Company Registration Number 02918390

# AMIC

## Asset Management Investment Company Limited
**(formerly Asset Management Investment Company PLC)**

Annual Report and Audited Financial Statements
For the year ended 30 September 2011

# Contents

## Corporate Information

| | |
|---|---|
| **Directors** | Geoffrey Miller *Non-Executive Director (appointed 31 January 2011)*<br>Patrick Firth *Non-Executive Director (appointed 31 January 2011)* |
| **Secretary** | Praxis Fund Services Limited<br>Sarnia House<br>Le Truchot<br>St Peter Port<br>Guernsey GY1 4NA |
| **Registered Office** | 32 Ludgate Hill<br>London EC4M 7DR |
| **Company Number** | 02918390 (Incorporated and domiciled in England and Wales) |
| **Auditors** | Nexia Smith & Williamson Chartered Accountants & Statutory Auditor<br>Portwall Place<br>Portwall Lane<br>Bristol BS1 6NA |
| **Bankers** | Bank of Scotland Corporate Banking<br>155 Bishopsgate<br>London EC2M 3YB<br>*(Bank accounts closed on 5 December 2011)*<br><br>Investec Bank (Channel Islands) Limited<br>Glategny Court<br>Glategny Esplanande<br>St Peter Port<br>Guernsey GY1 3LP |
| **Solicitors** | Maclay Murray & Spens LLP<br>One London Wall<br>London EC2Y 5AB |

## Directors' Report *(for the year ended 30 September 2011)*

The Directors present their annual report and audited financial statements of Asset Management Investment Company Limited (formerly Asset Management Investment Company PLC) (the "Company") for the year to 30 September 2011.

**Acquisition of the Company by Greenwich Loan Income Fund Limited ("GLIF")**
On 7 December 2010, the boards of GLIF and the Company announced that they had agreed the terms of the acquisition by GLIF of the entire issued share capital of Company. This was implemented by means of a scheme of arrangement pursuant to Part 26 of the Companies Act. The scheme became effective on 31 January 2011.

Under the terms of the acquisition, all of the Company's existing issued ordinary share capital was cancelled and new ordinary shares ("new ordinary shares") were issued and credited as fully paid to GLIF and the Company became a wholly owned subsidiary of GLIF. Former shareholders could elect to receive cash under the basic offer or new GLIF shares under the share alternative or a mix of both.

Under the basic offer, cash was paid in exchange for new ordinary shares valued at 92 per cent. of the Company Formula Asset Value ("FAV") of £2.25 million, or 76.923p per share. Under the share alternative, new GLIF shares were issued in exchange for the new ordinary shares valued at 92 per cent. of the Company FAV. The value of a new GLIF share was set at 28.25p being the mid-market closing share price of a GLIF Share on 25 October 2010, the business day prior to the indicative offer announcement.

The Company was de-listed from the London Stock Exchange Main Market on 1 February 2011.

**Principal Activity**
The current business of the Company is that of an investment trust investing in private asset management companies.

**Status**
The Company was an investment company as defined by Section 833 of the Companies Act 2006 and was registered as a public limited company. However, upon the GLIF acquisition of the Company on 31 January 2011, the Company has been re-registered as a private limited company.

The Directors are of the opinion, under advice, that the Company conducted its affairs for the period to acquisition, so as to be able to maintain the approval as an Investment Trust. The Company now operates as a wholly own subsidiary of GLIF and as an unauthorised Investment Trust.

**Results and Dividends**
The results for the year and the net total profits are set out in the Statement of Comprehensive Income on page 6. The Company's profit after tax for the year was £646,000 (30 September 2010: £1,998,000 restated). An interim dividend totalling 16.0p per share was paid on 1 March 2011, a final dividend of 25.0p per share was paid on 23 June 2011 and a dividend in specie of £1,488,000 was declared on 1 July 2011 in relation to the transfer of the Company's investment in Lombardia Capital Partners LLC to GLIF.

**Directors**
The Directors of the Company who served during the year were:

Charles Wilkinson *Non-Executive Chairman (resigned 31 January 2011)*
George Robb *Managing Director* and *Chief Investment Officer (resigned 31 January 2011)*
Barry Aling *Senior Non-Executive Director (resigned 31 January 2011)*
Hugh Tilney *Non-Executive Director (resigned 31 January 2011)*
Geoffrey Miller *Non-Executive Director (appointed 31 January 2011)*
Patrick Firth *Non-Executive Director (appointed 31 January 2011)*

**Financial Statements**
The Directors' responsibilities regarding the Financial Statements are set out on page 4.

## **Directors' Report** *(for the year ended 30 September 2011), continued*

**Risk Management**
The major risks associated with the Company's businesses are market risk, liquidity risk, foreign currency risk and credit risk. The Company has established a comprehensive framework for managing these risks, which evolves as the Company's business activities change in response to market, credit and other developments. The Company's policies for managing each of these risks and its exposure thereto are detailed in note 15 to the Financial Statements.

