

Singer & Friedlander AIM 3 VCT plc

REPORT AND ACCOUNTS

for the year ended 31st January 2009



AIM 3 VCT

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Directors, Managers and Advisers

Directors

Christopher John Leon Moorsom
James Daryl Hambro*
Mike Sedley Killingley*
David Michael Page*
Dominic Marius Dennis Anthony Wheatley*

*Independent non-executive directors.

All the directors above are of:
Austin Friars House
2-6 Austin Friars
London EC2N 2HD

Secretary

Evolution Group Services Ltd
100 Wood Street
London EC2V 7AN

Manager (up to 20 October 2008)

Singer & Friedlander Investment
Management Limited
*(Authorised and regulated by the
Financial Services Authority)*
21 New Street
London EC2M 4HR

Manager (from 21 October 2008)

Williams de Broë Limited
*(Authorised and regulated by the
Financial Services Authority)*
Austin Friars House
2-6 Austin Friars
London EC2N 2HD

Solicitors to the Company

Travers Smith
10 Snow Hill
London EC1A 2AL

Independent Auditors

PricewaterhouseCoopers LLP
Hay's Galleria
1 Hay's Lane
London SE1 2RD

VCT Status Adviser

PricewaterhouseCoopers LLP
1 Embankment Place
London WC2N 6RH

Bankers

National Westminster Bank plc
City of London Office
PO Box 12264
Third Floor
Princes Street
London EC3A 7NN

Administrator

Capita Sinclair Henderson Limited
Beaufort House
51 New North Road
Exeter
Devon EX4 4EP

Registrar

Capita IRG plc
Northern House
Woodsome Park
Fenay Bridge
Huddersfield
West Yorkshire HD8 0GA

Stockbroker

Matrix Corporate Capital LLP
1 Vine Street
London W1J 0AH

Corporate Policy and Financial Highlights

Objectives

The objective of the Singer & Friedlander AIM 3 VCT plc (the "Company") is to provide shareholders with an attractive and competitive investment return from a portfolio of companies whose shares are primarily traded on the Alternative Investment Market (AIM). The Manager's continuing objective is to manage the current portfolio so as to maximise returns for investors for the qualifying period and beyond.

VCT Dates

The Company's financial calendar for the year to 31 January 2010 is as follows:

May 2009	Final report for the year ended 31 January 2009 published
June 2009	Interim Management Statement released
June 2009	Annual General Meeting (London)
September 2009	Half-yearly report for the half-year to 31 July 2009 published
November 2009	Interim dividend paid (if applicable)
November 2009	Interim Management Statement released

Performance Summary

	31 January 2009	31 January 2008
Total net assets	£19,198,113	£35,416,304
Net asset value per share	44.46p	78.76p
Total dividends for the year	£1,117,166	£1,843,741
Dividend per ordinary share (paid in the year)	2.50p	4.00p
Qualifying investments of the current investment portfolio	80.23%	82.83%
Total dividends paid and proposed to date	9.75p	9.25p

Board Review of the Year

Introduction

The last year or so has been an extraordinarily bad period for virtually all investors but particularly those exposed to the Alternative Investment Market. In addition to these market factors we also experienced the demise of Kaupthing Singer & Friedlander Limited, the former parent of our Investment Manager. As you should already be aware, this did not result in any loss to the Trust but has resulted in an effective transfer of the management to Williams de Broë Limited.

As reported at the Interim stage we did receive a VAT rebate of close to £0.75m earlier in the year and this has helped to strengthen an already healthy cash and fixed interest stock position. We have also benefited from a number of cash takeovers during the year, a trend that is expected to continue given the unfortunately low stock market valuation levels.

Performance

During the second half to 31 January 2009 the Company's net asset value (NAV) fell by 28.1% after adjusting for the 0.5 pence dividend paid on the 24 October 2008 to 44.46 pence. Over the same period the AIM Index fell by 50.4% and the All Share Index fell by 23.0%. The AIM index is not directly comparable with our performance as it includes resource stocks, which are generally ineligible for VCT investment.

For the year as a whole, allowing for a total of 2.5 pence per share paid in dividends, the NAV fell by 40.4% whilst the AIM Index fell by 57.6%. The All Share Index over the same period fell by 27.8%.

Since launch in early 2001 the Trust has fallen by 43.0% whilst the AIM Index has declined by 67.9% and the All Share Index is down by 7.1%.

Shareholders who originally invested in the 'C' Share issue of the Singer & Friedlander AIM 3 VCT in April 2005, adjusted for the conversion ratio from December 2005, have seen a fall of 43.2% whilst the AIM Index has declined by 61.1%.

Shareholders who originally invested in Singer & Friedlander AIM 2 VCT (after allowing for dividend payments from that fund of 5.25 pence) have seen an effective decline in NAV of 53.1% since launch in April 2000. Over the same period the AIM Index has fallen by 78.4%.

Shareholders who originally invested in Singer & Friedlander AIM VCT, launched in late 1998/early 1999 (after allowing for dividend payments from that fund of 32.4 pence and the relevant conversion ratio) have seen a decline of 39.4%.

The above returns do not take into account any tax relief that shareholders may have received.

Results and Dividends

The total loss for the year was £14,067,134 or 31.92 pence per share (31 January 2008: loss of £4,779,621 or 10.34 pence per share) with the majority coming from capital losses as share prices have fallen. Shareholders funds reduced to £19,198,113 (31 January 2008: £35,416,304) primarily as a result of the reduction in value of the investment portfolio but also owing to the share buy back programme and the payment of dividends. Cash flow was negative with a net outflow of £17,062 after funding the final and interim dividends costing £1,117,166 and the repurchase of shares at £1,072,526.

Following the payment of a 0.5 pence per share interim dividend, your Board is not recommending the payment of a final dividend due to the current difficult market background and your Board's desire to preserve a strong cash position.

Fund Manager and Change of Name

As shareholders will be aware from the Interim Management Statement published last November the management of the Trust is now being carried out by Williams de Broë Limited. The Board is therefore proposing to change the name of the Company to ViCTory VCT PLC. Shareholder approval to this change is being sought at the forthcoming AGM.

Investment Strategy

The objective of the Company is to provide shareholders with an attractive and competitive investment return from a portfolio of companies whose shares are primarily traded on the Alternative Investment Market (AIM). Returns will be enhanced as a consequence of dividends and capital gains being free of tax for private investors.

Portfolio commentary and developments

The portfolio continues to comply with the HM Revenue & Customs criteria for VCT qualification and at the year end consisted of 53 companies; of these companies 46 were quoted on AIM, 1 was traded on the PLUS Markets platform, 2 were fully listed and the remaining 4 were unquoted. Unquoted investments represented 8.6% of net assets whilst fixed interest investments and cash accounted for 40.2%.

Cash balances at the period end stood at some £2.0m.

As we observed at the Interim stage the market became increasingly illiquid and difficult as the economic background hardened during the course of our financial year. Fortunately we have been able to boost liquidity by virtue of a number of cash takeovers, in particular, those of Imprint, Tissue Science Laboratories and Xpertise Group. In the absence of this activity it remains difficult to realise cash from disposals and this has, in any event, become increasingly undesirable as valuations have fallen even further.

New investment activity has also been limited, partly as a result of the lack of new and secondary issues and partly due to our desire to preserve our cash balance in anticipation of opportunities that may present themselves in the coming months.

Share Repurchases

During the period the company repurchased 1,790,041 shares representing 3.98% of our brought forward issued share capital. These shares were bought at between 10-40% discount to the prevailing NAV per share at the time. The Trust will continue to repurchase its own shares from time to time as appropriate and within the powers granted at the AGM. These transactions are handled by our stockbroker, Matrix Securities.

Outlook

AIM has now been in a bear market for nearly two years and, as shareholders are all too aware, the devastation in share values has been substantial. It does now appear that the worst of the falls has passed and some tentative signs of investor confidence are returning. This is not surprising given the attractive valuations on offer and, in particular, the lack of return available on other asset classes including cash and Government bonds. We believe that the portfolio is well positioned to benefit assuming this recent recovery continues.

As at 23 April 2009, the NAV per share was 45.40 pence.

In the opinion of the Directors, the principal risks and uncertainties for the Company for the new financial year and beyond are stock market related; the level of the NAV per share is dependent principally on market movements which, in the short term, are very difficult to predict.

Christopher Moorsom (Chairman)

James Hambro

Mike Killingley

David Page

Dominic Wheatley

Singer & Friedlander AIM 3 VCT plc

30 April 2009

Investment Portfolio Summary

AIM Quoted Companies	Sector	Nature of business	Purchase cost	Valuation at 31 January 2009	Percentage of net assets	Percentage of company managed by Investment Manager
			£	£	%	%
1st Dental Laboratories	Healthcare equipment & services	Manufacture of dental appliances	450,000	73,667	0.38	6.31
Aero Inventory	Aerospace & defence	Procurement and inventory management for the aerospace industry	1,289,924	1,169,600	6.09	2.85
AssetCo	Support services	Provision of equipment and services to the emergency and rescue services	370,835	143,239	0.75	1.73
Autoclenz Holdings	Support services	Car valeting and vehicle preparation services	131,440	16,256	0.08	9.80
Avingtrans	Industrial engineering	Provider of precision engineering components and services	528,333	211,400	1.10	29.70
Bright Things	Leisure goods	Development and commercial exploitation of an educational children's games platform associated software	452,500	13,008	0.07	2.48
Cello Group	Media	Core activities of market research, brand advertising and direct marketing and database management	257,625	72,000	0.37	16.52
Chromogenex	Healthcare equipment & services	Design, manufacture and distribute aesthetic and therapeutic laser and aesthetic light based technology devices	13,875	375	-	4.05
Clerkenwell Ventures	General financial	Investing company formed to acquire businesses in the leisure sector	690,490	569,324	2.96	4.00
Coolabi	Media	Specialises in the ownership and development of intellectual property assets	210,865	56,231	0.29	15.41
Ebiquity (formerly Thomson Intermedia)	Media	Provide marketing services via innovative systems and consultancy	729,005	79,465	0.41	1.22
eXpansys	General retailers	Leading retailer and distributor of smartphones and handheld devices to retail and corporate customers	449,500	32,937	0.17	2.69
First Artist Corporation	Media	Management and representation business for personalities in the football and television market	704,265	58,261	0.30	4.52
Fountains	Support services	An environmental services business undertaking vegetation management and forest management	155,852	52,168	0.27	4.19
Fulcrum Pharma	Pharmaceuticals & biotechnology	Offering global virtual drug development and strategic outsourcing services to the pharmaceutical industry	379,532	95,673	0.50	5.75
Gilsten	Food producers	The manufacture and sale of confectionery, ingredients and snacking products to retailers, manufacturers, organic market and food service sector	220,000	286,000	1.49	6.01
Huveaux	Media	The creation, development and distribution of information to business and professional markets	595,868	140,000	0.73	3.94
IDOX	Software & computer services	Provider of software solutions and services to Local Authorities, specialising in document and content management	270,500	243,450	1.27	5.88
ILX Group	Support services	Providers of financial training through traditional courses, paper-based training and innovative electronic based training	374,960	106,488	0.55	10.43
Individual Restaurant Company	Travel & leisure	Operation of large stylish brasserie type restaurants	143,145	28,235	0.15	0.51
Intelligent Environments Group	Software & computer services	Provision of online software products for the credit card and investment markets	116,123	242,344	1.26	9.05
Just Car Clinics Group	General retailers	Owns car repair centres	95,865	121,241	0.63	2.11
Knowledge Technology Solutions	Media	Development and sale of proprietary software and publishing financial information service across the Internet	345,377	64,405	0.33	18.52

SINGER & FRIEDLANDER AIM 3 VCT PLC

AIM Quoted Companies	Sector	Nature of business	Purchase cost	Valuation at 31 January 2009	Percentage of net assets	Percentage of company managed by Investment Manager
			£	£	%	%
Lo-Q	Travel & leisure	Development and application of virtual queuing technologies	760,000	296,400	1.54	5.29
Mediwatch	Healthcare equipment & services	Development and supply of primary care products used in the diagnosis of urological disorders and prostate cancer detection	1,059,611	832,667	4.34	7.79
Mount Engineering	Industrial engineering	Engineering company specialising in the areas of thread converting adaptors and valves, supplying the oil, gas and petrochemical industries	409,277	321,575	1.68	7.91
Music Copyright Solutions	Media	Music copyright administration and the exploitation of musical compositions	268,750	35,570	0.19	2.79
Neutrahealth	Food producers	Sale and distribution of nutraceutical products	279,470	60,837	0.32	4.97
Optimisa	Media	Optimisa is a marketing services business positioned in the space between large management consultancies and traditional market research and intelligence providers	403,000	42,780	0.22	2.09
Petards Group	Support services	Development and provision of security systems and monitoring equipment, CCTV, visual alarm systems, mobile data terminals	82,860	22,096	0.12	2.18
Playgolf Holdings	Travel & leisure	Golf course and driving range management	255,000	30,000	0.16	2.49
Prezzo	Travel & leisure	Restaurant operators	171,221	366,000	1.91	1.75
Pubs 'n' Bars	Travel & leisure	Operation of 95 pubs in London and the West of England	281,813	16,775	0.09	4.83
Quadnetics Group	Support services	Development, design, integration and management of advanced surveillance technology and security networks	341,381	118,832	0.62	1.72
RTC Group (formerly ATA Group)	Support services	Services encompassing assessment services in the contingency database and advertising selection recruitment businesses	220,375	134,375	0.70	7.49
Relax Group (formerly Debts.co.uk)	Financial services	Provider of a range of financial services, including IVAs, debt management solutions and loans to over-indebted individuals	750,000	453,968	2.36	3.99
Smallbone	General retailers	Design, manufacture, sale and installation of fitted kitchens, bedrooms and bathrooms	293,220	61,017	0.32	2.18
Symphony Environmental Technologies	General industrials	Supply of environmental polythene products	460,339	57,615	0.30	2.91
Tanfield Group	Support services	Engaged in the engineering and electric vehicle industries	286,214	69,300	0.36	0.86
Tasty	Travel & leisure	Restaurant operator	540,377	194,922	1.02	7.89
The Clapham House Group	Travel & leisure	Operation of restaurants and food delivery outlets	395,992	273,664	1.43	3.23
The Real Good Food Company	Food producers	Manufacturer and supplier of prepared foods	596,112	9,609	0.05	3.11
Tikit Group	Software & computer services	Provision and maintenance of information technology products and solutions	400,000	462,609	2.41	5.96
UBC Media Group	Media	Provision of audio and data services to the radio industry	663,754	74,442	0.39	1.30
Xploite	Software & computer services	Provision of high performance network services to the public and private sectors	217,758	158,444	0.83	2.84
Zytronic	Electronic & electrical equipment	Manufacture of optical filters to enhance electronic display performance	610,958	193,613	1.01	4.34
			18,723,361	8,162,877	42.52	

All investments are in ordinary shares unless otherwise stated.

