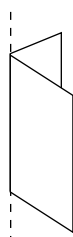
A

C

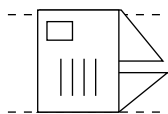
PLEASE
AFFIX
STAMP
HERE

Capita Registrars
Proxy Department
The Registry
34 Beckenham Road
Beckenham
Kent BR3 4TU

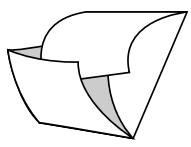
Fold in half along line A



Fold back along lines B and C



Tuck flap C into flap B



B

A