**Share Capital**
Full details of the Company's share capital are given in note 14 on page 16.

**Auditors**
A resolution to re-appoint the auditors, Nexia Smith & Williamson, will be proposed at the next Annual General Meeting of the Company.

By order of the Board

Geoff Miller
Director

Date: 16 January 2012

## Statement of Directors' Responsibilities

The Directors are responsible for preparing the Directors' 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. Under that law the Directors have elected to prepare the Financial Statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, as applied in accordance with the provisions of the Companies Act 2006. Under company law the Directors must not approve the Financial Statements unless they are satisfied that they 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 period.

In preparing these Financial Statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.
- state whether applicable IFRSs as adopted by the European Union have been followed subject to any material departures disclosed and explained in the Financial Statements.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the Financial Statements comply with the Companies Act 2006. 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.

## **Independent Auditors' Report** *to the members of Asset Management Investment Company Limited*

We have audited the Financial Statements of Asset Management Investment Company Limited for the year ended 30 September 2011 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the Statement of Cash Flows and the related notes 1 to 17. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of Directors and auditor**
As explained more fully in the Directors' Responsibilities Statement on page 4, the Directors are responsible for the preparation of the Financial Statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the Financial Statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

**Scope of the audit of the financial statements**
A description of the scope of an audit of Financial Statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

**Opinion on Financial Statements**
In our opinion the Financial Statements:

- give a true and fair view of the state of the Company's affairs as at 30 September 2011 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Opinion on other matter prescribed by the Companies Act 2006**
In our opinion the information given in the Directors' Report for the financial year for which the Financial Statements are prepared is consistent with the Financial Statements.

**Matters on which we are required to report by exception**
We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the Financial Statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Carl Deane
Senior Statutory Auditor, for and on behalf of
**Nexia Smith & Williamson**
Statutory Auditor
Chartered Accountants
Portwall Place, Portwall Lane
Bristol, BS1 6NA

Date: 17 January 2012

## Statement of Comprehensive Income
**for the year ended 30 September 2011**

| | Notes | **30 September 2011** **£'000** | 30 September 2010 (restated) £'000 |
|---|---|---|---|
| Gains on investments held at fair value through profit or loss | 2 | **1,079** | 893 |
| Investment income | 3 | **658** | 1,825 |
| Administration expenses | 4 | **(1,098)** | (688) |
| **Profit before finance costs and taxation** | | **639** | 2,030 |
| Finance costs | | **(3)** | - |
| Interest receivable | 5 | **11** | 8 |
| **Profit on ordinary activities before taxation** | | **647** | 2,038 |
| Taxation | 7 | **(1)** | (40) |
| **Profit on ordinary activities after taxation for the year** | | **646** | 1,998 |

The Company does not have any income or expenses that are not included in the profit for the year and therefore the 'profit for the year' is also the 'total comprehensive income for the year' as defined in International Accounting Standard 1 (revised).

All of the activities of the Company are classed as continuing.

The notes on pages 10 to 20 for part of these Financial Statements.

## Statement of Financial Position
**as at 30 September 2011**

| | Notes | 30 September 2011 £'000 | 30 September 2011 £'000 | 30 September 2010 £'000 | 30 September 2010 £'000 |
|---|---|---|---|---|---|
| **Non-current assets** | | | | | |
| Property, plant and equipment | 9 | | **-** | | 4 |
| | | | | | |
| **Investments** | | | | | |
| Fair value through profit or loss | | | | | |
| - Listed investments | 10 | **-** | | 395 | |
| - Unlisted investments | 10 | **5,000** | | 5,422 | |
| | | | **5,000** | | 5,817 |
| | | | **5,000** | | 5,821 |
| **Current assets** | | | | | |
| Investments at fair value through profit or loss | 10 | **-** | | 3,754 | |
| Receivables | 11 | **651** | | 153 | |
| Cash and cash equivalents | 12 | **472** | | 4,471 | |
| | | | **1,123** | | 8,378 |
| **Total assets** | | | **6,123** | | 14,199 |
| | | | | | |
| **Current liabilities** | | | | | |
| Payables | 13 | **(79)** | | (77) | |
| Loan redemption derivative | | **-** | | (137) | |
| | | | **(79)** | | (214) |
| | | | | | |
| **Net assets** | | | **6,044** | | **13,985** |
| | | | | | |
| **Equity** | | | | | |
| Ordinary share capital | 14 | | **4,329** | | 4,329 |
| Retained earnings | | | **1,715** | | 2,851 |
| Other reserves | | | **-** | | 6,805 |
| **Total equity** | | | **6,044** | | **13,985** |

The Financial Statements were approved by the Board of Directors on 16 January 2012 and were signed on its behalf by:

Geoff Miller
Director

Company Registration Number: 02918390

The notes on pages 10 to 20 for part of these Financial Statements.