Fully listed Companies	Sector	Nature of business	Purchase cost	Valuation at 31 January 2009	Percentage of net assets	Percentage of company managed by Investment Manager
			£	£	%	%
Connaught	Support services	Provision of integrated asset management and compliance services	411,846	717,500	3.74	0.32
Synergy Healthcare	Healthcare equipment & services	Provision of healthcare products and services	297,267	784,000	4.08	0.53
			709,113	1,501,500	7.82	

All investments are in ordinary shares unless otherwise stated.

PLUS Markets traded Companies	Sector	Nature of business	Purchase cost	Valuation at 31 January 2009	Percentage of net assets	Percentage of company managed by Investment Manager
			£	£	%	%
Award International Holdings	Media	Suppliers of promotional goods and services, corporate hospitality, event management and corporate travel	209,990	210	–	4.01
			209,990	210	–	

All investments are in ordinary shares unless otherwise stated.

Private Companies	Sector	Nature of business	Purchase cost	Valuation at 31 January 2009	Percentage of net assets	Percentage of company managed by Investment Manager
			£	£	%	%
Imagesound	Media	Suppliers of in-store music, radio and TV services to the branded retail and leisure sectors	92,188	67,187	0.35	2.36
Lilestone Holdings	General retailers	Lingerie design and retail	978,655	685,186	3.57	5.84
Lilestone Holdings Loan Stock	General retailers	Lingerie design and retail	100,000	100,000	0.52	9.09
Sportsweb.com	Support services	Healthcare recruitment company	352,128	316,915	1.65	11.36
U4EA	Technology hardware & equipment	Data transfer management	2,303,121	487,152	2.54	4.90
			3,826,092	1,656,440	8.63	

All investments are in ordinary shares unless otherwise stated.

Other fixed interest securities UK Government loans	Purchase cost	Valuation at 31 January 2009	Percentage of net assets
	£	£	%
Treasury 4.75% Stock 7/6/2010	1,980,672	2,098,304	10.93
Treasury 4.25% Stock 7/3/2011	1,940,103	2,112,746	11.01
Treasury 4% Stock 7/3/2009	1,485,649	1,503,618	7.83
	5,406,424	5,714,668	29.77

Other non qualifying investments	Purchase cost	Valuation at 31 January 2009	Percentage of net assets	Percentage of company managed by Investment Manager		
	£	£	%	%		
Formation Group	Real estate investments & services	Provision of management and marketing services in the football sector, and the provision of worldwide hospitality and event management	504,172	226,544	1.18	1.64
Payzone	Support services	Payzone was formed as a result of the merger of Cardpoint and Alphyra. It is one of Europe's leading payment processing and cash distribution companies	645,994	12,030	0.06	0.81
	1,150,166	238,574	1.24			

All investments are in ordinary shares unless otherwise stated.

Investments held at nil Valuation*	Sector	Nature of business	Purchase cost	Valuation at 31 January 2009	Percentage of net assets	Percentage of company managed by Investment Manager
			£	£	%	%
Aquabella Group	Food producers	Aquaculture business involved in the farming of Barramundi in an indoor facility based in the New Forest	440,500	–	–	–
Aquabella Group Loan Stock	Food Producers	Aquaculture business involved in the farming of Barramundi in an indoor facility based in the New Forest	75,000	–	–	–
Aquilo	Support services	Specialist insurance claims management and advisory group	1,851,897	–	–	–
Camaxys	Software & computer services	Provision of health and safety software supply, consultancy and maintenance	254,825	–	–	–
CMS Webview	Media	Provision of data dissemination facilities and software	401,674	–	–	–
Conder Environmental	Industrial engineering	Provision of data dissemination facilities and software	385,241	–	–	–
Flexbenefits	Software & computer services	Employee benefits and financial services	681,828	–	–	–
Flying Scotsman	Travel & leisure	Owner of a steam locomotive	400,800	–	–	–
Global Money Transfer Loan Notes	Speciality & other finance	Money transfer service	300,000	–	–	–
ID Data	Electronic & electrical equipment	Provision of secure card-based transaction systems and services using a range of smart and magnetic card solutions	1,089,736	–	–	–
Infonic	Software & computer services	Software solutions, including document management, internet intelligence and text analysis	1,395,327	–	–	–
Medal Entertainment & Media	Media	Acquiring and exploiting intellectual property rights in the areas of TV, video and DVD	653,679	–	–	–
Monotub Industries	Household goods	Washing machine manufacturer	260,000	–	–	–
Ovidia Investments	Media	Marketing services group focusing in communication, design and advertising	518,312	–	–	–
Recycled Waste	Support services	Environmental control	374,994	–	–	–
Ringprop	Industrial engineering	Exploitation of the potential of marine propeller technology	366,999	–	–	–
Stanhope Telecom	Telecommunications	Telecom products	500,000	–	–	–
The Food & Drink Group	Travel & leisure	Restaurant and bar proprietor	78,513	–	–	–
Torex Retail	Software & computer services	Independent provider of point of sale software, systems and services and productivity tools	694,691	–	–	–
Vianet Group	Support services	Developed a system which facilitates the collection, management, processing and control of data from remote sources	1,069,990	–	–	–
			11,794,006	–	–	–

All investments are in ordinary shares unless otherwise stated.

* These companies are in liquidation or their shares suspended from trading and the Directors consider it appropriate to value them at zero. With the exception of Global Money Transfer and Medal Entertainment & Media (purchase cost £51,170), they count towards the VCT investment test, which states that 70% of the Company's assets will be invested in VCT qualifying investments.

All investments listed on pages 6 to 9 are incorporated and quoted within the UK.

Summary	Purchase cost	Valuation at 31 January 2009	Percentage of net assets
	£	£	%
Total qualifying portfolio*	23,468,556	11,321,027	58.97
Fixed interest/non-qualifying portfolio	6,556,590	5,953,242	31.01
Investments held at nil valuation	11,794,006	–	–
Subtotal	41,819,152	17,274,269	89.98
Net current assets	–	1,923,844	10.02
Total	41,819,152	19,198,113	100.00

* The figure of 58.97% simply shows the share of total market values represented by qualifying holdings. The figure calculated in accordance with the requirements of the VCT legislation is 80.23% (2008: 82.83%).

Table of largest ten investments by value

Name of company	Percentage of net assets	Percentage held by Company	Profit/(loss) before tax	Retained profit/(accumulated loss)	Net asset value	Accounting reference date
	%	%	£000's	£000's	£000's	
Treasury 4.25% Stock 7/3/2011	11.01	-	-	-	-	-
Treasury 4.75% Stock 7/6/2010	10.93	-	-	-	-	-
Treasury 4% Stock 7/3/2009	7.83	-	-	-	-	-
Aero Inventory*	6.09	2.85	36,700	39,100	147,800	30/06/2008
Mediwatch	4.34	7.79	408	(11,819)	4,765	31/10/2008
Synergy Healthcare	4.08	0.53	18,850	159,054	458,423	30/03/2008
Connaught	3.74	0.32	21,700	44,100	126,800	31/08/2008
Lilestone Holdings	3.57	5.84	(2,205)	(6,902)	1,489	30/09/2008
Clerkenwell Ventures	2.96	4.00	737	760	29,780	30/09/2008
U4EA	2.54	4.90	(14,321)	47,482	2,699	31/03/2008

The figures relating to profit/(loss) before tax; retained profit/(accumulated loss) and net asset value are taken from the most recently available audited accounts of the underlying companies.

The aggregate value of these top ten holdings is £10,960,097.

*Aero Inventory plc has applied accounting policies consistent with International Financial Reporting Standards to their group financial statements. For the year ended 30 June 2008, figures are presented in United States (US) Dollars and have been converted into Sterling at the June 2008 month end exchange rate.

Sector analysis

Sector	Purchase cost	Valuation at 31 January 2009	Percentage of net assets
	£	£	%
Fixed interest	5,406,424	5,714,668	29.77
Support services	3,373,885	1,709,199	8.90
Healthcare equipment & services	1,820,753	1,690,709	8.80
Travel & leisure	2,547,548	1,205,996	6.30
Aerospace & defence	1,289,924	1,169,600	6.09
Software & computer services	1,004,381	1,106,847	5.77
General retailers	1,917,240	1,000,381	5.21
Media	4,480,687	690,551	3.58
General financial	690,490	569,324	2.96
Industrial engineering	937,610	532,975	2.78
Technology hardware & equipment	2,303,121	487,152	2.54
Financial services	750,000	453,968	2.36
Food producers	1,095,582	356,446	1.86
Real estate investments & services	504,172	226,544	1.18
Electronic & electrical equipment	610,958	193,613	1.01
Pharmaceuticals & biotechnology	379,532	95,673	0.50
General industrials	460,339	57,615	0.30
Leisure goods	452,500	13,008	0.07
Investments held at nil valuation	11,794,006	-	-
Subtotal	41,819,152	17,274,269	89.98
Net current assets	-	1,923,844	10.02
Total	41,819,152	19,198,113	100.00

Review of Investments

1st Dental Laboratories

1st Dental is the UK's largest provider of services and products to the dental industry. The company has 15 laboratories as well as an online offering.

Aero Inventory

Aero Inventory is a provider of e-based procurement and inventory management solutions to the aerospace industry.

AssetCo

AssetCo is a leading provider of support services to the UK Fire and Rescue and Ambulance services.

Autoclenz Holdings

Autoclenz is the UK's leading outsourced car valeting and vehicle preparation services providers and one of the leading specialist providers of rapid response deep cleaning and emergency decontamination services.

Avingtrans

Avingtrans is involved in the production of precision engineered components used in aerospace, medical and scientific devices (e.g. MRI scanners) and industrial machinery (e.g. ballscrews, speed camera stands).

Award International Holdings

Award is a shell company listed on PLUS Markets seeking acquisitions

Bright Things

Bright Things is involved with the development of interactive DVD games based on popular licences and also owns rights to a proprietary chip technology. The company has recently acquired another business involved in online "social networking" software.

Cello Group

Cello has established itself as a leading marketing services business. The company is involved in market research, direct marketing and brand advertising.

Chromogenex

Chromogenex designs, manufactures and distributes aesthetic and therapeutic laser and light based technology devices.

Clerkenwell Ventures

Clerkenwell quoted on AIM with the specific objective of acquiring established, high growth businesses in the leisure sector. The company was established by the former Pizza Express management team.

Connaught

Connaught is a facilities management group providing a range of services to the owners and occupiers of property across mainland UK. The services include maintenance, refurbishment, cleaning and industrial and commercial gas appliance testing and servicing.

Coolabi

Coolabi specialises in the ownership, development, production and creative management of intellectual property assets and their global exploitation through licensing and merchandising.

Ebiquity (formerly Thomson Intermedia)

Ebiquity provides media monitoring services, accessed by or delivered to subscribers via the internet. By superseding paper based information systems with its proprietary software and delivery over the web, Ebiquity enables subscribers to enjoy more up-to-date and timely information than traditional methods allow. The customer can also analyse, search and manipulate the data provided.

eXpansys

eXpansys is a leading online retailer of handheld devices with wireless connectivity. The company has a global infrastructure and an international blue chip customer base.

First Artist Corporation

First Artist is a leading European management and representation company looking after the commercial interests of footballers and other high profile personalities in the football and television market. The group also offers wealth management and marketing services.

Formation Group

Formation is a leading provider of management and professional services to clients within the sports, music and entertainment sectors as well as other high net worth individuals and trusts.

Fountains

Fountains provide a range of environmental services in the UK, Ireland and the US. It has a strong position in the provision of vegetation management and allied maintenance services to rail and utility companies as well as local authorities and corporates.

Fulcrum Pharma

Fulcrum Pharma offers global virtual drug development and strategic outsourcing services to the pharmaceutical and biotechnology industries. The company has offices in the UK, USA and Japan offering global solutions across the full length of the drug development value chain.

Glisten

Glisten was admitted to AIM in June 2002 with the objective of building a food group focusing on niche sectors. The acquisition of Glisten Confectionery based in Blackburn was made at this time. It is a manufacturer of chocolate and sugar based confectionery, snack bars, edible decorations and ingredients. It serves a wide range of customers including many high street retailers and the foodservice and export sectors. The company has made various further successful acquisitions since admission.