## Statement of Changes in Equity
**for the year ended 30 September 2011**

| | Share Capital £'000 | Special reserve £'000 | Capital redemption reserve £'000 | Own share reserve £'000 | Other capital reserve £'000 | Retained earnings £'000 | Total Net Assets £'000 |
|---|---|---|---|---|---|---|---|
| **As at 30 September 2009** | **4,591** | **7,435** | **180** | **4** | **(1,031)** | **2,618** | **13,797** |
| Profit for the year | - | - | - | - | 506 | 1,492 | 1,998 |
| **Total recognised comprehensive income** | - | - | - | - | - | 1,492 | 1,998 |
| Cancellation of ordinary shares | (262) | (586) | 262 | - | - | - | (586) |
| Dividends paid | - | - | - | - | - | (1,259) | (1,259) |
| Movement in own shares | - | - | - | 35 | - | - | 35 |
| **As at 30 September 2010** | **4,329** | **6.849** | **442** | **39** | **(525)** | **2,851** | **13,985** |
| Profit for the year | - | - | - | - | - | 646 | 646 |
| **Total recognised comprehensive income** | - | - | - | - | - | 646 | 646 |
| Cancellation of ordinary shares | (4,329) | - | - | - | - | - | (4,329) |
| Re-purchase of ordinary shares | 4,329 | - | - | - | - | - | 4,329 |
| Transfer to retained earnings | - | (6,849) | (442) | (39) | 525 | 6,805 | - |
| Dividends in specie | - | - | - | - | - | (1,488) | (1,488) |
| Dividends paid | - | | | | - | (7,099) | (7,099) |
| **As at 30 September 2011** | **4,329** | **-** | **-** | - | **-** | **1,715** | **6,044** |

As at 30 September 2010 the Company presented a special reserve, a capital redemption reserve, an own share reserve and other capital reserve (the "additional reserve accounts"). The additional reserve accounts are distributable reserves and accordingly have been released to the "Retained earnings reserve".

The notes on pages 10 to 20 for part of these Financial Statements.

## Statement of Cash Flows
**for the year ended 30 September 2011**

| | **30 September 2011** | | 30 September 2010 | |
|---|---|---|---|---|
| | **£'000** | **£'000** | £'000 | £'000 |
| **Net income from operations before tax** | **647** | | **2,038** | |
| Disposal of fixed assets | **4** | | **-** | |
| Decrease in receivables | **34** | | **981** | |
| Decrease in payables | **(135)** | | **(4)** | |
| Gains on investments held at fair value through profit or loss | **(1,079)** | | **(893)** | |
| Net payment from EBT scheme | **-** | | **35** | |
| **Cash (outflow)/inflow by operations** | | **(529)** | | **2,157** |
| Taxation paid | | **(1)** | | **(235)** |
| **Investing activities** | | | | |
| Sales of investments | **3,497** | | **4,100** | |
| **Net cash inflow from investing activities** | | **3,497** | | **4,100** |
| **Financing activities** | | | | |
| Repurchase of ordinary shares | **-** | | **(586)** | |
| Dividends paid | **(7,099)** | | **(1,259)** | |
| **Net cash outflow from financing activities** | | **(7,099)** | | **(1,845)** |
| (Decrease)/increase in cash | | **(4,132)** | | **4,177** |
| Effect of foreign exchange rate changes | | **133** | | **(9)** |
| Changes in cash and cash equivalents | | **(3,999)** | | **4,168** |
| Cash and cash equivalents at beginning of year | | **4,471** | | **303** |
| Cash and cash equivalents at end of year | | **472** | | **4,471** |

The notes on pages 10 to 20 for part of these Financial Statements.

# Notes to the Financial Statements

## 1. Accounting Policies

### (a) Basis of Preparation

The Financial Statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), comprising standards and interpretations issued by the International Accounting Standards Board ("IASB") as adopted by the European Union and in accordance with the Companies Act 2006. The Financial Statements are presented in pounds sterling, rounded to the nearest thousand.

The Financial Statements are prepared under the historic cost convention except for the measurement of investments at fair value.

### (b) Valuation of Investments

Investments are classified as held for trading financial assets and are accounted for at fair value through profit or loss in accordance with IAS 39.

(i) Listed investments are initially recognised on purchase at trade date and measured at fair value. Subsequent to initial recognition, all listed investments are measured at fair value.

(ii) Unlisted investments are valued by the Directors at fair value having regard to the International Private Equity and Venture Capital Valuation Guidelines. Where fair values cannot be reliably measured, they are valued at cost less impairment. When a valuation is undertaken consideration is given to the most recent information available, including the latest trading figures, performance against forecast, management's view of prospects and the price of any transaction in the security. Realisable value in the short term could differ materially from the amount at which these investments are included in the financial statements.

(iii) Changes in the fair value of investments are taken to the Statement of Comprehensive Income.

(iv) Investments are de-recognised at the trade date of disposal.

### (c) Income

Dividends receivable on equity shares are recognised as revenue for the year on an ex-dividend basis. Dividends receivable on equity shares where no ex-dividend date is quoted are brought into account when the Company's right to receive payment is established. Income from fixed interest debt securities and bank deposits is recognised using the effective interest rate method. Note 15 explains the fair value gains relating to financial instruments.

### (d) Expenses

All expenses are accounted for on an accruals basis.

### (e) Taxation

The charge for taxation is based on taxable profit for the year. Taxable profit differs from net profit as reported in the Statement of Comprehensive Income because it excludes items of income or expenditure that are taxable or deductible in other accounting periods and it further excludes items that are never taxable or deductible. The Company's liability for current taxation is calculated using tax rates that have been enacted or substantially enacted as at the year end date.

Deferred taxation is the amount expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the Financial Statements and corresponding tax bases used in computation of taxable profit, and is accounted for using the statement of financial position liability method.

### (f) Foreign Currency

The results and financial position of the Company is expressed in pounds sterling ("Sterling"), which is both the functional currency and the presentational currency of the Company. Sterling is the functional currency because it is the currency of the primary economic environment in which the Company operates.

Transactions recorded in overseas currencies during the year are translated into sterling at the appropriate daily exchange rates.

Assets and liabilities denominated in overseas currencies at the year end date are translated into sterling at the exchange rates ruling at that date. Exchange differences are reflected in the Statement of Comprehensive Income.

## 1. Accounting Policies, *continued*

**(g) Financial Instruments**

Financial assets and liabilities are recognised on the Statement of Financial Position when the Company becomes a party to the contractual provisions of the instrument.

Investments are classified as either held-for-trading or available for sale at initial recognition and this designation is re-evaluated at each year end date. At the year end date all such investments are classified as held-for-trading. Investments are initially measured at cost, including transaction costs. At subsequent reporting dates held-for-trading investments are measured at fair value or at cost where fair value is not readily ascertainable. Gains and losses arising from changes in fair value are recognised through the Statement of Comprehensive Income, as set out in accounting policy 1(b).

Trade and other receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest method. A provision is established when there is objective evidence that the Company will not be able to collect all amounts due. The amount of any provision is recognised in the Statement of Comprehensive Income

Cash and cash equivalents comprise cash held by the Company and short term bank deposits with an original maturity of three months or less.

Trade and other payables are measured at fair value.

Financial liabilities and equity instruments issued by the Company are classified in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Interest-bearing bank loans and overdrafts are recorded as the proceeds are received, net of direct issue costs. Finance costs are accounted for in the Statement of Comprehensive Income using the effective interest method.

**(h) Capital Instruments**

The ordinary shares are classified as equity share capital.

**(i) Dividends Payable**

Dividends are recognised as a financial liability in the Financial Statements from the date they are declared in a general meeting of the Company.

**(j) Going Concern and Valuation of Investments**

Whilst the Company's Articles of Association previously contained a provision that the Company had a fixed duration to 27 October 2006, on 20 October 2006 the shareholders voted to continue the Company and the Company adopted a new investment objective requiring the Company to effect an orderly realisation of its investment portfolio. On 31 January 2011, the Company became a wholly own subsidiary of GLIF and an unauthorised Investment Trust.

The Directors are satisfied that it is appropriate to continue to adopt the going concern basis in preparing these Financial Statements.

**(k) Pension Costs**

Contributions to defined contribution schemes are charged to the Statement of Comprehensive Income as they become payable in accordance with the rules of the scheme.

# Notes to the Financial Statements, *continued*

## 1. Accounting Policies, *continued*

### (l) Summary of New Standards and Interpretations Not Applied

As at the date of authorisation of these Financial Statements, the following Standards and Interpretations that are considered by the Directors to be potentially relevant to the Company were in issue but not yet effective. The Company has not applied these Standards and Interpretations in the preparation of these Financial Statements.

***New standards and interpretations adopted***

The Company has adopted the following new and amended standards and interpretations, which are applicable to the Company's operations, for the accounting period commencing 1 October 2010:

- Improvements to IFRSs 2009 – various standards (effective 1 January 2010)
- Improvements to IFRSs 2010 – various standards (effective 1 July 2010)

There has been no impact in the accounts as a result of adopting these standards.