Huveaux

Huveaux quoted on AIM in December 2001 with the intention of making acquisitions in the media sector. The experienced management team acquired Vacher Dodd, the leading publisher of parliamentary directories in July 2002 and has since purchased Lonsdale and Fenman, both of whom are involved in educational publishing. It has also added to its political publishing business with the purchase of Parliamentary Communications Ltd.

IDOX

IDOX is a supplier of software solutions and services mainly to the UK public sector and the leading applications provider to local government for core functions relating to land, people and property.

ILX Group

ILX is a training company involved in financial awareness training for non-financial managers. The company has a blue chip client base from the UK, USA and Europe and has an extensive library of e-learning courseware. Several acquisitions have been made including that of Corporate Training Group.

Imagesound

Imagesound supplies in-store music, radio and TV services to the branded retail and leisure sectors. The company delisted from AIM in early 2008. The shares are now traded on a matched bargain basis.

Individual Restaurant Company

An operator of branded restaurants including Piccolinos and Restaurant Bar & Grill.

Intelligent Environments Group

Intelligent Environments is a leading provider of integrated e-finance products for the payment card and retail investment markets and has an excellent list of 'blue chip' clients.

Just Car Clinics Group

Just Car Clinics owns a network of car repair centres and works with several major insurance and car dealership companies to fulfil their repair requirements.

Knowledge Technology Solutions

KTS is a leading provider of real-time market data solutions. In 2007, KTS acquired a competitor, Arcontech, strengthening the product offering, technology and customer base.

Lilestone Holdings (unquoted)

Lilestone has established the Myla brand of lingerie. The company is designing its own brand products as well as sourcing product from other designers throughout the world. The products are being sold via mail order, the internet and through conventional retail channels such as Selfridges and the company's own stores both in the UK and overseas. The shares are valued on the basis of the last funding round in 2008 supported by a DCF valuation.

Lo-Q

Lo-Q has developed a queue management system that places visitors to theme parks in "virtual queues", reducing the time that customers spend physically waiting in line for key rides to a few minutes, enabling them to enjoy, and spend money on the other attractions in the park.

Mediwatch

Mediwatch is a medical diagnostic equipment company that has developed high speed urological screening equipment. The company's products are designed to enable early detection of prostate and bladder cancers for the fast growing primary care market.

Mount Engineering

Mount is a specialist engineering group servicing, in particular, the oil & gas and chemical industries. Products include thread conversion components and industrial valves and actuators.

Music Copyright Solutions

MCS is a music publisher principally focusing on the management of music library assets, music copyright licensing and royalty administration, collection and payment. The company has been building its portfolio via the acquisition of libraries of rights.

Neutrahealth

Neutrahealth was established and quoted on AIM to acquire businesses in the growing vitamin and mineral supplements market. The company has made three significant acquisitions in this area to date.

Optimisa

Optimisa is a marketing services business positioned in the space between large management consultancies and traditional market research and intelligence providers.

Payzone

Payzone was formed as a result of the merger of Cardpoint and Alphyra. It is one of Europe's leading payment processing and cash distribution companies.

Petards Group

Petards is a leading provider of advanced security and communication systems primarily for homeland security. It is focused on the growing surveillance, emergency services and defence markets and has a high quality customer base.

Playgolf Holdings

Playgolf is an owner and operator of golfing facilities in London, Glasgow and Manchester. The facilities are located in high-density urban areas and include driving ranges and high quality 'urban' golf courses based on the theme 'golf in an hour'.

Prezzo

Prezzo owns and operates a chain of restaurants based in and around London and trading in two main formats, Jonathans and Prezzo. The food offering consists of pizza and pasta with Prezzo also selling rotisserie chicken. The company has approximately 140 sites.

Pubs 'n' Bars

Pubs 'n' Bars is a chain of community style pubs primarily in the London area but also with several units in the West Country. The company manages over 90 pubs.

Quadnetics Group

Quadnetics is a leader in the design, integration and control of advanced CCTV and networked video systems. The company has a strong position in the casino market where it has a technological advantage and a significant market share.

Relax Group (formerly Debts.co.uk)

Relax Group is a leading provider of a range of solutions, including IVAs, debt management programmes, bankruptcy and secured loans or mortgages to over-indebted individuals.

RTC Group (formerly ATA Group)

RTC Group is a human resource support services group, which provides employment solutions and training services to client companies in the UK and Ireland.

Smallbone

Smallbone's main business is the manufacture and installation of luxury kitchens, bathrooms and bedroom furniture in the UK. It also sells specialised stone floors and tiles, mainly in the US.

Sportsweb.com (unquoted)

Sportsweb is a specialist recruitment agency to the fitness and leisure industries. The company has an established traditional recruitment business and has extended this to the internet. Sportsweb has several major clients who are actively using the website to successfully recruit staff achieving significant benefits over traditional methods. The company is trading profitably and is likely to seek a trade sale in due course. The shares are valued on the basis of a 3rd party estimate and the level at which share options have been issued to staff supported by a DCF valuation.

Symphony Environmental Technologies

Symphony is a specialist technology company concerned with degradable plastic packaging products. Symphony's "d2wTM" technology has been licensed to several overseas partners and production for UK customers is sub-contracted to manufacturing partners.

Synergy Healthcare

Synergy is a specialist provider of out-sourced medical support services to the NHS. It is the largest private sector provider of sterile instrumentation services and linen products. The company has several long term contracts with different NHS Trusts and hospitals around the UK as well as, increasingly, several overseas territories.

Tanfield Group

Tanfield is involved in specialist manufacturing and provision of technical and assembly solutions to a wide range of sectors. Activities include specialist electric vehicles, aerial access equipment and other purpose built vehicles and added value products.

Tasty

Tasty is engaged in the operation of restaurants and was established by the Kaye family who are successful serial entrepreneurs in this sector. The offering is in Oriental food with a focus on "dim sum" although the company has just entered the pizza/pasta restaurant market, a return to the family's roots.

The Clapham House Group

Clapham House was admitted to AIM to exploit acquisition opportunities within the UK restaurant sector. The experienced management team initially acquired Greek restaurant and bar chain The Real Greek and has subsequently bought the Gourmet Burger Kitchen and Tootsies. All formats appear to have significant rollout and growth potential.

The Real Good Food Company

RGF manufactures and supplies chilled and ambient products in niche areas to food retailers. The business has been built by acquisition and organic growth.

Tikit Group

Tikit is a provider of consultancy services and software solutions primarily to the legal profession. The company concentrates on the top 200 law firms in the UK and has a very good reputation for quality of service and "best of breed" solutions. Applications cover time recording, document management, customer relationship management and knowledge management. The company has also entered the Spanish and French markets via acquisition.

U4EA (unquoted)

U4EA is a specialist provider of solutions for data transfer management by large corporates. This has particular implications in improving the performance of transfers of large amounts of data across networks. The shares are currently unquoted and are valued on the basis of a funding round carried out in late 2008 supported by a DCF valuation.

UBC Media Group

UBC is a leading independent supplier of services to the radio industry. It supplies programming to the BBC and other organisations as well as software to operate new digital radio data services.

Xploite

Xploite is an operator and aggregator of strategic and high growth IT services. Services include advanced storage solutions at the company's own data centres.

Zytronic

Zytronic's business has traditionally been as a manufacturer and distributor of optical filters, shielded filters and specialist light diffusers. The company's customers have included Alcatel, NCR, Corning and many other international OEM based manufacturers. More recently Zytronic has entered the touchscreen technology market which significantly increases its growth potential through its existing distribution partners.

Board of Directors

Christopher Moorsom (Chairman)

Christopher has over 40 years' experience in the financial services industry. In 1969 he became a partner of B S Stock, a Bristol firm of stockbrokers. In 1986 he became Managing Director of Stock Beech Securities, a corporate finance and market making company and was a Director of Stock Beech & Co, which was acquired by Albert E. Sharp in 1990. He later became Managing Director of Albert E. Sharp. Following the acquisition of Albert E. Sharp by Old Mutual plc and subsequent mergers with Capel Cure Myers and Greig Middleton, the business was renamed Gerrard. He became Joint Managing Director of Gerrard and was Chairman of Gerrard Investment Funds until 2001 when he became Vice Chairman of Gerrard until his retirement in 2004.

Christopher is non-executive Chairman of the Bath Building Society and a Director of The Royal Welsh College of Music and Drama. He has recently served as a director of Weston Area NHS Trust, Northern Races Limited and Bath Racecourse Limited. He is a member of the Securities Institute.

James Hambro

James is Chairman of J O Hambro Capital Management Limited. He has over 25 years' experience in the merchant banking and investment management industry. He was a founder shareholder in 1986 of the J O Hambro Group and a former Managing Director of J O Hambro Magan & Company Limited. He is also Chairman of Hansteen Holdings Plc, a director of Primary Health Properties Plc and a number of other companies.

Mike Killingley

Mike is non-executive Chairman of Beale plc and a non-executive Director of AIM-quoted Falkland Islands Holdings plc. He was a senior partner with KPMG, chartered accountants, from 1988 until retiring from the firm in 1998 and is a former non-executive Chairman of Southern Vectis plc, Conder Environmental plc and Advanced Technology (UK) plc.

David Page

David was for 19 years the Managing Director of and a major shareholder in the largest franchise group of Pizza Express. In 1993 his franchise group merged with the franchisor at the same time as an IPO. David was appointed CEO on the flotation and then Chairman in 1996.

He is Chairman of the Clapham House Group plc which acquires and operates profitable restaurant Brands; the Clapham House Group plc floated on AIM in November 2003. David is also Chairman of Clerkenwell Ventures plc, an AIM cash shell. The Clapham House Group plc and Clerkenwell Ventures plc are investee companies of the Company.

Dominic Wheatley

Dominic has over 20 years' experience in the computer software industry. He left CBH & Partners (Advertising and Promotions Agency) in 1984 to form Domark Software, a company which specialised in the publishing of games and products for personal computers and video games consoles. Between 1992 and 1995 he established a US office for Domark. Domark was reversed into a small USM listed research company, listed on the London Stock Exchange and changed its name to Eidos Interactive. He was Chief Executive of Eidos Interactive in the US and Chief Operating Officer of Eidos Interactive plc until the end of 1996.

He is currently a director of Wheatley Productions Limited, Kuju Limited, Catalis NV, Chorion-Wheatley Limited and Lipscombe Developments Limited. In early 2002 he was co-founder of Bright Things plc which is developing a unique new gaming platform; Bright Things plc was floated on AIM in April 2004 and is held in the investment portfolio of the Company.

Corporate Governance Statement

The Board supports the principles of good corporate governance and code of best practice laid down by the Combined Code issued in June 2006 and has put in place a framework for corporate governance which it believes is appropriate for a Venture Capital Trust company and which enables the Company to comply with the Combined Code.

The Board considers that the Company has complied with the provisions contained within the 2006 Combined Code during the year ended 31 January 2009 except for the areas of non-compliance which were:

- the composition of the Audit Committee including the Chairman of the Board and
- a Nomination Committee not having been appointed.

This statement describes how the Company has complied or explains non-compliance with the provisions of the Combined Code during the year ended 31 January 2009.

The Turnbull Guidance requires the Directors to conduct, at least annually, a review of the effectiveness of the Company's system of internal controls, including financial operations, compliance controls and risk management. The Company last reviewed the effectiveness of the Company's system of internal controls for the year ended 31 January 2009 at its Audit Committee and Board meeting held on 28 April 2009.

The Board, directly or through the Audit Committee, is responsible for the Company's system of internal controls, for setting the control framework and for reviewing the effectiveness of the relevant systems which responsibility it manages by monitoring the operation of the key operating controls of the manager and its associates as follows:

- reviews the terms of the investment management agreement and receives regular reports from the manager, Williams de Broë Limited (appointed on 12 January 2009 and since 21 October 2008) and prior to that date from Singer & Friedlander Investment Management Limited;
- reviews reports on the internal controls and the operations of its custodian, Pershing Securities Limited (appointed on 12 January 2009 and since 21 October 2008 through Williams de Broë Limited) and prior to that date Singer & Friedlander Investment Management Limited, which is itself independently reviewed; and
- reviews on a regular basis an independent report of the internal controls and the operations of Singer & Friedlander Investment Management Limited and following the change of manager on 12 January 2009 and since 21 October 2008, Williams de Broë Limited.

The system of internal control is designed to manage rather than eliminate the risk of failure to achieve the objectives of the Company. As detailed in the Accountability and Audit Section of this Corporate Governance Report, which also includes further details of the control framework, the system of internal control can only provide reasonable and not absolute assurance against material misstatement or loss.

By means of the procedures set out above, the Board confirms that it has reviewed the effectiveness of the Company's system of internal controls for the year ended 31 January 2009, and to the date of approval of this Annual Report and Accounts.

The Board confirms that necessary actions have been or are being taken to remedy any significant failings or weaknesses identified from the annual review of internal controls and procedures.

During the year four meetings have been held and attendance was as follows:

	2008			
	21 April	17 June	9 Sept	2 Dec
C J L Moorsom	✓	✓	✓	✓
J D Hambro	✓	✓	✓	✓
M S Killingley	✓	✓	✓	✓
D M Page	✓	✓	✓	✓
D M D A Wheatley	✓	✓	✓	x

The Board

The Board currently consists of five non-executive Directors. Messrs J D Hambro, M S Killingley, D M Page and D M D A Wheatley are independent under the Combined Code. Their biographical details, set out on page 16, demonstrate a breadth of investment, commercial and professional experience.