***New standards and interpretations not yet adopted***

A number of new standards, amendments to standards and interpretations are not yet effective for the current year, and have not been applied in preparing these financial statements. None of these will have a significant effect on the financial statements of the Company, with the exception of the following:

- **IFRS 9 Financial Instruments** the standard eliminates the existing IAS 39 categories of held to maturity, available for sale and loans and receivables. For an investment in an equity instrument which is not held for trading, the standard permits an irrevocable election, on initial recognition, on an individual share-by-share basis, to present all fair value changes from the investment in other comprehensive income. No amount recognised in other comprehensive income would ever be reclassified to profit or loss at a later date. However, dividends on such investments are recognised in profit or loss, rather than other comprehensive income unless they clearly represent a partial recovery of the cost of the investment. Investments in equity instruments in respect of which an entity does not elect to present fair value changes in other comprehensive income would be measured at fair value with changes in fair value recognised in profit or loss.

  The standard is effective for periods beginning on or after 1 January 2013.

- **IFRS 13 Fair Value Measurement –** In May 2011, the IASB issued IFRS 13 which is effective for annual periods beginning on or after 1 January 2013. The standard defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. exit price).

The Company is currently assessing the potential effect of these standards and does not plan to adopt them early.

### (m) Judgements and Key Sources of Estimation and Uncertainty

In the process of applying the Company's accounting policies described above, the Directors have made estimates and assumptions which are based on knowledge and judgement of financial information and data. Ultimately actual results may differ from those estimates. Judgements applied regarding the fair value of the unlisted investments may have a significant impact on the financial statements of the Company.

# Notes to the Financial Statements, *continued*

## 1. Accounting Policies, *continued*

### (n) Capital Disclosures

The Company is not a financial institution and is not subject to externally imposed capital requirements. The Company's objective is to effect an orderly realisation of its investment portfolio and manage capital to ensure that the Company will be able to meet liabilities as they fall due.

The capital structure of the Company consists of equity attributable to equity holders of the Company, comprising issued capital reserve and retained earnings.

The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and risk characteristics of underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders or sell assets.

The table below sets out the capital that is managed by the Company:

| | **2011** | 2010 |
|---|---|---|
| | **£'000** | £'000 |
| Shareholder equity | **4,329** | 4,329 |
| Retained earnings | **1,715** | 9,656 |
| | **6,044** | **13,985** |

### (o) Restatement of Comparatives

Prior to 31 January 2011 to better reflect the activities of an investment trust company, and in accordance with guidance issued by the Association of Investment Companies ('AIC'), supplementary information which analyses the Statement of Comprehensive Income between items of a revenue and capital nature was presented within this Statement. In accordance with the Company's status as a UK investment company under section 833 of the Companies Act 2006, net capital returns may not be distributed by way of dividend. Additionally, the net revenue was the measure the Directors believed was appropriate in assessing the Company's compliance with certain requirements set out in section 1159 of the Corporation Tax Act 2010 (formerly section 842 of the Income and Corporation Taxes Act 1988). Following the acquisition on 31 January 2011 of the Company by GLIF, the Company became an unauthorised Investment Trust, the Company therefore is no longer required to follow the Statement of Recommended Practice for investment trusts issued by the Association of Investment Companies. As a result, the comparative figures for 30 September 2010 have been restated and no longer disclose the split between revenue and capital. The total is as previously disclosed.

## 2. Gains/(Losses) on Investments Held at Fair Value Through Profit and Loss

| | **Listed** | **Unlisted** | **2011 Total** | 2010 Total |
|---|---|---|---|---|
| | **£'000** | **£'000** | **£'000** | £'000 |
| Realised losses on investments sold during the year | **(840)** | **(2,805)** | **(3,645)** | (3,372) |
| Net changes in unrealised gains on investments | **855** | **3,736** | **4,591** | 4,274 |
| Foreign exchange movement | **-** | **133** | **133** | (9) |
| Total gains on investments held at fair value through profit and loss | **15** | **1,064** | **1,079** | 893 |

## 3. Income

| | **2011** | 2010 |
|---|---|---|
| | **£'000** | £'000 |
| **Total Income** | **658** | 1,825 |
| Total income comprises: | | |
| Dividends | **383** | 1,049 |
| Interest | **275** | 776 |
| | **658** | 1,825 |

# Notes to the Financial Statements, *continued*

### 4. Administration Expenses

| | 2011 £'000 | 2010 (restated) £'000 |
|---|---|---|
| Directors' remuneration | **165** | 221 |
| Auditors' remuneration: | | |
| for audit | **15** | 34 |
| for other services | **23** | 7 |
| Other expenses | **895** | 426 |
| | **1,098** | 688 |

Auditors' remuneration for the period in respect of UK audit services amounted to £15,000 (2010: £34,000). Non-audit services during the year related to tax compliance £23,000 (2010: £7,000). These fees have been recognised in the Statement of Comprehensive Income. These services are reviewed by the Directors to ensure that the independence and objectivity of the Auditors is not compromised.

**Details of Directors' remuneration**

| | Salary, bonus and social security £'000 | Employment severance cost £'000 | Other Benefits £'000 | Pension costs £'000 | 2011 Total £'000 | 2010 Total £'000 |
|---|---|---|---|---|---|---|
| **Executive** | | | | | | |
| G A Robb* | **69** | **13** | **2** | **8** | **92** | 133 |
| **Non–Executive** | | | | | | |
| G Miller*** | **-** | **-** | **-** | **-** | **-** | 12 |
| P Firth** | **-** | **-** | **-** | **-** | **-** | - |
| B Aling* | **21** | **-** | **-** | **-** | **21** | 28 |
| H Tilney* | **29** | **-** | **-** | **-** | **29** | 20 |
| C E Wilkinson* | **23** | **-** | **-** | **-** | **23** | 28 |
| | **142** | **13** | **2** | **8** | **165** | 221 |

**Resigned on 31 January 2011.*
***Appointed on 31 January 2011.*
****Resigned on 4 February 2010 and was re-appointed on 31 January 2011.*

### 5. Interest

| | 2011 £'000 | 2010 £'000 |
|---|---|---|
| Interest received on bank deposits | **11** | 8 |
| | **11** | 8 |

### 6. Staff Costs

| | 2011 | 2010 |
|---|---|---|
| Average number of persons employed during the year | **1*** | 2 |

*Employment contracts were terminated on the acquisition of the Company by GLIF.

| | 2011 £'000 | 2010 £'000 |
|---|---|---|
| Staff costs and Executive Director's costs: | | |
| Salaries and annual bonus | **135** | 212 |
| Employment severance costs | **47** | - |
| Social security costs | **11** | 26 |
| Pension costs | **14** | 29 |
| Other staff costs | **3** | 10 |
| | **210** | 277 |

# Notes to the Financial Statements, *continued*

### 7. Taxation

| | 2011 £'000 | 2010 £'000 |
|---|---|---|
| **UK Corporation Tax** | | |
| Current tax charge for the period | **1** | **40** |

**Factors affecting the tax charge for the year**

The effective rate of tax assessed in the revenue account for the period is different from the UK standard rate of 27% (2010: 28%). The differences are explained below.

| | 2011 % | 2010 % |
|---|---|---|
| Standard rate of tax for the period | **27.0** | 28.0 |
| Income not taxable | **(30.4)** | (17.7) |
| Exempt dividend income | **(15.9)** | - |
| Un-relieved tax losses and other deductions arising in the period | **19.3** | 0.2 |
| Adjustments in respect of prior period | **0.2** | - |
| | **0.2** | 10.5 |

### 8. Dividends

| | 2011 £'000 | 2010 £'000 |
|---|---|---|
| **Amounts recognised as distributions to equity holders in the period** | | |
| Final dividend of 25.0p per ordinary share (2010: 4.5p) | **4,329** | 826 |
| Interim dividend of 5.0p per ordinary share (2010:2.5p) | **866** | 433 |
| Interim dividend of 11.0p per ordinary share | **1,904** | - |
| Dividend in specie | **1,488** | - |
| | **8,587** | 1,259 |
| **Amounts not recognised as distributions in the period** | | |
| Proposed interim dividend of 6.5p per ordinary share (2010:5.0p) | **1,125** | 866 |
| | **1,125** | 866 |

### 9. Property, Plant and Equipment

| | Office equipment £'000 | Fixtures and fittings £'000 | 2011 Total £'000 | 2010 Total £'000 |
|---|---|---|---|---|
| **Cost** | | | | |
| At 1 October 2010 | **13** | **14** | **27** | 28 |
| Disposal | **(13)** | **(14)** | **(27)** | (1) |
| At 30 September 2011 | **-** | **-** | **-** | 27 |
| **Depreciation** | | | | |
| At 1 October 2010 | **11** | **12** | **23** | 24 |
| Charge for the year | **-** | **-** | **-** | - |
| Disposal | **(11)** | **(12)** | **(23)** | (1) |
| At 30 September 2011 | **-** | **-** | **-** | 23 |
| **Net book value** | | | | |
| **At 30 September 2011** | **-** | **-** | **-** | - |
| At 30 September 2010 | **2** | **2** | **-** | 4 |

## Notes to the Financial Statements, *continued*

### 10. Investments Held at Fair Value Through Profit and Loss

| | Listed £'000 | Unlisted £'000 | **2011 Total £'000** | 2010 Total £'000 |
|---|---|---|---|---|
| Fair value at 1 October 2010 | 395 | 9,176 | **9,571** | 12,768 |
| Disposals | (410) | (3,619) | **(4,029)** | (4,099) |
| Fair value movement | 15 | 931 | **946** | 902 |
| Dividend in specie | - | (1,488) | **(1,488)** | - |
| Fair value at 30 September 2011 | - | 5,000 | **5,000** | 9,571 |

The disposal proceeds include £586,000 of deferred consideration included in receivables (Note 11).