Messrs C J L Moorsom, D M Page, D M D A Wheatley, J D Hambro and M S Killingley have served as Directors throughout the year.

The Board meets at least four times a year and between these meetings there is regular contact with the Investment Manager. There are formal details of matters specifically reserved for decision by the full Board which are reviewed as required. Procedures have been adopted for individual Directors, in the furtherance of their duties, to take independent professional advice at the expense of the Company within certain parameters. The Directors have access to the advice and services of the Corporate Company Secretary, who is responsible to the Board for ensuring that board procedures are followed.

Directors are provided, on a regular basis, with key information on the Company's policies, regulatory and statutory requirements and internal financial and non-financial controls. Changes affecting Directors' responsibilities are advised to the Board as they arise.

The Board conducts an annual effectiveness review of its performance which is used as a mechanism to improve its effectiveness, address any identified weaknesses and to build on its strengths. The review in respect of the financial year resulted in the Board concluding that they were satisfied that the Board of Directors had sufficient expertise to oversee the management of the business. Succession planning continued to be an area under consideration.

In accordance with the existing Articles of Association, the Combined Code, which recommends that directors are required to retire by rotation at least once in every three-year period and given the corporate governance practice of at least one third of the directors retiring each year, Messrs C Moorsom and D Page will retire by rotation and stand for re-election at the forthcoming Annual General Meeting of the Company.

Senior Independent Director

Mr J Hambro has held the position of Senior Independent Director throughout the year. In this role, Mr Hambro along with the Chairman are recognised as the senior board members to whom concerns can be conveyed.

Nomination Committee

As the Board is small and consists of non-executive Directors and in view of the nature of the Venture Capital Trust Company it has been decided that a Nomination Committee does not need to be formed. The appointment of new Directors is decided by the whole Board. There have been no new appointments during the financial year ended 31 January 2009.

Remuneration Committee

As stated in the Directors' Remuneration Report on pages 27 and 28 under the Listing Rules of the Financial Services Authority, where a Venture Capital Trust Company has no executive directors, the Combined Code principles relating to directors' remuneration do not apply and as such no Remuneration Committee has been appointed. The remuneration of the Directors is reviewed by the whole Board although no director is involved in setting his own remuneration.

Audit Committee

The Board has an Audit Committee which was chaired by Mr M Killingley. Messrs C Moorsom, J Hambro, D Page and D Wheatley are also members. The Combined Code recommends that the Audit Committee should comprise independent non-executive Directors only and exclude the Chairman. However, the Board considers that given the size and nature of the Company, Mr Moorsom should be a member of the Audit Committee.

This Committee is responsible for reviewing all matters relating to the audit, financial reporting and internal control systems. The Audit Committee meets at least twice a year and the independent auditors may be asked to attend those meetings. During the year two meetings have been held and attendance was as follows:

Director	21 April 2008	9 September 2008
M S Killingley	✓	✓
J D Hambro	✓	✓
C Moorsom	✓	✓
D M Page	✓	✓
D M D A Wheatley	✓	✓

The Committee also meets with representatives of the manager and receives reports on the quality and effectiveness of the accounting records and the management information maintained on behalf of the Company.

The Terms of Reference of the Audit Committee are available on request from the registered office of the Company.

Relations with Shareholders

The Board is responsible for ensuring that a satisfactory dialogue with shareholders takes place and welcomes shareholder participation. All shareholders are encouraged to attend and participate in the Annual General Meeting (AGM) which is chaired by the Chairman of the Board. The Directors also make themselves available to deal with shareholders queries and questions that may arise during the year.

A summary of the proxy votes received on the resolutions proposed will be reported at the AGM.

The Company's proxy forms now include a 'vote withheld' option for each resolution. The proxy form and any announcement of the results of a vote will make it clear that a 'vote withheld' is not a vote in law and will not be counted in the calculation of the proportion of votes for and against the resolutions.

The Notice of Annual General Meeting on page 51 sets out the business of the meeting. Separate resolutions are proposed for each substantive issue.

Accountability and Audit

The Statement of Directors' Responsibilities in respect of the financial statements is set out on pages 24 and 25.

The Independent Auditors' Report is set out on page 29.

The Board has delegated contractually to third parties the management of the investment portfolio, the custodial services (which include the safeguarding of the assets), the day to day accounting, Company Secretarial and administration requirements and the registration services. Each of these contracts is entered into after full and proper consideration by the Board of the quality and cost of the services offered, including the financial control systems in operation in so far as they relate to the affairs of the Company. The Board receives and considers regular reports from the manager and ad hoc reports and other information are supplied to the Board as required. It remains the role of the Board to keep under review the terms of the management agreement with the manager.

The Directors acknowledge that they are responsible for the internal financial and non-financial control systems ('the controls') of the Company and for reviewing their effectiveness. These aim to ensure the maintenance of proper accounting records, the reliability of the financial information upon which business decisions are made and which is used for publication of information, and that the assets of the Company are safeguarded. The controls operated by the Board include the authorisation of the investment strategy and regular reviews of the financial results and investment performance. The Board has considered the need for an internal audit function, but currently believes there is no need to have one, in view of the other controls and procedures in place and the nature and scale of the Company. The need for an internal audit function will be reviewed annually. As stated above, the Board has delegated contractually the services the Company requires to external parties. The manager has established an internal control framework to provide reasonable assurance on the effectiveness of internal financial controls operated on behalf of its clients. The effectiveness of the internal financial controls is assessed by the manager's compliance and internal audit departments on an ongoing basis.

The Audit Committee reviews and authorises the need for non-audit services, giving consideration to the cost effectiveness, the independence and objectivity of the auditor. In order to safeguard the auditor's objectivity and independence, non-audit services are carried out through a partner other than the audit engagement partner. On the recommendation of the Audit Committee, the Board is satisfied that the auditor continues to be independent and proposes the resolution for re-appointment at the AGM.

These systems of internal control are designed to provide reasonable, but not absolute, assurance against material misstatement or loss. The Directors have kept under review the effectiveness of the internal controls throughout the year and up to the date of this Report by adopting the above procedures.

During the course of its review of the system of internal controls, the Board has not identified nor been advised of any failings or weaknesses which it has determined to be significant.

There is an ongoing process for identifying, evaluating and managing the significant risks faced by the Company and which includes an assessment of the risks relating to the performance and competence of the manager. This process has been in place throughout the year and up to the date of the approval of the Report and Accounts. It is regularly reviewed by the Board and accords with the Turnbull Guidance.

Going Concern

The Directors believe that it is appropriate to continue to adopt the going concern basis in preparing the financial statements as the assets of the Company consist mainly of securities that are readily realisable and, accordingly, the Company has adequate financial resources to continue in operational existence for the foreseeable future.

By order of the Board

C J L Moorsom

Chairman

30 April 2009

Report of the Directors

The Directors present their Report and audited Accounts of the Company for the year ended 31 January 2009.

Principal Activity

The principal activity of the Company continues to be the provision to shareholders of an attractive and competitive return from a portfolio of investments in companies whose shares are principally traded on the AIM market. Details of all investments made by the Company are given in the Investment Portfolio Summary on pages 6 to 9.

Review of the Business and change of Investment Manager

The review of the Company's business for the year together with the Board's view of the outlook and a description of the principal risks and uncertainties facing the business are included in the Board Review of the year on pages 4 and 5. All information relating to the principal activities, business review and principal risks found below, in the Board Review of the Year and elsewhere in the Financial Statements shall be treated as forming part of this Directors' Report by reference.

As detailed in the Interim Management Statement published on 7 November 2008 the parent company of the Trust's Manager was placed into administration in October 2008. On 21 October 2008 Williams de Broë Limited, a subsidiary of The Evolution Group PLC acquired the investment management business of the manager. Following discussions with and assurances received from the management of Williams de Broë Limited, Williams de Broë Limited continued to fulfil the obligations of the Investment Manager. Following detailed negotiations an Investment Management Agreement was signed on 28 April 2009. The agreement can be terminated by not less than one year's notice in writing. The principal terms of the management agreement are set out in note 3 to the Financial Statements.

Change of Broker and Company Secretary

As announced on 10 November 2008 Matrix Corporate Capital LLP were on that date appointed Broker to the Company in place of Landsbanki Securities (UK) Limited. Furthermore on 11 February 2009, and following a short tender process Evolution Group Services Ltd was appointed corporate Company Secretary of the Company in place of Singer & Friedlander Secretaries Limited.

Proposed change of name

Consequent upon the changes detailed above in the review of business the Board have considered whether it might be appropriate to change its name. Following careful consideration the Board has agreed to ask shareholders at the Annual General Meeting to agree to change the name of the Company to ViCTory VCT PLC. A resolution to this effect is contained in the Notice of the AGM on page 51.

Results and Dividends

Net revenue after taxation for the year amounted to £350,653 (2008: £139,403).

The Directors are not recommending a final dividend (2008: 2.0 pence) for the year ended 31 January 2009.

Directors

The names of the Directors of the Company appear on page 16 of these accounts.

Messrs C Moorsom, D Page, D Wheatley, M Killingley and J Hambro have served as Directors throughout the year.

The Directors' interests in the shares of the Company were:

Director	31 January 2009	31 January 2008
C J L Moorsom*	22,741	22,741
D M Page*	5,689	5,689
D M D A Wheatley	22,736	22,736
J D Hambro	22,136	22,136
M Killingley	Nil	Nil

* The holdings of Messrs C J L Moorsom and D M Page include five shares which are held jointly.

No options over the share capital of the Company have been granted to the Directors. There have been no changes in the holdings of the Directors between 31 January 2009 and the date of this report.

Messrs M Killingley, J Hambro, C Moorsom, D Page and D Wheatley are members of the Audit Committee.

At the forthcoming Annual General Meeting of the Company Messrs C Moorsom and D Page will retire and, being eligible, offer themselves for re-election as Directors of the Company.

Directors' Appointment and Replacement

The rules applying to the appointment and replacement of Directors are set out in the Company's Articles of Association. Further details of those Directors retiring by rotation can be found in the Corporate Governance Statement on pages 17 to 20. As stated in the Corporate Governance Statement on page 18, the appointment and replacement of new Directors is decided by the Board as a whole.

Powers of Directors

The powers and duties of the Directors are set out in the Company's Articles of Association. As at the date of this report, the Directors have no authority remaining to issue new shares; such authority will be sought from the shareholders as and when required. Details of the Directors' authority to purchase the Company's shares are set out within this report within the Board Review of the Year and elsewhere in these Financial Statements.

Performance Measurement

The Board considers total return to shareholders to be the key performance indicator, although it appreciates that share price performance is an important factor to many shareholders. However, in the very limited market for VCT shares the share price will typically be at a discount to net asset value. The net asset value is regularly announced on the Regulatory News Service of the London Stock Exchange.

The Board regularly reviews the performance of the Company against its peers, but direct comparisons are not always relevant due to differences in investment focus. Performance is also reviewed against the AIM Index as it is the benchmark used for investment performance purposes. This is not, however, a particularly relevant index given the restrictions placed upon the Company in respect of the industry sectors it may and may not invest in.

It is the Manager's responsibility to seek to identify the best investments and manage the portfolio to achieve the highest possible returns. The performance of the Company's investments for the year under review is detailed in the Board Review of the Year on pages 4 and 5 and in the Investment Portfolio Summary on pages 6 to 9. The performance of investments is reviewed continuously and the Board receives a quarterly report from the Manager.

Principal risks and the Board's approach to risk management

The Company's assets are primarily quoted equities on AIM. Main areas of risk therefore relate to the movements within the AIM Index as a whole; the initial choice and subsequent performance of the investee companies; and factors affecting particular industries in which investments are held. Specific risks encountered and the Board's approach to mitigation are detailed below. Information in respect of risks associated with financial instruments held by the Company is provided in note 20 to the Financial Statements.

Objectives, strategy and investment performance risks

The Board regularly reviews the investment strategy against current economic and market conditions. The Board is provided with regular reporting on investment performance, compliance with investment criteria and peer group performance. The rationale for all investment decisions is documented and presented to the Board.

Regulatory risks

A breach of the HM Revenue & Customs rules could result in the withdrawal of the Company's VCT status and cancellation of tax reliefs, including those available to shareholders. The Manager constantly reviews compliance with these and other financial regulatory requirements, which is formally reported to the Board.

Operational risk

Operational risk is the probability of loss occurring from the internal inadequacies of a firm or a breakdown in its controls, operations, or procedures. The Board regularly considers operational risks and the controls in place to manage them.

Service Administration Agreement

Capita Sinclair Henderson Limited is the Company's Administrator, and has entered into an administration agreement which can be terminated by not less than one year's notice in writing. The principal terms of the administration agreement are set out in note 5 to the Financial Statements.

VCT Status Monitoring

The Company has retained PricewaterhouseCoopers LLP to advise it on compliance with the legislative requirements relating to VCTs. PricewaterhouseCoopers LLP assist the Company for the sole purpose of reviewing the VCT status eligibility of new investments and monitors the Company's investment portfolio as instructed by the Company with a view to maintaining VCT status.

Independent Auditors

PricewaterhouseCoopers LLP were the independent auditors during the year to the Company. A resolution to re-appoint PricewaterhouseCoopers LLP as auditors to the Company and to authorise the Directors to fix their remuneration will be proposed at the Annual General Meeting.

Directors' statement as to Disclosure of Information to Auditors

The Directors who were members of the Board at the time of approving this Report are listed on page 16.