### 11. Receivables

| | **2011 £'000** | 2010 £'000 |
|---|---|---|
| Prepayments and accrued income | **12** | 45 |
| Deferred consideration | **639** | 108 |
| | **651** | 153 |

The deferred consideration is neither past due, nor impaired at the year-end.

The Directors consider the carrying amount of receivables approximate to their fair value.

### 12. Cash and Cash Equivalents

| | **2011 £'000** | 2010 £'000 |
|---|---|---|
| Cash at Bank | **472** | 4,471 |

### 13. Payables: amounts falling due within one year

| | **2011 £'000** | 2010 £'000 |
|---|---|---|
| Accruals and deferred income | **39** | 37 |
| Corporation Tax Creditor | **40** | 40 |
| | **79** | 77 |

### 14. Called up Share Capital

| | **2011 £'000** | 2010 £'000 |
|---|---|---|
| Authorised | | |
| 28,000,000 (2010: 28,000,000) ordinary shares of 25p each | **7,000** | 7,000 |
| Allotted, issued and fully paid | | |
| 17,314,411 ordinary shares of 25p each at 30 September 2010 | **4,329** | 4,329 |
| Cancellation of 17,314,411 ordinary shares of 25p each | **(4,329)** | - |
| Re-purchase of 17,314,411 ordinary shares of 25p each | **4,329** | - |
| 17,314,411 ordinary shares of 25p each at 30 September 2011 | **4,329** | 4,329 |

### 15. Financial Instruments

The Company's financial instruments comprise:

- Cash and short term debtors and creditors which arise from investment activities
- Securities held within the portfolio

The Company's principal risks are:

- Market price risk
- Liquidity risk
- Foreign currency risk
- Interest rate risk

**Market price risk**

Market price risk arises mainly from uncertainty about future prices of investments held in its portfolio. It represents the potential loss the Company might suffer through holding market positions in the face of price movements.

**Management of the market price risk**

The Investment Manager constantly monitors the price of listed investments held by the Company up on a real-time basis. The Investment manager reports to the Board on the unlisted investments and constantly monitors their carrying values. All investments are stated at fair value.

**Market price sensitivity**

The quoted investments were sold during the year under review therefore as at 30 September 2011 there was no market price risk on quoted investments.

For 30 September 2010, if the market prices of the quoted investments at the year end date had been 40% higher or lower while all other variables remained constant, the return attributable to ordinary shareholders for the year would have increased/(decreased) by £158,000 and equity reserves would have increased/(decreased) by the same amount.

**Liquidity risk**

Liquidity risk arises as the investment portfolio will comprise mainly unlisted securities, which represent a potential delay for realisation.

**Management of the liquidity risk**

This risk is managed by the holding of cash balances to meet payments arising in the foreseeable future.

**Liquidity risk exposure**

Liquidity risk is not considered to be significant as the Company holds sufficient cash to meet requirements and also has a listed investment. Any cash held is with reputable banks.

The Company generally does not hold significant cash balances as this is returned to Shareholders either via dividends or share buybacks.

The Company's contractual maturities of financial liabilities at the year-end, based on the earliest date on which payment can be required are set out below:

| | **2011** | | 2010 | |
|---|---|---|---|---|
| | **Three months or less £'000** | **Total £'000** | Three months or less £'000 | Total £'000 |
| Accruals and deferred income | **39** | **39** | 37 | 37 |

# Notes to the Financial Statements, *continued*

**15. Financial Instruments,** *continued*

**Credit risk exposure**
This is the risk of failure of the counterparty to a transaction to discharge its obligations under that transaction that could result in the Company suffering a loss.

The maximum exposure to credit risk at the year end comprised the amount of cash at bank of £472,000 (2010: £4,471,000) and receivables of £651,000 (2010: £153,000) as shown in the Statement of Financial Position.

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

**Credit risk management**
The credit risk on liquid funds is limited because the counterparties are reputable Banks. Investment transactions are only entered into with approved Brokers.

**Foreign currency risk**
The Directors have identified two principal areas where foreign currency risk could impact the Company:

- Movements in exchange rates affect the value of investments
- Movement in exchange rates affect the income received

Foreign currency risk arises as the income and capital value of the Company's investments can be affected by exchange rate movements as some of the Company's assets and income are denominated in currencies other than sterling which is the Company's reporting currency.

**Management of the foreign currency risk**
The Directors' monitor the Company's exposure and reports to the Board on a regular basis. As at 30 September 2011, the Company had no open forward contracts. The Company may use short term forward currency contracts to manage capital requirements.

**Foreign currency exposure**

| **2011** | **Non-current assets** | **Investments** | **Current asset receivables** | **Cash and cash equivalents** | **Current liabilities** | **Net exposure** |
|---|---|---|---|---|---|---|
| | **£000** | **£000** | **£000** | **£000** | **£000** | **£000** |
| Sterling | **-** | **-** | **-** | **388** | **(79)** | **309** |
| US dollar | **-** | **5,000** | **651** | **84** | **-** | **5,735** |
| | **-** | **5,000** | **651** | **472** | **(79)** | **6,044** |

| **2010** | **Non-current assets** | **Investments** | **Current asset receivables** | **Cash and cash equivalents** | **Current liabilities** | **Net exposure** |
|---|---|---|---|---|---|---|
| | **£000** | **£000** | **£000** | **£000** | **£000** | **£000** |
| Sterling | 4 | 395 | 44 | 3,528 | (214) | 3,757 |
| US dollar | - | 9,176 | 109 | 943 | - | 10,228 |
| | 4 | 9,571 | 153 | 4,471 | (214) | 13,985 |

# Notes to the Financial Statements, *continued*

## 15. Financial Instruments, *continued*

### Foreign currency risk, *continued*

**Foreign currency sensitivity**
The following tables illustrate the sensitivity of profit after taxation for the year and equity with regard to the Company's financial assets and financial liabilities and exchange rates. The sensitivity analysis on the company's monetary financial instruments held at year end date and assume a 10% appreciation or depreciation in Sterling against US Dollar, which is deemed reasonable during the year.

If sterling had strengthened this would have had the following effect:

| | **2011** **£000** | 2010 £000 |
|---|---|---|
| Statement of comprehensive income revenue after taxation: | | |
| Total Revenue after taxation for the year | **(574)** | (263) |
| Net Assets | **(574)** | (263) |

Conversely if sterling had weakened this would have had the following effect:

| | **2011** **£000** | 2010 £000 |
|---|---|---|
| Statement of comprehensive income revenue after taxation: | | |
| Total Revenue after taxation for the year | **574** | 263 |
| Net Assets | **574** | 263 |

This analysis is representative of the Company's activities and the above sensitivity analysis is broadly representative of the whole year.

**Interest rate risk**
Interest rate risk arises in respect of the level of interest receivable on cash deposits and on the Company's investments. In particular, the effect of interest rate movements may impact on earnings of the companies held within the Company's portfolio.

**Management of interest rate risk**
The Company does not use derivative contracts to hedge against the interest rate risk.

**Interest rate risk profile of financial assets and financial liabilities**

**Financial assets**
As at 30 September 2011, all of the Company's financial assets are equity shares or other investments which neither pay interest nor have maturity dates. However for 30 September 2010, the portfolio did contain certain instruments which exhibit one or both of these characteristics. The analysis of such investments at 30 September 2010 is as follows:

| **2010** | **Sterling £'000** | **US$ £'000** | **Total £'000** |
|---|---|---|---|
| Fixed rate investments | - | 5,437 | 5,437 |
| Weighted average interest rate | - | 9.75% | 9.75% |
| Weighted average period for which interest rate is fixed | - | 0.9 Years | 0.9 Years |

**Interest rate sensitivity**
Movements in interest rates do not significantly affect the net asset value of to the Company nor its and total profit or loss.

### 15. Financial Instruments, *continued*

**Fair value hierarchy disclosures**
The table below provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into levels 1 to 3 based on the degree to which fair value is observable:

Level 1 – fair value measurements are derived from quoted prices in active markets for identical assets.

Level 2 – fair value measurements are derived from inputs other than quoted prices included within Level 1 that are observable for the asset directly (example: prices) or indirectly (example: derived from prices).

Level 3 – fair value measurements are derived from valuation techniques that include inputs for the asset that are not based on observable market data.

The valuation methods used by the Company are explained in Note 1 (b).

| | Level 1<br>£'000 | Level 2<br>£'000 | Level 3<br>£'000 | Total<br>£'000 |
|---|---|---|---|---|
| Investments held at fair value through profit or loss | - | - | 5,000 | 5,000 |

Investments classified within level 3 have significant unobservable inputs, as they trade infrequently. Level 3 instruments include unquoted equity instruments which the Company values in accordance with the International Private Equity and Venture Capital valuation guidelines. There have been no effects of changes in significant unobservable assumptions that will result in a material change to the investment values. The Company considers liquidity, credit and other market risk factors.

The table below provides a reconciliation from brought forward to carried forward balances of financial instruments categorised under level 3:

| **Assets at Fair Value based on Level 3:** | **2011**<br>**£'000** |
|---|---|
| Fair value brought forward | 9,176 |
| Disposals | (5,107) |
| Net realised loss on fair value through profit or loss investments | (2,805) |
| Movement in net unrealised losses on fair value through profit or loss investments | 3,736 |
| **Fair value carried forward** | 5,000 |

### 16. Ultimate controlling party

Greenwich Loan Income Fund Limited is the parent company and the ultimate controlling party of the Company at the date of signing of these Financial Statements.

### 17. Post year end events

On 16 January 2012 an interim dividend of 6.5p per share was declared by the Company.

There are no other significant post year end events that require disclosure in these financial statements.