United Kingdom company law (Section 234ZA of the Companies Act 2005) requires each Director to make an individual statement regarding the disclosure of information to the auditors. The statement must confirm that as at the date of this report and as far as the Director is aware there is no relevant audit information of which the Company's auditors are unaware; and that the Director has taken all the steps he ought to have taken in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information. A Director is deemed to have taken all the steps necessary that he ought to have taken if he has made such enquiries of his fellow Directors and of the Company's auditors for that purpose, and taken such other steps, if any, for that purpose as are required by his duty as a Director of the Company to exercise due care, skill and diligence. All of the Directors of the Company as at the date of this report have provided such a statement to the Company. The Company's auditors have been advised that confirmation has been given and should be interpreted in accordance with the provisions of Section 234ZA of the Companies Act 1985.

Issued Share Capital

During the year the Company purchased 1,790,041 ordinary shares of 5p each for cancellation at an aggregate cost of £1,000,016 including £841 commission, representing 3.98% of the issued capital as at the previous year end date. These repurchases of shares were made in accordance with the Company's share buy back policy and were considered to be in the best interests of shareholders. The authority for the Company to purchase its own shares is given by the shareholders to the Company at the Annual General Meeting. As at 31 January 2009, the authority remained valid over 3,753,528 ordinary shares of 5p each.

The issued share capital of the Company as at 31 January 2009 was 43,178,940 ordinary shares of 5p each. On 31 January 2009 the Company repurchased 378,383 shares at a cost of £104,467 the repurchase of these shares is reflected in the Financial Statements. There have been no shares repurchased by the Company post year end.

Structure of Share Capital

Details of the share capital are set out in note 14 of the Financial Statements.

Substantial Interests

As at 31 January 2009 the Company was not aware of any beneficial interest exceeding 3% of the issued share capital.

Suppliers Payment Policy

The Company's policy is to pay all suppliers invoices within 30 days of the invoice date, unless otherwise agreed. The Company agrees with its suppliers the terms on which business will take place and it is our policy to abide by these terms. There were no trade creditors at the year end (2008: nil).

Allocation of Annual Management Fee

In determining the funds available to pay revenue dividends, 75% of the annual management fee, together with the related tax effect, is transferred to the capital reserves, reflecting the Directors' estimation of the probable split of capital gains and income from the investment portfolio over the life of the Company.

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report, the Directors' Remuneration Report and the Financial Statements in accordance with applicable law and regulations.

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 of the profit or loss of the Company for that year. 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 applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 confirm that they have complied with the above requirements in preparing the Financial Statements.

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

The Directors are responsible for ensuring that the Report of the Directors and other information included in the Report and Accounts are prepared in accordance with Company law in the United Kingdom. They are also responsible for ensuring that the Report and Accounts include information required by the Listing Rules of the Financial Services Authority.

The Directors certify that to the best of their knowledge the financial statements have been prepared in accordance with the applicable accounting standards and give a true and fair view of the assets, liabilities, financial positions and profit and loss of the Company. The Directors further certify that the management report includes a fair review of the development and performance of the business together the principal risks and uncertainties facing the Company.

The financial reports are published on www.wdebroe.com which is maintained by the Investment Adviser. The work carried out by the auditors does not involve consideration of the maintenance and integrity of this website and accordingly, the auditors accept no responsibility for any changes that have occurred to the financial statements since they were initially presented on the website. Visitors to the website need to be aware that legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

Section 992 Companies Act 2006

The following information is disclosed in accordance with Section 992 of the Companies Act 2006:

- The Company's capital structure and voting rights are summarised on page 24.
- Details of the substantial shareholders in the Company are disclosed on page 24.
- The rules concerning the appointment and replacement of Directors, amendment of the Articles of Association and powers to issue or buy back the Company's shares are disclosed on page 22.
- Restrictions concerning the transfer of securities in the Company are disclosed on page 25.
- Special rights with regard to control attached to securities and agreements between holders of securities regarding their transfer are disclosed on page 25.
- No agreements which the Company is party to that might affect its control following a takeover bid.
- Agreements between the Company and its Directors concerning compensation for loss of office are disclosed on page 25.

Interim Management Statement

An Interim Management Statement for the first six month period of the financial year will be published in accordance with DTR 4.3 on or before 19 June 2009.

Employees and Donations

The Company has no employees and does not make either charitable or political donations.

Additional Information for Shareholders

There is one class of share in issue and there are no significant restrictions on voting rights attached to these shares or the transfer of securities in the Company. No person holds securities in the Company carrying special rights with regard to control of the Company and each share carries the right to one vote at general meetings on a show of hands. Further details of the rights and restrictions attaching to the share capital of the Company are detailed in the Articles of Association of the Company.

Directors Terms of appointment

Directors are not appointed for a specified term as required by provision A7.2 of the Combined Code. However their letters of appointment do not provide for compensation for loss of office on cessation of appointment. Cessation of appointment would be by resignation, as prescribed by the Articles of Association of the Company or otherwise with the agreement of the Board.

Insurance and indemnities

The Company has taken out Directors and Officers insurance cover in respect of action against its Directors and officers. The Company also indemnifies Directors against any loss, damage, cost, claim or expense, incurred by him in complying with regulations, requirements or directions issued by the Company or on its behalf, or in the proper performance of his duties.

Annual General Meeting

The Annual General Meeting will be held at The Evolution Group PLC, 9th Floor, 100 Wood Street, London EC2V 7AN at 11.30 am on 16 June 2009.

The Notice of Annual General Meeting is set out in page 51.

Resolutions 1 to 6 set out in the Notice are concerned with the ordinary business customarily transacted at annual general meetings. Resolutions 7 and 8 will be proposed as special business at the Annual General Meeting.

Resolution 7 – Change of Company Name

Consequent upon the changes to the Investment Manager the Board have considered whether it might be appropriate to change its name. Following careful consideration the Board has agreed to ask shareholders at the Annual General Meeting to agree to change the name of the Company to ViCTory VCT PLC.

Resolution 8 – Authority for the Company to purchase its own shares

The Directors consider that in certain circumstances it may be advantageous for the Company to purchase its own shares when the shares may be bought for a price which is below the Net Asset Value per share. At an Annual General Meeting held on 17 June 2008, the Directors were given the necessary authority. Resolution 8 seeks to renew this authority to purchase up to 9.99% of the ordinary issued share capital of the Company.

This Resolution grants power for the Company to purchase its own shares pursuant to Section 166 of the Companies Act 1985. The authority will be limited to an aggregate maximum number of 4,317,892 ordinary shares (representing approximately 9.99% of the issued share capital of the Company as at 31 January 2009) and will expire on the earlier of 17 September 2010 and the conclusion of the Annual General Meeting in 2010. The maximum price which may be paid for an ordinary share will be an amount which is not more than the higher of (i) 5% above the average of the mid-market quotations as derived from the daily official list of the London Stock Exchange and (ii) the price of the last independent trade of an ordinary share and the highest current independent bid for an ordinary share as derived from the London Stock Exchange Trading System SETS. In addition, shares will not be purchased at prices above their then current NAV.

The Directors have no current intention of utilising all or any of the powers conferred by this Resolution and will only exercise their authority in the interests of shareholders generally.

By order of the Board
C J L Moorsom
Chairman
30 April 2009

Directors' Remuneration Report

The Board has prepared this report in accordance with the requirements of Schedule 7A to the Companies Act 1985. An ordinary resolution for the approval of this report will be put to the members at the forthcoming Annual General Meeting of the Company.

The law requires the Company's auditors to audit certain of the disclosures provided. Where disclosures have been audited they are so indicated. The auditor's opinion is included in its report on page 29.

Policy on Directors' Remuneration

Under the Financial Services Authority Listing Rule 16.3.5R, where a Venture Capital Trust has no executive directors the Combined Code principles relating to directors' remuneration do not apply and as such there is no Independent Remuneration Committee. The Remuneration of the Directors is reviewed by the whole Board. A Remuneration review was last undertaken on 4 December 2007.

As stated in the Articles of Association, the remuneration of the Directors by way of fees is determined by the Board, save that, unless otherwise approved by ordinary resolution of the Company, the aggregate remuneration shall not exceed £90,000 per annum. The Remuneration of the Board is as follows:

	Chairman	Directors
31 January 2008 – 31 January 2009	£18,000 pa	£15,000 pa

The Board's policy is that remuneration of non-executive Directors shall reflect the expansion of the Board as a whole, be fair and comparable to that of other similar investment trusts that have similar capital structure and investment objectives. It is intended that this policy will continue for the year ending 31 January 2010 and subsequent years.

Directors' Emoluments for the Year (audited)

The Directors who served throughout the year and received emoluments by way of fees are detailed in the table below:

	Note	Year ended 31 January 2009 £	Year ended 31 January 2008 £
C J L Moorsom	6	18,000	15,250
J D Hambro*	6	15,000	12,708
M S Killingley	6	15,000	12,708
D M Page	6	15,000	12,708
D M D A Wheatley	6	15,000	12,708
		78,000	66,082

* The fees in respect of James Hambro are paid to charity.

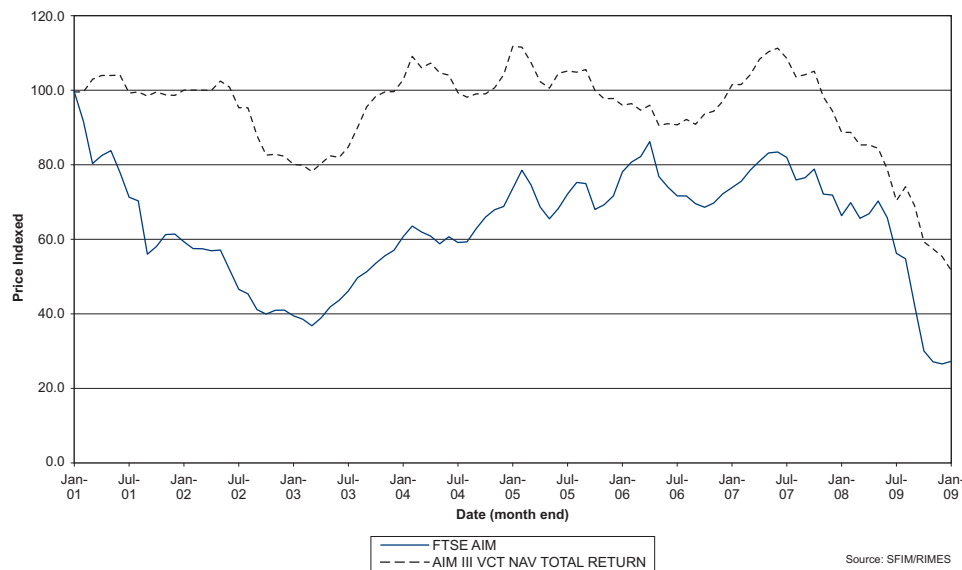
Service Contracts

No Director has a service contract with the Company although they do have letters of appointment details of which can be found in the Directors report on page 25.

There were no other contracts during or at the end of the year in which Directors of the Company had a material interest and which is or was significant in relation to the Company's business.

None of the Directors of the Company are eligible for bonuses, pension benefits, share options, long term incentive schemes or other benefits.

Your Company's Performance



The graph above compares the total return (assuming all dividends are reinvested) to ordinary shareholders compared to the total shareholder return on a notional investment made up of shares of the same kind and number as by reference to which the Alternative Investment Market is calculated. This index was chosen for comparison purposes, as it is the benchmark used for investment performance measurement purposes.

By order of the Board
C J L Moorsom
Chairman
30 April 2009

Independent auditor's report to the members of Singer & Friedlander AIM 3 VCT plc

We have audited the financial statements of Singer & Friedlander AIM 3 VCT plc for the year ended 31 January 2009 which comprise the Income Statement, the Reconciliation of Movements in Shareholders' Funds, the Balance Sheet, the Cash Flow Statement and the related notes. 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.

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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements and the part of the Directors' Remuneration Report to be audited in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 whether in our opinion the information given in the Report of the Directors is consistent with the financial statements. The information given in the Report of the Directors includes that specific information presented in the Board Review of the Year and the Investment Portfolio Summary of the Annual Report that is cross-referred from the Business Review section of the Report of the Directors.

In addition we report to you if, in our opinion, 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 is not disclosed.

We review whether the Corporate Governance Statement reflects the Company's compliance with the nine provisions of the Combined Code 2006 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 the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. The other information comprises only the Corporate Policy and Financial Highlights, the Board Review of the Year, the Investment Portfolio Summary, the Corporate Governance Statement, the Report of the Directors 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 Company financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements and the part of the Directors' Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgments made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements and the part of the Directors' Remuneration Report 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Company's affairs as at 31 January 2009 and of its net loss and cash flows for the year then ended;
- the financial statements and the part of Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Report of the Directors is consistent with the Company financial statements.

PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors

London

30 April 2009

Financial Statements

Income Statement

for the year ended 31 January 2009

	Notes	Year ended 31 January 2009			Year ended 31 January 2008		
		Revenue £	Capital £	Total £	Revenue £	Capital £	Total £
Net losses on investments at fair value	10	–	(14,685,951)	(14,685,951)	–	(4,449,935)	(4,449,935)
Income	2	589,510	–	589,510	634,851	–	634,851
Administrative expenses							
Investment management fees	3	80,919	242,758	323,677	(187,689)	(563,066)	(750,755)
Decrease in share option provision	4	8,469	25,406	33,875	31,325	93,977	125,302
Other expenses	5	(328,245)	–	(328,245)	(339,084)	–	(339,084)
Total administrative (expenses)/income		(238,857)	268,164	29,307	(495,448)	(469,089)	(964,537)
Return/(deficit) on ordinary activities before taxation		350,653	(14,417,787)	(14,067,134)	139,403	(4,919,024)	(4,779,621)
Taxation on ordinary activities	7	–	–	–	–	–	–
Return/(deficit) on ordinary activities after taxation for the financial year		350,653	(14,417,787)	(14,067,134)	139,403	(4,919,024)	(4,779,621)
Return/(deficit) per ordinary share	9	0.79p	(32.71)p	(31.92)p	0.30p	(10.64)p	(10.34)p

The total 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.

There are no gains or losses other than shown in the income statement.

The notes on pages 34 to 50 form part of these financial statements.

Reconciliation of Movements in Shareholders' Funds
for the year ended 31 January 2009

Notes	Called-up share capital £	Share premium account £	Merger reserve £	Special reserve £	Capital redemption reserve £	Share options reserve £	Capital reserve £	Revenue reserve £	Total £
Year ended 31 January 2007	2,373,099	2,954,794	16,492,539	21,296,977	363,329	159,177	831,639	(122,536)	44,349,018
Re-purchase and cancellation of ordinary shares	(124,650)	–	–	(2,184,050)	124,650	–	–	–	(2,184,050)
Decrease in share option provision 4	–	–	–	–	–	(125,302)	–	–	(125,302)
Net (deficit)/return after taxation for the year	–	–	–	–	–	–	(4,919,024)	139,403	(4,779,621)
Dividends paid 8	–	–	–	–	–	–	(1,843,741)	–	(1,843,741)
Year ended 31 January 2008	2,248,449	2,954,794	16,492,539	19,112,927	487,979	33,875	(5,931,126)	16,867	35,416,304
Re-purchase and cancellation of ordinary shares	(89,502)	–	–	(1,000,016)	89,502	–	–	–	(1,000,016)
Decrease in share option provision 4	–	–	–	–	–	(33,875)	–	–	(33,875)
Net (deficit)/return after taxation for the year	–	–	–	–	–	–	(14,417,787)	350,653	(14,067,134)
Dividends paid 8	–	–	–	–	–	–	(1,014,191)	(102,975)	(1,117,166)
Year ended 31 January 2009	2,158,947	2,954,794	16,492,539	18,112,911	577,481	–	(21,363,104)	264,545	19,198,113

The notes on pages 34 to 50 form part of these financial statements.

Balance Sheet
as at 31 January 2009

	Notes	As at 31 January 2009 £	As at 31 January 2008 £
Fixed assets			
Investments at fair value			
Qualifying investments		11,321,027	26,972,039
Fixed interest securities and other non-qualifying investments		5,953,242	6,764,733
	10	<u>17,274,269</u>	<u>33,736,772</u>
Current assets			
Debtors	11	80,769	87,786
Cash at bank		2,000,041	2,017,103
		<u>2,080,810</u>	<u>2,104,889</u>
Creditors: amounts falling due within one year			
Other creditors and accruals	12	<u>(156,966)</u>	<u>(425,357)</u>
Net current assets		<u>1,923,844</u>	<u>1,679,532</u>
Net assets		<u>19,198,113</u>	<u>35,416,304</u>
Capital and reserves			
Called-up share capital	14	2,158,947	2,248,449
Share premium account	15	2,954,794	2,954,794
Merger reserve	15	16,492,539	16,492,539
Special reserve	15	18,112,911	19,112,927
Capital redemption reserve	15	577,481	487,979
Share options reserve	15	–	33,875
Capital reserve – realised	15	3,231,816	5,463,797
Capital reserve – unrealised	15	(24,594,920)	(11,394,923)
Revenue reserve	15	264,545	16,867
Equity shareholders' funds		<u>19,198,113</u>	<u>35,416,304</u>
Net asset value per ordinary share	16	44.46p	78.76p

The financial statements on pages 30 to 50 were approved by the Board of Directors on 30 April 2009 and signed on their behalf by:

C J L Moorsom
Chairman

The notes on pages 34 to 50 form part of these financial statements.

Cash Flow Statement

for the year ended 31 January 2009

	Notes	Year ended 31 January 2009 £	Year ended 31 January 2008 £
Operating activities			
Investment income received		504,812	504,726
Deposit interest received		67,892	122,677
Investment management fees received/(paid)		127,122	(596,506)
Other expenses paid		(325,762)	(412,274)
Net cash inflow/(outflow) from operating activities	17	<u>374,064</u>	<u>(381,377)</u>
Capital expenditure and financial investment			
Purchases of investments		(714,000)	(8,699,689)
Disposals of investments		2,512,566	14,504,017
Net cash inflow from capital expenditure and financial investment		<u>1,798,566</u>	<u>5,804,328</u>
Equity dividends paid		<u>(1,117,166)</u>	<u>(1,843,741)</u>
Net cash inflow before financing		<u>1,055,464</u>	<u>3,579,210</u>
Financing			
Cost of ordinary shares purchased for cancellation		(1,072,526)	(2,279,025)
Net cash outflow from financing		<u>(1,072,526)</u>	<u>(2,279,025)</u>
(Decrease)/increase in cash for the year	18	<u>(17,062)</u>	<u>1,300,185</u>

The notes on pages 34 to 50 form part of these financial statements.

Notes to the Financial Statements

1 ACCOUNTING POLICIES

A summary of the principal accounting policies is set out below.

a) Basis of accounting

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of fixed asset investments. The financial statements have been prepared in accordance with applicable accounting standards and law in the United Kingdom, and are in compliance with the revised December 2005 Statement of Recommended Practice 'Financial Statements of Investment Trust Companies' ("SORP").

b) Investments

All investments held by the Company are classified "at fair value through profit or loss". Investments are initially recognised at cost, being the fair value of consideration given. Interest accrued on fixed interest rate securities at the date of purchase or sale is accounted for separately as accrued income, so that the value or purchase price or sale proceeds is shown net of such items.

After initial recognition, investments are measured at fair value, with unrealised gains and losses on investments and impairment of investments recognised in the income statement and allocated to capital. Realised gains and losses on investments sold are calculated as the difference between sales proceeds and cost.

For investments actively traded in organised financial markets, fair value is generally determined by reference to Stock Exchange quoted market bid prices at the close of business on the balance sheet date, without adjustment for transaction costs necessary to realise the asset.

Where trading in the securities of an investee company is suspended, the investment is valued at the Board's estimate of its net realisable value.

Unquoted investments are stated at the fair value with reference to the International Private Equity and Venture Capital Valuation ("IPEVCV") guidelines where appropriate.

Capital gains and losses on investments, whether realised or unrealised, are dealt with in the capital reserve.

c) Income

Dividends receivable on listed and quoted equity shares are brought into account on the ex-dividend date. Dividends receivable on unquoted equity shares are brought into account when the Company's right to receive payment is established and there is no reasonable doubt that payment will be received. Fixed returns on non-equity shares and debt securities are recognised on a time apportionment basis so as to reflect the effective yield, provided there is no reasonable doubt that payment will be received in due course. Interest receivable is included in the accounts on an accruals basis.

d) Expenses

All expenses are recognised on an accruals basis. Expenses are charged through the revenue account in the income statement except as follows:

- expenses which are incidental to the acquisition of an investment are included within the cost of the investment;
- expenses which are incidental to the disposal of an investment are deducted from the disposal proceeds on an investment; and
- expenses are charged to capital reserve – realised where a connection with the maintenance or enhancement of the value of the investments can be demonstrated. In this respect the investment management fee has been allocated 75% to capital reserve and 25% to revenue account, in line with the Board's expected long-term split of returns, in the form of capital gains and income respectively, from the investment portfolio of the Company.

e) Trail commission

Trail commission is paid to Independent Financial Advisors (IFAs) annually at a rate of 3.75% of the investors original holding multiplied by the previous year end NAV. It is recognised on an accruals basis. Trail commission that has not been encashed for an extended period of time can be written off at the discretion of the Company.

f) Financial instruments

Cash at bank and in hand may comprise cash and demand deposits which are readily convertible to a known amount of cash and are subject to insignificant risk of changes in value.

All other current assets do not carry any interest, are short term in nature and are accordingly stated at nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.

g) Taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future have occurred at the balance sheet date. This is subject to deferred tax assets only being recognised if it is considered more likely than not that there will be suitable profits from which the future reversals of the underlying timing differences can be deducted. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Any tax relief obtained in respect of management fees allocated to capital is reflected in the capital reserve – realised and a corresponding amount is charged against revenue. The tax relief is the amount by which corporation tax payable is reduced as a result of these capital expenses.

h) Capital reserve

Realised

The following are accounted for as realised returns:

- Gains and losses on realisation of investments;
- realised exchange differences of a capital nature;
- expenses and finance costs, together with the related tax effect to this reserve in accordance with the policies; and
- realised gains and losses on transactions undertaken to hedge an exposure of a capital nature.

Unrealised

The following are accounted for as unrealised returns:

- Increases and decreases in the valuation of investments held at the year end;
- unrealised exchange differences of a capital nature; and
- unrealised gains and losses on transactions undertaken to hedge an exposure of a capital nature.

i) Share based payments

In accordance with FRS 20: Share Based Payments, an expense is now recognised in the financial statements relating to the value of the share options awarded to the Managers under the arrangements agreed on the merger of the Company with AIM and AIM 2.

The accounting charge is based on the fair value of each grant. The fair value of the Managers' option is determined at the date of grant and is expensed on a straight-line basis over the vesting period based on the Company's estimate of shares that will eventually vest. In the case of the options granted, fair value is measured by a Black-Scholes pricing model, further details of which are set out in note 4. The deemed movement in provision is transferred to the share options reserve.

j) Dividends payable to shareholders

Interim dividends are not accounted for until paid and final dividends are accounted for when approved by the members in the general meeting.

2 INCOME

	Year ended 31 January 2009	Year ended 31 January 2008
	£	£
Income from investments		
– from fixed interest securities	261,228	272,884
– from UK equities	264,812	234,038
– from fixed interest securities reinvested	1,480	1,674
	<u>527,520</u>	<u>508,596</u>
Other income		
– deposit interest	61,633	126,255
– other interest (note 3)	357	–
	<u>61,990</u>	<u>126,255</u>
Total income	<u>589,510</u>	<u>634,851</u>

	Year ended 31 January 2009	Year ended 31 January 2008
	£	£
Total income comprises:		
Dividends	264,812	234,038
Interest	324,698	400,813
	<u>589,510</u>	<u>634,851</u>
Income from investments comprises:		
Quoted UK securities	526,040	506,922
Unquoted UK securities	1,480	1,674
	<u>527,520</u>	<u>508,596</u>

3 INVESTMENT MANAGEMENT FEES

	Year ended 31 January 2009			Year ended 31 January 2008		
	Revenue £	Capital £	Total £	Revenue £	Capital £	Total £
Investment management fee	96,528	289,584	386,112	159,735	479,205	638,940
Irrecoverable VAT thereon	8,553	25,658	34,211	27,954	83,861	111,815
Recovered VAT from previous periods	(186,000)	(558,000)	(744,000)	–	–	–
	<u>(80,919)</u>	<u>(242,758)</u>	<u>(323,677)</u>	<u>187,689</u>	<u>563,066</u>	<u>750,755</u>

Recovered VAT on Investment management fee

Going forward management fees are now exempt from VAT, as a result these financial statements include the amount of £744,000 of VAT that was recovered for the period 1 July 2001 to 30 June 2008. This has been allocated 75% to capital reserve and 25% to revenue reserve, in line with the original amounts charged to those reserves.

In addition to the £744,000 recovered, £357 was received as interest. This amount has been allocated 100% to revenue.

Following the purchase on 21 October 2008 of the business of Singer & Friedlander Investment Management Limited by Williams de Broë Limited, the assets of the Company were migrated to Williams de Broë Limited on 12 January 2009.

Williams de Broë Limited and the Company signed a new Investment Management Agreement on 28 April 2009.

Williams de Broë Limited receives an annual management fee of 1.5% of the net asset value of the Company. The annual management fee is calculated based on the quarter end net asset value and is payable calendar quarterly in arrears. At 31 January 2009, £24,030 excluding VAT, as now exempt, (2008: £220,585 including VAT of £32,853) was owed to the Manager.

4 MANAGERS' OPTION

In accordance with the arrangements agreed on the merger of the Company with AIM and AIM 2, the Managers have been granted an option which provides that if by the date of payment of the final dividend in respect of the ordinary shares for the Company's accounting year ending 31 January 2013 cumulative dividends declared and paid on each ordinary share (by reference to a record date after the merger) exceed a return of 8 per cent (compounded annually) of the net asset value per ordinary share the Manager will be entitled to subscribe at par for such number of additional ordinary shares as shall in aggregate be equal to 15 per cent of ordinary shares in the enlarged Company as enlarged by such subscriptions.

This right is a share based payment under FRS 20. This right or option has been valued on the date that it was granted to the Managers and this cost is being charged to the income statement as part of the management fee evenly over the period over which it vests. A decrease in the provision of £33,875 to nil, is disclosed in the income statement in the year ended 31 January 2009 to reflect the decline in the probability of the exercise of the options during the year. This is shown as a separate reserve in the balance sheet.

The option pricing model (Black-Scholes) has measured the fair value of the option using the following information:

	31 January 2009	31 January 2008
Share price at grant date	87.95p	87.95p
Exercise price	5.00p	5.00p
Option life in years	4 years	5 years
Risk free rate	2.76%	4.30%
Expected volatility	12.55%	10.57%
Value	–	£33,875

5 OTHER EXPENSES

	Year ended 31 January 2009	Year ended 31 January 2008
	£	£
Directors' emoluments (note 6)	85,336	71,142
Auditor's fee – annual audit (current period)	39,905	27,613
Auditor's fee – taxation services	30,717	31,358
Registrar's fee	20,062	20,389
Secretarial fee	17,250	17,625
Administration fee	58,315	58,271
Printing	11,540	18,084
Insurance	26,737	35,436
Liquidation costs	–	805
Trail commission	8,183	46,363
Other	30,200	11,998
	328,245	339,084

Total Auditor's fee

	Year ended 31 January 2009	Year ended 31 January 2008
	£	£
Annual audit	39,905	27,613
Taxation services	30,717	31,358
	70,622	58,971

Singer & Friedlander Secretaries Limited performs Company secretarial duties for an annual fee of £17,250 (2008: £17,625) including irrecoverable VAT of £2,250 (2008: £2,625). At 31 January 2009, £25,875 (2008: £8,813) including VAT of £3,375 (2008: £1,313) was owed to Singer & Friedlander Secretaries Limited.

Capita Sinclair Henderson Limited provide book keeping and accounting services for an annual fee of 0.1% of the gross amounts raised under the original Offer for Subscription of the Company's ordinary share capital, subject to annual review in line with the RPI. The agreement can be terminated by not less than one year's notice in writing. At 31 January 2009, £5,082 (2008: £4,988) including VAT of £663 (2008: £743), was owed to Capita Sinclair Henderson Limited.

6 DIRECTORS' EMOLUMENTS

	Employers'		2009	2008
	Fees	NI	Total	Total
	£	£	£	£
C J L Moorsom	18,000	1,800	19,800	16,341
J D Hambro*	15,000	1,384	16,384	14,151
M S Killingley	15,000	1,384	16,384	13,661
D M Page	15,000	1,384	16,384	13,639
D M D A Wheatley	15,000	1,384	16,384	13,350
	78,000	7,336	85,336	71,142

* The fees in respect of James Hambro are paid to charity.

No pension scheme contributions or retirement contributions were paid. There are no share option contracts held by the Directors.

7 TAXATION ON ORDINARY ACTIVITIES

	Year ended 31 January 2009			Year ended 31 January 2008		
	Revenue £	Capital £	Total £	Revenue £	Capital £	Total £
Based on the profits for the period:						
UK corporation tax charge/ (credit) at 28.3% (2008: 30%)	-	-	-	-	-	-
	-	-	-	-	-	-

The average corporation tax rate for the year is 28.3%, which represents two months of the year charged at the 2007 Financial Year corporation tax rate of 30% and the remaining ten months being charged at the 2008 Financial Year corporation tax rate of 28%.

As a Venture Capital Trust, the Company is not liable to taxation on its realised capital gains.

Current taxation

The current taxation for the year is lower than the standard rate corporation tax in the UK (28.3%) (2008: 30%). The differences are explained below:

Reconciliation of tax charge

	Year ended 31 January 2009			Year ended 31 January 2008		
	Revenue £	Capital £	Total £	Revenue £	Capital £	Total £
Return/(deficit) on ordinary activities before taxation	350,653	(14,417,787)	(14,067,134)	139,403	(4,919,024)	(4,779,621)
Theoretical tax at UK corporation tax charge of 28.3% (2008: 30%)	99,235	(4,080,234)	(3,980,999)	41,821	(1,475,707)	(1,433,886)
Effects of:						
- UK dividends which are not taxable	(74,942)	-	(74,942)	(70,211)	-	(70,211)
- Non-taxable losses on investments	-	4,156,124	4,156,124	-	1,334,981	1,334,981
- Expenses which are not allowable for corporation tax purposes	(81)	(7,190)	(7,271)	4,511	(28,193)	(23,682)
- Excess expenses of current year	-	-	-	23,879	168,919	192,798
- Excess expenses of previous year utilised	(24,212)	(68,700)	(92,912)	-	-	-
Actual current tax charge	-	-	-	-	-	-

Deferred taxation

There is no potential liability to deferred tax (2008: £nil). There is an unrecognised deferred tax asset of £679,823 (2008: £546,103). The deferred tax asset relates to unutilised expenses. It is considered more likely than not that there will be insufficient taxable profits in the future against which the deferred tax assets can be offset and, therefore, in accordance with FRS 19, the asset has not been recognised.

8 DIVIDENDS IN RESPECT OF EQUITY SHARES

	Year ended 31 January 2009 £	Year ended 31 January 2008 £
Declared and paid		
Relating to prior year:		
Final dividend of 2.0p (2008: 2.0p) per ordinary share	899,379	929,240
Relating to current year:		
Interim dividend of 0.5p (2008: 2.0p) per ordinary share	217,787	914,501
Total	1,117,166	1,843,741
Proposed		
Final dividend of nil (2008: 2.0p) per ordinary share	–	899,380
Total	–	899,380

9 RETURN PER ORDINARY SHARE AND ADJUSTED RETURN PER ORDINARY SHARE

Basic revenue return per ordinary share is based on the net return on ordinary activities after taxation of £350,653 (2008: £139,403) and on 44,075,233 (2008: 46,194,765) ordinary shares, being the weighted average number of ordinary shares in issue during the year.

Basic capital return per ordinary share is based on net capital loss for the year of £14,417,787 (2008: £4,919,024) and 44,075,233 (2008: 46,194,765) ordinary shares, being the weighted average number of ordinary shares in issue during the year.

10 INVESTMENTS

	31 January 2009 £	31 January 2008 £
Valuation		
Listed investments	7,216,168	6,253,195
Quoted investments	8,401,661	23,838,039
Unquoted investments	1,656,440	3,645,538
Total	17,274,269	33,736,772

A full list of the investment portfolio holdings by their aggregate market value is shown on pages 6 to 9.

Movements in investments during the year ended 31 January 2009 are summarised as follows:

	Unquoted investments*	AIM quoted	PLUS markets	Listed securities	Total
	£	£	£	£	£
Opening bookcost	12,326,180	26,747,752	209,990	5,818,270	45,102,192
Opening unrealised (depreciation) /appreciation	(8,680,642)	(2,913,388)	(206,315)	405,422	(11,394,923)
Amortisation of discount on fixed interest securities**	–	–	–	29,503	29,503
Opening valuation	3,645,538	23,834,364	3,675	6,253,195	33,736,772
Transfers between categories	5,069,807	(5,367,074)	–	297,267	–
Purchases	255,480	460,000	–	–	715,480
Sale proceeds	–	(2,512,566)	–	–	(2,512,566)
Realised (losses)/gains on sales	(2,031,369)	545,415	–	–	(1,485,954)
Amortisation of discount on fixed interest securities**	–	–	–	20,534	20,534
(Increase)/decrease in unrealised depreciation	(5,283,016)	(8,558,688)	(3,465)	645,172	(13,199,997)
Closing valuation as at 31 January 2009	1,656,440	8,401,451	210	7,216,168	17,274,269
Closing bookcost as at 31 January 2009	15,620,098	19,873,527	209,990	6,115,537	41,819,152
Closing unrealised (depreciation) /appreciation	(13,963,658)	(11,472,076)	(209,780)	1,080,097	(24,565,417)
Amortisation of discount on fixed interest securities**	–	–	–	20,534	20,534
Closing valuation as at 31 January 2009	1,656,440	8,401,451	210	7,216,168	17,274,269

* Included within unquoted investments are fixed income securities representing £100,000 (2008: £1,050,000) by bookcost and £100,000 (2008: £750,000) by market value.

** The income recognised from the debt securities on an effective yield basis taking account of the discounts on issue.

	Year ended 31 January 2009	Year ended 31 January 2008
	£	£
Realised (losses)/gains on sales of investments	(1,485,954)	5,791,349
Movement in unrealised depreciation	(13,199,997)	(10,241,284)
Total losses on investments	(14,685,951)	(4,449,935)

Transaction costs – during the year the Company incurred transaction costs of £nil (2008: £535) and £56 (2008: £9,280) on purchases and sales of investments respectively. These amounts are included in losses on investments at fair value as disclosed in the income statement.

The amounts provided at the end of the year or written off against unquoted investments were as follows:

	31 January 2009	31 January 2008
	£	£
Total provisions	2,169,652	589,714
Total write offs	11,794,006	8,090,928
	<u>13,963,658</u>	<u>8,680,642</u>

The following provisions have been made to date for unquoted investments:

	Book cost	Carrying value	31 January 2009 Provision	31 January 2008 Provision
	£	£	£	£
Flexbenefits	–	–	–	(75,297)
Imagesound	92,188	67,187	25,001	–
Lilestone Holdings	1,078,655	785,186	293,469	294,009
Sportsweb.com	352,128	316,915	35,213	35,213
U4EA	2,303,121	487,152	1,815,969	335,789
	<u>3,826,092</u>	<u>1,656,440</u>	<u>2,169,652</u>	<u>589,714</u>

All qualifying investments within the portfolio are based in the UK. An analysis of the investment portfolio by broad industrial or commercial sector, and a list of investments, is contained within the Investment Portfolio Summary section of the Report and Accounts.

11 DEBTORS

	31 January 2009	31 January 2008
	£	£
Amounts falling due within one year:		
Prepayments and accrued income	80,769	87,786
	<u>80,769</u>	<u>87,786</u>

12 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 January 2009	31 January 2008
	£	£
Other tax and social security	832	–
Purchase of shares for cancellation	–	73,025
Accrued expenses	156,134	352,332
	<u>156,966</u>	<u>425,357</u>

For 31 January 2008, the shares purchased for cancellation relate to 129,489 (partially settled) ordinary shares of 5p bought back at 73 pence per share on 15 January 2008 and 66,528 ordinary shares of 5p bought back at 71 pence per share on 31 January 2008. All share buy backs settled after the balance sheet date. These shares had been deducted from the total issued share capital in the relevant period.

13 SIGNIFICANT INTERESTS

The Company has a holding of 3% or more that is material in the context of the financial statements in the following investments. No consolidation is required because the Company does not exercise or hold significant influence over operating and financial policies of these investee companies.

Name of undertaking	Percentage of ordinary shares held by Company %
Sportsworld.com	11.359
Flexbenefits	7.846
Mediwatch	7.787
RTC Group (formerly ATA Group)	6.553
Lilestone Holdings	5.120
Lo-Q	4.920
U4EA	4.898
Knowledge Technology Solutions	4.373
First Artist Corporation	4.198
1st Dental Laboratories	4.125
Relax Group (formerly Debts.co.uk)	3.799
ILX Group	3.051

14 CALLED-UP SHARE CAPITAL

	Authorised £	Number of shares	Issued and fully paid £	Number of shares
As at 31 January 2008	5,000,000	100,000,000	2,248,449	44,968,981
Ordinary shares of 5p bought for cancellation	–	–	(89,502)	(1,790,041)
As at 31 January 2009	5,000,000	100,000,000	2,158,947	43,178,940

15 RESERVES

	Share premium account £	Merger reserve £	Special reserve £	Capital redemption reserve £	Share options reserve £	Capital reserve realised £	Capital reserve unrealised £	Revenue reserve £
31 January 2008	2,954,794	16,492,539	19,112,927	487,979	33,875	5,463,797	(11,394,923)	16,867
Re-purchase and cancellation of ordinary shares	-	-	(1,000,016)	89,502	-	-	-	-
Net gain on the realisation of investments	-	-	-	-	-	850,272	-	-
Increase in unrealised depreciation	-	-	-	-	-	-	(15,536,223)	-
Transfer on disposal of investments	-	-	-	-	-	(2,336,226)	2,336,226	-
Decrease in share option provision	-	-	-	-	(33,875)	25,406	-	-
Dividends paid	-	-	-	-	-	(1,014,191)	-	(102,975)
Costs credited to capital	-	-	-	-	-	242,758	-	-
Retained net revenue for the year	-	-	-	-	-	-	-	350,653
31 January 2009	2,954,794	16,492,539	18,112,911	577,481	-	3,231,816	(24,594,920)	264,545

The special reserve was created out of the cancellation of the share premium account on 15 March 2002. The special reserve, capital reserve realised and revenue reserve are distributable reserves.

16 NET ASSET VALUE PER ORDINARY SHARE

The net asset value per ordinary share at 31 January 2009 has been calculated by reference to net assets of £19,198,113 (2008: £35,416,304) and 43,178,940 (2008: 44,968,981) ordinary shares, being the number of ordinary shares in issue at the year end.

17 RECONCILIATION OF NET DEFICIT BEFORE TAXATION TO NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES

	Year ended 31 January 2009 £	Year ended 31 January 2008 £
Net deficit before taxation	(14,067,134)	(4,779,621)
Net losses on investments at fair value	14,685,951	4,449,935
Decrease in share option provision	(33,875)	(125,302)
Decrease in debtors	7,017	24,142
(Decrease)/increase in creditors and accruals	(195,881)	80,646
Interest reinvested	(1,480)	(1,674)
Amortisation of discount on fixed interest securities	(20,534)	(29,503)
Net cash inflow/(outflow) from operating activities	374,064	(381,377)

18 RECONCILIATION OF NET CASH FLOW TO NET FUNDS

	Opening net funds £	Movement in year £	Closing net funds £
Cash at bank	2,017,103	(17,062)	2,000,041
	<u>2,017,103</u>	<u>(17,062)</u>	<u>2,000,041</u>

19 COMMITMENTS AND CONTINGENCIES

At 31 January 2009, there were no commitments or contingent liabilities (2008: none).

20 USE OF FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company's financial instruments comprise securities, cash balances and debtors and creditors that arise from its operations, for example, in respect of sales and purchases awaiting settlement and debtors for accrued income.

The principal risks arising from the Company's financial instruments are, market risk (comprising interest rate risk and other price risk) and liquidity risk. The Company has little exposure to credit risk and has no exposure to foreign currency risk.

The risk management policies of the Company have not changed since the previous year and are discussed below.

a) Market risk

Market risk arises from uncertainty about the future prices of financial instruments held in accordance with the Company's investment objectives. It represents the potential loss that the Company might suffer through holding market positions in the face of market movements.

The Board, through the nominated Director, considers each investment purchase to ensure that any acquisition allows the Company to maintain an appropriate spread of market risk. In addition it considers each investment to ensure that it falls within the VCT qualifying criteria at the time of purchase. It also considers the associated business risks of investing in each individual company. These include, but are not restricted to, the industry sector, management expertise and financial stability of each company.

The Company does not use derivative instruments to hedge against market risk.

b) Market price risk

Market price risks (i.e. changes in market price other than those arising from interest rate risk or currency risk) may affect the value of the portfolio.

Management of the risk

The Board of Directors manages the risks inherent in the investment portfolios by ensuring full and timely reporting of relevant information from the Investment Manager. Investment performance is reviewed at each Board meeting. The Board monitors the Investment Manager's compliance with the Company's objectives, and is directly responsible for investment strategy and asset allocation.

The Company's exposure to other changes in market prices at 31 January on its investments is as follows:

	31 January 2009	31 January 2008
	£	£
Investments at fair value through profit or loss	17,274,269	33,736,772

Other price risk sensitivity

If the investment portfolio valuation fell by 10% at 31 January 2009 the impact on net assets and the profit/(loss) for the year would have been negative £1,727,000 (2008: £3,374,000). If the investment portfolio valuation rose by 10% the impact on net assets and the profit/(loss) for the year would have been positive £1,727,000 (2008: £3,374,000).

c) Currency risk

All of the Company's assets, liabilities and income are denominated in Sterling (the Company's functional currency and presentational currency). As a result, the Company does not have any exposure to currency risk.

d) Interest rate risk

The exposure to interest rate risk arises due to the short time to maturity of the fixed rate financial assets, as it may not be possible to reinvest in assets which provide the same rates of those currently held. Interest is earned on cash balances at banks at variable rates.

Management of the risk

The majority of the Company's financial assets are non-interest bearing. As a result, the Company's financial assets are not subject to significant amounts of risk due to fluctuations in the prevailing levels of market interest rates. Derivative contracts are not used to hedge against the exposure to interest rate risk.

Financial assets are disclosed in the Investment Portfolio Summary on pages 6 to 9.

The interest rate profile of the Company's financial assets at 31 January 2009 was:

	Financial assets on which no interest paid	Fixed rate financial assets	Variable rate financial assets	Total	Weighted average interest rate	Average period to maturity (years)
	£	£	£	£	%	
Equity shares	11,459,601	–	–	11,459,601		
Bonds	–	5,814,668	–	5,814,668	3.678	1.14
Cash	–	–	2,000,041	2,000,041		
Debtors	80,769	–	–	80,769		
Total	11,540,370	5,814,668	2,000,041	19,355,079		

The interest rate profile of the Company's financial assets at 31 January 2008 was:

	Financial assets on which no interest paid £	Fixed rate financial assets £	Variable rate financial assets £	Total £	Weighted average interest rate %	Average period to maturity (years)
Equity shares	26,066,082	–	–	26,066,082		
Preference shares	1,406,995	–	–	1,406,995		
Bonds	–	6,263,695	–	6,263,695	3.664	2.43
Cash	–	–	2,017,103	2,017,103		
Debtors	87,786	–	–	87,786		
Total	27,560,863	6,263,695	2,017,103	35,841,661		

The variable rate is based on the banks' deposit rate which at 31 January 2009 was 0.20% (2008: 5.25%).

It is, and has been throughout the year under review, the Company's policy that no trading in financial instruments shall be undertaken.

The Company's investments in equity shares and similar instruments have been excluded from the interest rate risk profile as they have no maturity date and would thus distort the weighted average period information.

Financial liabilities are creditors which are due within one year as disclosed in note 12. No interest is paid on these liabilities. The Company finances its operations through its issued share capital and existing reserves.

Interest rate sensitivity

If the bank base rate had increased by 1%, the impact on the profit/(loss) would have been a positive £20,000 (2008: £20,000). If the bank base rate had decreased by 1%, the impact on the profit/(loss) would have been negative £20,000 (2008: £20,000). The calculations are based on the cash balances as at the respective balance sheet dates and are not representative of the year as a whole.

e) Liquidity risk

This is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities.

Details of the Company's investment portfolio at the balance sheet date are disclosed in the Investment Portfolio Summary on pages 6 to 9. The investments the Company holds are primarily quoted on AIM where the liquidity is generally below that of securities quoted in the main market. The ability of the Company to realise positions may therefore be restricted when there are no willing purchasers.

The Company also holds unlisted equity investments which are not traded on a recognised exchange and which generally could be considered to be illiquid. As a result the Company may not be able to liquidate quickly some of these investments in order to meet its liquidity requirements. The list of the unquoted investments are disclosed in the Investment Portfolio Summary on pages 6 to 9.

Management of the risk

The Board mitigates this risk by seeking to ensure that an appropriate proportion of the Company's investment portfolio is invested in cash and quoted securities that are readily realisable, which are sufficient to pay creditors and accrued expenses and to meet any funding commitments that may arise.

Liquidity risk exposure

Financial liabilities are creditors which are due within one year as disclosed in note 12.

f) Credit risk

The failure of the counterparty to a transaction to discharge its obligations under that transaction could result in the Company suffering a loss.

Management of the risk

Credit risk is managed as follows:

- investment transactions are carried out with a large number of approved brokers, whose credit-standard is reviewed periodically by the investment manager, and limits are set on the amount that may be due from any one broker.
- cash at bank is held only with reputable banks and is subject to continual review.

None of the Company's financial assets or liabilities are secured by collateral or other credit enhancements.

In summary, compared to the amounts included in the balance sheet, the maximum exposure to credit risk at 31 January was as follows:

	31 January 2009		31 January 2008	
	Balance sheet	Maximum exposure	Balance sheet	Maximum exposure
	£	£	£	£
Current assets:				
Other debtors (amounts due from brokers, dividends and interest receivable)	80,769	80,769	87,786	87,786
Cash at bank	2,000,041	2,000,041	2,017,103	2,017,103

None of the Company's financial liabilities are past due or impaired.

g) Fair values of financial instruments

The balances in respect of debtors and creditors represent the fair values as determined by the Board of Directors in accordance with the Company's accounting policies. These balances are the carrying amounts as stated in the balance sheet. There is no material difference between the fair value of debtors and cash as debtors are short term in nature. The Company's equity and preference shares are valued at fair value.

Unquoted investments are stated at the fair value with reference to the International Private Equity and Venture Capital Valuation ("IPEVCV") guidelines where appropriate.

There are no committed undrawn facilities as at year end.

h) Derecognition of financial assets and liabilities

Financial assets are derecognised when the right to receive cash flows from the financial assets have expired or where the Company commits to transfer substantially all risks and rewards of ownership. Financial liabilities are derecognised when the obligation of the Company specified in the contract is discharged, cancelled or expired.

i) Capital management policies and procedures

The Company's capital management objectives are:

- to ensure that it will be able to continue as a going concern; and
- to maximise the income and capital return to its equity shareholders.

The Board with the assistance from the Investment Manager monitors and reviews the broad structure of the Company's capital on an ongoing basis. This review includes:

- the need to buy back equity shares for cancellation, which takes account of the difference between the net asset value per share and the share price (i.e. share premium or discount)
- the need for new issue of equity shares; and
- the extent to which revenue in excess of that which is required to be distributed should be retained.

The Company's objectives, policies and procedures for managing capital are unchanged from the previous year.

21 RELATED PARTY TRANSACTIONS

On 21 October 2008, Williams de Broë Limited acquired an economic interest in the business operations of Singer & Friedlander Investment Management Limited and the investment management staff of Singer & Friedlander Investment Management Limited transferred to the employment of Williams de Broë Limited. Williams de Broë Limited were appointed formally as investment manager and Evolution Group Services Ltd as the new Company Secretary on 28 April 2009. The fee arrangements for these services and the fees payable are set out in notes 3 and 5. Accrued balances at the year end were £24,030 excluding VAT, as now exempt, (2008: £220,585 including VAT) and £25,875 (2008: £8,813) including VAT, respectively. The interests of the Directors are set out on page 22.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the seventh Annual General Meeting of the Company will be held at 9th Floor, 100 Wood Street, London EC2V 7AN on Tuesday 16 June 2009 at 11.30 a.m. for the following purposes:

ORDINARY BUSINESS

To consider and, if thought fit, to pass the following as Ordinary Resolutions:

1. To receive and adopt the Company's Annual Accounts for the year ended 31 January 2009 together with the Directors' report and the auditors' report on those accounts and on the auditable part of the Directors' remuneration report.
2. To approve the Directors' Remuneration Report for the year ended 31 January 2009, which is set out in the annual report of the Company for the year ended 31 January 2009.
3. To re-elect Mr C Moorsom as a Director.
4. To re-elect Mr D Page as a Director.
5. To re-appoint PricewaterhouseCoopers LLP as auditors of the Company until the conclusion of the next Annual General Meeting of the Company.
6. To authorise the Directors to fix the auditors' remuneration.

SPECIAL BUSINESS

To consider and, if thought fit, to pass the following as Special Resolutions:

7. THAT, the name of the Company be changed to ViCTory VCT PLC.
8. THAT, the Company be and is hereby authorised in accordance with Section 166 of the Companies Act 1985 (the "Act") to make market purchases (within the meaning of section 163(3) of the Act) of ordinary shares of 5p each in the capital of the Company provided that:
 - (i) the maximum number of ordinary shares hereby authorised to be purchased is 4,317,892; and
 - (ii) the minimum price (exclusive of expenses) which may be paid for such ordinary shares is 5p per share, being the nominal amount thereof;
 - (iii) the maximum price (exclusive of expenses) which may be paid for such ordinary shares shall be an amount equal to the higher of: (i) 5% above the average of the middle market quotations for such shares taken from The London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the purchase is made; and (ii) the price of the last independent trade of an ordinary share and the highest current independent bid for an ordinary share as derived from The London Stock Exchange Trading System SETS;
 - (iv) the authority hereby conferred shall (unless previously renewed or revoked) expire on the earlier of the end of the next Annual General Meeting of the Company and the date which is 18 months after the date on which this resolution is passed; and
 - (v) the Company may make a contract to purchase its own ordinary shares under the authority conferred by this resolution prior to the expiry of such authority, and such contract will or may be executed wholly or partly after the expiry of such authority, and the Company may make a purchase of its own ordinary shares in pursuance of any such contract.

By order of the Board
Company Secretary
Evolution Group Services Limited
Registered Office: 9th Floor, 100 Wood Street, London EC2V 7AN

8 May 2009

SINGER & FRIEDLANDER AIM 3 VCT PLC

Notes

1. A member entitled to attend and vote at the Meeting convened by the above Notice is entitled to appoint one or more proxies to attend and, on a poll, to vote in his place. A proxy need not be a member of the Company.
2. To appoint a proxy you may use the Form of Proxy enclosed with this Notice of Annual General Meeting. To be valid, the Form of Proxy, together with the power of attorney or other authority (if any) under which it is signed or a notarially certified or office copy of the same, must be deposited by 11.30a.m. on 14 June 2008 at the offices of Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU. Completion of the Form of Proxy will not prevent you from attending and voting in person.
3. Pursuant to regulation 41 of the Uncertificated Securities Regulations 2001, only shareholders registered in the register of members of the Company as at 6.00 p.m. on 15 June 2008 shall be entitled to attend and vote at the Annual General Meeting in respect of the number of shares registered in their name at such time. If the Meeting is adjourned, the time by which a person must be entered on the register of members of the Company in order to have the right to attend and vote at the adjourned Meeting is 5.00 p.m. on the day preceding the date fixed for the adjourned Meeting. Changes to the register of members after the relevant times shall be disregarded in determining the rights of any person to attend and vote at the Meeting.
4. In the case of joint holders, the vote of the senior holder who tenders a vote whether in person or by proxy shall be accepted to the exclusion of the votes of the other joint holders and, for this purpose, seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the relevant joint holding.
5. The following documents are available for inspection at the registered office of the Company, 9th Floor, 100 Wood Street, London EC2V 7AN during usual business hours on any weekday (Saturdays, Sundays and public holidays excluded) from the date of this Notice until the conclusion of the Annual General Meeting and will be available for inspection at the place of the Annual General Meeting for at least 15 minutes prior to and during the Meeting:
 - (a) copies of letters of appointment of the Directors; and
 - (b) copies of the articles of association of the Company

Shareholders should note that it is possible that, pursuant to requests made by shareholders of the Company under section 527 of the Companies Act 2006, the Company may be required to publish on a website a statement setting out any matter relating to: (i) the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the Annual General Meeting; or (ii) any circumstance connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with section 437 of the Companies Act 2006. The Company may not require the shareholders requesting any such website publication to pay its expenses in complying with sections 527 or 528 of the Companies Act 2006. Where the Company is required to place a statement on a website under section 527 of the Companies Act 2006, it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the Annual General Meeting includes any statement that the Company has been required under section 527 of the Companies Act 2006 to publish on a website.

